



Beyond Boundaries

QUARTERLY REPORT
SEPTEMBER 2023





COMPANY INFORMATION

Board of Directors

Mr. Shahab Rizvi
Chairman

Mr. Imran Abbasy
Chief Executive Officer /
Managing Director

Mr. Abid Sattar

Mr. Aftab Ahmad

Mr. Awais Manzur Sumra

Mr. Imtiaz A.H. Laliwala

Ms. Khurshid Bhaimia

Mr. Mian Imtiazuddin

Mr. Momin Agha

Mr. Shahbaz Tahir Nadeem

Mr. Shakeel Qadir Khan

Company Secretary

Mr. Ali Jaffar

Chief Financial Officer

Mr. Mohammad Khalid Abdul Rehman

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 quarter ended September 30, 2023, and a brief review of the Company's operations.

OPERATIONAL AND FINANCIAL HIGHLIGHTS

Operational Highlights

The key operational highlights for the quarter ended September 30, 2023, are as follows:

Drilling Activities

An exploratory well in PPL operated Kalat block (Murad X-1) and a development well in partner operated Latif field (Mohar-2) were spudded-in during the period.

Geophysical Surveys

2D seismic data of 107 line km and 125 line km were acquired during the period in PPL operated and partner operated blocks, respectively. Moreover, 865 line km gravity and magnetic data was acquired during the period in partner operated blocks.

Financial Highlights

The key financial results of the Company for the quarter ended September 30, 2023, are as follows:

	Quarter ended September 30, 2023	Quarter ended September 30, 2022
	Rs Million	
Sales revenue (net)	77,448	72,611
Profit before taxation	47,719	45,871
Taxation	(18,093)	(19,257)
Profit after taxation	29,626	26,614
Basic and Diluted Earnings Per Share (Rs)	10.89	9.78

Sales revenue

Sales revenue increased by Rs 4,837 million during the current period as compared to the corresponding period. The increase is due to positive variance on account of price amounting to Rs 11,244 million, partially offset by negative volume variance of Rs 6,407 million.

Positive price variance is due to significant devaluation of Pak rupee against US dollar (average exchange rate for the current period was PKR 292 as compared to PKR 225 during the corresponding period), partially offset by decline in average international crude oil prices from US\$ 102 / bbl during the corresponding period to US\$ 88 / bbl during the current period.

Negative volume variance is mainly attributable to lower sales volumes from Sui, Kandhkot, Hala, Gambat South, Dhok Sultan, Nashpa, Tal and Latif fields.

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

	Unit	Quarter ended September 30, 2023	Quarter ended September 30, 2022
Natural Gas	MMscf	52,844	59,716
Crude Oil / Natural Gas Liquids / Condensate	BBL	1,072,616	1,164,667
Liquefied Petroleum Gas (LPG)	M. Ton	29,192	30,116
Barytes	M. Ton	18,580	2,701

Profitability

Profitability increased by over 11% as compared to the corresponding period. The main drivers are increase in sales revenue (as explained above), and comparatively lesser effective tax rate, partially offset by higher operating expenses, share of loss of associates and exploration expenses, coupled with decline in other income on account of lower exchange gains on foreign currency.

Operating expenses increased on account of inflationary impacts, whereas increase in exploration expenses is mainly attributable to cost of a dry well charged to profit or loss during the current period as compared to no dry well in the corresponding period.

Liquidity management and cash flow position

Overall collections from customers in absolute terms improved as compared to the corresponding period, however, trade debts increased by ~6% on account of higher sales revenue, which stood at Rs 543 billion as at September 30, 2023, as compared to Rs 513 billion as at June 30, 2023. Accordingly, Circular Debt continues to be considered as a 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.

Macroeconomic situation and its impact on the Company's performance / operations

During the quarter ended September 30, 2023, the country continued to witness unprecedented economic situation and challenges viz. US Dollar appreciation, political instability, CPI at record high level amid high crude oil and commodity prices. However, the Rupee has shown some level of stability since the second half of September 2023.

Due to the above, the Company faced difficulty in import of spares parts and other equipment. While the high oil price and exchange rates have a positive impact on the company's bottom-line, the gas sales collections did not increase proportionately as the gas distribution companies are unable to pass on the price increase to end consumers. As such, receivables further increased by a significant Rs 30 billion. On the other side, the Company is required to pay statutory taxes, levies, and duties on accrual basis, further adversely affecting the Company's liquidity position.

FOCUS AREAS

Exploration

At present, the Company's portfolio, together with its subsidiaries and associate, consists of forty-eight (48) exploratory blocks, out of which twenty-seven (27) are operated (including one offshore block in Pakistan and one offshore Block-5 in Abu Dhabi, being operated by Pakistan International

Oil Limited), and twenty-one (21), including one onshore block in Yemen, are partner operated. Update on major exploration activities is as follows:

Exploration Domestic

In Sorah block, test processing of newly acquired 3D seismic data has been completed, whereas preparations are underway for processing of entire 3D and 2D seismic data of the block.

In Punjab block, in-house processing of newly acquired 286 line km 2D seismic data is in progress.

Preparations are underway for the drilling of the second appraisal well in Dhok Sultan block.

The Company has applied for relinquishment of Khipro East block during August 2023 owing to residual low prospectivity of the block.

Exploration Frontier

2D seismic data acquisition of 616 line km and 200 line km is in progress in Musakhel and Margand blocks, respectively.

In Kalat block, third exploration well Murad X-1 was spudded on August 02, 2023. Drilling activities of the well have been completed and preparations are underway for well testing.

Exploration License of the newly awarded Shaigalu block was granted to the Company as Operator during July 2023.

Overseas and Core Business Development

As part of business strategy, the Company regularly acquires and divests working interest in its blocks to further expand and optimise its exploration portfolio while remaining within its risk appetite, including scouting, and assessing of new overseas opportunities.

New Blocks (Pakistan Onshore Bid Round- August 2023)

The Government of Pakistan (GoP) has offered ten (10) onshore blocks for bidding with a closing date of November 15, 2023. Evaluation of the offered blocks is in progress.

Mineral Exploration

A bid has been submitted last year to Balochistan Mineral Resources Limited for a new mineral exploration license and bidding results are awaited, whereas the Company is evaluating the acquisition of working interest along with operatorship of another Mining Lease in district Chagai, Balochistan.

With respect to Reko Diq project, the Company has made further equity investment in Pakistan Minerals (Private) Limited (PMPL) during the period amounting to Rs 789 million which has increased the total cost of investment of the Company in the associate to Rs 37,164 million. Further, the Company has decided to evaluate a potential engagement with sovereign foreign investors with respect to the Reko Diq project and has decided to appoint advisors through PMPL to assist in this regard. However, nothing has been materialised yet.

Partner-Operated Exploration Blocks

In Suleiman block, 2D seismic data acquisition of 457 line km is in progress, whereas acquisition of gravity magnetic data of 2,500 line km and 2D seismic data of 340 line km are in progress in Kuhan block.

In Tal block, site construction works for exploration well Razgir-1 have commenced.

Exploration Blocks of PPL Europe - Wholly Owned Subsidiary

Bolan West prospect has been matured for drilling in Ziarat block. Presently, techno-commercial evaluation of civil works, drilling rig and associated services is in progress.

In Sawan, Sawan North Deep prospect has been matured for drilling based on newly reprocessed 3D seismic data. Currently, techno-commercial evaluation is in progress for drilling decision.

In Harnai block, 'No Objection Certificate' (NOC) to carry out seismic and drilling activities in the block has been obtained from Balochistan Environmental Protection Agency. However, award of the contract to conduct gravity and magnetic survey has been delayed amid adverse security situation in the survey area.

Exploration Block of PPL Asia - Wholly Owned Subsidiary

In Block-8 Iraq, close out activities are in process, including settlement of outstanding claims.

Offshore Block 5 - Abu Dhabi

3D seismic depth processing is in progress, while various G&G studies related to appraisal and exploration campaigns are in process to mitigate risks and evaluate potential of the block. Preparations are underway for the drilling of exploration and appraisal wells in third quarter of 2023-24, including arrangement of long lead items, associated drilling service contracts and hiring of offshore jack-up rig. Furthermore, HSE and allied studies are in progress.

Producing Fields

Sui

Surface testing campaign for SUL/SML wells was initiated to evaluate their potential, which will help planning of the future optimisation activities using in-house Integrated Asset model (IAM). Moreover, slickline investigation for casing annulus pressure was carried out on wells identified with pressurised casing. The acquired data will be utilised to evaluate remedial job to ascertain well integrity.

With respect to Sui compression upgrade project, revamping of three compressor trains have been completed while revamping of fourth compressor train is in progress.

Moreover, preventive maintenance and inspection activities at Sui Purification Plant and Gas Compression Station were performed as per annual schedule to ensure reliable operation of machines and equipment.

Kandhkot

Maintenance and preventive activities were carried out as per schedule during the period, including (i) major overhauling of Gas Genset-B (ii) preventive and corrective maintenance of plant's essential machineries and equipment (iii) maintenance of instrumentation at Turbo-Compressor-B (iv) inspection and calibration of instruments and equipment.

During the period, average gas sales to GENCO-II remained around ~121 MMscfd, much lower than the ~164 MMscfd sold during the corresponding period.

Adhi

Well site construction of Adhi water disposal well has been completed and the well is expected to spud-in during November 2023.

Gambat South

Additional perforation jobs were carried out at Kabir X-1 well and Sharf-3 well, which resulted in incremental production of 0.7 MMscfd raw gas and 80 bpd of condensate and 1.4 MMscfd raw gas and 10 bpd of condensate, respectively.

With respect to Zafir-GPF (Rehabilitation of GPF-III), the Company is vigorously pursuing to resolve legal impediments so that the site construction work can be commenced at the earliest. In respect of GPF-IV compression project, site construction activities and installation of a compressor and three-phased separators have been nearly completed and mechanical completion of the project is expected by November 2023.

Hala

Wellbore cleanout job was carried out at Fazl X-1 well, resulting in incremental production of 2 MMscfd of raw gas.

Dhok Sultan

Dhok Sultan Oil Handling & Condensate facility is operating at a production rate of ~1,370 bpd oil, ~2.5 MMscfd gas and ~13 MT / day LPG.

Bolan Mining Enterprises (BME)

With respect to Baryte, Lead and Zinc project, regulatory approval from Government of Balochistan is pending for initiation of tendering process of EPCC contact.

With respect to Nokkundi Iron Ore project, drilling of 2,000 confirmatory / geotechnical meters in shallow bearing iron ore deposit has been completed and further drilling of 6,000 meters is in progress for deep-seated iron ore horizons. Further, in order to upgrade low-density baryte ore, a jigging plant is also being installed at Khuzdar which will play a pivotal role in reducing baryte wastage as well as increasing productivity.

Partner-Operated Assets

In Latif, development well Mohar-2 was spudded and completed during the quarter. After rigless testing, the well has been commissioned on September 28, 2023, and producing ~22 MMscfd gas.

Sidetrack of development well Makori East-5 (ST-2) commenced on September 06, 2023, in Tal. Currently, drilling is in progress.

In Nashpa, development well Nashpa-11 was commissioned on September 10, 2023. The well is currently producing around 1 MMscfd Gas, 820 bpd oil and 4 MT/day LPG. In addition, perforation job at Nashpa-10 and choke optimisation job at Nashpa-3 & 9, resulted in incremental production of ~ 1.7 MMscfd gas and 1,200 bpd oil.

Nashpa X-5 (ST) well was charged to profit or loss during the period.

In Kirthar, development well Rehman-8 was commissioned on September 11, 2023. The well is currently producing ~10 MMscfd gas and 0.7 bpd oil, whereas Rehman & Rizq Front End Compression project is in progress and compressors have been delivered at the site. Associated material procurement and civil works are in progress and project completion is expected in third quarter of 2023-24.

BUSINESS EXCELLENCE

Development of a Value Assurance Framework (VAF) of the Company is in progress. Rollout of VAF is planned in the current year. Aligning with industry's best practices and relevant global standards, VAF will give reasonable assurance for value creation and preservation for the Company's investments in various projects.

As part of identifying and filling gaps in business processes of corporate strategy setting, enterprise risk management etc., requirement of having an integrated platform has been identified and work on acquiring a relevantly equipped software solution is in progress. Implementing in phases, this will eventually provide support in decision making, value assurance, risk assessment and management and business strategy setting and implementation by presenting an integrated portfolio view of the Company's assets and value creation processes. Identification of areas of improvement in the business processes will become easier when such a system is in place.

ENTERPRISE RISK MANAGEMENT

Closing of the annual risk cycle for the fiscal year 2022–23 was carried out, which included updating the year-end corporate risk profile, engaging with the stakeholders for monitoring the progress and status on the agreed risk treatment strategies for the year. This will be followed with the activities pertaining to the start of a new annual risk cycle for the year 2023–24.

Biannual testing of the Corporate Risk Appetite Statement (RAS) was conducted for the period to identify and evaluate the incidents where the defined risk boundaries were breached.

BUSINESS CONTINUITY PLANNING

A Business Continuity Management Framework, based on the Company's process learnings, industry's best practices and guidelines from Good Practice Guidelines of Business Continuity Institute UK, is being finalised for approval within the current fiscal year.

CORPORATE SOCIAL RESPONSIBILITY

PPL continued to work for promotion of education and uplift of communities at its producing and exploratory areas across the country and in this respect (i) awarded 39 scholarships under Higher Professional Education Scholarship programme to students of Sui and Dera Bugti; (ii) sponsored IT Certification for 25 students through Akhuwat Foundation; (iii) sanctioned establishment of women vocational training center in collaboration with Bahbud Association providing training to over 3,000 local females with a view to support and empower them in generating income; and (iv) distributed 13,000 ration bags amongst flood affected people.

Further, Public Welfare Hospital, Sui continued providing healthcare facilities, including dental, gynaecological, diagnostic, and emergency services with free-of-cost medicines and in-patient meals, benefitting over 99,000 patients from District Dera Bugti. Moreover, the Company continued the operations of Mobile Medical Units at Kandhkot, Gambat South, Mazarani, Dhok Sultan and Public Dispensary Mastala near Adhi field benefitting over 87,000 patients. Furthermore, the Company is planning to increase philanthropic activities in surrounding areas of Adhi field, including provision for clean drinking water, construction of dispensary offering free lab tests and plantation of olive trees.

QUALITY, HEALTH, SAFETY AND ENVIRONMENT (QHSE)

During the period, Safety Talks were conducted and circulated across the organisation for improving QHSE awareness among staff. Multiple Initial Environmental Examination (IEE) studies

were carried out and NOCs / extensions from Environmental Protection Agencies were successfully acquired to fully support the Company's strategic development work program. Further, QHSE internal and external management system audits were conducted across the Company. Further, an automation project has been kicked-off through a foreign consultant which will increase efficiency of QHSE workflow.

In addition, 30 million safe manhours were completed (including contractors) by the end of September 30, 2023.

INDUSTRIAL RELATIONS

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

ACKNOWLEDGEMENT

We would like to thank all stakeholders including the GoP for their trust and confidence, which has enabled us to move forward in the achievement of our strategic objectives. The Company is determined to navigate the significant economic and business challenges through collective efforts of all relevant stakeholders. We would also like to take this opportunity to appreciate our employees who deserve full compliments for their perseverance and commitment to deliver.



DIRECTOR



**MANAGING DIRECTOR /
CHIEF EXECUTIVE OFFICER**

Karachi: October 30, 2023


PAKISTAN PETROLEUM LIMITED
CONDENSED UNCONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2023

	September 30, 2023	June 30, 2023
Note	Unaudited	Audited
	(Rupees in thousand)	
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	5 133,841,160	135,859,892
Intangible assets	55,199	56,185
Long-term investments	6 59,648,949	59,367,093
Long-term loans	68,554	71,676
Long-term deposits	7,676	7,676
	193,621,538	195,362,522
CURRENT ASSETS		
Stores and spares	6,088,547	5,928,542
Trade debts	7 543,150,036	513,033,122
Loans and advances	879,782	596,940
Trade deposits and short-term prepayments	568,117	474,745
Interest accrued	1,194,194	1,669,329
Current maturity of long-term loans	28,544	32,255
Current maturity of long-term deposits	1,683,750	1,683,750
Current maturity of long-term receivables	51,266	51,266
Other receivables	3,587,471	3,067,584
Short-term investments	8 68,598,448	62,105,098
Cash and bank balances	5,757,890	6,106,013
	631,588,045	594,748,644
TOTAL ASSETS	825,209,583	790,111,166
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Share capital	27,209,836	27,209,836
Reserves	543,484,179	513,537,524
	570,694,015	540,747,360
NON-CURRENT LIABILITIES		
Provision for decommissioning obligation	40,755,123	41,921,125
Deferred liabilities	3,697,963	3,605,261
Deferred taxation - net	23,532,458	26,078,961
	67,985,544	71,605,347
CURRENT LIABILITIES		
Trade and other payables	9 105,964,280	109,844,983
Unclaimed dividends	1,198,277	1,200,292
Current maturity of lease liabilities	1,056,934	1,127,957
Taxation - net	78,310,533	65,585,227
	186,530,024	177,758,459
TOTAL LIABILITIES	254,515,568	249,363,806
TOTAL EQUITY AND LIABILITIES	825,209,583	790,111,166
CONTINGENCIES AND COMMITMENTS	10	

The annexed notes 1 to 20 form an integral part of these condensed unconsolidated interim financial statements.



Chief Financial Officer



Director



Chief Executive Officer

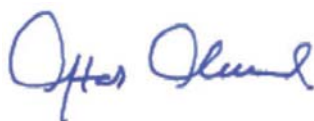
PAKISTAN PETROLEUM LIMITED
CONDENSED UNCONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2023

	<i>Note</i>	Quarter ended September 30, 2023	Quarter ended September 30, 2022
(Rupees in thousand)			
Revenue from contracts with customers	11	77,447,699	72,610,751
Operating expenses	12	(12,495,571)	(11,475,656)
Royalties and other levies		(12,291,663)	(12,532,784)
		(24,787,234)	(24,008,440)
Gross profit		52,660,465	48,602,311
Exploration expenses	13	(1,999,434)	(1,479,974)
Administrative expenses		(1,205,132)	(1,190,954)
Finance costs		(411,810)	(337,256)
Share of loss of associates	6.2 & 6.3	(837,349)	(35,735)
Other charges	14	(4,240,633)	(4,530,836)
		43,966,107	41,027,556
Other income	15	3,753,625	4,842,959
Profit before taxation		47,719,732	45,870,515
Taxation	16	(18,093,374)	(19,256,933)
Profit after taxation		29,626,358	26,613,582
Basic and diluted earnings per share (Rs)	18	10.89	9.78

The annexed notes 1 to 20 form an integral part of these condensed unconsolidated interim financial statements.



Chief Financial Officer



Director



Chief Executive Officer

PAKISTAN PETROLEUM LIMITED
CONDENSED UNCONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2023

	<i>Note</i>	Quarter ended September 30, 2023	Quarter ended September 30, 2022
		(Rupees in thousand)	
Profit after taxation		29,626,358	26,613,582
Other comprehensive income / (loss):			
Items that will not be subsequently reclassified to profit or loss (net of tax):			
Remeasurement gain / (loss) on defined benefit plans	3.2	-	-
Items that may be reclassified to profit or loss (net of tax):			
Exchange differences on translation of foreign associate (Pakistan International Oil Limited)		30,502	452,373
Share of exchange differences on translation of foreign operation of the associate {Pakistan Minerals (Private) Limited}	6.3	289,795	-
Other comprehensive income for the period		320,297	452,373
Total comprehensive income for the period		<u>29,946,655</u>	<u>27,065,955</u>

The annexed notes 1 to 20 form an integral part of these condensed unconsolidated interim financial statements.

Chief Financial Officer

Director

Chief Executive Officer


PAKISTAN PETROLEUM LIMITED
CONDENSED UNCONSOLIDATED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2023

	<i>Note</i>	Quarter ended September 30, 2023	Quarter ended September 30, 2022
		(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		56,677,264	46,369,332
Receipts of other income		2,477,340	1,828,569
Payments to suppliers / service providers and employees - net		(17,141,007)	(12,667,433)
Payments of indirect taxes and Government levies including royalties		(24,151,221)	(21,774,013)
Income tax paid		(7,924,739)	(6,101,526)
Finance costs paid		(58,937)	(54,521)
Long-term loans and others		6,833	3,935
Net cash generated from operating activities		9,885,533	7,604,343
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(4,782,980)	(3,267,620)
Proceeds from disposal of property, plant and equipment		181,718	58
Investments - net		(1,521,061)	17,561,614
Equity investment in PIOL		-	(2,181,000)
Long-term deposits		-	(178,500)
Equity investment in PMPL		(788,741)	(536,174)
Finance income received		3,713,039	2,173,202
Net cash (used in) / generated from investing activities		(3,198,025)	13,571,580
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liabilities		(71,023)	(82,280)
Dividends paid		(2,015)	(11,369)
Net cash used in financing activities		(73,038)	(93,649)
Net increase in cash and cash equivalents		6,614,470	21,082,274
Cash and cash equivalents at beginning of the period		47,756,864	32,929,876
Cash and cash equivalents at end of the period	<i>17</i>	54,371,334	54,012,150

The annexed notes 1 to 20 form an integral part of these condensed unconsolidated interim financial statements.



Chief Financial Officer



Director



Chief Executive Officer


PAKISTAN PETROLEUM LIMITED
CONDENSED UNCONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2023

	Subscribed and paid-up share capital		Capital reserve	Revenue & other reserves	Total reserves	Total
	Ordinary	Convertible preference				
----- (Rupees in thousand) -----						
Balance as at June 30, 2022 (Audited)	27,209,730	106	1,428	407,663,435	407,664,863	434,874,699
Total comprehensive income for the period						
Profit after taxation	-	-	-	26,613,582	26,613,582	26,613,582
Other comprehensive income for the quarter ended September 30, 2022, net of tax	-	-	-	452,373	452,373	452,373
Total comprehensive income for the quarter ended September 30, 2022	-	-	-	27,065,955	27,065,955	27,065,955
Transactions with owners:						
Conversion of preference shares into ordinary shares	1	(1)	-	-	-	-
Balance as at September 30, 2022	27,209,731	105	1,428	434,729,390	434,730,818	461,940,654
Balance as at June 30, 2023 (Audited)	27,209,732	104	1,428	513,536,096	513,537,524	540,747,360
Total Comprehensive income for the period						
Profit after taxation	-	-	-	29,626,358	29,626,358	29,626,358
Other comprehensive income for the quarter ended September 30, 2023, net of tax	-	-	-	320,297	320,297	320,297
Total comprehensive income for the quarter ended September 30, 2023	-	-	-	29,946,655	29,946,655	29,946,655
Transactions with owners:						
Conversion of preference shares into ordinary shares	-	-	-	-	-	-
Balance as at September 30, 2023	27,209,732	104	1,428	543,482,751	543,484,179	570,694,015

The annexed notes 1 to 20 form an integral part of these condensed unconsolidated interim financial statements.



Chief Financial Officer



Director



Chief Executive Officer

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

For the quarter ended September 30, 2023

1. LEGAL STATUS AND OPERATIONS

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

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).

1.3 The Pakistan Sovereign Wealth Fund Act, 2023 became effective during the current period. Under the said Act, the GoP's shareholding in the Company stands transferred to the Pakistan Sovereign Wealth Fund (PSWF). Accordingly, the Company is in the process of taking necessary corporate actions required to record the transfer of the shares from the GoP to the PSWF.

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, 2023 and should be read in conjunction with the unconsolidated financial statements of the Company as at and for the year ended June 30, 2023.

These condensed unconsolidated interim financial statements are un-audited and are being submitted to the members as required under Section 237 of the Companies Act, 2017 and the listing regulations of the Pakistan Stock Exchange.

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

2.2 The Securities and Exchange Commission of Pakistan (SECP) through S.R.O 985(I)/2019 dated September 02, 2019 has partially modified applicability of IFRS 9 in respect of companies holding financial assets due from the Government of Pakistan (GoP). The said S.R.O states that requirements contained in IFRS 9 'Financial Instruments' with respect to application of expected credit losses (ECL) method on such receivable balances shall not be applicable till June 30, 2021. The SECP through S.R.O. 1177(I)/2021 dated September 13, 2021, and letter No. SMD/PRDD/Comp/(4)/2021/302 dated September 15, 2022, granted further extension / exemption from the above-mentioned requirements of IFRS-9 till June 30, 2022 and June 30, 2023 respectively. Furthermore, this exemption has been extended by SECP through S.R.O 67(I)/2023 dated January 20, 2023 for the financial years ending on or before December 31, 2024. Consequently, the Company has not recorded impact of aforesaid ECL in respect of financial assets due directly / ultimately from the GoP in consequence of circular debt, in these condensed unconsolidated interim financial statements based on the clarification received from SECP. Further, in relation to financial assets due from parties other than GoP, the Company believes that the impact of ECL is not material as outstanding balances are receivable from companies who have high credit rating with no history of default (except as mentioned in note 7 to these condensed unconsolidated interim financial statements).

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

For the quarter ended September 30, 2023

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, 2023.

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.

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

The preparation and reporting of these condensed unconsolidated interim financial statements in conformity with the accounting and reporting standards as applicable in Pakistan for interim financial 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. Revisions 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, 2023.

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, 2023.

	September 30, 2023 Unaudited (Rupees in thousand)	June 30, 2023 Audited
5. PROPERTY, PLANT AND EQUIPMENT		
Opening Net Book Value (NBV)	85,583,451	89,295,802
Additions during the period / year - net	<u>3,517,937</u>	<u>16,795,921</u>
	89,101,388	106,091,723
Disposals during the period / year (NBV)	-	(750)
Write-off during the period / year	-	(12,317)
Depreciation / amortisation charged during the period / year	<u>(4,844,506)</u>	<u>(20,495,205)</u>
	84,256,882	85,583,451
Capital work-in-progress - note 5.1	<u>49,584,278</u>	<u>50,276,441</u>
	<u>133,841,160</u>	<u>135,859,892</u>
5.1 Capital work-in-progress		
Plant, machinery, fittings and pipelines	14,907,287	14,633,997
Exploration and evaluation (E&E) assets - note 5.1.1	15,498,877	15,762,271
Development and production (D&P) assets	7,911,303	8,852,163
Lands, buildings and civil constructions	100,491	91,084
Capital stores for drilling and development	11,166,320	11,918,928
- (Charge) / Net reversal of Impairment loss	-	412,823
- Written-off	-	(1,394,825)
	<u>11,166,320</u>	<u>10,936,926</u>
	<u>49,584,278</u>	<u>50,276,441</u>

5.1.1 Amounts under E&E assets are net of cost of dry / abandoned wells charged to profit or loss during the period / year, amounting to Rs 430 million (June 30, 2023: Rs 6,675 million).

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

For the quarter ended September 30, 2023

	September 30, 2023 Unaudited	June 30, 2023 Audited
	(Rupees in thousand)	
6. 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) - note 6.1	-	-
	<u>3,798,095</u>	<u>3,798,095</u>
- Associates		
Unquoted companies		
- Pakistan International Oil Limited (PIOL) - note 6.2 Equity held: 25% No. of shares: 3,500,000 (June 30, 2023: 3,500,000) of USD 10/- each	5,424,237	5,560,044
- Pakistan Minerals (Private) Limited (PMPL) - note 6.3 Equity held: 33.33% No. of shares: 4,000 (June 30, 2023: 4,000) of Rs 10/- each	50,426,617	50,008,954
	<u>59,648,949</u>	<u>59,367,093</u>

6.1 PPLA's main objective is exploration and production of oil and natural gas resources and it owned 100% interest in Block 8, Iraq, under the Exploration, Development and Production Service Contract (EDPSC) with the Midland Oil Company, Iraq (MdOC). MdOC, vide letter reference no. 10910 dated August 02, 2022, intimated termination / expiry of the EDPSC and advised to settle all the outstanding liabilities and receivables and commence close-out proceedings. The Company has commenced appropriate actions to complete the close-out proceedings. Accordingly, a claim amounting to USD 11.890 million has been lodged by PPLA with MdOC, primarily pertaining to reimbursement of Specific Costs plus interest thereon. The effects of the claim will be recognised in the financial statements on acceptance and completion of all other close-out proceedings.

6.2 Total equity investment of the Company in the associate amounts to USD 35 million (Rs 6,342.250 million) {June 30, 2023: USD 35 million (Rs 6,342.250 million)}. These investments have been recorded net of cumulative share of loss of associate amounting to Rs 3,080.748 million (June 30, 2023: Rs 2,904.272 million), charged to profit or loss up to the period ended September 30, 2023, and cumulative exchange gain on translation of foreign associate, as at reporting date, amounting to Rs 2,162.735 million (June 30, 2023: Rs 2,122.066 million) recorded through other comprehensive income to translation reserve. The loss for the period mainly pertains to exploration and appraisal expenses incurred by PIOL.

6.3 Further to the information disclosed in note 6.5 to the annual audited financial statements for the year ended June 30, 2023, during the period, the Company has made equity investment in PMPL amounting to Rs 788.741 million (June 30, 2023: Rs 36,374.897 million) which has increased the total equity investment of the Company in the associate to Rs 37,163.638 million as at September 30, 2023. These investments have been recorded net of cumulative share of loss of associate amounting to Rs 1,046.913 million (June 30, 2023: Rs 386.040 million), charged to statement of profit or loss up to the period ended September 30, 2023, and cumulative exchange gain on translation of foreign operation of PMPL, as at reporting date, amounting to Rs 14,309.892 million (June 30, 2023: Rs 14,020.097 million) recorded through other comprehensive income. In addition to the initial subscribed share capital, PMPL is in the process of issuing shares to the Company against further equity contributions. Furthermore, the Company has decided to evaluate a potential engagement with sovereign foreign investors with respect to the Reko Diq Project and has decided to appoint advisors through PMPL to assist in this regard. However, as of the date of approval of these condensed unconsolidated interim financial statements, nothing has been materialised.

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

For the quarter ended September 30, 2023

	September 30, 2023 Unaudited (Rupees in thousand)	June 30, 2023 Audited
7. TRADE DEBTS		
Unsecured and considered good		
Related parties - note 19		
Central Power Generation Company Limited (GENCO-II) - note 7.2	4,237,690	6,620,217
Sui Northern Gas Pipelines Limited (SNGPL)	264,388,166	251,135,388
Sui Southern Gas Company Limited (SSGCL)	255,404,100	238,067,533
Pak-Arab Refinery Limited (PARCO)	813,063	662,478
Pakistan Refinery Limited (PRL)	654,477	979,686
ENAR Petroleum Refining Facility (EPRF)	148,686	169,342
Oil & Gas Development Company Limited (OGDCL)	1,625	1,164
	525,647,807	497,635,808
Non-related parties		
Attock Refinery Limited (ARL)	16,639,580	14,276,447
National Refinery Limited (NRL)	289,627	503,329
Others	573,022	617,538
	17,502,229	15,397,314
	543,150,036	513,033,122
Unsecured and considered doubtful		
Non-related parties		
Cnergyico Pk Limited (CENERGY)	253,002	253,002
EGAS Pvt. Ltd. (EGAS)	169,454	169,454
Less: Provision for doubtful debts - note 7.3	(422,456)	(422,456)
	-	-
	543,150,036	513,033,122
7.1		
The ageing of trade debts is as follows:		
Neither past due nor impaired	52,390,887	52,214,651
Past due but not impaired:		
Related parties		
- within 90 days	43,931,790	42,071,801
- 91 to 180 days	46,909,888	44,535,285
- over 180 days	398,293,232	370,364,944
	489,134,910	456,972,030
Non-related parties		
- within 90 days	753,918	2,853,633
- 91 to 180 days	11,993	10,226
- over 180 days	858,328	982,582
	1,624,239	3,846,441
	543,150,036	513,033,122

7.2 As disclosed in note 11.4 to the unconsolidated financial statements for the year ended June 30, 2023, trade debts do not include GDS amounting to Rs 85,991 million (June 30, 2023: Rs 81,393 million) as the obligation of the Company is to pay the collected amounts to the Federal Government on receipt basis. The said amount has been billed to GENCO-II but has not been received by the Company at the date of statement of financial position.

7.3 Trade debts include overdue amount of Rs 488,546 million (June 30, 2023: Rs 456,038 million) receivable from the State controlled companies (i.e. GENCO-II, SNGPL, SSGCL, EPRF and OGDCL) and Rs 2,213 million (June 30, 2023: Rs 4,780 million) overdue receivable from refineries (i.e. ARL, CENERGY, PARCO, NRL and PRL) and various LPG / other customers. The GoP is committed, hence continuously pursuing for satisfactory settlement of Inter-corporate circular debt issue, however, the progress is slower than expected resulting in accumulation of the Company's trade debts. The Company considers this amount to be fully recoverable because the GoP has been assuming the responsibility to settle the Inter-corporate circular debt in the energy sector. The Company recognises interest / surcharge, if any, on delayed payments from customers on receipt basis. As disclosed in note 2.2 to these condensed unconsolidated interim financial statements, SECP has deferred the applicability of ECL model for the financial years ending on or before December 31, 2024 on financial assets due directly / ultimately from GoP in consequence of the circular debt.

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

For the quarter ended September 30, 2023

Specific provision has been created against receivables from CENERGY and EGAS as a result of disputes disclosed in notes 11.5 and 11.6 to the unconsolidated financial statements for the year ended June 30, 2023, respectively.

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 provision for doubtful debts has been made in these condensed unconsolidated interim financial statements, except for provision against receivable from CENERGY and EGAS.

	September 30, 2023 Unaudited	June 30, 2023 Audited
	(Rupees in thousand)	
8. SHORT-TERM INVESTMENTS		
At amortised cost		
- Local currency term deposits with banks - note 8.1	127,500	12,377,500
- Foreign currency term deposits with banks - note 8.2	30,170,821	27,797,907
- Local currency treasury bills - note 8.3	<u>24,334,024</u>	<u>10,446,045</u>
	54,632,345	50,621,452
At fair value through profit or loss		
- Mutual Funds - note 8.4	13,966,103	11,483,646
	<u>68,598,448</u>	<u>62,105,098</u>

8.1 These carry profit ranging from 19.25% to 20.00% (June 30, 2023: 15.10% to 21.00%) per annum and are due to mature latest by September 2024.

8.2 These represent foreign currency term deposits with banks amounting to USD 104.542 million (June 30, 2023: USD 96.992 million) having effective interest rate ranging from 5.11% to 12.02% (June 30, 2023: 8.50% to 11.50%) per annum and are due to mature latest by February 2024.

8.3 These carry profit ranging from 15.64% to 23.01% (June 30, 2023: 15.64% to 21.55%) per annum and are due to mature latest by July 2024. These bills were issued by the GoP and sold through State Bank of Pakistan.

8.4 These represent investments in money market mutual funds. During the period, average annualised return is 21.10% (June 30, 2023: 17.11%).

	September 30, 2023 Unaudited	June 30, 2023 Audited
	(Rupees in thousand)	
9. TRADE AND OTHER PAYABLES		
Creditors	1,174,322	1,116,954
Accrued liabilities	9,206,617	12,544,063
Security deposits / advances from LPG and other customers	751,570	996,961
Retention money	113,839	116,189
Sales tax - net	1,933,921	466,721
Royalties	8,703,465	14,226,298
Lease extension bonus	39,889,013	37,683,916
Current accounts with joint operations	12,126,504	14,213,750
Staff retirement benefit funds	3,096,032	3,575,947
Provision for windfall levy on oil / condensate	26,212,937	24,347,937
Federal excise duty	89,058	104,399
Workers' Profits Participation Fund (WPPF)	2,198,691	-
Others	468,311	451,848
	<u>105,964,280</u>	<u>109,844,983</u>

9.1 As disclosed in note 24.1 to the unconsolidated financial statements for the year ended June 30, 2023, trade and other payables do not include GDS amounting to Rs 85,991 million (June 30, 2023: Rs 81,393 million) as the obligation of the Company is to pay the collected amounts to the Federal Government on receipt basis. The said amount has 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.

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

For the quarter ended September 30, 2023

10. CONTINGENCIES AND COMMITMENTS

There are no major changes in the status of contingencies and in commitments as disclosed in the annual unconsolidated financial statements as at and for the year ended June 30, 2023.

	Quarter ended September 30, 2023	Quarter ended September 30, 2022
	(Rupees in thousand)	
11. REVENUE FROM CONTRACTS WITH CUSTOMERS		
Gross revenue		
Natural gas	59,074,837	51,287,295
Gas supplied to Sui villages	426,895	325,516
Internal consumption of gas	273,268	185,794
Crude oil / Condensate / Natural Gas Liquids	23,794,564	24,967,596
LPG	4,737,672	5,267,654
Barytes	222,477	27,537
	<u>88,529,713</u>	<u>82,061,392</u>
Government levies / discounts		
Federal excise duty	(373,728)	(429,578)
Sales tax	(10,567,190)	(8,880,289)
Petroleum Levy	(136,296)	(140,611)
Discounts (Barytes)	(4,800)	(163)
	<u>(11,082,014)</u>	<u>(9,450,641)</u>
	<u>77,447,699</u>	<u>72,610,751</u>

12. OPERATING EXPENSES

Salaries, wages, welfare and other benefits	3,175,456	2,578,046
Operators' personnel	1,020,122	725,036
Depreciation	1,629,375	1,624,118
Amortisation of decommissioning assets	764,512	779,843
Amortisation of D&P assets	2,421,662	2,567,934
Plant operations	1,171,415	899,865
Well interventions	252,609	746,887
Field services	713,408	636,474
Crude oil & barytes transportation	368,002	219,120
Travelling and conveyance	119,592	80,544
Training & development	38,422	23,915
PCA overheads	71,435	46,311
Insurance expenses	226,145	174,853
Free supply of gas to Sui villages	426,895	325,516
Social welfare / community development	96,521	47,194
	<u>12,495,571</u>	<u>11,475,656</u>

13. EXPLORATION EXPENSES

13.1 Exploration expenses for the period also include cost of dry / abandoned wells amounting to Rs 430 million (September 2022: nil).

	Quarter ended September 30, 2023	Quarter ended September 30, 2022
	(Rupees in thousand)	
14. OTHER CHARGES		
WPPF charge	2,371,349	2,162,841
Provision for Windfall levy on oil / condensate	1,865,000	2,360,000
Others	4,284	7,995
	<u>4,240,633</u>	<u>4,530,836</u>

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

For the quarter ended September 30, 2023

	Quarter ended September 30, 2023	Quarter ended September 30, 2022
	(Rupees in thousand)	
15. OTHER INCOME		
Income from financial assets		
Income on loans and bank deposits	294,920	163,722
Income on local currency term deposits	128,258	146,833
Income on foreign currency term deposits	691,484	220,428
Income from investment in treasury bills	1,531,386	1,884,105
Exchange gain on foreign currency - net	99,043	2,364,240
Dividend income / gain on re-measurement / disposal of investments designated at fair value through profit or loss (net)	591,857	39,057
	3,336,948	4,818,385
Income from assets other than financial assets		
Rental income on assets	1,539	1,270
Insurance income	251,550	135
Gain on disposal of property, plant and equipment (net)	124,940	9
Others	38,648	23,160
	416,677	24,574
	3,753,625	4,842,959
16. TAXATION		
Current	20,650,045	18,239,627
Deferred	(2,556,671)	1,017,306
	18,093,374	19,256,933
17. CASH AND CASH EQUIVALENTS		
Short-term highly liquid investments - note 17.1	48,613,444	49,911,195
Cash and bank balances	5,757,890	4,100,955
	54,371,334	54,012,150
17.1	Short-term investments as disclosed in note 8 amount to Rs 68,598 million (September 2022: Rs 70,351 million). However, certain investments which were not considered highly liquid, comprising foreign currency term deposits with banks amounting to Rs 4,141 million (September 2022: Rs 8,236 million), local currency term deposits with banks amounting to Rs 128 million (September 2022: Rs 1,828 million), treasury bills amounting to Rs 1,750 million (September 2022: Rs 3,431 million) and mutual funds amounting to Rs 13,966 million (September 2022: Rs 6,945 million), have not been classified as cash and cash equivalents.	
	Quarter ended September 30, 2023	Quarter ended September 30, 2022
18. EARNINGS PER SHARE		
18.1 Basic earnings per share		
Profit after taxation (Rs '000)	29,626,358	26,613,582
Dividend on convertible preference shares (Rs '000)	(31)	(32)
Profit attributable to ordinary shareholders (Rs '000)	29,626,327	26,613,550
Weighted average number of ordinary shares in issue	2,720,973,106	2,720,973,015
Basic earnings per share (Rs)	10.89	9.78
18.1.1	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.	

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

For the quarter ended September 30, 2023

	Quarter ended September 30, 2023	Quarter ended September 30, 2022
18.2 Diluted earnings per share		
Profit after taxation (Rs '000)	<u>29,626,358</u>	26,613,582
Weighted average number of ordinary shares in issue	<u>2,720,973,106</u>	2,720,973,015
Adjustment of convertible preference shares	<u>10,422</u>	10,513
Weighted average number of ordinary shares for diluted earnings per share	<u>2,720,983,528</u>	2,720,983,528
Diluted earnings per share (Rs)	<u>10.89</u>	9.78

19. 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. The Company, in the normal course of business, pays for utilities and makes regulatory payments to entities controlled by the GoP which are not material, hence not disclosed in these condensed unconsolidated interim financial statements. 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:

	Quarter ended September 30, 2023	Quarter ended September 30, 2022
	(Rupees in thousand)	
Sales of hydrocarbons to state controlled entities (including Government Levies)		
GENCO-II	6,569,858	5,304,590
SSGCL	24,363,464	21,386,603
SNGPL	27,460,874	24,596,102
EPRF	308,731	377,248
	<u>58,702,927</u>	51,664,543
Long-term receivables, trade debts and other receivables from state controlled entities as at September 30	<u>524,295,269</u>	380,902,702
Transactions and balances with subsidiaries		
Receivable from PPLA as at September 30	689,757	367,469
Payment of employees cost on secondment to PPLA	-	11,239
Deposit for bank guarantee on behalf of PPLE - Block 29, Yemen	1,683,750	1,683,750
Transactions and balances with Associated Companies		
Sales of crude oil / condensate to PARCO	1,184,671	1,123,835
Sales of crude oil / condensate to PRL	416,421	812,219
Payment to Total PARCO Pakistan Limited (Total PARCO)	14,448	263
Membership / sponsorship fee paid to Petroleum Institute of Pakistan	9,830	5,715
Purchase of medicines from Sanofi-Aventis Pakistan Limited	981	1,241
Payment to The Kidney Center Post Graduate Training Institute (TKC)	157	-
Equity investment in PMPL	788,741	536,174
Equity investment in PIOL	-	2,181,000
Receivable from PIOL as at September 30	237,776	194,601
Service fee (G&A overheads) charged to PIOL	2,943	2,592
Payment of employees cost on secondment to PIOL	87,878	62,930
Payment to Mari Petroleum Company Limited (MPCL) against gas processing services received	3,615	26,559
Sale of capital stores and spares to OGDCL	181,718	-

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

For the quarter ended September 30, 2023

	Quarter ended September 30, 2023	Quarter ended September 30, 2022
	(Rupees in thousand)	
Transactions and balances with Joint Operations		
Payments of cash calls to joint operations	11,972,136	9,377,642
Expenditures incurred by the joint operations	9,767,019	5,707,614
Under advance balances relating to joint operations as at September 30	11,468,803	8,503,979
Current account receivables relating to joint operations as at September 30	2,195,502	1,513,416
Current account payables relating to joint operations as at September 30	106,359	272,760
Income from rental of assets to joint operations	1,539	1,270
Purchase of goods from BME (net)	55,513	1,915
Reimbursement of employee cost on secondment to BME	8,797	4,899
Other related parties		
Unclaimed dividends pertaining to BESOS	910,261	700,200
Transactions with post-retirement benefit and contributory funds	502,778	295,078
Remuneration to key management personnel	1,196,822	655,953
Payment to PPL Welfare Trust for CSR activities	8,250	24,000
Payment of rental to Pakistan Industrial Development Corporation	49,378	43,349
Payment of rental to Karachi Port Trust	4,071	5,555
Payment of insurance premium to National Insurance Company Limited (NICL)	187,141	231,050
Insurance claim received from NICL	251,550	135
Fuel purchased from Pakistan State Oil Company Limited	158,296	26,572
Payment for chartered flights to Pakistan International Airlines Corporation Limited	21,781	13,129
Deposits with National Bank of Pakistan (NBP) as at September 30	6,561,231	112,957
Interest income earned on deposits with NBP	70,574	4,218
Dividend income / gain on mutual funds investment with NBP Fund Management Limited	240,196	-
Investment in mutual funds with National Investment Trust Limited (NIT) as at September 30	2,298,018	-
Dividend income / gain on mutual funds investment with NIT	85,878	-
Payment to Hydrocarbon Development Institute of Pakistan	86	-

19.1 Aggregate amount charged in these condensed unconsolidated interim financial statements in respect of fee to twelve non-executive directors, on account of attending board and board committee meetings, was Rs 12 million (September 2022: Rs 12.250 million to ten non-executive directors).

19.2 The Company has a receivable of Rs 7.59 million (September 2022: 7.59 million) from OGDCL, MPCL and GHPL (Rs 2.46 million, Rs 2.76 million and Rs 2.37 million receivable, respectively) with respect to the payments made by the Company on their behalf for expenses related to PIOL.

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

For the quarter ended September 30, 2023

20. DATE OF AUTHORISATION FOR ISSUE

These condensed unconsolidated interim financial statements were authorised for issue on October 30, 2023 by the Board of Directors of the Company.



Chief Financial Officer



Director



Chief Executive Officer

PAKISTAN PETROLEUM LIMITED

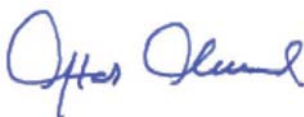
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2023

	Note	September 30, 2023 Unaudited (Rupees in thousand)	June 30, 2023 Audited
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	135,943,252	138,044,813
Intangible assets		55,199	56,185
Long-term investments	6	55,850,855	55,568,999
Long-term loans		68,554	71,676
Long-term deposits		7,676	7,676
		191,925,536	193,749,349
CURRENT ASSETS			
Stores and spares		6,088,547	5,928,542
Trade debts	7	543,658,391	513,488,874
Loans and advances		879,782	596,940
Trade deposits and short-term prepayments		568,117	474,745
Interest accrued		1,235,984	1,705,447
Current maturity of long-term loans		28,544	32,255
Current maturity of long-term deposits		1,683,750	1,683,750
Current maturity of long-term receivables		51,266	51,266
Other receivables		3,290,867	2,778,817
Short-term investments	8	74,332,730	67,656,081
Cash and bank balances		5,993,299	6,298,586
		637,811,277	600,695,303
TOTAL ASSETS		829,736,813	794,444,652
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital		27,209,836	27,209,836
Reserves		543,762,262	513,657,354
		570,972,098	540,867,190
NON-CURRENT LIABILITIES			
Provision for decommissioning obligation		41,601,885	42,760,318
Deferred liabilities		3,697,963	3,605,261
Deferred taxation - net		23,532,458	26,078,961
		68,832,306	72,444,540
CURRENT LIABILITIES			
Trade and other payables	9	108,412,960	112,266,683
Unclaimed dividends		1,198,277	1,200,292
Current maturity of lease liabilities		1,056,934	1,127,957
Taxation - net		79,264,238	66,537,990
		189,932,409	181,132,922
TOTAL LIABILITIES		258,764,715	253,577,462
TOTAL EQUITY AND LIABILITIES		829,736,813	794,444,652
CONTINGENCIES AND COMMITMENTS			
	10		

The annexed notes 1 to 20 form an integral part of these condensed consolidated interim financial statements.



CHIEF FINANCIAL OFFICER



DIRECTOR



CHIEF EXECUTIVE OFFICER

PAKISTAN PETROLEUM LIMITED

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2023

	Note	Quarter ended September 30, 2023 (Rupees in thousand)	Quarter ended September 30, 2022
Revenue from contracts with customers	11	78,010,814	72,820,296
Operating expenses	12	(12,735,923)	(11,612,419)
Royalties and other levies		(12,477,412)	(12,573,286)
		(25,213,335)	(24,185,705)
Gross Profit		52,797,479	48,634,591
Exploration expenses	13	(2,064,908)	(1,744,503)
Administrative expenses		(1,237,275)	(1,202,118)
Finance costs		(429,348)	(352,639)
Share of loss of associates	6.1 & 6.2	(837,349)	(35,735)
Other charges	14	(4,240,633)	(4,530,836)
		43,987,966	40,768,760
Other income	15	3,875,308	4,818,137
Profit before taxation		47,863,274	45,586,897
Taxation	16	(18,102,227)	(19,256,933)
Profit after taxation		29,761,047	26,329,964
Basic and diluted earnings per share (Rs)	18	10.94	9.68

The annexed notes 1 to 20 form an integral part of these condensed consolidated interim financial statements.

CHIEF FINANCIAL OFFICER

DIRECTOR

CHIEF EXECUTIVE OFFICER

PAKISTAN PETROLEUM LIMITED

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2023**

	<i>Note</i>	Quarter ended September 30, 2023 (Rupees in thousand)	Quarter ended September 30, 2022
Profit after taxation		29,761,047	26,329,964
Other comprehensive income / (loss):			
Items that will not be subsequently reclassified to profit or loss (net of tax):			
Remeasurement gain / (loss) on defined benefit plans	3.2	-	-
Items that may be reclassified to profit or loss (net of tax):			
Exchange differences on translation of foreign subsidiaries and foreign associate (Pakistan International Oil Limited)		54,066	990,756
Share of exchange differences on translation of foreign operation of the associate {Pakistan Minerals (Private) Limited}	6.2	289,795	-
Other comprehensive income for the period		343,861	990,756
Total comprehensive income for the period		<u>30,104,908</u>	<u>27,320,720</u>

The annexed notes 1 to 20 form an integral part of these condensed consolidated interim financial statements.

CHIEF FINANCIAL OFFICER

DIRECTOR

CHIEF EXECUTIVE OFFICER

PAKISTAN PETROLEUM LIMITED

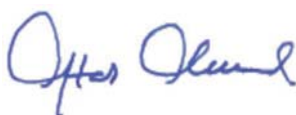
**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2023**

	Quarter ended September 30, 2023 (Rupees in thousand)	Quarter ended September 30, 2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	57,214,235	46,825,556
Receipts of other income	2,477,340	1,828,569
Payments to suppliers / service providers and employees - net	(17,448,266)	(14,082,895)
Payments of indirect taxes and Government levies including royalties	(24,300,746)	(21,891,479)
Income tax paid	(7,939,087)	(6,103,381)
Finance costs paid	(58,937)	(54,521)
Long-term loans and others	6,833	3,935
Net cash generated from operating activities	<u>9,951,372</u>	<u>6,525,784</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	(4,781,732)	(3,343,563)
Proceeds from disposal of property, plant and equipment	181,718	58
Investments - net	(2,492,227)	17,340,998
Equity investment in PIOL	-	(2,181,000)
Long-term deposits	-	(178,500)
Equity investment in PMPL	(788,741)	(536,174)
Finance income received	3,833,999	2,207,858
Net cash (used in) / generated from investing activities	<u>(4,046,983)</u>	<u>13,309,677</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of lease liabilities	(71,023)	(82,280)
Dividends paid	(2,015)	(11,369)
Net cash used in financing activities	<u>(73,038)</u>	<u>(93,649)</u>
Net increase in cash and cash equivalents	5,831,351	19,741,812
Cash and cash equivalents at beginning of the period	53,296,775	37,249,402
Net foreign exchange differences	46,954	537,069
Cash and cash equivalents at end of the period	17 <u><u>59,175,080</u></u>	<u><u>57,528,283</u></u>

The annexed notes 1 to 20 form an integral part of these condensed consolidated interim financial statements.



CHIEF FINANCIAL OFFICER



DIRECTOR



CHIEF EXECUTIVE OFFICER

PAKISTAN PETROLEUM LIMITED

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2023

	Subscribed and paid-up share capital		Capital reserve	Revenue & other reserves	Total reserves	Total
	Ordinary	Convertible preference				
----- (Rupees in thousand) -----						
Balance as at June 30, 2022 (Audited)	27,209,730	106	1,428	407,493,231	407,494,659	434,704,495
Total Comprehensive income for the period						
Profit after taxation	-	-	-	26,329,964	26,329,964	26,329,964
Other comprehensive income for the quarter ended September 30, 2022, net of tax	-	-	-	990,756	990,756	990,756
Total comprehensive income for the quarter ended September 30, 2022	-	-	-	27,320,720	27,320,720	27,320,720
Transactions with owners:						
Conversion of preference shares into ordinary shares	1	(1)	-	-	-	-
Balance as at September 30, 2022	27,209,731	105	1,428	434,813,951	434,815,379	462,025,215
Balance as at June 30, 2023 (Audited)	27,209,732	104	1,428	513,655,926	513,657,354	540,867,190
Total Comprehensive income for the period						
Profit after taxation	-	-	-	29,761,047	29,761,047	29,761,047
Other comprehensive income for the quarter ended September 30, 2023, net of tax	-	-	-	343,861	343,861	343,861
Total comprehensive income for the quarter ended September 30, 2023	-	-	-	30,104,908	30,104,908	30,104,908
Transactions with owners:						
Conversion of preference shares into ordinary shares	-	-	-	-	-	-
Balance as at September 30, 2023	27,209,732	104	1,428	543,760,834	543,762,262	570,972,098

The annexed notes 1 to 20 form an integral part of these condensed consolidated interim financial statements.

CHIEF FINANCIAL OFFICER

DIRECTOR

CHIEF EXECUTIVE OFFICER

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

For the quarter ended September 30, 2023

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 hydrocarbons and mineral resources. Brief profiles of the Holding Company and its subsidiary companies are as follows:

The Pakistan Sovereign Wealth Fund Act, 2023 became effective during the current period. Under the said Act, the GoP's shareholding in the Holding Company stands transferred to the Pakistan Sovereign Wealth Fund (PSWF). Accordingly, the Holding Company is in the process of taking necessary corporate actions required to record the transfer of the shares from the GoP to the PSWF.

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 hydrocarbons and mineral resources. The shares of the Holding Company are listed on the Pakistan Stock Exchange Limited. 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 it owned 100% interest in Block 8, Iraq, under the Exploration, Development and Production Service Contract (EDPSC) with the Midland Oil Company, Iraq (MdOC). MdOC, vide letter reference no. 10910 dated August 02, 2022, intimated termination / expiry of the EDPSC and advised to settle all the outstanding liabilities and receivables and commence close-out proceedings. The Holding Company has commenced appropriate actions to complete the close-out proceedings. Accordingly, a claim amounting to USD 11.890 million has been lodged by PPLA with MdOC, primarily pertaining to reimbursement of Specific Costs plus interest thereon. The effects of the claim will be recognised in the financial statements on acceptance and completion of all other close-out proceedings.

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

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

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

For the quarter ended September 30, 2023

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, 2023 and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended June 30, 2023.

These condensed consolidated interim financial statements are un-audited and are being submitted to the members as required under Section 237 of the Companies Act, 2017 and the listing regulations of the Pakistan Stock Exchange.

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

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 quarter ended September 30, 2023.

2.3 The Securities and Exchange Commission of Pakistan (SECP) through S.R.O 985(I)/2019 dated September 02, 2019 has partially modified applicability of IFRS 9 in respect of companies holding financial assets due from the Government of Pakistan (GoP). The said S.R.O states that requirements contained in IFRS 9 'Financial Instruments' with respect to application of expected credit losses (ECL) method on such receivable balances shall not be applicable till June 30, 2021. The SECP through S.R.O. 1177(I)/2021 dated September 13, 2021, and letter No. SMD/PRDD/Comp/(4)/2021/302 dated September 15, 2022, granted further extension / exemption from the above-mentioned requirements of IFRS-9 till June 30, 2022 and June 30, 2023 respectively. Furthermore, this exemption has been extended by SECP through S.R.O 67(I)/2023 dated January 20, 2023 for the financial years ending on or before December 31, 2024. Consequently, the Holding Company has not recorded impact of aforesaid ECL in respect of financial assets due directly / ultimately from the GoP in consequence of circular debt, in these condensed consolidated interim financial statements based on the clarification received from SECP. Further, in relation to financial assets due from parties other than GoP, the Holding Company believes that the impact of ECL is not material as outstanding balances are receivable from companies who have high credit rating with no history of default (except as mentioned in note 7 to these condensed consolidated interim financial statements).

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, 2023.

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.

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

For the quarter ended September 30, 2023

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

The preparation and reporting of these condensed consolidated interim financial statements in conformity with the accounting and reporting standards as applicable in Pakistan for interim financial 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. Revisions 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, 2023.

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, 2023.

	September 30, 2023 Unaudited	June 30, 2023 Audited
	(Rupees in thousand)	
5. PROPERTY, PLANT AND EQUIPMENT		
Opening Net Book Value (NBV)	86,620,643	90,161,512
Additions during the period / year - net	3,511,226	16,931,314
	90,131,869	107,092,826
Disposals during the period / year (NBV)	-	(750)
Exchange differences / reclassifications during the period / year (NBV)	8,299	300,614
Write-off during the period / year	-	(12,317)
Depreciation / amortisation charged during the period / year	(4,937,850)	(20,759,730)
	85,202,318	86,620,643
Capital work-in-progress - note 5.1	50,740,934	51,424,170
	135,943,252	138,044,813
5.1 Capital work-in-progress		
Plant, machinery, fittings and pipelines	14,907,287	14,633,997
Exploration and Evaluation (E&E) assets - note 5.1.1	16,520,332	15,762,271
Development and production (D&P) assets	7,911,303	9,869,697
Lands, buildings and civil constructions	100,491	91,084
Capital stores for drilling and development	11,301,521	12,049,123
- (Charge) / Net reversal of impairment loss	-	412,823
- Written-off	-	(1,394,825)
	11,301,521	11,067,121
	50,740,934	51,424,170

5.1.1 Amounts under E&E assets are net of cost of dry / abandoned wells charged to profit or loss during the period / year, amounting to Rs 430 million (June 30, 2023: Rs 6,675 million).

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

For the quarter ended September 30, 2023

	September 30, 2023 Unaudited	June 30, 2023 Audited
	(Rupees in thousand)	
6. LONG-TERM INVESTMENTS		
Investments in related parties		
- Wholly owned subsidiary		
- PPPFTC	1	1
- Associates		
Unquoted companies		
Pakistan International Oil Limited (PIOL) - note 6.1		
Equity held: 25%		
No. of shares: 3,500,000 (June 30, 2023: 3,500,000) of USD 10/- each	5,424,237	5,560,044
Pakistan Minerals (Private) Limited (PMPL) - note 6.2		
Equity held: 33.33%		
No. of shares: 4,000 (June 30, 2023: 4,000) of Rs 10/- each	50,426,617	50,008,954
	<u>55,850,855</u>	<u>55,568,999</u>

6.1 Total equity investment of the Holding Company in the associate amounts to USD 35 million (Rs 6,342.250 million) {June 30, 2023: USD 35 million (Rs 6,342.250 million)}. These investments have been recorded net of cumulative share of loss of associate amounting to Rs 3,080.748 million (June 30, 2023: Rs 2,904.272 million), charged to profit or loss up to the period ended September 30, 2023, and cumulative exchange gain on translation of foreign associate, as at reporting date, amounting to Rs 2,162.735 million (June 30, 2023: Rs 2,122.066 million) recorded through other comprehensive income to translation reserve. The loss for the period mainly pertains to exploration and appraisal expenses incurred by PIOL.

6.2 Further to the information disclosed in note 7.3 to the annual audited financial statements for the year ended June 30, 2023, during the period, the Holding Company has made equity investment in PMPL amounting to Rs 788.741 million (June 30, 2023: Rs 36,374.897 million) which has increased the total equity investment of the Holding Company in the associate to Rs 37,163.638 million as at September 30, 2023. These investments have been recorded net of cumulative share of loss of associate amounting to Rs 1,046.913 million (June 30, 2023: Rs 386.040 million), charged up to statement of profit or loss up to the period ended September 30, 2023, and cumulative exchange gain on translation of foreign operation of PMPL, as at reporting date, amounting to Rs 14,309.892 million (June 30, 2023: Rs 14,020.097 million) recorded through other comprehensive income. In addition to the initial subscribed share capital, PMPL is in the process of issuing shares to the Holding Company against further equity contributions. Furthermore, the Holding Company has decided to evaluate a potential engagement with sovereign foreign investors with respect to the Reko Diq Project and has decided to appoint advisors through PMPL to assist in this regard. However, as of the date of approval of these condensed consolidated interim financial statements, nothing has been materialised.

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

For the quarter ended September 30, 2023

	September 30, 2023 Unaudited	June 30, 2023 Audited
	(Rupees in thousand)	
7. TRADE DEBTS		
Unsecured and considered good		
Related parties - note 19		
Central Power Generation Company Limited (GENCO-II) - note 7.2	4,237,690	6,620,217
Sui Northern Gas Pipelines Limited (SNGPL)	264,508,791	251,180,148
Sui Southern Gas Company Limited (SSGCL)	255,579,230	238,333,107
Pak-Arab Refinery Limited (PARCO)	813,063	662,478
Pakistan Refinery Limited (PRL)	654,477	979,686
ENAR Petroleum Refining Facility (EPRF)	148,686	169,342
Oil & Gas Development Company Limited (OGDCL)	1,625	1,164
	<u>525,943,562</u>	<u>497,946,142</u>
Non-related parties		
Attock Refinery Limited (ARL)	16,688,782	14,323,747
National Refinery Limited (NRL)	289,627	503,329
Others	736,420	715,656
	<u>17,714,829</u>	<u>15,542,732</u>
	<u>543,658,391</u>	<u>513,488,874</u>
Unsecured and considered doubtful		
Non-related parties		
Cnergyico Pk Limited (CENERGY)	253,002	253,002
EGAS Pvt. Ltd. (EGAS)	169,454	169,454
Less: Provision for doubtful debts - note 7.3	(422,456)	(422,456)
	<u>-</u>	<u>-</u>
	<u>543,658,391</u>	<u>513,488,874</u>
7.1 The ageing of trade debts is as follows:		
Neither past due nor impaired	52,622,132	52,380,563
Past due but not impaired:		
Related parties		
- within 90 days	44,082,935	42,198,530
- 91 to 180 days	46,953,588	44,594,551
- over 180 days	398,298,999	370,370,671
	<u>489,335,522</u>	<u>457,163,752</u>
Non-related parties		
- within 90 days	830,416	2,951,751
- 91 to 180 days	11,993	10,226
- over 180 days	858,328	982,582
	<u>1,700,737</u>	<u>3,944,559</u>
	<u>543,658,391</u>	<u>513,488,874</u>
7.2		
As disclosed in note 12.4 to the consolidated financial statements for the year ended June 30, 2023, trade debts do not include GDS amounting to Rs 85,991 million (June 30, 2023: Rs 81,393 million) as the obligation of the Holding Company is to pay the collected amounts to the Federal Government on receipt basis. The said amount has been billed to GENCO-II but has not been received by the Holding Company at the date of statement of financial position.		

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

For the quarter ended September 30, 2023

7.3 Trade debts include overdue amount of Rs 488,747 million (June 30, 2023: Rs 456,038 million) receivable from the State controlled companies (i.e. GENCO-II, SNGPL, SSGCL, EPRF and OGDCL) and Rs 2,289 million (June 30, 2023: Rs 4,780 million) overdue receivable from refineries (i.e. ARL, CENERGY, PARCO, NRL and PRL) and various LPG / other customers. The GoP is committed, hence continuously pursuing for satisfactory settlement of Inter-corporate circular debt issue, however, the progress is slower than expected resulting in accumulation of the Holding Company's trade debts. The Holding Company considers this amount to be fully recoverable because the GoP has been assuming the responsibility to settle the Inter-corporate circular debt in the energy sector. The Holding Company recognises interest / surcharge, if any, on delayed payments from customers on receipt basis. As disclosed in note 2.3 to these condensed consolidated interim financial statements, SECP has deferred the applicability of ECL model for the financial years ending on or before December 31, 2024 on financial assets due directly / ultimately from GoP in consequence of the circular debt.

Specific provision has been created against receivables from CENERGY and EGAS as a result of disputes disclosed in notes 12.5 and 12.6 to the consolidated financial statements for the year ended June 30, 2023, respectively.

Based on the measures being undertaken by the GoP including inter-corporate circular debt, the Holding Company considers the overdue amounts to be fully recoverable and therefore, no provision for doubtful debts has been made in these condensed consolidated interim financial statements, except for provision against receivable from CENERGY and EGAS.

	September 30, 2023 Unaudited	June 30, 2023 Audited
	(Rupees in thousand)	
8. SHORT-TERM INVESTMENTS		
At amortised cost		
- Local currency term deposits with banks - note 8.1	1,010,500	13,122,201
- Foreign currency term deposits with banks - note 8.2	35,022,103	32,604,189
- Local currency treasury bills - note 8.3	24,334,024	10,446,045
	60,366,627	56,172,435
At fair value through profit or loss		
- Mutual Funds - note 8.4	13,966,103	11,483,646
	74,332,730	67,656,081

8.1 These carry profit ranging from 19.25% to 20.88% (June 30, 2023: 15.10% to 21.00%) per annum and are due to mature latest by September 2024.

8.2 These represent foreign currency term deposits with banks amounting to USD 121.357 million (June 30, 2023: USD 113.762 million) having effective interest rate ranging from 4.95% to 12.02% (June 30, 2023: 4.65% to 12.06%) per annum and are due to mature latest by March 2024.

8.3 These carry profit ranging from 15.64% to 23.01% (June 30, 2023: 15.64% to 21.55%) per annum and are due to mature latest by July 2024. These bills were issued by the GoP and sold through State Bank of Pakistan.

8.4 These represent investments in money market mutual funds. During the period, average annualised return is 21.10% (June 30, 2023: 17.11%).

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

For the quarter ended September 30, 2023

	September 30, 2023 Unaudited	June 30, 2023 Audited
	(Rupees in thousand)	
9. TRADE AND OTHER PAYABLES		
Creditors	1,174,322	1,116,954
Accrued liabilities	9,709,831	13,023,261
Security deposits / advances from LPG and other customers	751,570	996,961
Retention money	113,839	116,189
Sales tax - net	1,940,780	475,695
Royalties	8,777,072	14,282,851
Lease extension bonus	39,889,013	37,683,916
Current accounts with joint operations	12,537,978	14,692,898
Staff retirement benefit funds	3,096,032	3,575,947
Provision for windfall levy on oil / condensate	26,212,937	24,391,194
Federal excise duty	89,058	104,399
Workers' Profit Participation Fund (WPPF)	2,198,691	-
Contractual obligations for Iraq EDPSC - note 9.2	1,357,844	1,348,450
Others	563,993	457,968
	108,412,960	112,266,683

9.1 As disclosed in note 25.1 to the consolidated financial statements for the year ended June 30, 2023, trade and other payables do not include GDS amounting to Rs 85,991 million (June 30, 2023: Rs 81,393 million) as the obligation of the Holding Company is to pay the collected amounts to the Federal Government on receipt basis. The said amount has 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.

9.2 These represent Infrastructure Fund amounting to Rs 270.277 million (USD 0.935 million) {June 30, 2023: Rs 268.407 million (USD 0.935 million)} and Training, Technology & Scholarship Fund amounting to Rs 1,087.567 million (USD 3.762 million) {June 30, 2023: Rs 1,080.043 million (USD 3.762 million)} payable under the EDPSC with MdOC.

10. CONTINGENCIES AND COMMITMENTS

There are no major changes in the status of contingencies and in commitments as disclosed in the annual consolidated financial statements as at and for the year ended June 30, 2023.

	Quarter ended September 30, 2023	Quarter ended September 30, 2022
	(Rupees in thousand)	
11. REVENUE FROM CONTRACTS WITH CUSTOMERS		
Gross revenue		
Natural gas	59,229,764	51,429,784
Gas supplied to Sui villages	426,895	325,516
Internal consumption of gas	273,268	185,794
Crude oil / Condensate / Natural Gas Liquids	24,226,559	25,055,536
LPG	4,737,672	5,267,654
Barytes	222,477	27,537
	89,116,635	82,291,821
Government levies / discounts		
Federal excise duty	(373,728)	(429,578)
Sales tax	(10,590,997)	(8,901,173)
Petroleum levy	(136,296)	(140,611)
Discounts (Barytes)	(4,800)	(163)
	(11,105,821)	(9,471,525)
	78,010,814	72,820,296

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

For the quarter ended September 30, 2023

	Quarter ended September 30, 2023 (Rupees in thousand)	Quarter ended September 30, 2022
12. OPERATING EXPENSES		
Salaries, wages, welfare and other benefits	3,175,456	2,578,046
Operator's personnel	1,056,624	764,504
Depreciation	1,629,375	1,661,170
Amortisation of decommissioning assets	764,512	779,843
Amortisation of D&P assets	2,515,006	2,578,732
Plant operations	1,175,511	906,149
Well interventions	256,660	745,919
Field services	765,874	676,765
Crude oil & barytes transportation	416,665	221,907
Travelling and conveyance	119,592	80,544
Training & development	38,422	23,915
PCA overheads	72,665	47,362
Insurance expenses	226,145	174,853
Free supply of gas to Sui villages	426,895	325,516
Social welfare / community development	96,521	47,194
	12,735,923	11,612,419
13. EXPLORATION EXPENSES		
13.1 Exploration expenses for the period also include cost of dry / abandoned wells amounting to Rs 430 million (September 2022: nil).		
	Quarter ended September 30, 2023 (Rupees in thousand)	Quarter ended September 30, 2022
14. OTHER CHARGES		
WPPF charge	2,371,349	2,162,841
Provision for windfall levy on oil / condensate	1,865,000	2,360,000
Others	4,284	7,995
	4,240,633	4,530,836
15. OTHER INCOME		
Income from financial assets		
Income on loans and bank deposits	294,920	163,722
Income on local currency term deposits	128,258	146,833
Income on foreign currency term deposits	817,921	256,066
Income from investment in treasury bills	1,531,386	1,884,105
Exchange gain on foreign currency - net	94,289	2,303,780
Dividend income / gain on re-measurement / disposal of investments designated at fair value through profit or loss (net)	591,857	39,057
	3,458,631	4,793,563
Income from assets other than financial assets		
Rental income on assets	1,539	1,270
Insurance income	251,550	-
Gain on disposal of property, plant and equipment (net)	124,940	9
Others	38,648	23,295
	416,677	24,574
	3,875,308	4,818,137
16. TAXATION		
Current	20,658,898	18,239,627
Deferred	(2,556,671)	1,017,306
	18,102,227	19,256,933

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

For the quarter ended September 30, 2023

	Quarter ended September 30, 2023	Quarter ended September 30, 2022
	(Rupees in thousand)	
17. CASH AND CASH EQUIVALENTS		
Short-term highly liquid investments - note 17.1	53,181,781	53,356,314
Cash and bank balances	5,993,299	4,171,969
	<u>59,175,080</u>	<u>57,528,283</u>

17.1 Short-term investments as disclosed in note 8 amount to Rs 74,333 million (September 2022: Rs 74,721 million). However, certain investments which were not considered highly liquid, comprising foreign currency term deposits with banks amounting to Rs 5,307 million (September 2022: Rs 9,007 million), local currency term deposits with banks amounting to Rs 128 million (September 2022: Rs 1,982 million), treasury bills amounting to Rs 1,750 million (September 2022: Rs 3,431 million) and mutual funds amounting to Rs 13,966 million (September 2022: Rs 6,945 million), have not been classified as cash and cash equivalents.

	Quarter ended September 30, 2023	Quarter ended September 30, 2022
18. EARNINGS PER SHARE		
18.1 Basic earnings per share		
Profit after taxation (Rs '000)	29,761,047	26,329,964
Dividend on convertible preference shares (Rs '000)	(31)	(32)
Profit attributable to ordinary shareholders (Rs '000)	<u>29,761,016</u>	<u>26,329,932</u>
Weighted average number of ordinary shares in issue	<u>2,720,973,106</u>	<u>2,720,973,015</u>
Basic earnings per share (Rs)	<u>10.94</u>	<u>9.68</u>

18.1.1 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.

	Quarter ended September 30, 2023	Quarter ended September 30, 2022
18.2 Diluted earnings per share		
Profit after taxation (Rs '000)	29,761,047	26,329,964
Weighted average number of ordinary shares in issue	2,720,973,106	2,720,973,015
Adjustment for convertible preference shares	<u>10,422</u>	<u>10,513</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>10.94</u>	<u>9.68</u>

19. 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. The Holding Company, in the normal course of business, pays for utilities and makes regulatory payments to entities controlled by the GoP which are not material, hence not disclosed in these condensed consolidated interim financial statements. 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:

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

For the quarter ended September 30, 2023

	Quarter ended September 30, 2023	Quarter ended September 30, 2022
	(Rupees in thousand)	
Sales of hydrocarbons to State controlled entities (including Government levies)		
GENCO-II	6,569,858	5,304,590
SSGCL	24,435,052	21,459,154
SNGPL	27,544,213	24,666,041
EPRF	308,731	377,248
	58,857,854	51,807,033
Long-term receivables, trade debts and other receivables from state controlled entities as at September 30	524,591,024	381,108,917
Transactions and balances with Associated Companies		
Sales of crude oil / condensate to PARCO	1,184,671	1,123,835
Sales of crude oil / condensate to PRL	416,421	812,219
Payment to Total PARCO Pakistan Limited (Total PARCO)	14,448	263
Membership / sponsorship fee paid to Petroleum Institute of Pakistan	9,830	5,715
Purchase of medicines from Sanofi-Aventis Pakistan Limited	981	1,241
Payment to The Kidney Center Post Graduate Training Institute (TKC)	157	-
Equity investment in PMPL	788,741	536,174
Equity investment in PIOL	-	2,181,000
Receivable from PIOL as at September 30	237,776	194,601
Service fee (G&A overheads) charged to PIOL	2,943	2,592
Payment of employees cost on secondment to PIOL	87,878	62,930
Payment to Mari Petroleum Company Limited (MPCL) against gas processing services received	3,615	26,559
Sale of capital stores and spares to OGDCL	181,718	-
Transactions and balances with Joint Operations		
Payments of cash calls to joint operations	14,519,992	10,730,781
Expenditures incurred by the joint operations	11,066,200	6,040,954
Under advance balances relating to joint operations as at September 30	11,951,427	8,833,591
Current account receivables relating to joint operations as at September 30	2,195,502	1,513,416
Current account payables relating to joint operations as at September 30	106,359	272,760
Income from rental of assets to joint operations	1,539	1,270
Purchase of goods from BME (net)	55,513	1,915
Reimbursement of employee cost on secondment to BME	8,797	4,899
Other related parties		
Unclaimed dividends pertaining to BESOS	910,261	700,200
Transactions with post-retirement benefit and contributory funds	502,778	295,078
Remuneration to key management personnel	1,196,822	655,953
Payment to PPL Welfare Trust for CSR activities	8,250	24,000
Payment of rental to Pakistan Industrial Development Corporation	49,378	43,349
Payment of rental to Karachi Port Trust	4,071	5,555
Payment of insurance premium to National Insurance Company Limited (NICL)	187,141	231,050
Insurance claim received from NICL	251,550	135
Fuel purchased from Pakistan State Oil Company Limited	158,296	26,572

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

For the quarter ended September 30, 2023

	Quarter ended September 30, 2023 (Rupees in thousand)	Quarter ended September 30, 2022
Payment for chartered flights to Pakistan International Airlines Corporation Limited	21,781	13,129
Deposits with National Bank of Pakistan (NBP) as at September 30	6,561,231	112,957
Interest income earned on deposits with NBP	70,574	4,218
Dividend income / gain on mutual funds investment with NBP Fund Management Limited	240,196	-
Investment in mutual funds with National Investment Trust Limited (NIT) as at September 30	2,298,018	-
Dividend income / gain on mutual funds investment with NIT	85,878	-
Payment to Hydrocarbon Development Institute of Pakistan	86	-

- 19.1** Aggregate amount charged in these condensed consolidated interim financial statements in respect of fee to twelve non-executive directors, on account of attending board and board committee meetings, was Rs 12 million (September 2022: Rs 12.250 million to ten non-executive directors).

In addition to the above, during the period an amount of Rs 0.150 million (September 2022: Rs 0.125 million) was paid to directors of PPLE as directors' fee.

- 19.2** The Company has a receivable of Rs 7.59 million (September 2022: 7.59 million) from OGDCL, MPCL and GHPL (Rs 2.46 million, Rs 2.76 million and Rs 2.37 million receivable, respectively) with respect to the payments made by the Company on their behalf for expenses related to PIOL.

20. DATE OF AUTHORISATION FOR ISSUE

These condensed consolidated interim financial statements were authorised for issue on October 30, 2023 by the Board of Directors of the Holding Company.

CHIEF FINANCIAL OFFICER

DIRECTOR

CHIEF EXECUTIVE OFFICER



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