



Pakistan Petroleum Limited

Venturing for **Value**



QUARTERLY REPORT SEPTEMBER 2013

Venturing for **Value**



For over 60 years for all stakeholders, the PPL brand is synonymous with the business of adding value.

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Vision

To maintain PPL's position as the premier producer of hydrocarbons in the country by exploiting conventional and unconventional oil and gas resources, resulting in value addition to shareholders' investment and the nation as a whole.

Mission

To sustain long term growth by pursuing an aggressive hydrocarbons exploration and production optimisation program in the most efficient manner through a team of professionals utilising the latest developments in technology, while ensuring that quality is an integral part of all operations and maintaining the highest standards of health, safety, environment protection and addressing community development needs.

Core values

- Recognise that Leadership, Empowerment and Accountability are essential for corporate success.
- Pursue the Highest Standards of Ethical Behaviour and Integrity.
- Consider our people as the most important resource.
- Value creativity and innovation.
- Committed to excellence in all spheres of performance.
- Work as a Team and advocate Teamwork.
- Respect the Environment and remain committed to its protection.

Company Information

Board of Directors

- Mr. Asim Murtaza Khan (Chief Executive Officer / Managing Director)
- Mr. Sajid Zahid (Non-Executive Director)
- Mr. Saquib H. Shirazi (Independent, Non-Executive Director)
- Mr. Mohsin Aziz (Independent, Non-Executive Director)
- Dr. Amer Sheikh (Non-Executive Director)
- Mr. Saeedullah Shah (Non-Executive Director)
- Mr. Zain Magsi (Independent, Non-Executive Director)
- Mr. Javed Masud (Independent, Non-Executive Director)
- Mr. Javed Akbar (Independent, Non-Executive Director)

Company Secretary

Mr. M. Mubbasshar Siddiqui

Registered Office

P.I.D.C. House, Dr. Ziauddin Ahmed Road,
P.O. Box 3942, Karachi-75530, Pakistan.
UAN: +92 (21) 111-568-568
Fax: +92 (21) 35680005, 35682125
Website: www.ppl.com.pk
Email: info@ppl.com.pk

Auditors

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

Shares Registrar

FAMCO Associates (Pvt.) Ltd.
8-F, Next to Hotel Faran, Nursery, Block-6, P.E.C.H.S,
Shahra-e-Faisal, Karachi.
Tel: +92 (21) 34380101 - 2
Fax: +92 (21) 34380106

Legal Advisors

Surridge & Beecheno

Directors' Interim Review

Your directors are pleased to present the unaudited condensed interim financial statements for the quarter ended September 30, 2013 and a brief review of the Company's operations.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

Financial

The Company's performance improved with respect to revenue and profitability during the quarter ended September 30, 2013. Profit after taxation of the Company increased by around 11% to Rs 12,477 million during the current quarter ended September 30, 2013, as compared to Rs 11,280 million in the corresponding quarter of last year.

The key financial results of the Company during the quarter ended September 30, 2013 are as follows:

| | Quarter ended September 30, 2013 Rs million | Quarter ended September 30, 2012 Rs million (Restated) |
|---|--|--|
| Sales revenue (net) | 27,782 | 24,472 |
| Profit before taxation | 18,844 | 16,729 |
| Taxation | (6,367) | (5,449) |
| Profit after taxation | 12,477 | 11,280 |
| Basic and Diluted Earnings Per Share (Rs) | 6.33 | 5.72 |

Profitability during the current quarter, as compared to the corresponding quarter, has increased due to increase in oil sales volumes, impact of higher international oil prices and depreciation of Pakistani Rupee against US Dollar. Volume increase of gas sales from Kandhkot and Hala fields, crude oil and gas sales from Nashpa Field, oil sales from Tal Field, were partially offset by decrease in gas sales from Sui, Sawan and Gambat fields and decrease in crude oil sales from Adhi Field.

Operational

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, 2013 | Quarter ended September 30, 2012 |
|-------------------------------|--------|--|--|
| Natural Gas | MMCF | 70,345 | 74,856 |
| Crude Oil / Natural Gas | | | |
| Liquids (NGL) / Condensate | BBL | 1,072,747 | 831,815 |
| Liquefied Petroleum Gas (LPG) | Tonnes | 4,201 | 4,943 |

Directors' Interim Review

CORPORATE STRATEGY AND FOCUS AREAS

Growth remains the prime focus of the Company's Corporate Strategy with the objectives of replenishment of the depleting reserves, evaluation of various significant projects, training of employees, investment in research and innovation giving due importance to CO₂ management, development of the communities, leverage the available financial resources, invest in people to build organisational capability, integrated value creation and strategically transit towards expansion of operations beyond the national borders.

Exploration

The Company's exploration strategy is focused on evaluating prospective areas for direct participation and pursuing farm-in opportunities.

The Company follows a multi-pronged strategy including capturing the opportunities for joint biddings, farm-ins / farm-outs and swap arrangements with other E&P companies to reduce its exposure to increased competition and to maintain a balanced exploration portfolio.

New and Ongoing Activities

Currently, PPL together with its subsidiary has a portfolio of 48 exploration Blocks of which the Company operates 27, including one concession in Iraq, while 21 including three offshore Blocks in Pakistan and two onshore Blocks in Yemen, are operated by Joint Venture partners.

New and ongoing activities that took place in the current quarter were as follows:

PPL-operated Areas

Assignment of entire interest, in Block - 8 Iraq under the Exploration, Development and Production Service Contract (EDPSC) with the Midland Oil Company, Iraq, to PPL Asia E&P B.V. is expected to be completed in the second quarter of 2013-14. Moreover, registration of PPL Asia E&P B.V.'s Iraq Branch for execution of exploration activities in Block-8 is also expected to be completed by end of the second quarter of 2013-14.

In Gambat South Block, second exploration well Shahdad X-1 was spud in March 2013 and the well has been declared as Gas / Condensate discovery in July 2013.

In Barkhan Block, exploratory well "Aro Khan X-1" was spud in August 2013 and currently drilling is in progress.

In Naushahro Firoz Block, exploratory well "Naushahro Firoz X-1" has subsequently been spud in October 2013.

Partner-operated Areas

In Tal Block, exploratory well Kot-1 was spud in May 2013 and currently drilling is in progress.

In Gambat Block, exploratory well "Tajjal South-1" was spud in September 2013 and currently drilling is in progress.

In Sukhpur Block, gas production from Lundali-1 through EWT is in progress.

Appraisal and Development

In Adhi field, development well Adhi 19 (T/K) was completed in September 2013, as an oil and gas producer.

In Tal Block, drilling of development well Makori East-3 has been completed and currently well testing is in progress.

In Tal Block, the activities relating to the installation of 150 MMscfd Makori Gas Processing Plant are in progress. First gas is expected by December 2013.

In Nashpa Block, development well Nashpa-4 has been completed as Oil and Gas producer in August 2013.

In Latif Block, development well Latif-9 was spud in August 2013 and currently testing is in progress.

For processing Latif Gas at Sawan Plant, 50 km 16" dia. pipeline has been completed. After hydrotesting and precommissioning activities, the pipeline was commissioned in August 2013 by injecting gas from Latif-6 and Latif-7.

In Qadirpur Field, development well Qadirpur-50 was spud in August 2013 and currently testing is in progress. Development well Qadirpur-47 was temporarily suspended due to the recent floods.

Corporate Social Responsibility

The Company's social welfare initiatives are mainly directed towards promotion of education, health care, infrastructure development, water resources development and cash donations for humanitarian activities. The list is not limited rather expanding as the Company takes on initiatives where it considers that its contribution is going to make a meaningful difference. PPL believes that strong bond of partnership with communities is imperative for long-term relationship and business growth. The overall objective of the PPL's initiatives is the sustainable development of communities.

Emergency Relief to earthquake affectees of District Awaran

During the period under review, the Company provided emergency relief for earthquake affectees of Awaran and Mashkay, by providing 540 tents and 10,000 ration bags.

Directors' Interim Review

Virtual University

A major breakthrough is approval of establishment of Virtual University (VU) at Sui town. VU management has decided to approve PPL's proposal for establishment of separate VU campuses at PPL Computer Training Centre, Sui for male and Women Vocational Centre, Sui for females to pursue higher professional education at Sui town.

Education

During the period under review, PPL has provided various facilities to functional Government schools in its areas under PCA obligation for exploratory blocks.

A multi-purpose hall was constructed and inaugurated at Government Girls' Junior Model High School, Bahawalpur. Similarly, school building for Government Girls Primary School, Sanjer Khan Junejo was completed along with academic blocks at Government Boys Primary School, Mastala and Government Girls Primary School, Shakal Khan Garnani Eshani, District Barkhan.

Water supply schemes

Construction work at water supply schemes at Fateh village, District Dera Ismail Khan and installation of 50 deep hand pumps at union council Jhimpir and Jungshahi was completed by the Company. Construction of water supply scheme to Budhapur and Manjhand town in District Jamshoro is in progress.

Human Resources

PPL strives to offer market competitive remuneration packages and performance incentives in order to attract and retain technical and specialised human resource.

Due to expansion in exploration and production activities and growth in the magnitude of PPL's business, realignment of its organisational structure and work processes has been done to not only support its strategic vision for growth but also to shift the Company's focus from a 'Production' to a full 'Exploration, Development and Production' Company.

Quality, Occupational Health, Safety and Environment (QHSE)

QHSE Function is successfully progressing with its various programs to enhance assets' integrity, compliance of HSE requirements at remote and permanent working locations. Quality and HSE policies are playing a key role in the decision making process to ensure compliance with statutory requirements and maintaining implementation of QHSE Management System. Significance of continual improvement is being realised by pioneering adoption of certain quality tools in Oil and Gas Sector within Pakistan. This is besides alignment of working practices with international standards and best working practices to make the workplace safe and environment friendly while improving quality of work.

Industrial Relations

Harmonious working environment and a cordial industrial relations atmosphere prevailed at all locations of the Company including Sui gas Field.

ACKNOWLEDGEMENT

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



(MOHSIN AZIZ)
CHAIRMAN

October 29, 2013

Unconsolidated Condensed Interim Balance Sheet

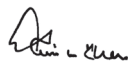
as at September 30, 2013

| | Note | September 30, 2013 Unaudited | June 30, 2013 Audited |
|---|------|------------------------------------|-----------------------------|
| Rs '000 | | | |
| NON-CURRENT ASSETS | | | |
| Fixed assets | | | |
| Property, plant and equipment | 4 | 72,275,902 | 70,078,912 |
| Intangible assets | | 371,732 | 402,152 |
| | | 72,647,634 | 70,481,064 |
| Long-term investments | 5 | 56,496,031 | 55,706,855 |
| Long-term loans and advance | 6 | 5,789,786 | 1,519,155 |
| Long-term deposits | | 742,676 | 742,676 |
| Long-term receivables | | 292,598 | 292,598 |
| | | 135,968,725 | 128,742,348 |
| CURRENT ASSETS | | | |
| Stores and spares | | 3,167,184 | 2,835,182 |
| Trade debts | 7 | 40,631,369 | 40,337,320 |
| Loans and advances | | 1,412,183 | 1,003,037 |
| Trade deposits and short-term prepayments | | 667,855 | 283,213 |
| Interest accrued | | 873,337 | 1,495,560 |
| Current maturity of long-term investments | 5 | 2,000,540 | 2,000,740 |
| Current maturity of long-term receivables | | - | 29,082 |
| Other receivables | | 685,615 | 1,651,601 |
| Short-term investments | 8 | 19,925,963 | 28,338,853 |
| Cash and bank balances | | 4,240,036 | 6,184,285 |
| | | 73,604,082 | 84,158,873 |
| | | 209,572,807 | 212,901,221 |
| SHARE CAPITAL AND RESERVES | | | |
| Share capital | | 19,717,295 | 16,431,102 |
| Reserves | | 133,076,974 | 132,923,238 |
| | | 152,794,269 | 149,354,340 |
| NON-CURRENT LIABILITIES | | | |
| Provision for decommissioning obligation | | 16,086,410 | 15,989,704 |
| Liabilities against assets subject to finance leases | | 163,405 | 164,616 |
| Deferred liabilities | | 1,860,961 | 1,812,967 |
| Deferred taxation | 9 | 9,465,274 | 8,907,869 |
| | | 27,576,050 | 26,875,156 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 10 | 24,875,964 | 33,397,782 |
| Current maturity of liabilities against assets subject to finance leases | | 103,978 | 108,622 |
| Taxation | | 4,222,546 | 3,165,321 |
| | | 29,202,488 | 36,671,725 |
| CONTINGENCIES AND COMMITMENTS | | | |
| | 11 | - | - |
| | | 209,572,807 | 212,901,221 |

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



Director



Chief Executive

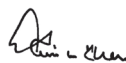
Unconsolidated Condensed Interim Profit and Loss Account (Unaudited) for the quarter ended September 30, 2013

| | Note | Quarter ended September 30, 2013 | Quarter ended September 30, 2012 (Restated) |
|---|------|--|--|
| | | Rs '000 | |
| Sales - net | 12 | 27,782,085 | 24,472,315 |
| Field expenditures | 13 | (6,760,255) | (6,119,399) |
| Royalties | | (3,242,623) | (2,924,981) |
| | | (10,002,878) | (9,044,380) |
| | | 17,779,207 | 15,427,935 |
| Other income | 14 | 2,162,360 | 2,279,118 |
| Other operating expenses | | (991,776) | (879,584) |
| Finance costs | | (106,036) | (98,022) |
| Profit before taxation | | 18,843,755 | 16,729,447 |
| Taxation | 15 | (6,366,789) | (5,448,962) |
| Profit after taxation | | 12,476,966 | 11,280,485 |
| | | | (Restated) |
| Basic and diluted earnings per share (Rs) | 18 | 6.33 | 5.72 |

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



Director



Chief Executive

Unconsolidated Condensed Interim Statement of Comprehensive Income (Unaudited)

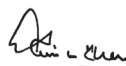
for the quarter ended September 30, 2013

| | Quarter ended September 30, 2013 | Quarter ended September 30, 2012 (Restated) |
|--|--|--|
| | Rs '000 | |
| Profit after taxation | 12,476,966 | 11,280,485 |
| Other comprehensive income: | | |
| Other comprehensive income not to be reclassified to profit and loss account in subsequent periods | | |
| Actuarial losses on defined benefit plans - net | - | (306,818) |
| Deferred taxation | - | 107,386 |
| Net comprehensive income not to be reclassified to profit and loss account in subsequent periods | - | (199,432) |
| Total comprehensive income | 12,476,966 | 11,081,053 |

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



Director



Chief Executive

Unconsolidated Condensed Interim Cash Flow Statement (Unaudited) for the quarter ended September 30, 2013

| Note | Quarter ended September 30, 2013 | Quarter ended September 30, 2012 |
|------|--|--|
| | Rs '000 | |

CASH FLOWS FROM OPERATING ACTIVITIES

| | | |
|---|--------------|-------------|
| Cash receipts from customers | 32,625,375 | 25,940,480 |
| Receipts of other income | 146,964 | 58,626 |
| Cash paid to suppliers / service providers and employees | (8,278,224) | (4,701,738) |
| Payment of indirect taxes and Government levies including royalty | (23,582,126) | (3,780,780) |
| Income tax (paid) | (4,752,156) | (3,979,541) |
| Finance costs paid | (9,331) | (8,070) |
| Long-term loans (net) | (1,213) | (953) |
| Net cash (used in) / generated from operating activities | (3,850,711) | 13,528,024 |

CASH FLOWS FROM INVESTING ACTIVITIES

| | | |
|--|-------------|-------------|
| Capital expenditure | (4,079,458) | (1,927,668) |
| Purchase of long-term investments | (289,159) | (228,417) |
| Disposals / redemption of long-term investments | 145,350 | 750,000 |
| Advance against issue of shares of PPL Asia E&P B.V. | (4,280,460) | - |
| Long-term receivables | 29,082 | (22,438) |
| Financial income received | 2,006,249 | 1,882,894 |
| Proceeds on sale of property, plant and equipment | 4,832 | 3,063 |
| Net cash (used in) / generated from investing activities | (6,463,564) | 457,434 |

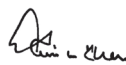
CASH FLOWS FROM FINANCING ACTIVITIES

| | | |
|---|--------------|-------------|
| Payment of liabilities against assets subject to finance leases | (37,514) | (30,620) |
| Dividends paid | - | (8,544,101) |
| Net cash used in financing activities | (37,514) | (8,574,721) |
| Net (decrease) / increase in cash and cash equivalents | (10,351,789) | 5,410,737 |
| Cash and cash equivalents at the beginning of the period | 34,517,788 | 36,940,160 |
| Cash and cash equivalents at the end of the period | 24,165,999 | 42,350,897 |

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



Director



Chief Executive

Unconsolidated Condensed Interim Statement of Changes in Equity (Unaudited)

for the quarter ended September 30, 2013

| | 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 | | | |
| Rs '000 | | | | | | | | | | | |
| Balance as at June 30, 2012 - Restated | 13,144,771 | 138 | 1,428 | 68,761 | 19,021,894 | 24,416,157 | - | 68,306,347 | 111,814,159 | 111,815,587 | 124,960,486 |
| Appropriation of insurance reserve for the year ended June 30, 2012 | - | - | - | - | 5,000,000 | - | - | (5,000,000) | - | - | - |
| Appropriation of assets acquisition reserve for the year ended June 30, 2012 | - | - | - | - | - | 5,000,000 | - | (5,000,000) | - | - | - |
| Issuance of bonus shares @ 25% (one share for every four ordinary shares held) | 3,286,193 | - | - | - | - | - | - | (3,286,193) | (3,286,193) | (3,286,193) | - |
| Final dividend on ordinary shares @ 65% for the year ended June 30, 2012 | - | - | - | - | - | - | - | (8,544,101) | (8,544,101) | (8,544,101) | (8,544,101) |
| Profit after taxation | - | - | - | - | - | - | - | 11,280,485 | 11,280,485 | 11,280,485 | 11,280,485 |
| Other comprehensive income for the quarter ended September 30, 2012, net of tax | - | - | - | - | - | - | - | (199,432) | (199,432) | (199,432) | (199,432) |
| Total comprehensive income for the quarter ended September 30, 2012 | - | - | - | - | - | - | - | 11,081,053 | 11,081,053 | 11,081,053 | 11,081,053 |
| Balance as at September 30, 2012 - restated | 16,430,964 | 138 | 1,428 | 68,761 | 24,021,894 | 29,416,157 | - | 57,557,106 | 111,064,918 | 111,066,346 | 127,497,448 |
| Balance as at June 30, 2013 | 16,430,964 | 138 | 1,428 | 68,761 | 24,021,894 | 13,751,980 | 5,000,000 | 90,078,175 | 132,921,810 | 132,923,238 | 149,354,340 |
| Appropriation of insurance reserve for the year ended June 30, 2013 | - | - | - | - | 5,000,000 | - | - | (5,000,000) | - | - | - |
| Appropriation of assets acquisition reserve for the year ended June 30, 2013 | - | - | - | - | - | 5,000,000 | - | (5,000,000) | - | - | - |
| Issuance of bonus shares @ 20% (one share for every five ordinary shares held) | 3,286,193 | - | - | - | - | - | - | (3,286,193) | (3,286,193) | (3,286,193) | - |
| Final dividend on ordinary shares @ 55% for the year ended June 30, 2013 | - | - | - | - | - | - | - | (9,037,037) | (9,037,037) | (9,037,037) | (9,037,037) |
| Profit after taxation | - | - | - | - | - | - | - | 12,476,966 | 12,476,966 | 12,476,966 | 12,476,966 |
| Other comprehensive income for the quarter ended September 30, 2013, net of tax | - | - | - | - | - | - | - | - | - | - | - |
| Total comprehensive income for the quarter ended September 30, 2013 | - | - | - | - | - | - | - | 12,476,966 | 12,476,966 | 12,476,966 | 12,476,966 |
| Balance as at September 30, 2013 | 19,717,157 | 138 | 1,428 | 68,761 | 29,021,894 | 18,751,980 | 5,000,000 | 80,231,911 | 133,075,546 | 133,076,974 | 152,794,269 |

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

J. Arshad

Director

Adnan Khan

Chief Executive

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

for the quarter ended September 30, 2013

1. LEGAL STATUS AND NATURE OF BUSINESS

Pakistan Petroleum Limited (the Company) was incorporated in Pakistan in 1950 with the main objectives of conducting exploration, prospecting, development and production of oil and natural gas resources. The Company is listed on all the three stock exchanges of Pakistan with effect from September 16, 2004. The registered office of the Company is located at PIDC House, Dr. Ziauddin Ahmed Road, Karachi.

2. BASIS OF PREPARATION

- 2.1 This unconsolidated condensed interim financial report of the Company for the quarter ended September 30, 2013 has been prepared in accordance with the requirements of the International Accounting Standard 34 – 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.
- 2.2 These unconsolidated condensed interim financial statements are unaudited and do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements of the Company for the year ended June 30, 2013.
- 2.3 The Securities and Exchange Commission of Pakistan (SECP) through its letter CLD/RD/CO.237/PPL/2004 dated July 6, 2004 has exempted the Company from consolidation of financial statements in respect of its investment in "The Pakistan Petroleum Provident Fund Trust Company (Private) Limited", a wholly owned Subsidiary under section 237 of the Companies Ordinance, 1984. Accordingly, the Company has not consolidated the Subsidiary in its consolidated condensed interim financial statements for the quarter ended September 30, 2013.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Statement of Compliance

The accounting policies and the methods of computation adopted in the preparation of this unconsolidated condensed interim financial report are the same as those applied in the preparation of the financial statements for the year ended June 30, 2013.

As disclosed in note 2.6.1 to the Company's Unconsolidated Financial Statements for the year ended June 30, 2013, the Company had changed its accounting policy in respect of recognition of actuarial gains and losses, past service costs and expected return on plan assets under IAS 19 - Employee Benefits (Revised). As per the revised accounting policy, the Company has restated its profit for the quarter ended September 30, 2012.

3.2 Implication of revised IFRS-2 (Share Based Payments) on BESOS

Benazir Employees' Stock Option Scheme (the BESOS scheme) including its terms and conditions, are the same, as mentioned in the financial statements for the year ended June 30, 2013. SECP has granted exemption from application of IFRS-2. Had the exemption not been granted, the impact based on the independent actuarial valuations conducted as on June 30, 2013 and June 30, 2012 as per the Company's policy, for the quarters ended September 30, 2013 and September 30, 2012 would have been as follows:

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

for the quarter ended September 30, 2013

| | Quarter ended September 30, 2013 | Quarter ended September 30, 2012 |
|--|--|--|
| | Rs '000 | |
| Staff costs of the Company for the period would have been higher by: | 792,653 | 672,475 |
| Profit after taxation would have been lower by: | 792,653 | 672,475 (Restated) |
| Earnings per share would have been lower by (Rs): | 0.40 | 0.34 |

| | September 30, 2013 Unaudited | June 30, 2013 Audited |
|---|------------------------------------|-----------------------------|
| | Rs '000 | |
| Retained earnings would have been lower by: | 14,168,965 | 13,376,312 |
| Reserves would have been higher by: | 14,168,965 | 13,376,312 |

4. PROPERTY, PLANT AND EQUIPMENT

| | | |
|--|-------------|-------------|
| Opening Net Book Value (NBV) | 51,116,458 | 48,127,203 |
| Additions to: | | |
| - owned assets | 476,194 | 10,367,157 |
| - assets subject to finance leases | 4,035 | 160,266 |
| | 480,229 | 10,527,423 |
| | 51,596,687 | 58,654,626 |
| Disposals / adjustments during the period / year (NBV) | (3,057) | (46,613) |
| Depreciation / amortisation charged during the period / year | (1,888,167) | (7,491,555) |
| | 49,705,463 | 51,116,458 |
| Capital work-in-progress – note 4.1 | 22,570,439 | 18,962,454 |
| | 72,275,902 | 70,078,912 |

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

for the quarter ended September 30, 2013

| September 30, 2013 Unaudited | June 30, 2013 Audited |
|------------------------------------|-----------------------------|
| Rs '000 | |

4.1 Capital work-in-progress

| | | |
|---|-------------------|-------------------|
| Plant, machinery, fittings and pipelines | 9,675,072 | 8,329,028 |
| Prospecting and development wells | 5,646,636 | 4,032,963 |
| Land, buildings and civil constructions | 119,966 | 100,123 |
| Capital stores for drilling and development | 7,128,765 | 6,500,340 |
| | <u>22,570,439</u> | <u>18,962,454</u> |

5. LONG-TERM INVESTMENTS

Investment in related party

- Wholly owned subsidiaries

The Pakistan Petroleum Provident Fund Trust

Company (Private) Limited

PPL Europe E&P Limited

PPL Asia E&P B.V. - note 5.1

| | |
|-------------------|-------------------|
| 1 | 1 |
| 15,664,177 | 15,664,177 |
| 10,464 | - |
| <u>15,674,642</u> | <u>15,664,178</u> |

- Investment in joint venture

Bolan Mining Enterprises

| | |
|--------|--------|
| 15,000 | 15,000 |
|--------|--------|

Other investments

Held-to-maturity

Term Finance Certificates

Pakistan Investment Bonds

GoP Ijara Sukuk

Local currency term deposits with banks

Foreign currency term deposits with banks

| | |
|-------------------|-------------------|
| 99,860 | 99,860 |
| 22,903,820 | 22,949,043 |
| 2,500,764 | 2,501,006 |
| 2,000,000 | 2,000,000 |
| 6,544,290 | 5,873,010 |
| <u>34,048,734</u> | <u>33,422,919</u> |

Designated at fair value through profit or loss

Mutual Funds

| | |
|-----------|-----------|
| 8,758,195 | 8,605,498 |
|-----------|-----------|

Less: Current maturities

Term Finance Certificates

GoP Ijara Sukuk

| | |
|--------------------|--------------------|
| (40) | (40) |
| (2,000,500) | (2,000,700) |
| <u>(2,000,540)</u> | <u>(2,000,740)</u> |

| | |
|-------------------|-------------------|
| <u>56,496,031</u> | <u>55,706,855</u> |
|-------------------|-------------------|

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

for the quarter ended September 30, 2013

- 5.1. During the current period, PPL has established a wholly-owned subsidiary, PPL Asia E&P B.V. a company incorporated in Amsterdam, Kingdom of Netherlands. The registered office of PPL Asia E&P B.V. is situated at Prins Bernhardplein 200, 1097 JB Amsterdam, the Netherlands.

The Subsidiary's main objective is exploration and production of oil and gas and in this respect, the assignment of the Company's entire interest in Block - 8, Iraq, under the Exploration, Development and Production Service Contract (EDPSC) with the Midland Oil Company, Iraq, to the Subsidiary is in process.

6. LONG TERM LOANS AND ADVANCE

During the current period, the Company has remitted Rs 4,233.705 million (US\$ 40 million) to PPL Asia E&P B.V. Such remittance, alongwith the signature bonus paid under the EDPSC will be adjusted against the issue of shares of the Subsidiary.

| September 30, 2013 Unaudited | June 30, 2013 Audited |
|------------------------------------|-----------------------------|
| Rs '000 | |

7. TRADE DEBTS

Unsecured and considered good

Related parties

Central Power Generation Company Limited
(GENCO-II)
Sui Northern Gas Pipelines Limited (SNGPL)
Sui Southern Gas Company Limited (SSGCL)

| | |
|------------|------------|
| 5,190,337 | 5,306,529 |
| 9,888,749 | 12,395,026 |
| 16,984,185 | 17,282,345 |
| 32,063,271 | 34,983,900 |

Non-related parties

Attock Refinery Limited (ARL)
National Refinery Limited (NRL)
Others

| | |
|------------|------------|
| 6,624,987 | 3,347,914 |
| 1,805,294 | 1,798,997 |
| 137,817 | 206,509 |
| 8,568,098 | 5,353,420 |
| 40,631,369 | 40,337,320 |

Unsecured and considered doubtful

Non-related party

Byco Petroleum Pakistan Limited (Byco)
Less: Provision for doubtful debts

| | |
|-------------|-------------|
| 1,156,220 | 1,156,220 |
| (1,156,220) | (1,156,220) |
| - | - |
| 40,631,369 | 40,337,320 |

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

for the quarter ended September 30, 2013

| September 30, 2013 Unaudited | June 30, 2013 Audited |
|------------------------------------|-----------------------------|
| Rs '000 | |

7.1. The ageing of trade debts as at

September 30 is as follows:

Neither past due nor impaired

Past due but not impaired:

Related parties

- within 90 days

- 91 to 180 days

- over 180 days

Non-related parties

- within 90 days

- 91 to 180 days

- over 180 days

| | |
|------------|------------|
| 20,002,696 | 16,367,811 |
| 5,508,295 | 9,100,732 |
| 3,022,577 | 4,094,196 |
| 10,979,252 | 10,068,833 |
| 19,510,124 | 23,263,761 |
| 1,072,750 | 672,372 |
| 25,388 | 11,842 |
| 20,411 | 21,534 |
| 1,118,549 | 705,748 |
| 40,631,369 | 40,337,320 |

- 7.2. Trade debts include overdue amount of Rs 19,510 million (June 30, 2013: Rs 23,263 million) receivable from the State controlled utility companies (i.e. GENCO-II, SNGPL, SSGCL) and Rs 2,271 million (June 30, 2013: Rs 1,862 million) overdue receivable from refineries i.e. (ARL, Byco, Pak-Arab Refinery Limited, NRL and Pakistan Refinery Limited).

Based on the measures being undertaken by the Government of Pakistan (GoP) to resolve the Inter-Corporate Circular Debt issue, the Company considers these amounts to be fully recoverable and therefore, no provision for doubtful debts has been created in these unconsolidated condensed interim financial statements, except for provision against receivable from Byco.

| September 30, 2013 Unaudited | June 30, 2013 Audited |
|------------------------------------|-----------------------------|
| Rs '000 | |

8. SHORT-TERM INVESTMENTS

Investment in related party:

- Wholly owned subsidiary

PPL Asia DMCC - note 8.1

| | |
|---|-------|
| - | 5,350 |
|---|-------|

Held-to-maturity

Local currency term deposits with banks

Investment in Treasury Bills

| | |
|------------|------------|
| 15,886,000 | 23,740,000 |
| 4,039,963 | 4,593,503 |
| 19,925,963 | 28,333,503 |
| 19,925,963 | 28,338,853 |

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

for the quarter ended September 30, 2013

- 8.1. Subsequent to the year ended June 30, 2013, the Company has initiated the process to dissolve PPL Asia DMCC and in this respect, the entire amount of share capital of the Subsidiary has been repatriated.

| | |
|------------------------------------|-----------------------------|
| September 30, 2013 Unaudited | June 30, 2013 Audited |
|------------------------------------|-----------------------------|

Rs '000

9. DEFERRED TAXATION

Credit / (debit) balances arising on account of:

| | | |
|---|------------------|------------------|
| Exploration expenditure | (3,641,989) | (3,699,703) |
| Amortisation of intangible assets | (4,000) | (4,013) |
| Provision for staff retirement and other benefits | (1,635,900) | (1,616,298) |
| Provision for obsolete / slow moving stores | (36,178) | (37,242) |
| Provision for doubtful debts | (462,488) | (462,488) |
| Provision for decommissioning obligation | 175,834 | 178,645 |
| Accelerated tax depreciation allowances | 4,995,921 | 5,200,870 |
| Exploratory wells cost | 2,317,207 | 1,646,234 |
| Prospecting and development expenditure | 7,758,491 | 7,697,189 |
| Others | (1,624) | 4,675 |
| | <u>9,465,274</u> | <u>8,907,869</u> |

10. TRADE AND OTHER PAYABLES

| | | |
|--|-------------------|-------------------|
| Creditors | 154,130 | 163,589 |
| Accrued liabilities | 1,878,666 | 2,665,857 |
| Security deposits from LPG distributors | 169,651 | 169,651 |
| Retention money | 54,269 | 56,814 |
| Unpaid and unclaimed dividends | 9,195,928 | 161,232 |
| Gas development surcharge | 1,914,815 | 15,510,383 |
| Gas infrastructure development cess | 2,117,340 | 2,117,340 |
| Federal excise duty (net) | 115,064 | 99,805 |
| Sales tax (net) | 36,201 | - |
| Royalties | 3,480,483 | 6,284,059 |
| Current accounts with joint venture partners | 2,040,323 | 3,526,422 |
| Liabilities for staff retirement benefit plans | 2,653,792 | 2,590,810 |
| Workers' Profits Participation Fund | 991,776 | - |
| Others | 73,526 | 51,820 |
| | <u>24,875,964</u> | <u>33,397,782</u> |

11. CONTINGENCIES AND COMMITMENTS

There are no major changes in the status of contingencies and commitments as reported in the annual unconsolidated financial statements for the year ended June 30, 2013.

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

for the quarter ended September 30, 2013

| Quarter ended September 30, 2013 | Quarter ended September 30, 2012 |
|--|--|
| Rs '000 | |

12. SALES - net

| | | |
|------------------------------|-------------------|-------------------|
| Natural gas | 16,198,362 | 16,460,163 |
| Gas supplied to Sui villages | 81,305 | 75,993 |
| Internal consumption of gas | 50,998 | 48,405 |
| Condensate / NGL | 3,895,752 | 2,675,690 |
| Crude oil | 7,222,966 | 4,880,559 |
| LPG | 332,702 | 331,505 |
| | <u>27,782,085</u> | <u>24,472,315</u> |

| Quarter ended September 30, 2013 | Quarter ended September 30, 2012 (Restated) |
|--|--|
| Rs '000 | |

13. FIELD EXPENDITURES

| | | |
|---|------------------|------------------|
| Development and drilling | 1,605,578 | 920,523 |
| Exploration | 521,936 | 1,052,575 |
| Depreciation | 806,861 | 819,276 |
| Amortisation of intangible assets | 53,563 | 48,926 |
| Amortisation of decommissioning cost | 358,863 | 350,924 |
| Amortisation of prospecting and development expenditure | 722,443 | 525,256 |
| Salaries, wages, welfare and other benefits | 1,699,411 | 1,362,755 |
| Employees' medical benefits | 102,570 | 80,622 |
| Manpower development | 5,699 | 5,320 |
| Travelling and conveyance | 123,082 | 136,781 |
| Communication | 9,454 | 5,522 |
| Stores and spares consumed | 233,944 | 287,610 |
| Fuel and power | 75,978 | 75,025 |
| Rent, rates and taxes | 28,992 | 21,385 |
| Insurance | 187,252 | 123,414 |
| Repairs and maintenance | 62,384 | 88,885 |
| Professional services | 1,698 | 64,063 |
| Auditors' remuneration | 625 | 625 |
| Free supply of gas to Sui villages | 99,559 | 92,394 |
| Donations | 20,418 | 12,222 |
| Social welfare / community development | 3,832 | 9,736 |
| Other expenses | 48,286 | 44,193 |
| | <u>6,772,428</u> | <u>6,128,032</u> |
| Recoveries | (12,173) | (8,633) |
| | <u>6,760,255</u> | <u>6,119,399</u> |

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

for the quarter ended September 30, 2013

| Quarter ended September 30, 2013 | Quarter ended September 30, 2012 |
|--|--|
| Rs '000 | |

14. OTHER INCOME

Income from financial assets

| | | |
|--|-----------|-----------|
| Income on loans and bank deposits | 100,614 | 112,988 |
| Income on term deposits | 446,529 | 620,742 |
| Income on long-term held-to-maturity investments | 730,771 | 209,061 |
| Income from investment in treasury bills | 60,891 | 886,605 |
| Gain on re-measurement / disposal of investments designated at fair value through profit or loss (net) | 152,695 | 257,674 |
| | 1,491,500 | 2,087,070 |

Income from assets other than financial assets

| | | |
|---|-----------|-----------|
| Rental income on assets | 83,688 | 284 |
| Profit on sale of property, plant and equipment | 1,775 | 1,794 |
| Profit on sale of stores and spares (net) | 12,022 | 13,873 |
| Exchange gain on foreign currency | 522,121 | 131,627 |
| Share of profit on sale of LPG | 24,058 | 32,051 |
| Others | 27,196 | 12,419 |
| | 670,860 | 192,048 |
| | 2,162,360 | 2,279,118 |

| Quarter ended September 30, 2013 | Quarter ended September 30, 2012 (Restated) |
|--|--|
| Rs '000 | |

15. TAXATION

| | | |
|----------|-----------|-----------|
| Current | 5,809,381 | 5,283,218 |
| Deferred | 557,408 | 165,744 |
| | 6,366,789 | 5,448,962 |

16. CASH AND CASH EQUIVALENTS

| | | |
|---|------------|------------|
| Cash and bank balances | 4,240,036 | 6,039,285 |
| Short-term highly liquid investments - note 8 | 19,925,963 | 36,311,612 |
| | 24,165,999 | 42,350,897 |

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

for the quarter ended September 30, 2013

| Quarter ended September 30, 2013 | Quarter ended September 30, 2012 |
|--|--|
| Rs '000 | |

17. TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties are as follows:

Sale of gas to State controlled entities
(including Government Levies):

| | | |
|---|-------------------|-------------------|
| GENCO-II | 3,130,809 | 2,968,316 |
| SSGCL | 3,800,296 | 3,547,547 |
| SNGPL | 14,317,929 | 15,020,444 |
| | <u>21,249,034</u> | <u>21,536,307</u> |
| Trade debts and other receivables from State controlled entities as at September 30 | <u>32,369,859</u> | <u>45,019,165</u> |

Transactions with subsidiaries:

Advance against issue of shares of PPL Asia
E&P B.V.

| | | |
|---|---------------|----------|
| | 4,233,705 | - |
| Payment of employees cost on secondment | 7,175 | - |
| Payments made / expenses incurred | <u>17,057</u> | <u>-</u> |

Transactions with Bolan Mining Enterprises:

| | | |
|--|--------------|--------------|
| Purchase of goods | - | 7,818 |
| Reimbursement of employee cost on secondment | <u>5,463</u> | <u>3,046</u> |

Transactions with Joint Operations:

| | | |
|---|------------------|------------------|
| Payments of cash calls to joint operations | 7,248,897 | 3,193,157 |
| Expenditures incurred by the joint operations | <u>5,427,665</u> | <u>3,164,231</u> |
| Current account receivables relating to joint operations as at September 30 | 617,792 | 269,620 |
| Current account payables relating to joint operations as at September 30 | <u>17,492</u> | <u>8,085</u> |
| Under advance balances relating to joint operations as at September 30 | 874,037 | 774,970 |
| Income from rental of assets to Joint operations | <u>83,688</u> | <u>284</u> |

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

for the quarter ended September 30, 2013

| | Quarter ended September 30, 2013 | Quarter ended September 30, 2012 |
|--|--|--|
| | Rs '000 | |
| Other related parties: | | |
| Dividends to GoP | 2,335,193 | 8,406,694 |
| Dividends to Trust under BESOS | 241,615 | 241,615 |
| Transactions with retirement benefit funds | 229,868 | 191,387 |
| Remuneration to key management personnel | 1,176,481 | 967,070 |
| Payment of rental to Pakistan Industrial Development Corporation | 14,216 | 11,617 |
| Payment to National Insurance Company Limited | 703,707 | 617,576 |
| Payment to Pakistan State Oil Company Limited | 19,907 | 54,490 |
| | Quarter ended September 30, 2013 | Quarter ended September 30, 2012 (Restated) |

18. EARNINGS PER SHARE

18.1 Basic earnings per share

| | | |
|---|---------------|---------------|
| Profit after taxation (Rs'000) | 12,476,966 | 11,280,485 |
| Weighted average number of ordinary shares in issue | 1,971,715,615 | 1,971,715,615 |
| Basic earnings per share (Rs) | 6.33 | 5.72 |

18.2 Diluted earnings per share

| | | |
|---|---------------|---------------|
| Profit after taxation (Rs'000) | 12,476,966 | 11,280,485 |
| Weighted average number of ordinary shares in issue | 1,971,715,615 | 1,971,715,615 |
| Adjustment for convertible preference shares | 13,840 | 13,840 |
| Weighted average number of ordinary shares for diluted earnings per share | 1,971,729,455 | 1,971,729,455 |
| Diluted earnings per share (Rs) | 6.33 | 5.72 |

18.3 During the current period, the Company has issued 20% bonus shares (i.e. one share for every five ordinary shares held), which has resulted in restatement of the basic and diluted earnings per share for the quarter ended September 30, 2012.

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

for the quarter ended September 30, 2013

19. DATE OF AUTHORISATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorised for issue on October 29, 2013 by the Board of Directors of the Company.

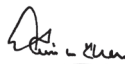
20. GENERAL

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

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



Director



Chief Executive

Consolidated Condensed Interim Financial Statements

Consolidated Condensed Interim Balance Sheet

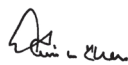
as at September 30, 2013

| | Note | September 30, 2013 Unaudited | June 30, 2013 Audited |
|---|------|------------------------------------|-----------------------------|
| Rs '000 | | | |
| NON-CURRENT ASSETS | | | |
| Fixed assets | | | |
| Property, plant and equipment | 5 | 87,665,860 | 84,672,828 |
| Intangible assets | 6 | 3,815,306 | 3,626,619 |
| | | 91,481,166 | 88,299,447 |
| Equity-accounted investment in joint venture | | 571,707 | 524,903 |
| Long-term investments | 7 | 40,806,390 | 40,027,678 |
| Long-term loans - staff | | 21,646 | 21,011 |
| Long-term deposits | | 742,676 | 742,676 |
| Long-term receivables | | 292,598 | 292,598 |
| | | 133,916,183 | 129,908,313 |
| CURRENT ASSETS | | | |
| Stores and spares | | 3,167,184 | 2,835,182 |
| Trade debts | 8 | 40,968,298 | 40,631,950 |
| Loans and advances | | 1,535,311 | 1,132,757 |
| Trade deposits and short-term prepayments | | 690,785 | 288,197 |
| Interest accrued | | 873,337 | 1,495,560 |
| Current maturity of long-term investments | 7 | 2,000,540 | 2,000,740 |
| Current maturity of long-term receivables | | - | 29,082 |
| Other receivables | | 1,007,961 | 1,950,581 |
| Short-term investments | 9 | 21,716,063 | 28,333,503 |
| Cash and bank balances | | 9,828,898 | 9,064,275 |
| | | 81,788,377 | 87,761,827 |
| | | 215,704,560 | 217,670,140 |
| SHARE CAPITAL AND RESERVES | | | |
| Share capital | | 19,717,295 | 16,431,102 |
| Reserves | | 134,791,287 | 133,540,743 |
| | | 154,508,582 | 149,971,845 |
| NON-CURRENT LIABILITIES | | | |
| Provision for decommissioning obligation | | 16,255,033 | 16,146,357 |
| Liabilities against assets subject to finance leases | | 163,405 | 164,616 |
| Deferred liabilities | | 1,860,961 | 1,812,967 |
| Deferred taxation | 10 | 13,038,307 | 12,333,150 |
| | | 31,317,706 | 30,457,090 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 11 | 25,154,023 | 33,630,168 |
| Current maturity of liabilities against assets subject to finance leases | | 103,978 | 108,622 |
| Taxation | | 4,620,271 | 3,502,415 |
| | | 29,878,272 | 37,241,205 |
| CONTINGENCIES AND COMMITMENTS | | | |
| | 12 | - | - |
| | | 215,704,560 | 217,670,140 |

The annexed notes 1 to 21 form an integral part of these consolidated condensed interim financial statements.



Director



Chief Executive

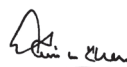
Consolidated Condensed Interim Profit and Loss Account (Unaudited) for the quarter ended September 30, 2013

| | Note | Quarter ended September 30, 2013 | Quarter ended September 30, 2012 (Restated) |
|--|------|--|--|
| | | Rs '000 | |
| Sales - net | 13 | 28,195,951 | 24,472,315 |
| Field expenditures | 14 | (7,124,673) | (6,119,399) |
| Royalties | | (3,287,212) | (2,924,981) |
| | | (10,411,885) | (9,044,380) |
| | | 17,784,066 | 15,427,935 |
| Share of profit in equity - accounted investment in joint venture | | 46,804 | 28,800 |
| Other income | 15 | 2,162,690 | 2,279,118 |
| Other operating expenses | | (996,217) | (879,584) |
| Finance costs | | (111,572) | (98,022) |
| Profit before taxation | | 18,885,771 | 16,758,247 |
| Taxation | 16 | (6,372,288) | (5,448,962) |
| Profit after taxation | | 12,513,483 | 11,309,285 |
| | | | (Restated) |
| Basic and diluted earnings per share (Rs) | 19 | 6.35 | 5.74 |

The annexed notes 1 to 21 form an integral part of these consolidated condensed interim financial statements.



Director



Chief Executive

Consolidated Condensed Interim Statement of Comprehensive Income (Unaudited)

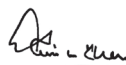
for the quarter ended September 30, 2013

| | Quarter ended September 30, 2013 | Quarter ended September 30, 2012 (Restated) |
|--|--|--|
| | Rs '000 | |
| Profit after taxation | 12,513,483 | 11,309,285 |
| Other comprehensive income: | | |
| Other comprehensive income not to be reclassified to profit and loss account in subsequent periods | | |
| Actuarial losses on defined benefit plans - net | - | (306,818) |
| Deferred taxation | - | 107,386 |
| Net comprehensive income not to be reclassified to profit and loss account in subsequent periods | - | (199,432) |
| Other comprehensive income to be reclassified to profit and loss account in subsequent periods | | |
| Foreign exchange difference on translation of subsidiaries | 1,060,291 | - |
| Total comprehensive income | 13,573,774 | 11,109,853 |

The annexed notes 1 to 21 form an integral part of these consolidated condensed interim financial statements.



Director



Chief Executive

Consolidated Condensed Interim Cash Flow

Statement (Unaudited) for the quarter ended September 30, 2013

| Note | Quarter ended September 30, 2013 | Quarter ended September 30, 2012 |
|------|--|--|
| | Rs '000 | |

CASH FLOWS FROM OPERATING ACTIVITIES

| | | |
|---|--------------|-------------|
| Cash receipts from customers | 33,026,501 | 25,940,480 |
| Receipts of other income | 146,964 | 58,626 |
| Cash paid to suppliers / service providers and employees | (8,272,955) | (4,701,738) |
| Payment of indirect taxes and Government levies including royalty | (23,629,705) | (3,780,780) |
| Income tax (paid) | (4,803,371) | (3,979,541) |
| Finance costs paid | (13,551) | (8,070) |
| Long-term loans - staff (net) | (1,213) | (953) |
| Net cash (used in) / generated from operating activities | (3,547,330) | 13,528,024 |

CASH FLOWS FROM INVESTING ACTIVITIES

| | | |
|--|-------------|-------------|
| Capital expenditure | (4,352,152) | (1,927,668) |
| Purchase of long-term investments | (289,159) | (228,417) |
| Disposal / redemption of long-term investments | 145,350 | 750,000 |
| Long-term receivables | 29,082 | (22,438) |
| Financial income received | 2,006,579 | 1,882,894 |
| Proceeds on sale of property, plant and equipment | 4,832 | 3,063 |
| Net cash (used in) / generated from investing activities | (2,455,468) | 457,434 |

CASH FLOWS FROM FINANCING ACTIVITIES

| | | |
|---|-------------|-------------|
| Payment of liabilities against assets subject to finance leases | (37,514) | (30,620) |
| Dividends paid | - | (8,544,101) |
| Net cash used in financing activities | (37,514) | (8,574,721) |
| Net (decrease) / increase in cash and cash equivalents | (6,040,312) | 5,410,737 |

| | | |
|--|------------|------------|
| Cash and cash equivalents at the beginning of the period | 37,397,778 | 36,940,160 |
| Net foreign exchange differences | 187,495 | - |

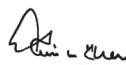
Cash and cash equivalents at the end of the period

| | | |
|----|------------|------------|
| 17 | 31,544,961 | 42,350,897 |
|----|------------|------------|

The annexed notes 1 to 21 form an integral part of these consolidated condensed interim financial statements.



Director



Chief Executive

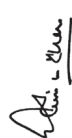
Consolidated Condensed Interim Statement of Changes in Equity (Unaudited)

for the quarter ended September 30, 2013

| Subscribed and paid-up share capital | Revenue reserves | | Total reserves | Total | | | | | | |
|--|---------------------------------|-------------------|----------------------------|-------------------------------|-----------------------|---------------------|------------|-----------|-------------|-------------|
| | Convertible preference | Capital reserve | | | | | | | | |
| Ordinary | General and contingency reserve | Insurance reserve | Assets acquisition reserve | Dividend equalisation reserve | Unappropriated profit | Translation reserve | Total | | | |
| Rs '000 | | | | | | | | | | |
| 13,144,771 | 138 | 1,428 | 68,761 | 19,021,894 | 24,416,157 | - | 68,704,494 | - | 112,212,306 | 125,358,643 |
| Balance as at June 30, 2012 - Restated | | | | | | | | | | |
| Appropriation of insurance reserve for the year ended June 30, 2012 | | | | | | | | | | |
| Appropriation of assets acquisition reserve for the year ended June 30, 2012 | | | | | | | | | | |
| Issuance of bonus shares @ 25% (one share for every four ordinary shares held) | | | | | | | | | | |
| 3,286,193 | - | - | - | - | 5,000,000 | - | - | - | - | (5,000,000) |
| Issuance of bonus shares @ 25% (one share for every four ordinary shares held) | | | | | | | | | | |
| Final dividend on ordinary shares @ 65% for the year ended June 30, 2012 | | | | | | | | | | |
| - | - | - | - | - | - | - | - | - | (8,544,101) | (8,544,101) |
| Profit after taxation | | | | | | | | | | |
| - | - | - | - | - | - | - | - | - | 11,309,285 | 11,309,285 |
| Other comprehensive income for the quarter ended | | | | | | | | | | |
| September 30, 2012, net of tax | | | | | | | | | | |
| - | - | - | - | - | - | - | - | - | (199,432) | (199,432) |
| Total comprehensive income for the quarter ended September 30, 2012 | | | | | | | | | | |
| - | - | - | - | - | - | - | - | - | 11,109,853 | 11,109,853 |
| Balance as at September 30, 2012 - restated | | | | | | | | | | |
| 16,430,964 | 138 | 1,428 | 68,761 | 24,021,894 | 29,416,157 | - | 57,984,053 | - | 111,491,865 | 127,924,395 |
| Balance as at June 30, 2013 | | | | | | | | | | |
| Appropriation of insurance reserve for the year ended June 30, 2013 | | | | | | | | | | |
| Appropriation of assets acquisition reserve for the year ended June 30, 2013 | | | | | | | | | | |
| Issuance of bonus shares @ 20% (one share for every five ordinary shares held) | | | | | | | | | | |
| 3,286,193 | - | - | - | - | 5,000,000 | - | - | - | - | (5,000,000) |
| Issuance of bonus shares @ 20% (one share for every five ordinary shares held) | | | | | | | | | | |
| Final dividend on ordinary shares @ 55% for the year ended June 30, 2013 | | | | | | | | | | |
| - | - | - | - | - | - | - | - | - | (9,037,037) | (9,037,037) |
| Profit after taxation | | | | | | | | | | |
| - | - | - | - | - | - | - | - | - | 12,513,483 | 12,513,483 |
| Other comprehensive income for the quarter ended | | | | | | | | | | |
| September 30, 2012, net of tax | | | | | | | | | | |
| - | - | - | - | - | - | - | - | - | 1,060,291 | 1,060,291 |
| Total comprehensive income for the quarter ended September 30, 2013 | | | | | | | | | | |
| - | - | - | - | - | - | - | - | - | 12,513,483 | 13,573,774 |
| Balance as at September 30, 2013 | | | | | | | | | | |
| 19,717,157 | 138 | 1,428 | 68,761 | 29,021,894 | 18,751,980 | 5,000,000 | 80,830,627 | 1,115,597 | 34,789,859 | 154,508,592 |

The annexed notes 1 to 21 form an integral part of these consolidated condensed interim financial statements.


Director


Chief Executive

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

for the quarter ended September 30, 2013

1. LEGAL STATUS AND NATURE OF BUSINESS

The Group consists of Pakistan Petroleum Limited (the Holding Company) and its subsidiary companies i.e PPL Europe E&P Limited (Formerly MND Exploration and Production Limited), PPL Asia E&P B.V. and The Pakistan Petroleum Provident Fund Trust Company (Private) Limited (PPPFTC). The Group, except PPPFTC as mentioned below, is principally engaged in conducting exploration, prospecting, development and production of oil and natural gas resources. Brief profiles of the Holding Company and its subsidiary companies are as follows:

Pakistan Petroleum Limited

Pakistan Petroleum Limited ("the Holding Company") was incorporated in Pakistan in 1950 with the main objectives of conducting exploration, prospecting, development and production of oil and natural gas resources. The Holding Company is listed on all the three stock exchanges of Pakistan with effect from September 16, 2004. The registered office of the Holding Company is located at PIDC House, Dr. Ziauddin Ahmed Road, Karachi, Pakistan.

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 the acquisition, the name of the Subsidiary was changed to PPL Europe E&P Limited. The registered office of PPL Europe E&P Limited is situated at 6th Floor, One London Wall, London, United Kingdom.

The Subsidiary's main objective is exploration and production of oil and gas and currently it has working interest in one producing field and three exploration blocks in Pakistan, as well as one exploration block in Yemen.

PPL Asia E&P B.V.

During the current period, PPL has established a wholly-owned subsidiary, PPL Asia E&P B.V. a company incorporated in Amsterdam, Kingdom of The Netherlands. The registered office of PPL Asia E&P B.V. is situated at Prins Bernhardplein 200, 1097 JB Amsterdam, the Netherlands.

The Subsidiary's main objective is exploration and production of oil and gas and in this respect, the assignment of the entire interest in Block - 8 Iraq under the Exploration, Development and Production Service Contract (EDPSC) with the Midland Oil Company, Iraq, to PPL Asia E&P B.V. is expected to be completed in the last quarter of 2013.

The Pakistan Petroleum Provident Fund Trust Company (Private) Limited

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 Company is engaged in administrating the trusts formed for the benefits of the employees of the Holding Company.

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

for the quarter ended September 30, 2013

2. BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Holding Company and its subsidiary companies, except PPPFTC as mentioned in note 3.4, here-in-after referred to as "the Group".

A company is a subsidiary, if an entity (the Holding Company) directly or indirectly controls, beneficially owns or holds more than fifty percent of its voting securities or otherwise has power to elect and appoint more than fifty percent of its directors.

Subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting period as the Holding Company, using consistent accounting policies.

All intra-group balances, transactions and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Where the ownership of a subsidiary is less than 100% and, therefore, a non-controlling interest (NCI) exists, the NCI is allocated its share of the total comprehensive income of the period, even if that results in a deficit balance.

The assets, liabilities, income and expenses of subsidiary companies are consolidated on a line by line basis and the carrying value of investments held by the Holding Company is eliminated against the subsidiary companies' shareholders' equity in the consolidated financial statements.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the assets (including goodwill) and liabilities of the subsidiary, the carrying amount of any NCI and the cumulative translation differences recognised in equity, however, recognises the fair value of the consideration received, fair value of any investment retained, surplus or deficit in profit or loss and reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

The presentation and functional currency of the Holding Company, as well as, PPPFTC are Pakistani Rupee and the functional currency of other subsidiary companies is US Dollar. For the purpose of consolidation, the financial statements of the subsidiary companies are translated to functional currency of the Holding Company.

On consolidation, the assets and liabilities of foreign operations are translated into Pakistani Rupees at the rate of exchange prevailing at the balance sheet date and their income and expenses are translated at exchange rates approximating those prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as

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

for the quarter ended September 30, 2013

assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

3. BASIS OF PREPARATION

- 3.1 The consolidated condensed interim financial report for the quarter ended September 30, 2013, has been prepared in accordance with the requirements of International Accounting Standard 34, "Interim Financial Reporting" as applicable in Pakistan and the provisions and directives of the Companies Ordinance, 1984 and directives issued by the Securities and Exchange Commission of Pakistan (SECP). In case where the requirements differ, the provisions of and directives issued under the Companies Ordinance, 1984 have been followed.
- 3.2 These consolidated condensed interim financial statements are unaudited and do not include all of the information and disclosures required in the annual financial statements and should be read in conjunction with the consolidated financial statements for the year ended June 30, 2013.
- 3.3 The comparative balance sheet presented in these consolidated condensed interim financial statements as at June 30, 2013 has been extracted from the audited consolidated financial statements for the year ended June 30, 2013, whereas the comparative condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cashflow statement and condensed interim statement of changes in equity are extracted from the unaudited unconsolidated financial statements of the Holding Company for the quarter ended September 30, 2012.
- 3.4. Securities and Exchange Commission of Pakistan (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 "The Pakistan Petroleum Provident Fund Trust Company (Private) Limited" (PPPFTC), a wholly owned Subsidiary under section 237 of the Companies Ordinance, 1984. Accordingly, the Group has not consolidated the Subsidiary in its consolidated condensed interim financial statements for the quarter ended September 30, 2013.
- 3.5. Subsequent to the year ended June 30, 2013, the Holding Company has initiated the process to dissolve PPL Asia DMCC and in this respect, the entire amount of share capital of the PPL Asia DMCC has been repatriated.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Statement of Compliance

The accounting policies and the methods of computation adopted in the preparation of this consolidated condensed interim financial report are the same as those applied in the preparation of the financial statements for the year ended June 30, 2013, except as mentioned.

As disclosed in note 3.6 to PPL's Consolidated Financial Statements for the year ended June 30, 2013, the Company had changed its accounting policy in respect of recognition of actuarial gains and losses, past service costs and expected return on plan assets under IAS 19 - Employee Benefits (Revised). As per the revised accounting policy, the Company has restated its profit for the quarter ended September 30, 2012.

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

for the quarter ended September 30, 2013

4.2 Implication of revised IFRS-2 (Share Based Payments) on BESOS

In respect of the Holding Company, Benazir Employees' Stock Option Scheme (the BESOS scheme) including its terms and conditions, are the same, as mentioned in the financial statements for the year ended June 30, 2013. SECP has granted exemption from application of IFRS-2. Had the exemption not been granted, the impact based on the independent actuarial valuations conducted as on June 30, 2013 and June 30, 2012 as per the Group's policy, for the quarters ended September 30, 2013 and September 30, 2012 would have been as follows:

| | Quarter ended September 30, 2013 | Quarter ended September 30, 2012 |
|---|--|--|
| | Rs '000 | |
| Staff costs of the Company for the period would have been higher by: | 792,653 | 672,475 |
| Profit after taxation would have been lower by: | 792,653 | 672,475 (Restated) |
| Earnings per share would have been lower by (Rs): | 0.40 | 0.34 |

| | September 30, 2013 Unaudited | June 30, 2013 Audited |
|---|------------------------------------|-----------------------------|
| | Rs '000 | |
| Retained earnings would have been lower by: | 14,168,965 | 13,376,312 |
| Reserves would have been higher by: | 14,168,965 | 13,376,312 |

5. PROPERTY, PLANT AND EQUIPMENT

| | | |
|---|-------------|-------------|
| Opening Net Book Value (NBV) | 54,639,005 | 48,127,203 |
| Additions to: | | |
| - owned assets | 490,379 | 14,181,935 |
| - assets subject to finance leases | 4,035 | 160,266 |
| | 494,414 | 14,342,201 |
| | 55,133,419 | 62,469,404 |
| Disposals / adjustments during the period / year (NBV) | (3,057) | (46,613) |
| Depreciation / amortisation charged during the period / year | (2,147,176) | (7,783,786) |
| | 52,983,186 | 54,639,005 |
| Capital work-in-progress – note 5.1 | 34,682,674 | 30,033,823 |
| | 87,665,860 | 84,672,828 |

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

for the quarter ended September 30, 2013

| | September 30, 2013 Unaudited | June 30, 2013 Audited |
|---|------------------------------------|-----------------------------|
| | Rs '000 | |
| 5.1 Capital work-in-progress | | |
| Plant, machinery, fittings and pipelines | 9,679,599 | 8,333,268 |
| Prospecting and development wells | 17,430,055 | 14,732,632 |
| Land, buildings and civil constructions | 119,966 | 100,123 |
| Capital stores for drilling and development | 7,453,054 | 6,867,800 |
| | <u>34,682,674</u> | <u>30,033,823</u> |
| 6. INTANGIBLE ASSETS | | |
| Goodwill | 3,443,574 | 3,224,467 |
| Computer software including ERP System | 352,041 | 391,606 |
| Intangible assets under development | 19,691 | 10,546 |
| | <u>3,815,306</u> | <u>3,626,619</u> |
| 7. LONG-TERM INVESTMENTS | | |
| Investment in related party | | |
| Fully paid shares in PPPFTC – note 3.4 | 1 | 1 |
| Other investments | | |
| Held-to-maturity | | |
| Term Finance Certificates | 99,860 | 99,860 |
| Pakistan Investment Bonds | 22,903,820 | 22,949,043 |
| GoP Ijara Sukuk | 2,500,764 | 2,501,006 |
| Local currency term deposits with banks | 2,000,000 | 2,000,000 |
| Foreign currency term deposits with banks | 6,544,290 | 5,873,010 |
| | <u>34,048,734</u> | <u>33,422,919</u> |
| Designated at fair value through profit or loss | | |
| Mutual Funds | 8,758,195 | 8,605,498 |
| Less: Current maturities | | |
| Term Finance Certificates | (40) | (40) |
| GoP Ijara Sukuk | (2,000,500) | (2,000,700) |
| | <u>(2,000,540)</u> | <u>(2,000,740)</u> |
| | <u>40,806,390</u> | <u>40,027,678</u> |

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

for the quarter ended September 30, 2013

| | |
|------------------------------------|-----------------------------|
| September 30, 2013 Unaudited | June 30, 2013 Audited |
|------------------------------------|-----------------------------|

Rs '000

8. TRADE DEBTS

Unsecured and considered good

Related parties

Central Power Generation Company Limited
(GENCO-II)
Sui Northern Gas Pipelines Limited (SNGPL)
Sui Southern Gas Company Limited (SSGCL)

| | |
|------------|------------|
| 5,190,337 | 5,306,529 |
| 10,151,119 | 12,654,403 |
| 17,049,033 | 17,306,975 |
| 32,390,489 | 35,267,907 |

Non-related parties

Attock Refinery Limited (ARL)
National Refinery Limited (NRL)
Others

| | |
|------------|------------|
| 6,624,987 | 3,347,914 |
| 1,815,005 | 1,809,620 |
| 137,817 | 206,509 |
| 8,577,809 | 5,364,043 |
| 40,968,298 | 40,631,950 |

Unsecured and considered doubtful

Non-related party

Byco Petroleum Pakistan Limited (Byco)
Less: Provision for doubtful debts

| | |
|-------------|-------------|
| 1,156,220 | 1,156,220 |
| (1,156,220) | (1,156,220) |
| - | - |
| 40,968,298 | 40,631,950 |

8.1. The ageing of trade debts as at September 30 is as follows:

Neither past due nor impaired

| | |
|------------|------------|
| 20,168,049 | 16,662,441 |
|------------|------------|

Past due but not impaired:

Related parties

- within 90 days
- 91 to 180 days
- over 180 days

| | |
|------------|------------|
| 5,670,160 | 9,100,732 |
| 3,022,577 | 4,094,196 |
| 10,979,252 | 10,068,833 |
| 19,671,989 | 23,263,761 |

Non-related parties

- within 90 days
- 91 to 180 days
- over 180 days

| | |
|------------|------------|
| 1,074,473 | 672,372 |
| 33,376 | 11,842 |
| 20,411 | 21,534 |
| 1,128,260 | 705,748 |
| 40,968,298 | 40,631,950 |

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

for the quarter ended September 30, 2013

- 8.2. Trade debts include overdue amount of Rs 19,631 million (June 30, 2013: Rs 23,263 million) receivable from the State controlled utility companies (i.e. GENCO-II, SNGPL and SSGCL) and Rs 2,279 million (June 30, 2013: Rs 1,862 million) overdue receivable from refineries (i.e. ARL, Byco, Pak-Arab Refinery Limited, NRL and Pakistan Refinery Limited).

Based on the measures being undertaken by the Government of Pakistan (GoP) to resolve the Inter-Corporate Circular Debt issue, the Group considers these amounts to be fully recoverable and therefore, no provision for doubtful debts has been created in these consolidated condensed interim financial statements, except for provision against receivable from Byco.

| September 30, 2013 Unaudited | June 30, 2013 Audited |
|------------------------------------|-----------------------------|
| Rs '000 | |

9. SHORT-TERM INVESTMENTS

Held-to-maturity

| | | |
|---|-------------------|-------------------|
| Local currency term deposits with banks | 15,886,000 | 23,740,000 |
| Foreign currency term deposits with banks | 1,790,100 | - |
| Investment in Treasury Bills | 4,039,963 | 4,593,503 |
| | <u>21,716,063</u> | <u>28,333,503</u> |

10. DEFERRED TAXATION

Credit / (debit) balances arising on account of:

| | | |
|---|-------------------|-------------------|
| Exploration expenditure | (3,641,989) | (3,699,703) |
| Amortisation of intangible assets | (4,000) | (4,013) |
| Provision for staff retirement and other benefits | (1,635,900) | (1,616,298) |
| Provision for obsolete / slow moving stores | (36,178) | (37,242) |
| Provision for doubtful debts | (462,488) | (462,488) |
| Provision for decommissioning obligation | 175,834 | 246,919 |
| Accelerated tax depreciation allowances | 4,723,152 | 4,931,385 |
| Exploratory wells cost | 2,438,682 | 1,646,234 |
| Prospecting and development expenditure | 11,482,818 | 11,323,682 |
| Others | (1,624) | 4,674 |
| | <u>13,038,307</u> | <u>12,333,150</u> |

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

for the quarter ended September 30, 2013

| | |
|------------------------------------|-----------------------------|
| September 30, 2013 Unaudited | June 30, 2013 Audited |
| Rs '000 | |

11. TRADE AND OTHER PAYABLES

| | | |
|--|-------------------|-------------------|
| Creditors | 154,130 | 163,589 |
| Accrued liabilities | 1,981,928 | 2,798,049 |
| Security deposits from LPG distributors | 169,651 | 169,651 |
| Retention money | 54,269 | 56,814 |
| Unpaid and unclaimed dividends | 9,195,928 | 161,232 |
| Gas development surcharge | 1,914,815 | 15,510,383 |
| Gas infrastructure development cess | 2,117,340 | 2,117,340 |
| Federal excise duty (net) | 115,064 | 99,805 |
| Sales tax (net) | 60,512 | 18,387 |
| Royalties | 3,496,151 | 6,296,273 |
| Current accounts with joint venture partners | 2,175,141 | 3,559,601 |
| Liabilities for staff retirement benefit plans | 2,653,792 | 2,590,810 |
| Workers' Welfare Fund | - | 36,414 |
| Workers' Profits Participation Fund | 991,776 | - |
| Others | 73,526 | 51,820 |
| | <u>25,154,023</u> | <u>33,630,168</u> |

12. CONTINGENCIES AND COMMITMENTS

There are no major changes in the status of contingencies and commitments as reported in the consolidated financial statements for the year ended June 30, 2013.

| | |
|--|--|
| Quarter ended September 30, 2013 | Quarter ended September 30, 2012 |
| Rs '000 | |

13. SALES - net

| | | |
|------------------------------|-------------------|-------------------|
| Natural gas | 16,612,228 | 16,460,163 |
| Gas supplied to Sui villages | 81,305 | 75,993 |
| Internal consumption of gas | 50,998 | 48,405 |
| Condensate / NGL | 3,895,752 | 2,675,690 |
| Crude oil | 7,222,966 | 4,880,559 |
| LPG | 332,702 | 331,505 |
| | <u>28,195,951</u> | <u>24,472,315</u> |

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

for the quarter ended September 30, 2013

Quarter ended
September
30, 2013

Quarter ended
September
30, 2012
(Restated)

Rs '000

14. FIELD EXPENDITURES

| | | |
|---|-----------|-----------|
| Development and drilling | 1,642,537 | 920,523 |
| Exploration | 553,232 | 1,052,575 |
| Depreciation | 808,667 | 819,276 |
| Amortisation of intangible assets | 53,563 | 48,926 |
| Amortisation of decommissioning cost | 361,209 | 350,924 |
| Amortisation of prospecting and development expenditure | 973,509 | 525,256 |
| Salaries, wages, welfare and other benefits | 1,708,349 | 1,362,755 |
| Employees' medical benefits | 102,570 | 80,622 |
| Manpower development | 5,699 | 5,320 |
| Travelling and conveyance | 124,301 | 136,781 |
| Communication | 9,594 | 5,522 |
| Stores and spares consumed | 234,206 | 287,610 |
| Fuel and power | 76,115 | 75,025 |
| Rent, rates and taxes | 31,048 | 21,385 |
| Insurance | 187,717 | 123,414 |
| Repairs and maintenance | 62,986 | 88,885 |
| Professional services | 5,410 | 64,063 |
| Auditors' remuneration | 781 | 625 |
| Free supply of gas to Sui villages | 99,559 | 92,394 |
| Donations | 20,418 | 12,222 |
| Social welfare / community development | 3,832 | 9,736 |
| Other expenses | 71,544 | 44,193 |
| | 7,136,846 | 6,128,032 |
| Recoveries | (12,173) | (8,633) |
| | 7,124,673 | 6,119,399 |

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

for the quarter ended September 30, 2013

| Quarter ended September 30, 2013 | Quarter ended September 30, 2012 |
|--|--|
|--|--|

Rs '000

15. OTHER INCOME

Income from financial assets

| | | |
|--|-----------|-----------|
| Income on loans and bank deposits | 100,944 | 112,988 |
| Income on term deposits | 446,529 | 620,742 |
| Income on long-term held-to-maturity investments | 730,771 | 209,061 |
| Income from investment in treasury bills | 60,891 | 886,605 |
| Gain on re-measurement / disposal of investments designated at fair value through profit or loss (net) | 152,695 | 257,674 |
| | 1,491,830 | 2,087,070 |

Income from assets other than financial assets

| | | |
|---|-----------|-----------|
| Rental income on assets | 83,688 | 284 |
| Profit on sale of property, plant and equipment | 1,775 | 1,794 |
| Profit on sale of stores and spares (net) | 12,022 | 13,873 |
| Exchange gain on foreign currency | 522,121 | 131,627 |
| Share of profit on sale of LPG | 24,058 | 32,051 |
| Others | 27,196 | 12,419 |
| | 670,860 | 192,048 |
| | 2,162,690 | 2,279,118 |

16. TAXATION

| | | |
|----------|-----------|------------|
| | | (Restated) |
| Current | 5,897,526 | 5,283,218 |
| Deferred | 474,762 | 165,744 |
| | 6,372,288 | 5,448,962 |

17. CASH AND CASH EQUIVALENTS

| | | |
|---|------------|------------|
| Cash and bank balances | 9,828,898 | 6,039,285 |
| Short-term highly liquid investments - note 9 | 21,716,063 | 36,311,612 |
| | 31,544,961 | 42,350,897 |

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

for the quarter ended September 30, 2013

| | |
|--|--|
| Quarter ended September 30, 2013 | Quarter ended September 30, 2012 |
|--|--|

Rs '000

18. TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties are as follows:

Sale of gas to State controlled entities
(including Government Levies):

| | | |
|----------|-------------------|-------------------|
| Genco-II | 3,130,809 | 2,968,316 |
| SSGCL | 3,896,780 | 3,547,547 |
| SNGPL | 14,707,190 | 15,020,444 |
| | <u>21,734,779</u> | <u>21,536,307</u> |

Trade debts and other receivables from State controlled entities

| | |
|------------|-------------------|
| 32,613,814 | <u>45,019,165</u> |
|------------|-------------------|

Transactions with Bolan Mining Enterprises:

| | | |
|--|--------------|--------------|
| Purchase of goods | - | 7,818 |
| Reimbursement of employee cost on secondment | <u>5,463</u> | <u>3,046</u> |

Transactions with Joint Operations:

| | | |
|---|------------------|------------------|
| Payments of cash calls to joint operations | 7,372,165 | 3,193,157 |
| Expenditures incurred by the joint operations | <u>5,651,163</u> | <u>3,164,231</u> |
| Current account receivables relating to joint operations as at September 30 | 740,920 | 269,620 |
| Current account payables relating to joint operations as at September 30 | <u>152,311</u> | <u>8,085</u> |
| Under advance balances relating to joint operations as at September 30 | 874,037 | 774,970 |
| Income from rental of assets to Joint operations | <u>83,688</u> | <u>284</u> |

Other related parties:

| | | |
|--|------------------|----------------|
| Dividends to GoP | 2,335,193 | 8,406,694 |
| Dividends to Trust under BESOS | <u>241,615</u> | <u>241,615</u> |
| Transactions with retirement benefit funds | 230,126 | 191,387 |
| Remuneration to key management personnel | <u>1,184,601</u> | <u>967,070</u> |
| Payment of rental to Pakistan Industrial Development Corporation | 14,216 | 11,617 |
| Payment to National Insurance Company Limited | <u>703,707</u> | <u>617,576</u> |
| Payment to Pakistan State Oil Company Limited | <u>19,907</u> | <u>54,490</u> |

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

for the quarter ended September 30, 2013

| | Quarter ended September 30, 2013 | Quarter ended September 30, 2012 (Restated) |
|---|--|--|
| 19. EARNINGS PER SHARE | | |
| 19.1 Basic earnings per share | | |
| Profit after taxation (Rs'000) | 12,513,483 | 11,309,285 |
| Weighted average number of ordinary shares in issue | 1,971,715,615 | 1,971,715,615 |
| Basic earnings per share (Rs) | 6.35 | 5.74 |
| 19.2 Diluted earnings per share | | |
| Profit after taxation (Rs'000) | 12,513,483 | 11,309,285 |
| Weighted average number of ordinary shares in issue | 1,971,715,615 | 1,971,715,615 |
| Adjustment for convertible preference shares | 13,840 | 13,840 |
| Weighted average number of ordinary shares for diluted earnings per share | 1,971,729,455 | 1,971,729,455 |
| Diluted earnings per share (Rs) | 6.35 | 5.74 |

19.3 During the current period, the Holding Company has issued 20% bonus shares (i.e. one share for every five ordinary shares held), which has resulted in restatement of basic and diluted earnings per share for the quarter ended September 30, 2012.

20. DATE OF AUTHORISATION FOR ISSUE

These consolidated condensed interim financial statements were authorised for issue on October 29, 2013 by the Board of Directors of the Holding Company.

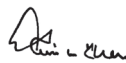
21. GENERAL

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

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



Director



Chief Executive



Pakistan Petroleum Limited



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