



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/PPL/PSX-0037

Your reference:

Date: 1st March 2021

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

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

Dear Sirs,

Re: Half Yearly Report for the Period Ended 31st December 2020

Pursuant to Rule 5.6.9 (c) of your Rules, we attach the half yearly report for the period ended 31st December 2020 which may be disseminated by you to your members.

Yours truly,

Shahana Ahmed Ali
Company Secretary

Enclosed as above.

(saa/cs/ppl/psx/01032021)

Half Yearly Report December **2020**



STANDING TALL



COMPANY INFORMATION

Board of Directors

Mr. Shahab Rizvi
Chairman

Mr. Moin Raza Khan
Chief Executive Officer /
Managing Director

Mr. Abdul Saboor Kakar

Mr. Abid Sattar

Mr. Aftab Ahmad

Mr. Iftikhar Amjad

Mr. Imtiaz A.H. Laliwala

Ms. Khurshid Bahimia

Mr. Mian Imtiazuddin

Mr. Nadeem Irshad Kayani

Mr. Sajid Mehmood Qazi

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

Registration Number

CUIN: 0000378

Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants

Bankers

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

Shares Registrar

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

Legal Advisors

Messrs. Surridge & Beecheno

DIRECTORS' INTERIM REVIEW

Your directors are pleased to present the unaudited condensed interim financial statements for the half year ended December 31, 2020 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, 2020 are as follows:

Discovery

One discovery has been made during the period under review in partner operated block i.e. Mamikhel South-1 (Tal block).

Drilling Activities

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

Seismic Surveys

In PPL operated blocks, 3D seismic data of 130 Sq Km was acquired during the current period.

Financial Highlights

The key financial results of the Company for the half year ended December 31, 2020 are as follows:

	Half year ended December 31, 2020	Half year ended December 31, 2019
	Rs Million	
Sales revenue (net)	75,539	85,410
Profit before taxation	34,689	32,936
Taxation	(8,452)	(8,382)
Profit after taxation	26,237	24,554
Basic and Diluted Earnings Per Share (Rs)	9.64	9.02

Sales revenue

Sales revenue decreased by Rs 9,871 million during the current period as compared to the corresponding period. The decline is due to negative variance on account of price (including change in exchange rate) amounting to Rs 8,859 million, coupled with negative volume variance of Rs 1,012 million.

Negative price variance is due to decrease in average international crude oil prices from US\$ 62.64 / bbl in the corresponding period to US\$ 43.66 / bbl during the current period, partially offset by devaluation of Pak rupee against US dollar (average exchange rate for the current period was PKR 164.03 as compared to PKR 156.90 during the corresponding period). In addition, negative volume variance is mainly attributable to Kandhkot (lower offtakes by the customer),

Dhok Sultan, Tal and Kotri North fields, partially offset by higher production from Gambat South, Kirthar, Sui, Hala and Adhi fields.

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

		Half year ended December 31, 2020	Half year ended December 31, 2019
Natural Gas	MMscf	122,528	126,934
Crude Oil / Natural Gas Liquids / Condensate	BBL	2,637,373	2,693,849
Liquefied Petroleum Gas (LPG)	Tonnes	56,669	55,257
Barytes	Tonnes	19,319	30,682

Profitability

Profitability increased by 7% as compared to the corresponding period. The main drivers are reduced exploration expenses and other charges, partially offset by decline in sales revenue (as explained above).

Reduction in exploration expenses is due to lower cost of dry wells charged to profit or loss during the current period.

Variation in other charges is mainly as a result of impairment loss on investment in PPL Asia E&P B.V. recognised in the corresponding period, coupled with decline in exchange loss owing to lesser volatility in the USD/PKR parity during the current period.

LIQUIDITY MANAGEMENT AND CASH FLOW POSITION

Overall collections from customers significantly improved as compared to the corresponding period, thus restricting the increase in trade debts to 4%, which stood at Rs 274 billion (June 30, 2020: Rs 264 billion). However, Circular Debt continues to be considered as the most critical risk in the achievement of the Company's strategic objectives. The Company remained actively engaged with all stakeholders including relevant Ministries for both temporary relief to meet short-term cash flow requirements, as well as long-term permanent solution to Circular Debt.

RESTATEMENT OF FINANCIAL STATEMENTS

During the period, as more fully explained in notes 4.1 and 4.2 to the condensed unconsolidated and consolidated interim financial statements, the Company (i) has reclassified foreign currency term deposits from long-term investments to short-term investments strictly on account of these deposits having maturities of less than 12 months from December 31, 2020, however the management intends and has the ability to hold the amounts for longer term; and (ii) has taken cognizance of the Guidance issued by the Institute of Chartered Accountants of Pakistan relating to Accounting for Gas Infrastructure Development Cess (GIDC) in January 2021. Accordingly, the liability with corresponding asset in respect of GIDC has not been recognised retrospectively, including that of Gas Development Surcharge being of similar nature and characteristics as that of GIDC. Such retrospective changes have no bearing on the current or prior years' reported net sales, profit, equity and cash flows.

FOCUS AREAS

Exploration

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

Exploration South Assets

In Gambat South block, civil works for construction of access road and wellsite for exploratory well Qasar X-1, are in progress. The well is planned to be spud-in by April 2021.

Acquisition of additional 3D seismic data of 130 Sq Km was completed in Shah Bandar block.

The company has applied to GoP for relinquishment of Malir block after expiry of Phase-I of exploration license.

Exploration Frontier Assets

In Kalat block, civil works for construction of access road and wellsite for exploratory well Pandrani X-1, are in progress. The well is planned to be spud-in by May 2021.

Preparations are underway to commence the gravity & magnetic survey in Musakhel, Kharan South and Kharan East blocks.

The company has applied to GoP for relinquishment of Kharan West block after expiry of Phase-I of exploration license.

Partner-Operated Exploration Blocks

In Digri block, drilling of exploratory well Saindad-1 has been completed. Currently, the well is suspended for further evaluation.

Drilling activities of exploratory well Qadirpur Deep X-1A have been completed. Currently, testing is in progress.

In Nashpa block, drilling activities in respect of Nashpa X5A re-entry are underway.

Acquisition of 2D seismic data has been completed in Khuzdar North block.

In pursuance of 'Pakistan Bid Round 2020' held by GoP in January 2021, Suleiman block has been provisionally awarded to the Company. The block is situated in Balochistan and will be operated by OGDCL.

Producing Fields

Sui

Development well Sui-112 was completed in SUL formation, whereas development well 1Sui-111(U) was spud-in and completed subsequent to period end.

Further, maintenance and enhancement of plant reliability activities were undertaken at Purification Plant and Sui Field Gas Compression Station which includes major overhaul of a dehydration unit, boiler, purification bank, compressor and gas turbine.

Kandhkot

Maintenance and upgrade / enhancement of plant reliability activities were undertaken at Kandhkot gas field, including major maintenance of Turbo-Compressor (TUCO-B).

Gas sales during the period averaged around 122 MMscfd as against field potential of ~220 MMscfd, due to significantly lower offtakes by the customer i.e. GENCO-II.

Gambat South

Drilling of development well Sharf-3 has been completed, whereas well Hadaf X-1 has been commissioned at Gas Processing Facility (GPF) IV.

GPF-IV Phase-II commissioned in January 2021. However, performance test will be carried out in due course.

With respect to Zafir-GPF (Rehabilitation of GPF-III), the Company is trying to sort out the legal issues to ensure that there is no hurdle in roll out of the rehabilitation project.

Bolan Mining Enterprise (BME)

New baryte grinding mill having processing capacity of 21 tons per hour, has been commissioned in December 2020 at Khuzdar. This will enhance BME's production capacity and will provide necessary flexibility in operations to meet increased demand during peak season.

Mining Lease for Baryte Lead Zinc project is expected to be awarded shortly.

Partner-Operated Assets

Development well Qadirpur-62 has been completed as a gas producer.

Development well Nashpa-10 was completed as an oil & gas producer. Further, Nashpa Front End Compression has been commissioned in November 2020 and gas production from Mela field has been diverted to Nashpa LPG plant for recovery of LPG and gas sales.

In Ziarat block (exploration block of PPL Europe), production from Bolan East-1 discovery has commenced in November 2020 after finalisation of commercial arrangements.

Diversification

In view of declining discoveries / reserves addition, production trend and consequent impact on revenue, and leveraging on the Company's mining experience through BME, the Company's diversification into Mineral Sector at a bigger scale is inevitable. Given the huge potential of revenue increase by acquiring Exploration & Mining rights in the Metallogenic Belt of Balochistan and northern areas, plans are at hand to materialise this concept into reality to ensure the increased profitability as well as longevity of the Company. The Company will continue its efforts to explore in the under or unexplored frontier onshore areas and shallow water offshore where the chances of finding big discoveries exist albeit at high cost and higher risk.

Corporate Social Responsibility

PPL continued to work for promotion of education at its producing and exploratory areas across the country and in this respect (i) completed construction of four school buildings (ii) provided furniture to various schools and (iii) released 31 scholarships under Higher Professional Education Scholarship programme to students.

A Reverse Osmosis (RO) plant at district Naushahro Firoz was completed and handed over to relevant authorities.

Similarly, PPL continued to provide health care services to the population of Sui through Public Welfare Hospital, Sui. In Naushahro Firoz district, construction of two dispensary buildings has been completed and construction of another two dispensary buildings is in final stage.

Quality, Health, Safety and Environment (QHSE)

In the wake of second wave / resurgence of COVID-19 cases encountered during the reporting period across the country, management's focus and efforts continued for coping up with the changing scenario at national and global levels. Regular Incident Management Team meetings were conducted and advisories circulated to steer the organisation smoothly in challenging times.

Work from Home for Head Office and Islamabad Office Staff and Journey Risk Management for field staff changeover were exercised as some of the key control measures.

Training and awareness sessions on PPL COVID Guidelines were conducted to keep everyone engaged / on-board in the process.

Human Resources and Industrial Relations

Harmonious working environment and cordial industrial relations atmosphere prevailed at all locations of the Company. Negotiations with Collective Bargaining Agent (CBA) Union were completed at Sui Gas field for settlement on Charter of Demands 2018-19.

ACKNOWLEDGEMENT

In these challenging times, the Company is continuing to do well and is geared to tackle the evolving circumstances as they come. This was made possible with the relentless efforts and remarkable resilience shown by our employees, who deserve full credit. We are also grateful for the continued support of the GoP and shareholders, whose unwavering trust and confidence has enabled us to remain on track in the achievement of our strategic objectives.



DIRECTOR

Karachi: February 26, 2021



**MANAGING DIRECTOR /
CHIEF EXECUTIVE OFFICER**

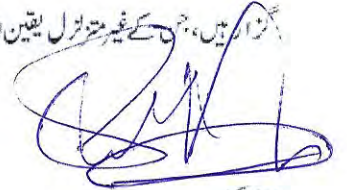
انسانی وسائل اور صنعتی تعلقات

کمپنی کے تمام مقامات پر ہم آہنگی سے کام کرنے والا ماحول اور خوش گوار صنعتی تعلقات کا ماحول قائم رہا۔ چارٹرڈ آف ڈیپانڈز 19-2018 پر تصفیے کے لیے سوئی گیس فیلڈ میں (سی بی اے)۔ یونین کے ساتھ مذاکرات مکمل ہو گئے۔

اعتراف

اس مشکل وقت میں، کمپنی اچھی کارکردگی کا مظاہرہ کر رہی ہے اور رونما ہونے والے حالات سے نمٹنے کے لیے تیار ہے۔ یہ ہمارے ملازمین کی مستقل مزاجی اور مشکلات سے نبرد آزما ہونے کی غیر معمولی صلاحیتوں سے ممکن ہوا ہے، جس کے لئے وہ خراج تحسین کے مستحق ہیں۔ ہم حکومت پاکستان اور حصص یافتگان کی مسلسل حمایت کے لیے ان کے بھی شکریہ ادا کرتے ہیں، جن کے غیر متزلزل یقین اور اعتماد نے ہمیں اپنی حکمت عملی کے مقاصد کے حصول کی راہ پر گامزن رہنے کے قابل بنایا ہے۔

Moni Raza Khan
چیف ڈائریکٹر ایگزیکٹو انچارج


ڈائریکٹر

کراچی: 26 فروری، 2021

اور میڈیفلنڈ سے گیس کی پیداوار کو ناشپائیل پی جی (LPG) پلانٹ سے پروسیس کی جا رہا ہے تاکہ گیس اور ایل پی جی کی فروخت ممکن ہو سکے۔
زیارت بلاک (پی پی ایل یورپ کا دریافتی بلاک) کے دریافتی کنوئیں بولان ایٹ-1 سے تجارتی انتظامات کو حتمی شکل دینے کے بعد پیداوار نومبر 2020 سے شروع ہو چکی ہے۔

متنوع

دریافتوں / ذخائر میں اضافے کے امکانات، پیداوار کے رجحان میں کمی اور اس کے آمدن پر اثرات اور بی ایم ای کے ذریعے کمپنی کے مائننگ کے تجربے سے فائدہ اٹھانے کے پیش نظر، کمپنی کی معدنیات کے شعبے میں بڑے پیمانے پر متنوع مائگزیر ہے۔ بلوچستان اور شمالی علاقوں کے دھاتی بیلٹ میں دریافتوں اور مائننگ کے حقوق حاصل کر کے آمدنی میں اضافے کے وسیع امکانات کو مد نظر رکھتے ہوئے، کمپنی کے منافع میں اضافے کو طویل عرصے کے لئے یقینی بنانے کی خاطر اس تصور کو حقیقت میں ڈھالنے کے لیے منصوبہ بندی کی گئی ہے۔

کمپنی، غیر یاکم دریافت شدہ سرحدی ساحلی علاقوں اور سطحی پانی کے سمندری بلاکس میں ہائیڈرو کاربن کی تلاش کے لیے اپنی کوششیں جاری رکھے گی جہاں زیادہ خطر اور لاگت والے ہونے کے باوجود بڑی دریافتوں کے امکانات رکھتے ہیں۔

کارپوریٹ سماجی ذمہ داری

پی پی ایل نے ملک بھر میں اپنے پیداواری اور دریافتی علاقوں میں تعلیم کے فروغ کے لیے کام جاری رکھا اور اس سلسلے میں (i) چار اسکولوں کی عمارتوں کی تعمیر مکمل کی (ii) مختلف اسکولوں کو فرنیچر فراہم کیا (iii) اعلیٰ پیشہ وارانہ وظائف پر وگرام کے تحت 31 وظائف دیئے گئے۔

ضلع نوشہرہ فیروز، سندھ میں ایک ریورس آسموسس (RO) پلانٹ کو مکمل کر کے متعلقہ حکام کے حوالے کیا گیا۔
ساتھ ہی، پی پی ایل نے پبلک ویلفیئر اسپتال، سوئی کے ذریعے مقامی آبادی کو صحت کی دیکھ بھال کی خدمات فراہم جاری رکھی۔ ضلع نوشہرہ فیروز میں، دو ڈسپنسری کی عمارتوں کی تعمیر مکمل ہو گئی اور مزید دو ڈسپنسریوں کی عمارتوں کی تعمیر کا کام آخری مرحلے میں ہے۔

معیار صحت، تحفظ و ماحول (QHSE)

زیر نظر مدت کے دوران، ملک بھر میں COVID-19 کی دوسری لہر / دوبارہ رہا اٹھانے کے نتیجے میں قومی اور عالمی سطح پر بدلتے ہوئے منظر نامے سے نمٹنے کے لیے انتظامیہ کی توجہ اور کوششیں جاری رہیں۔ اس تناظر میں، وبا سے بچاؤ اور اس کی روک تھام کو مد نظر رکھتے ہوئے، ادارے کو آسانی سے چلانے کے لیے باقاعدگی کے ساتھ حادثات کی انتظامیہ ٹیم کی نشستیں منعقد کی گئیں اور عملے کو باثر رکھا گیا۔

اس حوالے سے، وبا سے نمٹنے کے لئے، ہیڈ آفس اور اسلام آباد کے عملے کے لیے گھر سے کام کرنے کو اور فیلڈ پر متعین عملے کے لئے متبادل عملے کی انتظام کاری کے لئے اجرتی رسک مینجمنٹ ایسے کچھ کلیدی اقدامات اٹھائے گئے۔

اس عمل میں ہر ایک کو شامل / آن بورڈ رکھنے کے لیے کمپنی کے COVID-19 سے متعلق رہنما اصولوں کی روشنی میں تربیت اور آگاہی نشستوں کا انعقاد کیا گیا۔

خضدار تا تھ بلاک میں 2D سائز مک سروے کا کام مکمل کر لیا گیا ہے۔

جنوری 2021 میں حکومت پاکستان کی جانب سے منعقد ہونے والے پاکستان پولی رائونڈ 2020 کے تحت پی پی ایل کو سلیمان بلاک عارضی طور پر دیا گیا ہے۔ یہ بلاک بلوچستان میں واقع ہے اور اسے او جی ڈی سی ایل (OGDCL) آپریٹ کرے گی۔

پیداواری فیلڈز

سوئی

پیداواری کنوئیں سوئی-112 کو ایس یو ایل (SUL) فارمیشن میں مکمل کیا گیا جبکہ پیداواری کنوئیں (U)-111-Sui کی کھدائی کا آغاز کیا گیا تھا جو زیر نظر مدت کے اختتام کے بعد مکمل ہوا۔

مزید یہ کہ پیورٹ فلکیشن پلانٹ اور سوئی فیلڈ گیس کپریشن اسٹیشن میں پلانٹ کی پیداواری صلاحیت کو بڑھانے کے حوالے سے مرمت اور بہتری کا کام انجام دیا گیا ہے جس میں ہائیڈریٹیشن یونٹ، ہوا کمر، پیورٹ فلکیشن بینک، کپریسر اور گیس ٹریبانن کی وسیع پیمانے پر تجدید شامل ہے۔

کندھ کوٹ

کندھ کوٹ گیس فیلڈ میں پلانٹ کی پیداواری سرگرمیوں کی بحالی اور اپ گریڈ / بہتری کا کام شروع کیا گیا، اس میں ٹریبو کپریسر (TUCO-B) کی وسیع پیمانے پر تجدید شامل ہے۔

صادف GENCO-II کی جانب سے گیس کی نمایاں طور پر کم خریداری کی وجہ سے، اس عرصے کے دوران گیس کی فروخت اوسطاً تقریباً یومیہ 122 MMscf رہی جب کہ فیلڈ کی صلاحیت تقریباً یومیہ 220 MMscf ہے۔

گیمٹ ساؤتھ

پیداواری کنوئیں شرف-3 کی کھدائی کا کام مکمل ہو چکا ہے، جب کہ کنوئیں ہدف X-1 سے پیداوار کا آغاز ہو چکا ہے جسے GPF-IV سے پریوئیس کیا جا رہا ہے۔

IV (GPF) فیز-II سے پیداوار کی پریوئیسنگ کا آغاز جنوری 2021 میں ہو چکا ہے۔ تاہم، پلانٹ کی کارکردگی کی جانچ کی جا رہی ہے۔۔۔

خاطر- GPF (GPF-III کی بحالی) کے سلسلے میں، کمپنی قانونی معاملات کو حل کرنے کی کوشش کر رہی ہے تاکہ اس بات کو یقینی بنایا جاسکے کہ بحالی کے منصوبے میں کوئی رکاوٹ نہیں ہے۔

بولان مائننگ سرپرائز (بی ایم ای)

21 جن فی گھنٹہ کی پریوئیسنگ کی گنجائش رکھنے والی نئی پیرامیٹ گرائنڈنگ مل سے پیداوار کا آغاز خضدار میں 2020 میں ہوا۔ اس سے بی ایم ای کی پیداواری صلاحیت میں

اضافہ ہوگا اور برہمٹی ہوئی طلب کو پورا کرنے کے لیے آپریشنز میں ضروری چمک فراہم کرے گی۔

پیرامیٹ لیزڈ تک منصوبے کے لیے مائننگ لیز جلد ہی جاری کئے جانے کی توقع ہے۔

پانڈرا آپریشنز

پیداواری کنواں قادر پور-62 گیس پیدا کرنے والے کنوئیں کی حیثیت سے مکمل ہو گیا ہے۔

پیداواری کنواں ہاشا-10، تیل اور گیس پیدا کرنے والے کنوئیں کی حیثیت سے مکمل کیا گیا۔ مزید یہ کہ، نومبر 2020 تا ستمبر 2020 ایڈ کپریشن سے پیداوار کا آغاز ہو گیا ہے۔

اعادہ شدہ مالیاتی گوشوارے

وزیر نظر سے کے دوران، جیسا کہ اشتہال شدہ اور غیر اشتہال شدہ عبوری مالیاتی گوشواروں کے نوٹس 4.1 اور 4.2 میں واضح طور پر مکمل بیان کیا گیا ہے کہ، کمپنی نے (i) غیر ملکی کرنسی کی سرمایہ کاری کے حوالے سے طویل مدت سرمایہ کاری کو قلیل مدت سرمایہ کاری میں بدلنے کے لئے دوبارہ سے درجہ بندی صرف اس بنیاد پر کی ہے کہ اس سرمایہ کاری کے پختہ ہونے/ان سے مکمل فوائد حاصل ہونے میں 31 دسمبر، 2020 سے بارہ مہینوں سے بھی کم وقت رہ گیا ہے۔ مزید یہ کہ انتظامیہ اس بات کی صلاحیت اور ارادہ رکھتی ہے کہ وہ ان کھاتوں کو طویل مدت کے لئے برقرار رکھے (ii) ساتھ ہی کمپنی نے انسٹیٹ برائے چارٹرڈ اکاؤنٹنٹس آف پاکستان کی جنوری 2021 میں گیس انفراسٹرکچر ڈیولپمنٹ سیس (جی آئی ڈی سی) کی اکاؤنٹنگ سے متعلق دی گئی ہدایات کا ادراک بھی کیا ہے۔ چنانچہ متعلقہ اثاثے کے لئے جی آئی ڈی سی کے حوالے سے ماضی کے واجبات کی ادائیگی کو تسلیم نہیں کیا گیا بشمول گیس ڈیولپمنٹ سرچارج کے، جس کی نوعیت خصوصیات جی آئی ڈی سی کی طرح ہی ہیں۔ اس طرح کے پچھلے اکاؤنٹس کی تبدیلی کا موجودہ اور ماضی میں رپورٹ کی گئی خالص فروخت منافع، کمپنی کی ملیت اور رقم کی فراہمی پر کوئی اثر نہیں ہوگا۔

اہم امور

دریافتی سرگرمیاں

اس وقت، پی پی ایل اور اسکی ذیلی کمپنیوں کے پاس 45 دریافتی بلاکس ہیں، جن میں سے 26 پی پی ایل آپریٹڈ (بشمول عراق میں بلاک 8 جسے پی پی ایل ایشیا آپریٹ کرتی ہے) اور باقیہ 19 پائزر آپریٹڈ ہیں جن میں پاکستان میں 2 آف شور اور ریمن میں 1 آن شور بلاکس بھی شامل ہیں۔

سرگرمیوں کی تازہ صورت حال مندرجہ ذیل ہے:

جنوبی دریافتی اثاثے

گہمت ساؤتھ بلاک میں، رسائی سڑک اور دریافتی کنوئیں قعر X-1 کے لیے ویل سائٹ کا ترقیاتی کام جاری ہے۔ اپریل 2021 تک اس کنوئیں کی کھدائی کے آغاز کی منصوبہ بندی کی گئی ہے۔

شاہ بندر بلاک میں 130 مربع کلومیٹر کے اضافی 3D سائز مک ڈیٹا حاصل کیا گیا۔

کمپنی نے لیمبر بلاک کے دریافتی لائسنس کے فیئر-1 کی میعاد ختم ہونے کے بعد بلاک سے دستبرداری کے لیے حکومت پاکستان کو درخواست دے دی ہے۔

سرحدی دریافتی اثاثے

قلاٹ بلاک میں رسائی سڑک اور دریافتی کنوئیں چند رانی X-1 کے لیے ویل سائٹ کا ترقیاتی کام جاری ہے۔ مئی 2021 تک اس کنوئیں کی کھدائی کے آغاز کی منصوبہ بندی کی گئی ہے۔

موسیٰ خیل، خاران ساؤتھ اور خاران ایسٹ بلاکس میں کشش ثقل اور مقناطیسی سروے شروع کرنے کی تیاریاں جاری ہیں۔

کمپنی نے خاران ویسٹ بلاک کے لئے دریافتی لائسنس کے فیئر-1 کی میعاد ختم ہونے کے بعد بلاک سے دستبرداری کے لیے حکومت پاکستان کو درخواست دے دی ہے۔

پائزر آپریٹڈ دریافتی بلاکس

ڈگری بلاک میں، دریافتی کنوئیں سائیں واو-1 کی کھدائی کا کام مکمل ہو چکا ہے۔ فی الحال، کنوئیں کو مزید جانچ کے لیے معطل کر دیا گیا ہے۔

دریافتی کنوئیں قادر پور ڈیپ X-1A کی کھدائی کی سرگرمیاں مکمل ہو چکی ہیں۔ فی الحال جانچ جاری ہے۔

ٹاشا بلاک میں، ٹاشا X-5A کی دوبارہ کھدائی کے سلسلے میں سرگرمیاں جاری ہیں۔

فروخت آمدن

موجودہ مدت میں تقابلی عرصے کے مقابلے میں فروخت آمدن میں 9,871 ملین روپے کی کمی ہوئی۔ یہ کمی منفی تغیر کو واضح کرتی ہے جو قیمت (بشمول زرمبادلہ کی شرح) کی مد میں 8,859 ملین روپے رہا جس کے ساتھ ساتھ حجم کی مد میں 1,012 ملین روپے کا منفی تغیر بھی رہا۔

قیمت میں منفی تغیر کی بنیادی وجہ عالمی منڈی میں خام تیل کی اوسط بین الاقوامی قیمتوں میں ہونے والی کمی ہے جو تقابلی سال میں 62.64/bbl امریکی ڈالر کے مقابلے میں موجودہ سال کے دوران 43.66/bbl امریکی ڈالر ہو گئی۔ جسے امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں ہونیوالی کمی (زیر نظر عرصے کے دوران زرمبادلہ کی اوسط شرح 164.03 روپے فی امریکی ڈالر تھی جبکہ تقابلی سال کے دوران یہ شرح 156.90 روپے فی امریکی ڈالر تھی) کے اثر کو جزوی طور پر زائل کیا۔ اس کے ساتھ ساتھ، حجم میں منفی تغیر، خصوصاً کندھ کوٹ (گیس کی کم خریداری)، ڈھوک سلطان، ٹل، کوٹری، نار تھ فیلڈ کی وجہ سے رہا جس کے اثر کو گہٹ ساؤتھ، کیرتھر، سوئی، بالہ اور آدھی سے ہونے والی زیا دہ پیداوار نے جزوی طور پر زائل کی۔

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

ششماہی کا اختتام 31 دسمبر 2019	ششماہی کا اختتام 31 دسمبر 2020	یونٹ	
126,934	122,528	ایم ایم سی ایف	قدرتی گیس
2,693,849	2,637,373	بی بی ایل	خام تیل/قدرتی گیس مائع (این جی ایل)/کندھ سیٹ
55,257	56,669	ٹن	مائع پٹرولیم گیس (ایل پی جی)
30,682	19,319	ٹن	بی انٹس

منافع

کمپنی کی منفعت میں تقابلی عرصے کے مقابلے میں 7 فیصد اضافہ ہوا ہے۔ جس کی بنیادی وجہ دریا فنی اخراجات کے ساتھ ساتھ دیگر اخراجات میں کمی ہے۔ جسے فروخت آمدن میں ہونے والی کمی (جو کہ اوپر بیان کی گئی ہے) نے جزوی طور پر زائل کیا۔

دریا فنی سرگرمیوں میں ہونے والی کمی کی وجہ شنگ کنوئوں پر گلنے والی لاگت میں کمی ہے جسے زیر نظر عرصے میں نفع و نقصان کے کھاتے میں درج کر دیا گیا ہے۔

جبکہ دیگر اخراجات میں ہونے والی تھیلی کی وجہ پی پی ایل ایشیا ای اینڈ بی بی وی میں کمی جانے والی سرمایہ کاری میں ہونے والے خسارہ ہے (جسے تقابلی عرصے میں ظاہر کیا گیا ہے) اس کے ساتھ ساتھ زرمبادلہ کی مد میں کمی واقع ہوئی جس کی وجہ زیر نظر مدت میں امریکی ڈالر کے مقابلے میں روپے کی قدر میں اتار چڑھاؤ میں ہونے والی کمی ہے۔

سیاحت/لیکویڈیٹی کی انتظام کاری اور کیش فلو کی صورتحال

تقابلی مدت کے مقابلے میں صارفین کی جانب سے مجموعی وصولیوں میں نمایاں بہتری آئی ہے، اسی طرح تجارتی قرضوں میں اضافے کو 4 فیصد تک محدود کر دیا گیا، جو 274 ارب روپے رہا (30 جون 2020: 264 روپے)۔ تاہم، گردش قرضے کو کمپنی کی حکمت عملی کے مقاصد کے حصول میں سب سے اہم خطرہ سمجھا جاتا ہے۔ کمپنی تمام شرائط و اوروں بشمول متعلقہ وزارتوں کے ساتھ مختصر مدت کے کیش فلو کی ضروریات کو پورا کرنے اور عارضی ریلیف کے ساتھ گردش قرضے کے طویل مدتی مستقل حل کے لیے فعال طور پر مصروف عمل رہی۔

ڈائریکٹر کا عبوری جائزہ

آپ کے ڈائریٹرز 31 دسمبر 2020 کو ختم ہونے والی ششماہی کے لیے غیر آڈٹ شدہ مجتمع عبوری مالیاتی گوشواروں کے خلا سے اور کمپنی کے امور کا مختصر جائزہ پیش کرتے ہوئے مسرت محسوس کرتے ہیں۔

آپریٹنگ اور مالی جھلکیاں

آپریٹنگ جھلکیاں

31 دسمبر 2020 کو ختم ہونے والی ششماہی کی کلیدی آپریٹنگ جھلکیاں مندرجہ ذیل ہیں:

دریافت

پارنٹر آپریٹنگ بلاک، مائیٹیل ساؤتھ-1 (ٹل بلاک) میں زیر غور مدت کے دوران ایک دریافت ہوئی ہے۔

کھدائی کی سرگرمیاں

اسی مدت میں، پی پی ایل آپریٹنگ بلاکس میں چار (4) کنوؤں (دو دریافتی اور دو پیداواری) کے مقابلے میں موجود مدت کے دوران دو پیداواری کنوئیں کھودے گئے۔

سائز کم سروے

موجودہ مدت کے دوران پی پی ایل آپریٹنگ بلاکس میں 130 مربع کلومیٹر کا 3D سائز کم ڈیٹا حاصل کیا گیا۔

مالی جھلکیاں

31 دسمبر 2020 کو ختم ہونے والی ششماہی پر کمپنی کے اہم مالیاتی نتائج حسب ذیل ہیں:

ششماہی کا اختتام 31 دسمبر 2019	ششماہی کا اختتام 31 دسمبر 2020	
ملین روپے		
85,410	75,539	فروخت آمدن (خالص)
32,936	34,689	قبل از ٹیکس منافع
(8,382)	(8,452)	ٹیکس
24,554	26,237	بعد از ٹیکس منافع
9.02	9.64	بنیادی اور تحلیل شدہ آمدن فی شیئر (روپے)



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Chartered Accountants
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INDEPENDENT AUDITORS' REVIEW REPORT

To the members of Pakistan Petroleum Limited

Report on review of Condensed Unconsolidated Interim Financial Statements

Introduction

We have reviewed the accompanying condensed unconsolidated interim statement of financial position of Pakistan Petroleum Limited ("the Company") as at December 31, 2020 and the related condensed unconsolidated interim statement of profit or loss, condensed unconsolidated interim statement of profit or loss and other comprehensive income, condensed unconsolidated interim statement of changes in equity, and condensed unconsolidated interim statement of cash flows, and notes to the condensed unconsolidated interim financial statements for the half year ended (here-in-after referred to as the "condensed unconsolidated interim financial statements"). Management is responsible for the preparation and presentation of these condensed unconsolidated 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 condensed unconsolidated interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed unconsolidated 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 as applicable in Pakistan 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 condensed unconsolidated 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.



KPMG Taseer Hadi & Co.

Emphasis of Matter

We draw attention to note 9 to the condensed unconsolidated interim financial statements, which describes matter in detail relating to overdue trade debts on account of Inter-Corporate circular debt. Our conclusion is not modified in respect of this matter.

Other matters

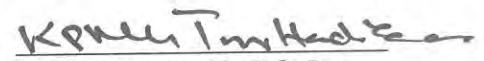
The condensed unconsolidated interim financial statements for the half year ended December 31, 2019 and unconsolidated financial statements for the year ended June 30, 2020 of the Company were reviewed and audited by another auditor expressed an unmodified conclusion and unmodified opinion on those statements on February 26, 2020 and September 15, 2020 respectively.

The figures of the condensed unconsolidated interim financial statements for the quarter ended December 31, 2020 and December 31, 2019 have not been reviewed and we do not express a conclusion thereon.

The engagement partner on the engagement resulting in this independent auditors' review report is Muhammad Nadeem.

Date: 26 February 2021

Karachi


KPMG Taseer Hadi & Co.
Chartered Accountants

PAKISTAN PETROLEUM LIMITED

CONDENSED UNCONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020

	Note	December 31, 2020 Unaudited	June 30, 2020 Audited (Restated)
(Rupees in thousand)			
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Property, plant and equipment	7	152,385,891	158,658,675
Intangible assets		267,892	338,417
		<u>152,653,783</u>	<u>158,997,092</u>
Long-term investments	8	3,798,095	3,798,095
Long-term loans		56,901	41,720
Long-term deposits		7,676	7,676
Long-term receivables		41,905	41,905
		<u>156,558,360</u>	<u>162,886,488</u>
CURRENT ASSETS			
Stores and spares		4,725,358	4,060,735
Trade debts	9	273,730,991	263,926,656
Loans and advances		528,182	669,269
Trade deposits and short-term prepayments		342,447	537,275
Interest accrued		408,120	454,596
Current maturity of long-term loans		23,341	19,920
Current maturity of long-term deposits		1,248,000	1,175,250
Current maturity of long-term receivables		110,937	152,841
Other receivables		2,436,372	3,223,266
Short-term investments	10	71,953,646	51,410,933
Cash and bank balances		5,505,408	5,159,749
		<u>361,012,802</u>	<u>330,790,490</u>
TOTAL ASSETS		<u>517,571,162</u>	<u>493,676,978</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital		27,209,836	27,209,836
Reserves		340,904,524	317,388,083
		<u>368,114,360</u>	<u>344,597,919</u>
NON-CURRENT LIABILITIES			
Provision for decommissioning obligation		27,711,045	27,645,286
Lease liabilities		-	414
Deferred liabilities		2,903,915	2,840,852
Deferred taxation - net		33,444,161	36,524,772
		<u>64,059,121</u>	<u>67,011,324</u>
CURRENT LIABILITIES			
Trade and other payables	11	65,997,347	67,103,728
Unclaimed dividends		306,066	299,912
Current maturity of lease liabilities		7,803	19,361
Taxation - net		19,086,465	14,644,734
		<u>85,397,681</u>	<u>82,067,735</u>
TOTAL LIABILITIES		<u>149,456,802</u>	<u>149,079,059</u>
TOTAL EQUITY AND LIABILITIES		<u>517,571,162</u>	<u>493,676,978</u>
CONTINGENCIES AND COMMITMENTS			

The annexed notes 1 to 24 form an integral part of these condensed unconsolidated interim financial statements.

Chief Financial Officer

Chief Financial Officer

Director

Chief Executive Officer

Chief Executive Officer

PAKISTAN PETROLEUM LIMITED

CONDENSED UNCONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2020

	Note	Quarter ended December 31, 2020	Quarter ended December 31, 2019	Half year ended December 31, 2020	Half year ended December 31, 2019
(Rupees in thousand)					
Revenue from contracts with customers	13	36,312,886	43,650,913	75,539,067	85,410,105
Operating expenses	14	(12,635,769)	(12,128,365)	(21,972,469)	(21,339,248)
Royalties and other levies		(5,411,608)	(6,540,769)	(11,356,269)	(12,680,520)
		(18,047,377)	(18,669,134)	(33,328,738)	(34,019,768)
Gross profit		18,265,509	24,981,779	42,210,329	51,390,337
Exploration expenses	15	(873,481)	(8,877,818)	(3,146,557)	(11,741,891)
Administrative expenses		(991,154)	(724,655)	(1,766,690)	(1,336,407)
Finance costs		(288,676)	(248,259)	(580,849)	(519,377)
Other charges	16	(1,754,409)	(2,966,815)	(3,885,974)	(7,323,395)
		14,357,789	12,164,232	32,830,259	30,469,267
Other income	17	1,111,304	1,585,202	1,858,872	2,466,896
Profit before taxation		15,469,093	13,749,434	34,689,131	32,936,163
Taxation	18	(3,583,107)	(3,432,303)	(8,451,706)	(8,381,720)
Profit after taxation		11,885,986	10,317,131	26,237,425	24,554,443
Basic and diluted earnings per share (Rs)	21	4.37	3.79	9.64	9.02

The annexed notes 1 to 24 form an integral part of these condensed unconsolidated interim financial statements.


Chief Financial Officer


Chief Executive Officer


Chief Financial Officer


Director


Chief Executive Officer

PAKISTAN PETROLEUM LIMITED

CONDENSED UNCONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2020

	Quarter ended December 31, 2020	Quarter ended December 31, 2019	Half year ended December 31, 2020	Half year ended December 31, 2019
	(Rupees in thousand)			
Profit after taxation	11,885,986	10,317,131	26,237,425	24,554,443
Other comprehensive income / (loss):				
Items that will not be subsequently reclassified to profit or loss				
Remeasurement gains / (losses) on defined benefit plans - net	-	-	-	-
Deferred taxation	-	-	-	-
Total comprehensive income for the period	<u>11,885,986</u>	<u>10,317,131</u>	<u>26,237,425</u>	<u>24,554,443</u>

The annexed notes 1 to 24 form an integral part of these condensed unconsolidated interim financial statements.


Chief Financial Officer


Chief Financial Officer


Director


Chief Executive Officer


Chief Executive Officer

PAKISTAN PETROLEUM LIMITED

CONDENSED UNCONSOLIDATED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2020

	Half year ended December 31, 2020	Half year ended December 31, 2019
Note		(Restated) (Rupees in thousand)
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	83,915,194	55,881,095
Receipts of other income	744,193	685,360
Payment to suppliers / service providers and employees - net	(20,357,527)	(19,056,975)
Payment of indirect taxes and Government levies including royalties	(29,064,910)	(24,219,723)
Income tax paid	(7,090,586)	(7,656,228)
Finance costs paid	(1,884)	(4,739)
Long-term loans to employees - net	(18,602)	(18,567)
Net cash generated from operating activities	28,125,878	5,610,223
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	(6,267,588)	(14,915,757)
Proceeds from sale of property, plant and equipment	22,770	10,634
(Purchase) / disposal of mutual funds – net	(5,460,496)	4,049,860
Long-term deposits	(72,750)	(263,400)
Long-term receivables	41,904	125,714
Finance income received	1,764,960	2,038,341
Net cash (used in) investing activities	(9,971,200)	(8,954,608)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of lease liabilities	(11,972)	(29,582)
Dividends paid	(2,714,830)	(4,524,086)
Net cash (used in) financing activities	(2,726,802)	(4,553,668)
Net increase / (decrease) in cash and cash equivalents	15,427,876	(7,898,053)
Cash and cash equivalents at beginning of the period	21,693,690	28,598,195
Cash and cash equivalents at end of the period	37,121,566	20,700,142

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The annexed notes 1 to 24 form an integral part of these condensed unconsolidated interim financial statements.

Signature

Chief Financial Officer

Chief Financial Officer

Director

Chief Executive Officer

Chief Executive Officer

PAKISTAN PETROLEUM LIMITED

CONDENSED UNCONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2020

	Subscribed and paid-up share capital		Capital reserve	Revenue reserves	Total
	Ordinary	Convertible preference			
	(Rupees in thousand)				
Balance as at July 01, 2019	22,674,764	108	1,428	275,932,688	298,608,988
Comprehensive income for the period					
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
Transactions with owners:					
- 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)	-	-	-
Balance as at December 31, 2019	27,209,718	118	1,428	291,417,192	318,628,456
Balance as at July 01, 2020	27,209,718	118	1,428	317,386,655	344,597,919
Comprehensive income for the period					
Profit after taxation	-	-	-	26,237,425	26,237,425
Other comprehensive income for the half year ended December 31, 2020, net of tax	-	-	-	-	-
Total comprehensive income for the half year ended December 31, 2020	-	-	-	26,237,425	26,237,425
Transactions with owners:					
- Ordinary shareholders					
Final dividend for the year ended June 30, 2020 @ 10%	-	-	-	(2,720,972)	(2,720,972)
- Convertible preference shareholders					
Final dividend for the year ended June 30, 2020 @ 10%	-	-	-	(12)	(12)
Conversion of preference shares into ordinary shares	5	(5)	-	-	-
Balance as at December 31, 2020	27,209,723	113	1,428	340,903,096	368,114,360

The annexed notes 1 to 24 form an integral part of these condensed unconsolidated interim financial statements.

Chief Financial Officer

Chief Financial Officer

Director

Chief Executive Officer

Chief Executive Officer

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

For the half year ended December 31, 2020

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 condensed unconsolidated 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. The condensed consolidated interim financial statements are presented separately.

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 condensed unconsolidated 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.

However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual unconsolidated financial statements.

These condensed unconsolidated interim financial statements do not include all the information and disclosures required in the annual unconsolidated financial statements as at and for the year ended June 30, 2020 and should be read in conjunction with the unconsolidated financial statements of the Company as at and for the year ended June 30, 2020.

The figures of the condensed unconsolidated interim statement of profit or loss and condensed unconsolidated interim statement of profit or loss and other comprehensive income for the quarters ended December 31, 2020 and December 31, 2019 and notes forming part thereof have not been reviewed by the auditors of the Company, as they have reviewed the cumulative figures for the half year ended December 31, 2020. The cumulative figures for the half year ended December 31, 2019 were reviewed by another firm of chartered accountants.

2.2 Benazir Employees' Stock Option Scheme (BESOS)

The PPL Employees Empowerment Trust ("Trust") was established vide a Trust Deed under the Benazir Employees Stock Scheme on September 14, 2009. The Trust currently holds 7.35% shareholding of the Company. The Trust was created for the purposes of empowerment of employees of state-owned entities.

Through judgment dated August 03, 2018, the honourable Sindh High Court (SHC) held the establishment of the Trust to be unconstitutional. The decision was assailed before the honourable Supreme Court (SC). The honourable SC, through a short order dated October 22, 2020 and for reasons to be recorded later, upheld the decision of the SHC. The Company awaits the detailed judgment of the honourable SC, after which it shall take the requisite corporate actions for the transfer of 7.35% shareholding back to the Federal Government and related actions for liquidation of the Trust and crediting the Trust funds in the Federal Consolidated Fund.

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

For the half year ended December 31, 2020

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies and the methods of computation adopted in the preparation of these condensed unconsolidated interim financial statements are the same as those applied in the preparation of the annual unconsolidated financial statements as at and for the year ended June 30, 2020.

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

3.3 New or amendments / interpretations to existing standards, interpretation and forthcoming requirements

There are new and amended standards and interpretations that are mandatory for accounting periods beginning July 01, 2020 but are considered not to be relevant or do not have any significant effect on the Company's financial position and are therefore not stated in these condensed unconsolidated interim financial statements.

3.4 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following International Financial Reporting Standards (IFRS) relevant to the Company as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after January 01, 2021:

- COVID-19 related rent concessions (Amendment to IFRS 16);
- Interest Rate Benchmark Reform – Phase 2 which amended IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, and
- Onerous Contracts – Cost of fulfilling a contract (Amendments to IAS 37).

The following improvements to IFRS are effective for annual reporting periods beginning on or after January 01, 2022 and are not likely to have an effect on these condensed unconsolidated interim financial statements.

- IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender;
- IFRS 16 – The objective of the amendment is to resolve any potential confusion that might arise in lease incentives;
- IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique;
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);
- Reference to the Conceptual Framework (Amendments to IFRS 3);
- Extension of the temporary exemption from applying IFRS 9 (Amendments to IFRS 4);
- Classification of liabilities as current or non-current (Amendments to IAS 1); and
- Sale or contribution of assets between an investor and its associate or joint venture (Amendments to IFRS 10 and IAS 28).

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

For the half year ended December 31, 2020

4 RESTATEMENTS

4.1 Classification of Long-term investments

Upto June 30, 2020, foreign currency term deposits with banks having various maturity dates falling within one year from the reporting date had been classified as non-current assets based on the management intention and ability to hold the amount for longer term. During the period, the requirements of IAS-1 "Presentation of Financial Statements" for classification of assets between non-current and current were reconsidered. IAS-1 requires that an entity shall classify an asset as current when it expects to realise the asset within twelve months after the reporting period or the asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. Accordingly, the classification of foreign currency term deposits has been changed and presented as current assets with retrospective effect (note 10.1) based on their expected recovery within one year from the reporting period.

4.2 Accounting guidance issued by the Institute of Chartered Accountants of Pakistan (ICAP) relating to Accounting of Gas Infrastructure Development Cess (GIDC)

As a result of recent events and developments including orders and judgments of the Honourable Supreme Court of Pakistan, the ICAP has issued a guidance "Accounting of Gas Infrastructure Development Cess (GIDC)" (the Guidance) through Circular no. 1/2021 dated January 19, 2021. In light of the said Guidance, gas companies should consider the timing of recognition of liabilities (with corresponding assets), where the obligation of the gas companies is to pay the collected amounts to the Federal Government on receipt basis. Liability for such amounts should be recognised at the time of receipt from gas consumers and not at the time of billing to the gas consumers.

Under the laws and regulations governing GIDC, the Company is responsible to invoice the same to the customers and deposit the collected amounts to GoP on receipt from customers. Accordingly, the Company will record liability for GIDC in the statement of financial position only to the extent received from customers but not deposited with the GoP. Further, GIDC billed to customers has been excluded from gross sales and trade debts in the notes to the condensed unconsolidated interim financial statements.

Keeping in view the above and due to the similar nature and characteristics of Gas Development Surcharge (GDS), the Company has adopted the same accounting treatment for GDS as well.

The Guidance has been applied retrospectively and the prior period financial statements have been restated (notes 9.4 and 11.1), which has not affected current period or prior years' net sales, profit, equity and cash flows.

4.3 Reclassification of advances

An amount of Rs 302 million on account of advances received has been reclassified from Trade debts to Trade and other payables.

4.4 Effect of changes

The above changes have been made in accordance with the requirements of IAS-8, 'Accounting Policies, Changes in Accounting Estimates and Errors' in these condensed unconsolidated interim financial statements with retrospective effect and restatement of amounts previously presented are stated below:

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

For the half year ended December 31, 2020

	June 30, 2020		
	As previously reported	As restated	Restatement
	(Rupees in thousand)		
Effect on statement of financial position			
Change in accounting policy and reclassification			
Trade and other payables	115,328,566	67,103,728	48,224,838
Trade debts	312,151,494	263,926,656	48,224,838
Long-term investments	37,285,870	3,798,095	33,487,775
Current maturity of long-term investments	3,866,184	-	3,866,184
Short-term investments	14,056,974	51,410,933	37,353,959

5 RECLASSIFICATIONS

Certain amounts have been reclassified in comparatives, for the purposes of better presentation and classification in Trade and other payables, Operating expenses and Property, plant and equipment ("Exploratory wells amounting to Rs 7,933 million have been reclassified from "Operating fixed assets" to "Capital work-in-progress").

6. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS, JUDGMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of these condensed unconsolidated 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 condensed unconsolidated interim financial statements are the same as those applied in the preparation of the annual unconsolidated financial statements as at and for the year ended June 30, 2020.

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual unconsolidated financial statements as at and for the year ended June 30, 2020.

	December 31, 2020 Unaudited	June 30, 2020 Audited (Restated)
	(Rupees in thousand)	
7. PROPERTY, PLANT AND EQUIPMENT		
Opening Net Book Value (NBV)	94,548,120	91,395,065
Additions to owned assets	6,496,116	24,313,341
	101,044,236	115,708,406
Disposals during the period / year (NBV)	(3,357)	(3,700)
Adjustments during the period / year (NBV)	(109,075)	(128,091)
Depreciation / amortisation charged during the period / year	(10,384,633)	(21,028,495)
	90,547,171	94,548,120
Capital work-in-progress - note 7.1	61,838,720	64,110,555
	152,385,891	158,658,675

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

For the half year ended December 31, 2020

	December 31, 2020 Unaudited	June 30, 2020 Audited (Restated)
	(Rupees in thousand)	
7.1 Capital work-in-progress		
Plant, machinery, fittings and pipelines	11,059,195	10,993,478
Exploration and evaluation (E&E) assets - note 7.1.1	26,454,042	28,665,716
Development and production (D&P) assets	8,537,632	8,066,401
Lands, buildings and civil constructions	95,961	157,847
Capital stores for drilling and development	15,691,890	16,227,113
	<u>61,838,720</u>	<u>64,110,555</u>
7.1.1 Amounts under E&E assets are net of cost of dry wells charged to profit or loss during the period / year, amounting to Rs 1,642 million (June 30, 2020: Rs 11,480 million).		
	December 31, 2020 Unaudited	June 30, 2020 Audited (Restated)
	(Rupees in thousand)	
8. LONG-TERM INVESTMENTS		
Investments in related parties		
- Wholly owned subsidiaries		
- PPPFTC	1	1
- PPLE (net of impairment)	3,798,094	3,798,094
- PPLA (net of impairment)	-	-
	<u>3,798,095</u>	<u>3,798,095</u>
9. TRADE DEBTS		
Unsecured and considered good		
Related parties		
Central Power Generation Company Limited (GENCO-II) - note 9.4	3,941,132	3,833,469
Sui Northern Gas Pipelines Limited (SNGPL)	152,661,342	152,604,464
Sui Southern Gas Company Limited (SSGCL)	105,682,961	96,831,357
Pak-Arab Refinery Limited (PARCO)	1,236,111	698,988
Pakistan Refinery Limited (PRL)	820,865	1,091,468
Oil & Gas Development Company Limited (OGDCL)	654,763	803,313
	<u>264,997,174</u>	<u>255,863,059</u>
Non-related parties		
Attock Refinery Limited (ARL)	7,460,052	6,884,102
National Refinery Limited (NRL)	835,422	676,249
Others	438,343	503,246
	<u>8,733,817</u>	<u>8,063,597</u>
	<u>273,730,991</u>	<u>263,926,656</u>
Unsecured and considered doubtful		
Non-related party		
Byco Petroleum Pakistan Limited (Byco)	1,156,220	1,156,220
Less: Provision for doubtful debts - note 9.3	(1,156,220)	(1,156,220)
	<u>-</u>	<u>-</u>
	<u>273,730,991</u>	<u>263,926,656</u>

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

For the half year ended December 31, 2020

	December 31, 2020 Unaudited	June 30, 2020 Audited (Restated)
	(Rupees in thousand)	
9.1 The ageing of trade debts is as follows:		
Neither past due nor impaired	20,138,525	25,344,029
Past due but not impaired:		
Related parties		
- within 90 days	28,141,103	23,791,713
- 91 to 180 days	29,561,856	22,363,056
- over 180 days	191,417,577	187,257,463
	249,120,536	233,412,232
Non-related parties		
- within 90 days	2,818,784	2,711,071
- 91 to 180 days	8,025	985,550
- over 180 days	1,645,121	1,473,774
	4,471,930	5,170,395
	273,730,991	263,926,656

- 9.2 Trade debts include overdue amount of Rs 248,152 million (June 30, 2020: Rs 232,481 million) receivable from the State controlled companies (i.e. GENCO-II, SNGPL, SSGCL and OGDCL) and Rs 6,597 million (June 30, 2020: Rs 7,257 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 including inter-corporate circular debt, the Company considers the overdue amounts to be fully recoverable and therefore, no further provision for doubtful debts has been made in these condensed unconsolidated interim financial statements, except for provision against receivable from Byco.

- 9.3 The Company has filed a suit in the Sindh High Court (SHC) against Byco for recovery of overdue amount. The said suit is pending adjudication before the SHC. In addition, the Company filed a complaint against the officials of Byco on account of the willful default before the National Accountability Bureau (NAB). On the Company's complaint, NAB filed a reference against the officials of Byco which is pending adjudication before the Accountability Court No. IV at Karachi. One of the accused officials of Byco, filed his plea bargain application by submitting an amount that covers the outstanding principal amount due to the Company. The said plea bargain application has been accepted by the Accountability Court on October 24, 2020. The Company has requested NAB to have the principal amount transferred to the Company as per law while recovery of the Late Payment Surcharge is also being pursued.

- 9.4 Trade debts, as fully explained in note 4.2, do not include GDS and GIDC amounting to Rs 43,756 million (June 30, 2020: Rs 38,278 million) and Rs 8,599 million (June 30, 2020: Rs 10,249 million), respectively as the obligation of the Company is to pay the collected amounts to the Federal Government on receipt basis. The said amounts have been billed to GENCO-II but have not been received by the Company as at the date of statement of financial position.

With respect to application of the Guidance, the Company considers that it could potentially have further implications. Therefore, the Company is in the process of further evaluation and will consider its effect, if any, in the annual financial statements for the year ending June 30, 2021.

K. S. M. Khan

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

For the half year ended December 31, 2020

	December 31, 2020 Unaudited	June 30, 2020 Audited (Restated)
	(Rupees in thousand)	
10. SHORT-TERM INVESTMENTS		
At amortised cost		
- Local currency term deposits with banks	20,042,498	3,692,256
- Foreign currency term deposits with banks - note 10.1	36,085,934	37,353,959
	<u>56,128,432</u>	<u>41,046,215</u>
At fair value through profit or loss		
- Mutual Funds	15,825,214	10,364,718
	<u>71,953,646</u>	<u>51,410,933</u>
10.1	These represents foreign currency term deposits with banks amounting to US\$ 225.115 million (June 30, 2020: US\$ 222.345 million) having effective interest rate ranging from 0.74% to 3.52% (June 30, 2020: 3.00% to 5.30%) per annum and are due to mature latest by September 14, 2021. As explained in note 4.1, the investments have been classified as current assets. However, the management still intends and has the ability to hold these types of investments for longer term through reinvestment.	
11. TRADE AND OTHER PAYABLES		
Creditors	609,150	978,867
Accrued liabilities	9,783,399	8,564,442
Security deposits / advances from LPG distributors	694,121	451,236
Retention money	65,310	117,964
Sales tax - net	1,193,193	1,598,008
Royalties	8,169,426	9,382,316
Lease extension bonus	23,004,804	20,585,132
Current accounts with joint operations	11,252,797	16,234,248
Staff retirement benefit funds	530,467	1,033,050
Provision for windfall levy on oil / condensate	8,572,937	7,896,937
Federal excise duty	125,522	101,064
Workers' Profits Participation Fund (WPPF)	1,814,578	-
Others	181,643	160,464
	<u>65,997,347</u>	<u>67,103,728</u>
11.1	Trade and other payables, as fully explained in note 4.2, do not include GDS and GIDC amounting to Rs 43,756 million (June 30, 2020: Rs 38,278 million) and Rs 8,599 million (June 30, 2020: Rs 10,249 million), respectively as the obligation of the Company is to pay the collected amounts to the Federal Government on receipt basis. The said amounts have not been paid to the GoP due to non-payment of the same by GENCO-II as at the date of statement of financial position.	
	With respect to application of the Guidance, the Company considers that it could potentially have further implications. Therefore, the Company is in the process of further evaluation and will consider its effect, if any, in the annual financial statements for the year ending June 30, 2021.	
12. 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 as at and for the year ended June 30, 2020.	

Agreed

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

For the half year ended December 31, 2020

	Half year ended December 31, 2020	Half year ended December 31, 2019 (Restated)
	(Rupees in thousand)	
13. REVENUE FROM CONTRACTS WITH CUSTOMERS		
Gross revenue		
Natural gas	65,305,107	68,873,509
Gas supplied to Sui villages	397,181	323,060
Internal consumption of gas	197,597	202,627
Crude oil / Condensate / Natural Gas Liquids	17,701,182	24,776,467
LPG	4,579,855	4,370,495
Barytes	211,307	371,379
	<u>88,392,229</u>	<u>98,917,537</u>
Government levies / discounts		
Federal excise duty	(877,548)	(906,972)
Sales tax	(11,700,443)	(12,323,051)
Petroleum Levy	(264,587)	(258,109)
Discounts (Barytes)	(10,584)	(19,300)
	<u>(12,853,162)</u>	<u>(13,507,432)</u>
	<u>75,539,067</u>	<u>85,410,105</u>
	Half year ended December 31, 2020	Half year ended December 31, 2019
	(Rupees in thousand)	

14. OPERATING EXPENSES

Salaries, wages, welfare and other benefits	5,164,360	3,716,161
Operators' personnel	1,288,948	1,189,152
Depreciation	4,118,301	4,714,031
Amortisation of decommissioning assets	707,084	618,851
Amortisation of D&P assets	5,467,921	6,009,756
Plant operations	1,729,079	1,812,950
Well interventions	488,343	540,696
Field services	1,120,503	1,130,175
Crude oil transportation	433,787	601,154
Travelling and conveyance	277,317	244,113
Training & development	42,624	15,880
PCA overheads	116,795	73,940
Insurance expenses	326,481	252,123
Free supply of gas to Sui villages	397,181	323,060
Social welfare / community development	293,745	97,206
	<u>21,972,469</u>	<u>21,339,248</u>

15. EXPLORATION EXPENSES

- 15.1 Exploration expenses for the period also include cost of dry wells amounting to Rs 1,642 million (December 2019: Rs 10,423 million).

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

For the half year ended December 31, 2020

	Half year ended December 31, 2020	Half year ended December 31, 2019
	(Rupees in thousand)	
16. OTHER CHARGES		
WPPF charge	1,814,578	1,741,133
Exchange loss on foreign currency - net	1,395,396	1,711,733
Impairment loss on investment in PPLA	-	2,294,529
Provision for Windfall levy on oil / condensate	676,000	1,576,000
	<u>3,885,974</u>	<u>7,323,395</u>
17. OTHER INCOME		
Income from financial assets		
Income on loans and bank deposits	241,077	447,322
Income on local currency term deposits	250,171	237,034
Income on foreign currency term deposits	570,337	990,742
Income from investment in treasury bills	276,808	39,107
Dividend income / gain on re-measurement of investments designated at fair value through profit or loss (net)	380,091	37,347
	<u>1,718,484</u>	<u>1,751,552</u>
Income from assets other than financial assets		
Rental income on assets	3,317	3,188
Profit on sale of property, plant and equipment (net)	19,413	7,626
Share of profit on sale of LPG	-	4,785
Insurance claims	83,547	72
Others	34,111	699,673
	<u>140,388</u>	<u>715,344</u>
	<u>1,858,872</u>	<u>2,466,896</u>
18. TAXATION		
- For the half year	12,561,117	12,282,871
- For the prior year	(1,028,800)	(452,890)
	<u>11,532,317</u>	<u>11,829,981</u>
Deferred	(3,080,611)	(3,448,261)
	<u>8,451,706</u>	<u>8,381,720</u>
	Half year ended December 31, 2020	Half year ended December 31, 2019
		(Restated)
		(Rupees in thousand)
19. CASH AND CASH EQUIVALENTS		
Cash and bank balances	5,505,408	3,145,749
Short-term highly liquid investments	31,616,158	17,554,393
	<u>37,121,566</u>	<u>20,700,142</u>

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

For the half year ended December 31, 2020

20. TRANSACTIONS AND BALANCES 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 condensed unconsolidated interim financial statements are as follows:

	Half year ended December 31, 2020	Half year ended December 31, 2019 (Restated) (Rupees in thousand)
Sales of gas / oil / barytes to state controlled entities (including Government Levies)		
GENCO-II	6,703,374	8,825,766
SSGCL	23,057,115	21,933,859
SNGPL	35,544,618	37,920,821
OGDCL	1,076,959	71,165
	<u>66,382,066</u>	<u>68,751,611</u>
Long-term receivables, trade debts and other receivables from State controlled entities as at December 31	<u>263,124,740</u>	<u>219,605,323</u>
Transactions and balances with subsidiaries		
Receivable from PPLA as at December 31	<u>140,362</u>	<u>-</u>
Payment of employees cost on secondment	<u>41,103</u>	<u>69,777</u>
Deposit for bank guarantee on behalf of PPLE - Block 29, Yemen	<u>1,248,000</u>	<u>1,175,250</u>
Transactions with Associated Companies		
Sales of crude oil / condensate to PARCO	<u>2,709,317</u>	<u>3,587,887</u>
Sales of crude oil / condensate to PRL	<u>828,895</u>	<u>1,396,485</u>
Payment to Total PARCO Pakistan Limited	<u>2,945</u>	<u>277,066</u>
Payment to Petroleum Institute of Pakistan	<u>975</u>	<u>4,092</u>
Deposits with Askari Bank Limited (AKBL) as at December 31	<u>4,244</u>	<u>9,616</u>
Letters of credit placed with AKBL as at December 31	<u>203,451</u>	<u>339,250</u>

14/12/20

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

For the half year ended December 31, 2020

	Half year ended December 31, 2020 (Rupees in thousand)	Half year ended December 31, 2019
Transactions with Joint Operations		
Payments of cash calls to joint operations	15,483,032	20,210,470
Expenditures incurred by the joint operations	10,512,150	18,952,735
Under advance balances relating to joint operations as at December 31	10,712,642	13,947,792
Current account receivables relating to joint operations as at December 31	2,104,675	2,878,957
Current account payables relating to joint operations as at December 31	266,594	683,048
Income from rental of assets to joint operations	3,317	3,188
Purchase of goods from BME (net)	23,483	267,783
Reimbursement of employee cost on secondment to BME	13,424	13,571
Other related parties		
Dividend to GoP	1,836,864	3,061,440
Dividend to trust under BESOS	200,057	333,429
Dividend to trusts under retirement benefit funds	1,515	2,524
Transactions with retirement benefit funds	549,416	550,815
Remuneration to key management personnel	1,671,474	1,625,688
Payment to PPL Welfare Trust	20,000	-
Payment of rental to Pakistan Industrial Development Corporation	71,767	64,454
Payment of rental to Karachi Port Trust	5,379	3,200
Payment to National Insurance Company Limited (NICL)	424,568	264,565
Insurance claim received from NICL	83,547	72
Payment to Pakistan State Oil Company Limited	28,764	158,433
Stores and spares on loan to OGDCL	3,065	-
20.1	Aggregate amount charged in these condensed unconsolidated interim financial statements in respect of fees paid to seven non-executive directors was Rs 10.625 million (December 2019: Rs 11.660 million to ten non-executive directors).	
20.2	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 16,080 million), out of which US\$ 32.129 million (Rs 5,166 million) is outstanding.	
20.3	The Company has provided parent company guarantee amounting to US\$ 5.3 million (Rs 852 million) to GoP in respect of PPLA's exploration licenses in Pakistan i.e. Barkhan, Harnai and Ziarat.	
	Half year ended December 31, 2020	Half year ended December 31, 2019
21. EARNINGS PER SHARE		
21.1		
Basic earnings per share		
Profit after taxation (Rs '000)	26,237,425	24,554,443
Dividend on convertible preference shares (Rs '000)	(34)	(35)
Profit attributable to ordinary shareholders (Rs '000)	26,237,391	24,554,408
Weighted average number of ordinary shares in issue	2,720,972,109	2,720,971,689
Basic earnings per share (Rs)	9.64	9.02

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

For the half year ended December 31, 2020

- 21.1.1 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, 2020	Half year ended December 31, 2019
21.2 Diluted earnings per share		
Profit after taxation (Rs '000)	26,237,425	24,554,443
Weighted average number of ordinary shares in issue	2,720,972,109	2,720,971,689
Adjustment for convertible preference shares	11,419	11,839
Weighted average number of ordinary shares for diluted earnings per share	2,720,983,528	2,720,983,528
Diluted earnings per share (Rs)	9.64	9.02

22. DATE OF AUTHORISATION FOR ISSUE


These condensed unconsolidated interim financial statements were authorised for issue on February 26, 2021 by the Board of Directors of the Company.

23. SUBSEQUENT / NON-ADJUSTING EVENTS

- 23.1 The Board of Directors in its meeting held on February 26, 2021 has approved interim cash dividend @ 15% amounting to Rs 4,081.458 million (December 2019: nil) on paid up value of ordinary share capital and 15% amounting to Rs 0.017 million (December 2019: nil) on the paid up value of convertible preference share capital.

24. GENERAL

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

Khan

Chief Financial Officer


Chief Executive Officer


Chief Financial Officer


Director


Chief Executive Officer



KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2, Beaumont Road
Karachi 75530 Pakistan
+92 (21) 35685847, Fax +92 (21) 35685095

INDEPENDENT AUDITORS' REVIEW REPORT

To the members of Pakistan Petroleum Limited

Report on review of Condensed Consolidated Interim Financial Statements

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Pakistan Petroleum Limited ("the Company") as at December 31, 2020 and the related condensed consolidated interim statement of profit or loss, condensed consolidated interim statement of profit or loss and other comprehensive income, condensed consolidated interim statement of changes in equity, and condensed consolidated interim statement of cash flows, and notes to the condensed consolidated interim financial statements for the half year ended (here-in-after referred to as the "condensed consolidated interim financial statements"). Management is responsible for the preparation and presentation of these condensed consolidated 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 condensed consolidated interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed consolidated 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 as applicable in Pakistan 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 condensed consolidated interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.



KPMG Taseer Hadi & Co.

Emphasis of Matter

We draw attention to note 9 to the condensed consolidated interim financial statements, which describes matter in detail relating to overdue trade debts on account of Inter-Corporate circular debt. Our conclusion is not modified in respect of this matter.

Other matters

The condensed consolidated interim financial statements for the half year ended December 31, 2019 and consolidated financial statements for the year ended June 30, 2020 of the Company were reviewed and audited by another auditor expressed an unmodified conclusion and unmodified opinion on those statements on February 26, 2020 and September 15, 2020 respectively.

The figures of the condensed consolidated interim financial statements for the quarter ended December 31, 2020 and December 31, 2019 have not been reviewed and we do not express a conclusion thereon.

The engagement partner on the engagement resulting in this independent auditors' review report is Muhammad Nadeem.

Date: 26 February 2021

Karachi


KPMG Taseer Hadi & Co.
Chartered Accountants

PAKISTAN PETROLEUM LIMITED

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020

	Note	December 31 2020 Unaudited	June 30 2020 Audited (Restated)
(Rupees in thousand)			
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Property, plant and equipment	7	153,501,201	159,915,084
Intangible assets		267,892	338,417
		<u>153,769,093</u>	<u>160,253,501</u>
Long-term investments	8	1	1
Long-term loans		56,901	41,720
Long-term deposits		7,676	7,676
Long-term receivables		41,905	41,905
		<u>153,875,576</u>	<u>160,344,803</u>
CURRENT ASSETS			
Stores and spares		4,725,358	4,060,735
Trade debts	9	273,946,481	264,219,648
Loans and advances		544,198	659,269
Trade deposits and short-term prepayments		345,324	540,417
Interest accrued		411,154	474,195
Current maturity of long-term loans		23,341	19,920
Current maturity of long-term deposits		1,248,000	1,175,250
Current maturity of long-term receivables		110,937	152,841
Other receivables		2,820,562	3,699,000
Short-term investments	10	74,346,925	53,547,893
Cash and bank balances		5,992,267	6,525,275
		<u>364,514,547</u>	<u>335,084,443</u>
		<u>518,390,123</u>	<u>495,429,246</u>
TOTAL ASSETS			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital		27,209,836	27,209,836
Reserves		339,363,877	316,098,187
		<u>366,573,713</u>	<u>343,308,023</u>
NON-CURRENT LIABILITIES			
Provision for decommissioning obligation		28,146,779	28,066,373
Lease liabilities		-	414
Deferred liabilities		2,903,915	2,840,852
Deferred taxation - net		33,444,161	36,524,772
		<u>64,494,855</u>	<u>67,432,411</u>
CURRENT LIABILITIES			
Trade and other payables	11	67,339,348	69,091,088
Unclaimed dividends		306,066	299,912
Current maturity of lease liabilities		7,803	19,361
Taxation - net		19,668,338	15,278,451
		<u>87,321,555</u>	<u>84,688,812</u>
		<u>151,816,410</u>	<u>152,121,223</u>
TOTAL LIABILITIES		<u>518,390,123</u>	<u>495,429,246</u>
TOTAL EQUITY AND LIABILITIES			
CONTINGENCIES AND COMMITMENTS			

The annexed notes 1 to 24 form an integral part of these condensed consolidated interim financial statements.

CHIEF FINANCIAL OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

PAKISTAN PETROLEUM LIMITED

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2020

	Note	Quarter ended December 31, 2020	Quarter ended December 31, 2019	Half year ended December 31, 2020	Half year ended December 31, 2019
(Rupees in thousand)					
Revenue from contracts with customers	13	36,493,774	43,752,889	75,811,789	85,630,629
Operating expenses	14	(12,783,487)	(12,230,291)	(22,188,119)	(21,533,587)
Royalties and other levies		(5,441,094)	(6,550,718)	(11,395,129)	(12,703,060)
		(18,224,581)	(18,781,009)	(33,583,248)	(34,236,647)
Gross Profit		18,269,193	24,971,880	42,228,541	51,393,982
Exploration expenses	15	(972,819)	(10,668,080)	(3,269,892)	(14,263,219)
Administrative expenses		(1,001,824)	(719,454)	(1,788,043)	(1,331,102)
Finance costs		(299,148)	(258,822)	(603,338)	(540,535)
Other charges	16	(1,754,366)	(1,440,852)	(3,891,212)	(5,008,753)
		14,241,036	11,884,672	32,676,056	30,250,373
Other income	17	1,117,760	1,620,985	1,876,288	2,556,801
Profit before taxation		15,358,796	13,505,657	34,552,344	32,807,174
Taxation	18	(3,578,331)	(3,408,709)	(8,446,930)	(8,362,644)
Profit after taxation		11,780,465	10,096,948	26,105,414	24,444,530
Basic and diluted earnings per share (Rs)	21	4.33	3.71	9.59	8.98

The annexed notes 1 to 24 form an integral part of these condensed consolidated interim financial statements.

CHIEF FINANCIAL OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

PAKISTAN PETROLEUM LIMITED

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2020

	Quarter ended December 31, 2020	Quarter ended December 31, 2019	Half year ended December 31, 2020	Half year ended December 31, 2019
	(Rupees in thousand)			
Profit after taxation	11,780,465	10,096,948	26,105,414	24,444,530
Other comprehensive income / (loss):				
Items that will not be subsequently reclassified to profit or loss				
Remeasurement gains / (losses) on defined benefit plans - net	-	-	-	-
Deferred taxation	-	-	-	-
Items that will be reclassified to profit or loss in subsequent periods				
Foreign exchange differences on translation of subsidiaries	(58,024)	(39,040)	(118,740)	(303,487)
Other comprehensive loss	(58,024)	(39,040)	(118,740)	(303,487)
Total comprehensive income for the period	11,722,441	10,057,908	25,986,674	24,141,043


The annexed notes 1 to 24 form an integral part of these condensed consolidated interim financial statements.


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CHIEF FINANCIAL OFFICER


CHIEF FINANCIAL OFFICER


DIRECTOR


CHIEF EXECUTIVE OFFICER


CHIEF FINANCIAL OFFICER

PAKISTAN PETROLEUM LIMITED

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2020

	Half year ended December 31, 2020 (Rupees in thousand)	Half year ended December 31, 2019
Note		
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	84,282,760	56,143,946
Receipts of other income	744,193	703,864
Payment to suppliers / service providers and employees - net	(20,879,112)	(19,077,490)
Payment of indirect taxes and Government levies including royalties	(29,124,552)	(24,278,074)
Income tax paid	(7,108,865)	(7,693,959)
Finance costs paid	(1,884)	(4,739)
Long-term loans to employees - net	(18,602)	(18,567)
Net cash generated from operating activities	27,893,938	5,774,981
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	(6,539,422)	(17,471,756)
Proceeds from sale of property, plant and equipment	22,770	10,634
(Purchase) / disposal of mutual funds - net	(5,460,496)	4,049,860
Long-term deposits	(72,750)	(263,400)
Long-term receivables	41,904	125,714
Finance income received	1,796,211	2,192,732
Net cash (used in) investing activities	(10,211,783)	(11,356,216)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of lease liabilities	(11,972)	(29,582)
Dividends paid	(2,714,830)	(4,524,086)
Net cash used in financing activities	(2,726,802)	(4,553,668)
Net increase / (decrease) in cash and cash equivalents	14,955,353	(10,134,903)
Cash and cash equivalents at beginning of the period	25,196,176	37,011,748
Net foreign exchange differences	(149,825)	(440,194)
Cash and cash equivalents at end of the period	19 40,001,704	26,436,651

The annexed notes 1 to 24 form an integral part of these condensed consolidated interim financial statements.

CHIEF FINANCIAL OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

PAKISTAN PETROLEUM LIMITED

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2020

	Subscribed and paid-up share capital		Capital reserve	Revenue reserves	Total
	Ordinary	Convertible preference			
(Rupees in thousand)					
Balance as at July 01, 2019	22,674,764	108	1,428	275,527,995	298,204,295
Comprehensive income for the period					
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
Transactions with owners:					
- 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)	-	-	-
Balance as at December 31, 2019	27,209,718	118	1,428	290,599,099	317,810,363
Balance as at July 01, 2020	27,209,718	118	1,428	316,096,759	343,308,023
Comprehensive income for the period					
Profit after taxation	-	-	-	26,105,414	26,105,414
Other comprehensive loss for the half year ended December 31, 2020, net of tax	-	-	-	(118,740)	(118,740)
Total comprehensive income for the half year ended December 31, 2020	-	-	-	25,986,674	25,986,674
Transactions with owners:					
- Ordinary shareholders					
Final dividend for the year ended June 30, 2020 @ 10%	-	-	-	(2,720,972)	(2,720,972)
- Convertible preference shareholders					
Final dividend for the year ended June 30, 2020 @ 10%	-	-	-	(12)	(12)
Conversion of preference shares into ordinary shares	5	(5)	-	-	-
Balance as at December 31, 2020	27,209,723	113	1,428	339,362,449	366,573,713

The annexed notes 1 to 24 form an integral part of these condensed consolidated interim financial statements.

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CHIEF FINANCIAL OFFICER
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CHIEF FINANCIAL OFFICER

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DIRECTOR

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CHIEF EXECUTIVE OFFICER
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CHIEF FINANCIAL OFFICER

**NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS (UNAUDITED)**
For the half year ended December 31, 2020

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 two producing fields and three exploration blocks in Pakistan, as well as one exploration block in Yemen. The registered office of PPLE is situated at 6th Floor, One London Wall, London, United Kingdom.

1.3 PPL Asia E&P B.V.

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

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

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

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

Signature

2. BASIS OF PREPARATION

- 2.1** These condensed consolidated 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.

However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements.

These condensed consolidated interim financial statements do not include all the information and disclosures required in the annual consolidated financial statements as at and for the year ended June 30, 2020 and should be read in conjunction with the consolidated financial statements of the Holding Company as at and for the year ended June 30, 2020.

The figures of the condensed consolidated interim statement of profit or loss and condensed consolidated interim statement of other comprehensive income for the quarters ended December 31, 2020 and December 31, 2019 have not been reviewed by the auditors of the Holding Company, as they have reviewed the cumulative figures for the half year ended December 31, 2020. The cumulative figures for the half year ended December 31, 2019 were reviewed by another firm of chartered accountants.

- 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 under Companies Act, 2017. Accordingly, the Holding Company has not consolidated the PPPFTC in its condensed consolidated interim financial statements for the half year ended December 31, 2020.

2.3 Benazir Employees' Stock Option Scheme (BESOS)

The PPL Employees Empowerment Trust ("Trust") was established vide a Trust Deed under the Benazir Employees Stock Scheme on September 14, 2009. The Trust currently holds 7.35% shareholding of the Holding Company. The Trust was created for the purposes of empowerment of employees of state-owned entities.

Through judgment dated August 03, 2018, the honourable Sindh High Court (SHC) held the establishment of the Trust to be unconstitutional. The decision was assailed before the honourable Supreme Court (SC). The honourable SC, through a short order dated October 22, 2020 and for reasons to be recorded later, upheld the decision of the SHC. The Holding Company awaits the detailed judgment of the honourable SC, after which it shall take the requisite corporate actions for the transfer of 7.35% shareholding back to the Federal Government and related actions for liquidation of the Trust and crediting the Trust funds in the Federal Consolidated Fund.

14/10/20

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies and the methods of computation adopted in the preparation of these condensed consolidated interim financial statements are the same as those applied in the preparation of the annual consolidated financial statements as at and for the year ended June 30, 2020.

3.2 The Holding 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 condensed consolidated interim financial statements, being considered immaterial.

3.3 New or amendments / interpretations to existing standards, interpretation and forthcoming requirements

There are new and amended standards and interpretations that are mandatory for accounting periods beginning July 01, 2020 but are considered not to be relevant or do not have any significant effect on the Group's financial position and are therefore not stated in these condensed consolidated interim financial statements.

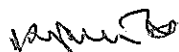
3.4 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following International Financial Reporting Standards (IFRS) relevant to the Group as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after January 01, 2021:

- COVID-19 related rent concessions (Amendment to IFRS 16);
- Interest Rate Benchmark Reform – Phase 2 which amended IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16; and
- Onerous Contracts – Cost of fulfilling a contract (Amendments to IAS 37).

The following improvements to IFRS are effective for annual reporting periods beginning on or after January 01, 2022 and are not likely to have an effect on these condensed consolidated interim financial statements.

- IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender;
- IFRS 16 – The objective of the amendment is to resolve any potential confusion that might arise in lease incentives;
- IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique



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- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);
- Reference to the Conceptual Framework (Amendments to IFRS 3);
- Extension of the temporary exemption from applying IFRS 9;
- Classification of liabilities as current or non-current (Amendments to IAS 1); and
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28).

4. RESTATEMENTS

4.1 Classification of Long-term investments

Upto June 30, 2020, foreign currency term deposits with banks having various maturity dates falling within one year from the reporting date had been classified as non-current assets based on the management intention and ability to hold the amount for longer term. During the period, the requirements of IAS-1 "Presentation of Financial Statements" for classification of assets between non-current and current were reconsidered. IAS-1 requires that an entity shall classify an asset as current when it expects to realise the asset within twelve months after the reporting period or the asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. Accordingly, the classification of foreign currency term deposits has been changed and presented as current assets with retrospective effect (note 10.1) based on their expected recovery within one year from the reporting period.

4.2 Accounting guidance issued by the Institute of Chartered Accountants of Pakistan (ICAP) relating to Accounting of Gas Infrastructure Development Cess (GIDC)

As a result of recent events and developments including orders and judgments of the Honourable Supreme Court of Pakistan, the ICAP has issued a guidance "Accounting of Gas Infrastructure Development Cess (GIDC)" (the Guidance) through Circular no. 1/2021 dated January 19, 2021. In light of the said Guidance, gas companies should consider the timing of recognition of liabilities (with corresponding assets), where the obligation of the gas companies is to pay the collected amounts to the Federal Government on receipt basis. Liability for such amounts should be recognised at the time of receipt from gas consumers and not at the time of billing to the gas consumers.

Under the laws and regulations governing GIDC, the Holding Company is responsible to invoice the same to the customers and deposit the collected amounts to GoP on receipt from customers. Accordingly, the Holding Company will record liability for GIDC in the statement of financial position only to the extent received from customers but not deposited with the GoP. Further, GIDC billed to customers has been excluded from gross sales and trade debts in the notes to the condensed consolidated interim financial statements.

Keeping in view the above and due to the similar nature and characteristics of Gas Development Surcharge (GDS), the Holding Company has adopted the same accounting treatment for GDS as well.

The Guidance has been applied retrospectively and the prior period financial statements have been restated (notes 9.4 and 11.1), which has not affected current period or prior years' net sales, profit, equity and cash flows.

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4.3 Reclassification of advances

An amount of Rs 302 million on account of advances received has been reclassified from Trade debts to Trade and other payables.

4.4 Effect of changes

The above changes have been made in accordance with the requirements of IAS-8, 'Accounting Policies, Changes in Accounting Estimates and Errors' in these condensed consolidated interim financial statements with retrospective effect and restatement of amounts previously presented are stated below:

	June 30, 2020		
	As previously reported	As restated	Restatement
	(Rupees in thousand)		
Effect on statement of financial position			
Change in accounting policy and reclassification			
Trade and other payables	117,315,926	69,091,088	48,224,838
Trade debts	312,444,486	264,219,648	48,224,838
Long-term investments	33,487,776	1	33,487,775
Current maturity of long-term investments	3,866,184	-	3,866,184
Short-term investments	16,193,934	53,547,893	37,353,959

5. RECLASSIFICATIONS

Certain amounts have been reclassified in comparatives, for the purposes of better presentation and classification in Trade and other payables, Operating expenses and Property, plant and equipment ("Exploratory wells amounting to Rs 7,933 million have been reclassified from "Operating fixed assets" to "Capital work-in-progress").

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**NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS (UNAUDITED)**
For the half year ended December 31, 2020

6. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS, JUDGMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of these condensed consolidated interim financial statements in conformity with the approved 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 condensed consolidated interim financial statements are the same as those applied in the preparation of the annual consolidated financial statements as at and for the year ended June 30, 2020.

The Group's financial risk management objectives and policies are consistent with those disclosed in the annual consolidated financial statements as at and for the year ended June 30, 2020.

	December 31, 2020 Unaudited	June 30, 2020 Audited (Restated)
	(Rupees in thousand)	
7. PROPERTY, PLANT AND EQUIPMENT		
Opening Net Book Value (NBV)	95,021,854	91,897,201
Additions to owned assets	7,251,618	24,413,465
	102,273,472	116,310,666
Disposals during the period / year (NBV)	(3,357)	(3,700)
Adjustments during the period / year (NBV)	(145,113)	(118,155)
Depreciation / amortisation charged during the period / year	(10,509,848)	(21,166,957)
	91,615,154	95,021,854
Capital work-in-progress - note 7.1	61,886,047	64,893,230
	153,501,201	159,915,084
7.1 Capital work-in-progress		
Plant, machinery, fittings and pipelines	11,059,195	11,101,874
Exploration and Evaluation (E&E) assets - note 7.1.1	26,454,042	29,295,007
Development and production (D&P) assets	8,537,632	8,066,401
Lands, buildings and civil constructions	95,961	157,847
Capital stores for drilling and development	15,739,217	16,272,101
	61,886,047	64,893,230

7.1.1 Amounts under E&E assets are net of cost of dry wells charged to profit or loss during the period / year, amounting to Rs 1,642 million (June 30, 2020: Rs 11,480 million).

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	December 31, 2020 Unaudited	June 30, 2020 Audited (Restated)
	(Rupees in thousand)	
8. LONG-TERM INVESTMENTS		
Investments in related party		
- Wholly owned subsidiary		
- PPPFTC	<u>1</u>	<u>1</u>
9. TRADE DEBTS		
Unsecured and considered good		
Related parties		
Central Power Generation Company Limited (GENCO-II) - note 9.4	3,941,132	3,833,469
Sui Northern Gas Pipelines Limited (SNGPL)	152,727,764	152,669,744
Sui Southern Gas Company Limited (SSGCL)	105,728,507	97,048,476
Pak-Arab Refinery Limited (PARCO)	1,236,111	698,988
Pakistan Refinery Limited (PRL)	820,865	1,091,468
Oil & Gas Development Company Limited (OGDCL)	654,763	803,313
	<u>265,109,142</u>	<u>256,145,458</u>
Non-related parties		
Attock Refinery Limited (ARL)	7,563,574	6,894,695
National Refinery Limited (NRL)	835,422	676,249
Others	438,343	503,246
	<u>8,837,339</u>	<u>8,074,190</u>
	<u>273,946,481</u>	<u>264,219,648</u>
Unsecured and considered doubtful		
Non-related party		
Byco Petroleum Pakistan Limited (Byco)	1,156,220	1,156,220
Less: Provision for doubtful debts - note 9.3	(1,156,220)	(1,156,220)
	<u>-</u>	<u>-</u>
	<u>273,946,481</u>	<u>264,219,648</u>
9.1 The ageing of trade debts is as follows:		
Neither past due nor impaired	20,243,621	25,401,006
Past due but not impaired:		
Related parties		
- within 90 days	28,235,816	23,858,359
- 91 to 180 days	29,560,946	22,398,723
- over 180 days	191,424,063	187,380,575
	<u>249,220,825</u>	<u>233,637,657</u>
Non-related parties		
- within 90 days	2,818,784	2,711,071
- 91 to 180 days	8,025	985,550
- over 180 days	1,655,226	1,484,364
	<u>4,482,035</u>	<u>5,180,985</u>
	<u>273,946,481</u>	<u>264,219,648</u>

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- 9.2** Trade debts include overdue amount of Rs 248,252 million (June 30, 2020: Rs 232,696 million) receivable from the State controlled companies (i.e. GENCO-II, SNGPL, SSGCL and OGDCL) and Rs 6,607 million (June 30, 2020: Rs 7,268 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 in respect of inter-corporate circular debt, the Group considers the overdue amounts to be fully recoverable and therefore, no further provision for doubtful debts has been made in these condensed consolidated interim financial statements, except for provision against receivable from Byco.

- 9.3** The Holding Company has filed a suit in the Sindh High Court (SHC) against Byco for recovery of overdue amount. The said suit is pending adjudication before the SHC. In addition, the Holding Company filed a complaint against the officials of Byco on account of the willful default before the National Accountability Bureau (NAB). On the Holding Company's complaint, NAB filed a reference against the officials of Byco which is pending adjudication before the Accountability Court No. IV at Karachi. One of the accused officials of Byco, filed his plea bargain application by submitting an amount that covers the outstanding principal amount due to the Holding Company. The said plea bargain application has been accepted by the Accountability Court on October 24, 2020. The Holding Company has requested NAB to have the principal amount transferred to it as per law while recovery of the Late Payment Surcharge is also being pursued.

- 9.4** Trade debts, as fully explained in note 4.2, do not include GDS and GIDC amounting to Rs 43,756 million (June 30, 2020: Rs 38,278 million) and Rs 8,599 million (June 30, 2020: Rs 10,249 million), respectively as the obligation of the Holding Company is to pay the collected amounts to the Federal Government on receipt basis. The said amounts have been billed to GENCO-II but have not been received by the Holding Company as at the date of statement of financial position.

With respect to application of the Guidance, the Holding Company considers that it could potentially have further implications. Therefore, the Holding Company is in the process of further evaluation and will consider its effect, if any, in the annual financial statements for the year ending June 30, 2021.

	December 31, 2020 Unaudited	June 30, 2020 Audited (Restated)
	(Rupees in thousand)	
10. SHORT-TERM INVESTMENTS		
At amortised cost		
- Foreign currency term deposits with banks - note 10.1	38,479,213	39,490,919
- Local currency term deposits with banks	20,042,498	3,692,256
	58,521,711	43,183,175
At fair value through profit or loss		
- Mutual Funds	15,825,214	10,364,718
	74,346,925	53,547,893

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**NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS (UNAUDITED)**
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- 10.1** These represents foreign currency term deposits with banks amounting to US\$ 240.045 million (June 30, 2020: US\$ 235.065 million) having effective interest rate ranging from 0.11% to 3.52% (June 30, 2020: 1.80% to 5.30%) per annum and are due to mature latest by September 14, 2021. As explained in note 4.1, the investments of the Holding Company amounting to US\$ 225.115 million (June 30, 2020: US\$ 222.345 million) have been classified as current assets. However, the management of the Holding Company still intends and has the ability to hold these types of investments for longer term through reinvestment.

	December 31, 2020 Unaudited	June 30, 2020 Audited (Restated)
	(Rupees in thousand)	
11. TRADE AND OTHER PAYABLES		
Creditors	609,150	978,867
Accrued liabilities	10,303,546	9,260,462
Security deposits / advances from LPG distributors	694,121	451,236
Retention money	65,310	117,964
Sales tax - net	1,196,469	1,602,103
Royalties	8,184,744	9,385,306
Lease extension bonus	23,004,804	20,585,132
Current accounts with joint operations	11,427,561	16,769,871
Staff retirement benefit funds	530,467	1,033,050
Provision for windfall levy on oil/condensate	8,572,937	7,896,937
Federal excise duty - net	125,522	101,064
Workers' Profits Participation Fund (WPPF)	1,814,578	-
Contractual obligations for Iraq EDPSC	622,586	719,368
Others	187,553	189,728
	<u>67,339,348</u>	<u>69,091,088</u>

- 11.1** Trade and other payables, as fully explained in note 4.2, do not include GDS and GIDC amounting to Rs 43,756 million (June 30, 2020: Rs 38,278 million) and Rs 8,599 million (June 30, 2020: Rs 10, 249 million), respectively as the obligation of the Holding Company is to pay the collected amounts to the Federal Government on receipt basis. The said amounts have not been paid to the GoP due to non-payment of the same by GENCO-II as at the date of statement of financial position.

With respect to application of the Guidance, the Holding Company considers that it could potentially have further implications. Therefore, the Holding Company is in the process of further evaluation and will consider its effect, if any, in the annual financial statements for the year ending June 30, 2021.

12. CONTINGENCIES AND COMMITMENTS

There are no major changes in the status of contingencies and in total commitments as disclosed in the consolidated financial statements as at and for the year ended June 30, 2020.

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**NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS (UNAUDITED)**
For the half year ended December 31, 2020

	Half year ended December 31 2020	Half year ended December 31 2019 (Restated) (Rupees in thousand)
13. REVENUE FROM CONTRACTS WITH CUSTOMERS		
Gross revenue		
Natural gas	65,504,034	69,132,479
Gas supplied to Sui villages	397,181	323,060
Internal consumption of gas	197,597	202,627
Crude oil / Condensate / Natural Gas Liquids	17,804,271	24,776,467
LPG	4,579,855	4,370,495
Barytes	211,307	371,379
	<u>88,694,245</u>	<u>99,176,507</u>
Government levies / discounts		
Federal excise duty	(877,548)	(906,972)
Sales tax	(11,729,737)	(12,361,497)
Petroleum levy	(264,587)	(258,109)
Discounts (Barytes)	(10,584)	(19,300)
	<u>(12,882,456)</u>	<u>(13,545,878)</u>
	<u>75,811,789</u>	<u>85,630,629</u>
	Half year ended December 31, 2020	Half year ended December 31 2019 (Rupees in thousand)
14. OPERATING EXPENSES		
Salaries, wages, welfare and other benefits	5,164,360	3,716,161
Operator's personnel	1,307,740	1,215,046
Depreciation	4,147,497	4,757,064
Amortisation of decommissioning assets	707,084	618,851
Amortisation of D&P assets	5,563,940	6,076,876
Plant operations	1,732,373	1,823,820
Well interventions	497,699	561,550
Field services	1,177,646	1,153,117
Crude oil transportation	433,787	601,154
Travelling and conveyance	277,317	244,113
Training & development	42,624	15,880
PCA overheads	118,645	75,486
Insurance expenses	326,481	254,203
Free supply of gas to Sui villages	397,181	323,060
Social welfare / community development	293,745	97,206
	<u>22,188,119</u>	<u>21,533,587</u>

**NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED INTERIM
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For the half year ended December 31, 2020

15. EXPLORATION EXPENSES

- 15.1 Exploration expenses for the period also include cost of dry wells amounting to Rs 1,642 million (December 2019: Rs 10,423 million).

Half year ended December 31 2020	Half year ended December 31 2019
(Rupees in thousand)	

16. OTHER CHARGES

WPPF charge	1,814,578	1,741,133
Exchange loss on foreign currency - net	1,400,634	1,691,620
Provision for windfall levy on oil / condensate	676,000	1,576,000
	<u>3,891,212</u>	<u>5,008,753</u>

17. OTHER INCOME

Income from financial assets

Income on loans and bank deposits	241,077	447,322
Income on local currency term deposits	265,390	326,939
Income on foreign currency term deposits	570,337	990,742
Income from investment in treasury bills	276,808	39,107
Dividend income / gain on re-measurement of investments designated at fair value through profit or loss (net)	380,091	37,347
	<u>1,733,703</u>	<u>1,841,457</u>

Income from assets other than financial assets

Rental income on assets	3,317	3,188
Profit on sale of property, plant and equipment (net)	19,413	7,626
Share of profit on sale of LPG	-	4,785
Insurance Income	83,547	72
Others	36,308	699,673
	<u>142,585</u>	<u>715,344</u>
	<u>1,876,288</u>	<u>2,556,801</u>

18. TAXATION

- For the half year	12,556,341	12,297,430
- For the prior year	(1,028,800)	(486,525)
	<u>11,527,541</u>	<u>11,810,905</u>
Deferred	(3,080,611)	(3,448,261)
	<u>8,446,930</u>	<u>8,362,644</u>

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	Half year ended December 31 2020	Half year ended December 31 2019 (Restated) (Rupees in thousand)
19. CASH AND CASH EQUIVALENTS		
Cash and bank balances	5,992,267	4,186,741
Short-term highly liquid investments	34,009,437	22,249,910
	<u>40,001,704</u>	<u>26,436,651</u>

20. TRANSACTIONS AND BALANCES 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 condensed consolidated interim financial statements are as follows:

	Half year ended December 31 2020	Half year ended December 31 2019 (Restated) (Rupees in thousand)
Sales of gas / oil / barytes to State controlled entities (including Government levies)		
GENCO-II	6,703,374	8,825,766
SSGCL	23,142,770	22,021,765
SNGPL	35,657,889	38,091,885
OGDCL	1,076,959	71,165
	<u>66,580,992</u>	<u>69,010,581</u>
Long-term receivables, trade debts and other receivables from state controlled entities as at December 31	<u>263,236,708</u>	<u>219,825,983</u>
Transactions with Associated Companies		
Sales of crude oil / condensate to PARCO	2,709,317	3,587,887
Sales of crude oil / condensate to PRL	828,895	1,396,485
Payment to Total PARCO Pakistan Limited	2,945	277,066
Payment to Petroleum Institute of Pakistan	975	4,092
Deposits with Askari Bank Limited (AKBL) as at December 31	4,244	9,616
Letters of credit placed with AKBL as at December 31	<u>203,451</u>	<u>339,250</u>

in Rupees

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	Half year ended December 31 2020	Half year ended December 31 2019
	(Rupees in thousand)	
Transactions with Joint Operations		
Payments of cash calls to joint operations	15,992,481	20,236,065
Expenditures incurred by the joint operations	10,661,452	19,141,945
Under advance balances relating to joint operations as at December 31	10,871,340	14,546,818
Current account receivables relating to joint operations as at December 31	2,104,675	2,878,957
Current account payables relating to joint operations as at December 31	266,594	683,048
Income from rental of assets to joint operations	3,317	3,188
Purchase of goods from BME (net)	23,483	267,783
Reimbursement of employee cost on secondment to BME	13,424	13,571
Other related parties		
Dividend to GoP	1,836,864	3,061,440
Dividend to trust under BESOS	200,057	333,429
Dividend to trusts under retirement benefit funds	1,515	2,524
Transactions with retirement benefit funds	549,416	550,815
Remuneration to key management personnel	1,671,474	1,625,688
Payment to PPL Welfare Trust	20,000	-
Payment of rental to Pakistan Industrial Development Corporation	71,767	64,454
Payment of rental to Karachi Port Trust	5,379	3,200
Payment to National Insurance Company Limited (NICL)	424,568	264,565
Insurance claim received from NICL	83,547	72
Payment to Pakistan State Oil Company Limited	28,764	158,433
Stores and spares on loan to OGDCL	3,065	-

20.1 Aggregate amount charged in these condensed consolidated interim financial statements in respect of fees paid to seven non-executive directors of the Holding Company was Rs 10.625 million (December 2019: Rs 11.660 million to ten non-executive directors). Further, during the period, Rs 0.188 million (December 2019: Nil) was paid to three directors of PPLA as directors fee.

20.2 The Holding Company has guaranteed the performance and fulfilment of obligations by PPLA under the Exploration, Development and Production Service Contract (EDPSC). Total financial commitment of PPLA is US\$ 100 million (Rs 16,080 million), out of which US\$ 32.129 million (Rs 5,166 million) is outstanding.

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**NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED INTERIM
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- 20.3 The Holding Company has provided parent company guarantee amounting to US\$ 5.3 million (Rs 852 million) to GoP in respect of PPPL's exploration licenses in Pakistan i.e. Barkhan, Harnai and Ziarat.

	Half year ended December 31 2020	Half year ended December 31 2019
21. EARNINGS PER SHARE		
21.1 Basic earnings per share		
Profit after taxation (Rs '000)	26,105,414	24,444,530
Dividend on convertible preference shares (Rs '000)	(34)	(35)
Profit attributable to ordinary shareholders (Rs '000)	<u>26,105,380</u>	<u>24,444,495</u>
Weighted average number of ordinary shares in issue	<u>2,720,972,109</u>	<u>2,720,971,689</u>
Basic earnings per share (Rs)	<u>9.59</u>	<u>8.98</u>

- 21.1.1 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 2020	Half year ended December 31 2019
21.2 Diluted earnings per share		
Profit after taxation (Rs '000)	<u>26,105,414</u>	<u>24,444,530</u>
Weighted average number of ordinary shares in issue	<u>2,720,972,109</u>	<u>2,720,971,689</u>
Adjustment for convertible preference shares	<u>11,419</u>	<u>11,839</u>
Weighted average number of ordinary shares for diluted earnings per share	<u>2,720,983,528</u>	<u>2,720,983,528</u>
Diluted earnings per share (Rs)	<u>9.59</u>	<u>8.98</u>

22. DATE OF AUTHORISATION FOR ISSUE

These condensed consolidated interim financial statements were authorised for issue on February 26, 2021 by the Board of Directors of the Holding Company.

(Signature)

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23. SUBSEQUENT / NON-ADJUSTING EVENTS


- 23.1** The Board of Directors of the Holding Company in its meeting held on February 26, 2021 has approved interim cash dividend @ 15% amounting to Rs 4,081.458 million (December 2019: nil) on paid up value of ordinary share capital and 15% amounting to Rs 0.017 million (December 2019: nil) on the paid up value of convertible preference share capital.

24. GENERAL

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



CHIEF FINANCIAL OFFICER



CHIEF FINANCIAL OFFICER


DIRECTOR



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER



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