Pakistan Petroleum Limited

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Our reference: CS/SE-0040 Your reference: Date: 18th January 2017

The General Manager
Pakistan Stock Exchange Limited
Stock Exchange Building
Stock Exchange Road
Karachi

Dear Sir,

Re: ***Financial Results for the Year Ended 30th June 2016***

As communicated in our letter dated 17th January 2017 the annual meeting of the Board of Directors of the Company for the year ended 30th June 2016 which was held at the head office of the Company yesterday could not conclude and was adjourned until at 10:00 a.m. on Wednesday, 18th January 2017.

At the reconvened meeting held today, the Board of Directors has approved and recommended the payment of a final cash dividend for the year ended 30th June 2016 of Rs. 3.50 per share (35%) on ordinary shares and Rs. 0.75 per share (7.5%) on convertible preference shares.

The Board of Directors also approved the unconsolidated and consolidated financial results for the year ended 30th June 2016 for laying before the members at the Annual General Meeting scheduled on 28th February 2017, which are enclosed. If approved by the members at the forthcoming Meeting dividend will be distributed to members whose name appear in the Register of Members of the Company as at close of business on Tuesday, 14th February 2017.

The Share Transfer Books of the Company will remain closed from 15th February 2017 to 28th February 2017 (both days inclusive). Shares in respect whereof transfer applications are received by the Share Registrars of the Company, Messrs. FAMCO Associates (Private) Limited, up to the close of business on 14th February 2017, will be included for distribution of dividend.

It may be noted that during the year ended 30th June 2013 the Company acquired 100% shareholding of MND Exploration and Production Limited, a company incorporated in England and Wales, from MND E&P a.s. The Investment was recorded at cost, representing consideration paid. The value of the investment was determined by the internal technical team of the Company. The value of the investment so determined (excluding working capital acquired) was Rs.12,815 million, which after including working capital, was recorded at Rs.15,664 million.

During the year ended 30th June 2016, the Board of Directors of the Company (as constituted during the year ended 30th June 2015) engaged external consultants to undertake an independent technical valuation of the investment to determine the accuracy of the valuation based on the data available and used for due diligence at the time of the acquisition thereof. As a consequence, Messrs. RPS Energy Consultants Limited, one of the world's most reputable companies with expertise in valuation of oil and gas assets, was engaged to carry out a valuation of the assets of MND Exploration and Production Limited which was acquired by the Company in 2012. The valuation was completed subsequent to 30th June 2016. Significant differences were highlighted in the valuation of the investment as a result of the consultant's report of independent technical valuation as at the acquisition date.

The Consultant reported that the value of the investment at the time of the acquisition was Rs. 6,216 million, which after inclusion of acquired working capital, was Rs. 9,065 million, as against the cost paid at the time of the acquisition.

Accordingly, the Company has corrected the amounts reported in its financial statements for the years ended 30th June 2013, 2014 and 2015, retrospectively in accordance with the requirements of the International Accounting Standard - 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

The required copies of the printed accounts will be submitted 21 days prior to the Annual General Meeting for distribution among your members.

Yours truly,

Shahana Ahmed Ali
Company Secretary

Enclosure: As above

PAKISTAN PETROLEUM LIMITED
UNCONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2016

Annex

	Year ended June 30, 2016	Year ended June 30, 2015 (Restated)
	------------------ Rs '000 ------------------	
Sales - net	80,151,211	104,837,991
Field expenditures	(44,952,245)	(42,289,214)
Royalties	(9,218,970)	(12,226,833)
	(54,171,215)	(54,516,047)
	25,979,996	50,321,944
Other income	5,418,127	7,610,931
Other operating expenses	(4,032,440)	(4,063,475)
Finance costs	(658,967)	(554,288)
Profit before taxation	26,706,716	53,315,112
Taxation	(9,464,697)	(14,916,376)
Profit after taxation	**17,242,019**	**38,398,736**
Basic and diluted earnings per share (Rs)	8.74	19.47

PAKISTAN PETROLEUM LIMITED
UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2016

	Subscribed and paid-up share capital		Capital reserve	Revenue reserves						Total reserves	Total
	Ordinary	Convertible preference		General and contingency reserve	Insurance reserve	Assets acquisition reserve	Dividend equalisation reserve	Unappropriated profit	Total		
	Rs '000										
Balance as at June 30, 2014 - as previously reported	19,717,157	138	1,428	69,761	29,021,894	18,751,980	5,000,000	109,355,000	162,198,635	162,200,063	181,917,358
Effect of change in accounting policy - note 2.3 (c-i)	-	-	-	-	-	-	-	720,187	720,187	720,187	720,187
Effect of correction of prior period error - note 2.3 (c-ii)	-	-	-	-	-	-	-	(8,550,262)	(8,550,262)	(8,550,262)	(8,550,262)
Balance as at June 30, 2014 - Restated	19,717,157	138	1,428	69,761	29,021,894	18,751,980	5,000,000	101,524,925	154,368,560	154,369,988	174,087,283
Comprehensive income for the year											
Profit after taxation - Restated	-	-	-	-	-	-	-	38,398,736	38,398,736	38,398,736	38,398,736
Other comprehensive loss for the year ended June 30, 2015, net of tax - Restated	-	-	-	-	-	-	-	(555,153)	(555,153)	(555,153)	(555,153)
Total comprehensive income for the year ended June 30, 2015 - Restated	-	-	-	-	-	-	-	37,843,583	37,843,583	37,843,583	37,843,583
Appropriation of insurance reserve for the year ended June 30, 2014	-	-	-	-	5,000,000	-	-	(5,000,000)	-	-	-
Appropriation of assets acquisition reserve for the year ended June 30, 2014	-	-	-	-	-	5,000,000	-	(5,000,000)	-	-	-
Conversion of preference shares into ordinary shares	14	(14)	-	-	-	-	-	-	-	-	-
Transactions with owners											
Final dividend on ordinary shares @ 75% for the year ended June 30, 2014	-	-	-	-	-	-	-	(14,787,878)	(14,787,878)	(14,787,878)	(14,787,878)
Interim dividend for the year ended June 30, 2015											
- Ordinary shares - 45%	-	-	-	-	-	-	-	(8,872,727)	(8,872,727)	(8,872,727)	(8,872,727)
- Convertible preference shares - 30%	-	-	-	-	-	-	-	(37)	(37)	(37)	(37)
Balance as at June 30, 2015 - Restated	**19,717,171**	**124**	**1,428**	**69,761**	**34,021,894**	**23,751,980**	**5,000,000**	**105,707,866**	**168,551,501**	**168,552,929**	**188,270,224**
Comprehensive income for the year											
Profit after taxation	-	-	-	-	-	-	-	17,242,019	17,242,019	17,242,019	17,242,019
Other comprehensive loss for the year ended June 30, 2016, net of tax	-	-	-	-	-	-	-	(540,046)	(540,046)	(540,046)	(540,046)
Total comprehensive income for the year ended June 30, 2016	-	-	-	-	-	-	-	16,701,973	16,701,973	16,701,973	16,701,973
Conversion of preference shares into ordinary shares	2	(2)	-	-	-	-	-	-	-	-	-
Transactions with owners											
Final dividend on ordinary shares @ 40% for the year ended June 30, 2015	-	-	-	-	-	-	-	(7,886,868)	(7,886,868)	(7,886,868)	(7,886,868)
Interim dividend for the year ended June 30, 2016											
- Ordinary shares - 22.5%	-	-	-	-	-	-	-	(4,436,364)	(4,436,364)	(4,436,364)	(4,436,364)
- Convertible preference shares - 22.5%	-	-	-	-	-	-	-	(28)	(28)	(28)	(28)
Balance as at June 30, 2016	**19,717,173**	**122**	**1,428**	**69,761**	**34,021,894**	**23,751,980**	**5,000,000**	**110,086,579**	**172,930,214**	**172,931,642**	**192,648,937**

PAKISTAN PETROLEUM LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2016

Annex

	Year ended June 30, 2016	Year ended June 30, 2015 (Restated)
	------- Rs '000 -------	
Sales - net	80,809,044	105,940,631
Field expenditures	(46,220,895)	(43,693,109)
Royalties	(9,283,355)	(12,342,445)
	(55,504,250)	(56,035,554)
	25,304,794	49,905,077
Other income	5,428,907	7,594,040
Other operating expenses	(3,140,157)	(3,659,520)
Finance costs	(668,970)	(588,542)
Profit before taxation	26,924,574	53,251,055
Taxation	(10,859,529)	(15,043,592)
Profit after taxation	**16,065,045**	**38,207,463**
Basic and diluted earnings per share (Rs)	8.15	19.38

PAKISTAN PETROLEUM LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2016

Annex

	Subscribed and paid-up share capital		Capital reserve	Revenue reserves							Total reserves	Total
	Ordinary	Convertible preference		General and contingency reserve	Insurance reserve	Assets acquisition reserve	Dividend equalisation reserve	Unappropriated profit	Translation reserve	Total		
	Rs '000											
Balance as at June 30, 2014 - as previously reported	19,717,157	138	1,428	69,761	29,021,894	18,751,980	5,000,000	109,357,106	(353,603)	161,847,138	161,848,566	181,565,861
Effect of correction of prior period error - note 3.3 (c-ii)								(7,944,549)	20,477	(7,924,072)	(7,924,072)	(7,924,072)
Balance as at June 30, 2014 - Restated	19,717,157	138	1,428	69,761	29,021,894	18,751,980	5,000,000	**101,412,557**	**(333,126)**	153,923,066	153,924,494	173,641,789
Comprehensive income for the period												
Profit after taxation - Restated	-	-	-	-	-	-	-	38,207,463	-	38,207,463	38,207,463	38,207,463
Other comprehensive (loss) / income for the year ended June 30, 2015, net of tax - Restated	-	-	-	-	-	-	-	(555,153)	404,622	(150,531)	(150,531)	(150,531)
Total comprehensive income for the year ended June 30, 2015 - Restated	-	-	-	-	-	-	-	37,652,310	404,622	38,056,932	38,056,932	38,056,932
Appropriation of insurance reserve for the year ended June 30, 2014	-	-	-	-	5,000,000	-	-	(5,000,000)	-	-	-	-
Appropriation of assets acquisition reserve for the year ended June 30, 2014	-	-	-	-	-	5,000,000	-	(5,000,000)	-	-	-	-
Conversion of preference shares into ordinary shares	14	(14)	-	-	-	-		-		-	-	-
Transactions with owners												
Final dividend on ordinary shares @ 75% for the year ended June 30, 2014	-	-	-	-	-	-	-	(14,787,878)	-	(14,787,878)	(14,787,878)	(14,787,878)
Interim dividend for the year ended June 30, 2015												
- Ordinary shares - 45%	-	-	-	-	-	-	-	(8,872,727)	-	(8,872,727)	(8,872,727)	(8,872,727)
- Convertible preference shares - 30%	-	-	-	-	-	-	-	(37)	-	(37)	(37)	(37)
Balance as at June 30, 2015 - Restated	**19,717,171**	**124**	**1,428**	**69,761**	**34,021,894**	**23,751,980**	**5,000,000**	**105,404,225**	**71,496**	**168,319,356**	**168,320,784**	**188,038,079**
Comprehensive income for the year												
Profit after taxation	-	-	-	-	-	-	-	16,065,045	-	16,065,045	16,065,045	16,065,045
Other comprehensive (loss) / income for the year ended June 30, 2016 - net of tax	-	-	-	-	-	-	-	(540,046)	1,406,683	866,637	866,637	866,637
Total comprehensive income for the year ended June 30, 2016	-	-	-	-	-	-	-	15,524,999	1,406,683	16,931,682	16,931,682	16,931,682
Conversion of preference shares into ordinary shares	2	(2)	-	-	-	-	-	-	-	-	-	-
Transactions with owners												
Final dividend on ordinary shares @ 40% for the year ended June 30, 2015	-	-	-	-	-	-	-	(7,886,868)	-	(7,886,868)	(7,886,868)	(7,886,868)
Interim dividend for the year ended June 30, 2016												
- Ordinary shares - 22.5%	-	-	-	-	-	-	-	(4,436,364)	-	(4,436,364)	(4,436,364)	(4,436,364)
- Convertible preference shares - 22.5%	-	-	-	-	-	-	-	(28)	-	(28)	(28)	(28)
Balance as at June 30, 2016	19,717,173	122	1,428	69,761	34,021,894	23,751,980	5,000,000	108,605,964	1,478,179	172,927,778	172,929,206	192,646,501