



Pakistan Petroleum Limited

Venturing for **Value**



HALF YEARLY REPORT DECEMBER 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.

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)
- Mr. Arshad Mirza (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 - 5
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 half year ended December 31, 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 half year ended December 31, 2013. Profit after taxation of the Company increased by around 19% to Rs 26,506 million during the half year ended December 31, 2013, as compared to Rs 22,307 million in the corresponding period last year.

The key financial results of the Company during the half year ended December 31, 2013 are as follows:

	Half year ended December 31, 2013 Rs million	Half year ended December 31, 2012 Rs million (Restated)
Sales revenue (net)	58,476	50,673
Profit before taxation	39,295	32,950
Taxation	(12,789)	(10,643)
Profit after taxation	26,506	22,307
Basic and Diluted Earnings Per Share (Rs)	13.44	11.31

Profitability during the current half year, as compared to the corresponding period, has mainly increased due to increase in oil sales volumes and depreciation of Pakistani Rupee against US Dollar. Commencement of production from Kirthar field, volume increase of gas sales from Kandhkot and Latif fields, oil and gas sales from Tal and Nashpa fields, 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	Half year ended December 31, 2013	Half year ended December 31, 2012
Natural Gas	MMCF	142,977	149,871
Crude Oil / Natural Gas			
Liquids (NGL) / Condensate	BBL	2,181,421	1,675,291
Liquefied Petroleum Gas (LPG)	Tonnes	8,401	8,597

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 aimed at replenishing and enhancing its existing hydrocarbon reserves, through exploration and production optimisation in order to maintain its position as a premier E&P Company of the Country.

PPL continued its efforts to acquire prospective areas locally and overseas through farm-in application.

New and Ongoing Activities

Currently, PPL together with its subsidiaries has a portfolio of 48 exploration blocks out of which the Company operates 27, including one concession in Iraq operated by PPL Asia B.V., 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 period were as follows:

PPL-operated Areas

Pakistan Petroleum Limited (PPL) has assigned its 100% interest in Block-8, Iraq, to its wholly owned subsidiary PPL Asia E&P B.V. Registration process of PPL Asia E&P B.V.'s Iraq Branch is currently in progress. Bids have been called for selection of suitable contractor for undertaking 2D seismic vintage data reprocessing and 2D & 3D seismic data acquisition in the block.

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

In Gambat South Block, third exploratory well Falah X-1 was spud on December 31, 2013 and currently drilling is in progress.

In Naushahro Firoz Block, exploratory well Naushahro Firoz X-1 was spud in October 2013. Currently preparations are being made to side track the well.

In Sirani Block, exploratory well Malki X-1 was spud in December 2013 and currently drilling is in progress. 3D seismic survey in Gambat South Block is in progress while 2D seismic survey in Sirani Block has been completed.

Partner-operated Areas

In Tal Block, drilling of exploratory well Kot-1 has been completed and currently well testing is in progress.

Directors' Interim Review

In Gambat Block, drilling of exploratory well Tajjal South-1 was completed and abandoned as a dry hole after well testing.

2D seismic surveys in Nashpa and Jati Blocks are in progress.

In Ghauri Block, exploratory well Ghauri X-1 was spud in November 2013 and drilling is in progress.

Appraisal and Development

In Kandhkot, drilling of development well Kandhkot-31(H) is in progress.

Development wells Adhi-20 and 21 were spud in November 2013. Currently drilling is in progress.

In Adhi field, the letter of award for 30 MMscfd LPG/NGL Plant has been issued. The plant will be installed in 20 months after award of contract.

In Kirthar Block, tight gas production from Rehman discovery through EWT is in progress.

In Tal Block, development well Makori East-3 has been completed as a Gas and Condensate producer in October 2013. Drilling of development well Manzalai-11 is in progress. Appraisal of Mamikhel and Maramzai discoveries through EWT of the discovery wells Mamikhel-1 and Maramzai-1 and appraisal wells Mamikhel-2 and Maramzai-2 is in progress.

In Tal Block, the activities related to the commissioning of 150 MMscfd Makori Gas processing plant are in progress. First gas is expected by early February 2014.

In Sukhpur block, the production from discovery well Lundali-1 through EWT is in progress.

In Nashpa Block, drilling of development well Mela-4 is in progress.

In Latif Block, development well Latif-9 has been completed as a gas producer. Subsequent to installation of gas handling facilities, production from Latif Field was increased to 120 MMscfd from November 2013.

In Qadirpur Field, Extended reach well QP-47 was completed in November 2013. In order to maintain production levels from Qadirpur Field, well QP-52 Horizontal was spud in December 2013 and currently drilling is in progress.

In Sawan Field, development well Sawan North Horizontal-1 was spud in December 2013 and currently drilling is in progress.

Corporate Social Responsibility

PPL has an approved CSR policy driven by the Company's desire to positively touch the lives of indigent communities of the society where we conduct our business. The Company takes on social welfare schemes with greater objectivity and sustainability to help improve the lives of its local communities. Our CSR initiatives over the years and in the period under review have focused on education, health care, infrastructure development and water resource

development. In addition, PPL has always come forward in a big way to alleviate the sufferings of humanity in times of any disaster through emergency relief and rehabilitation. The Company regularly monitors the quality and progress of the CSR initiatives to ensure adherence to our objectives. Therefore, with passage of time, our CSR has evolved in creating and strengthening institutions for long term sustainable development of these areas.

Healthcare

Operations of PPL Public Welfare Hospital, Sui, formally commenced on December 5, 2013. An average of 300 patients are being treated daily at the hospital, while construction work of PPL Thalassemia Diagnostic, Prevention and Research Centre, Badin and Medical Dispensary at Naushahro Firoz progressed satisfactorily. Ambulance for Government Dispensary Budhapur, District Jamshoro was purchased. Mobile medical dispensaries operated satisfactorily in neighbourhood of PPL gas fields of Sui, Kandhkot, Chachar and Mazarani.

Education

During the period in review, PPL has provided messing facilities to many functional government schools in its various 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.

In addition, financial support in terms of scholarships was provided to more than 250 students hailing from the Company's operational areas, out of which over 200 students belong to Sui and Dera Bugti.

Water supply schemes

Construction work at water supply schemes at Fateh town, District Dera Ismail Khan and installation of 50 deep hand pumps at Union Council, Jhimpir and Jungshahi were completed. Moreover, 13 water supply schemes including boring and development of tube-wells at District Washuk were completed while construction of water supply schemes to Budhapur and Manjhband town at District Jamshoro are progressing satisfactorily.

Infra-structure Development

Installation of hand pumps and construction of pathways were completed in 4 villages under Project for Rehabilitation of Flood Affectees of Kandhkot. Rehabilitation works in other villages is in progress at riverine area of Kandhkot.

Emergency Relief to earthquake affectees of Awaran and Mashkay

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

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 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 & Production' Company.

Quality, Occupational Health, Safety and Environment (QHSE)

QHSE Function, being an integral part of business operations, has introduced initiatives with focus on inculcating QHSE culture, enhancing asset integrity and regulatory compliance in new exploration blocks. Cost of Quality, Risk Based Inspections and QHSE Modules Automation are some of the key initiatives launched recently under management's guidance & support.

QHSE Management System is being upgraded in an integrated & simplified manner with a view to capitalise on operational synergies and optimise resource utilisation.

QHSE objectives and targets have been set for year 2014 and plans are underway to achieve the desired results through employee participation and support. Environmental approvals are obtained for ongoing seismic & drilling operations in both protected and non-protected areas in local and international projects in close coordination with internal & external stakeholders.

Industrial Relations

The Industrial Relations climate, law and order situation and overall discipline remained satisfactory 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 unfaltering trust and confidence has enabled us to aim and achieve the best.



Mr. Javed Masud
CHAIRMAN

January 22, 2014

Auditors' Report to the Members on Review of Interim Financial Information

Introduction

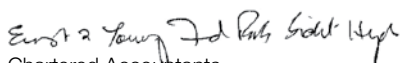
We have reviewed the accompanying condensed interim balance sheet of Pakistan Petroleum Limited (the Company) as at 31 December 2013, the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, and condensed interim statement of changes in equity and notes to the accounts for the six-month period then ended (here-in-after referred to as "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

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

Conclusion

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



Chartered Accountants

Review Engagement Partner: Shariq Ali Zaidi

Karachi

January 22, 2014

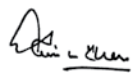
Unconsolidated Condensed Interim Balance Sheet

as at December 31, 2013

	Note	December 31, 2013 Unaudited	June 30, 2013 Audited
Rs '000			
NON-CURRENT ASSETS			
Fixed assets			
Property, plant and equipment	4	76,187,347	70,078,912
Intangible assets		335,911	402,152
		76,523,258	70,481,064
Long-term investments	5	68,511,254	55,706,855
Long-term loans and advance	6	1,598,653	1,519,155
Long-term deposits		802,676	742,676
Long-term receivables		413,198	292,598
		147,849,039	128,742,348
CURRENT ASSETS			
Stores and spares		3,463,604	2,835,182
Trade debts	7	43,449,881	40,337,320
Loans and advances		1,062,957	1,003,037
Trade deposits and short-term prepayments		594,101	283,213
Interest accrued		1,446,533	1,495,560
Current maturity of long-term investments	5	2,000,340	2,000,740
Current maturity of long-term receivables		32,721	29,082
Other receivables		652,719	1,651,601
Short-term investments	8	17,615,000	28,338,853
Cash and bank balances		2,975,750	6,184,285
		73,293,606	84,158,873
		221,142,645	212,901,221
SHARE CAPITAL AND RESERVES			
Share capital		19,717,295	16,431,102
Reserves		147,106,255	132,923,238
		166,823,550	149,354,340
NON-CURRENT LIABILITIES			
Provision for decommissioning obligation		16,183,115	15,989,704
Liabilities against assets subject to finance leases		181,168	164,616
Deferred liabilities		1,909,681	1,812,967
Deferred taxation	9	11,285,187	8,907,869
		29,559,151	26,875,156
CURRENT LIABILITIES			
Trade and other payables	10	19,805,810	33,397,782
Current maturity of liabilities against assets subject to finance leases		106,810	108,622
Taxation		4,847,324	3,165,321
		24,759,944	36,671,725
CONTINGENCIES AND COMMITMENTS			
	11	-	-
		221,142,645	212,901,221

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


Director


Chief Executive

Unconsolidated Condensed Interim Profit and Loss Account (Unaudited) for the half year ended December 31, 2013

	Note	Quarter ended December 31, 2013	Quarter ended December 31, 2012 (Restated)	Half year ended December 31, 2013	Half year ended December 31, 2012 (Restated)
		Rs '000		Rs '000	
Sales - net	12	30,693,981	26,200,874	58,476,066	50,673,189
Field expenditures	13	(6,797,204)	(7,497,976)	(13,557,459)	(13,617,375)
Royalties		(3,788,328)	(3,122,071)	(7,030,951)	(6,047,052)
		(10,585,532)	(10,620,047)	(20,588,410)	(19,664,427)
		20,108,449	15,580,827	37,887,656	31,008,762
Other income	14	1,526,136	1,620,061	3,688,496	3,899,179
Other operating expenses		(1,076,392)	(882,096)	(2,068,168)	(1,761,680)
Finance costs		(106,772)	(98,187)	(212,808)	(196,209)
Profit before taxation		20,451,421	16,220,605	39,295,176	32,950,052
Taxation	15	(6,422,140)	(5,194,419)	(12,788,929)	(10,643,381)
Profit after taxation		14,029,281	11,026,186	26,506,247	22,306,671
Basic and diluted earnings per share (Rs)	18	7.12	5.59	13.44	11.31

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


Director


Chief Executive

Unconsolidated Condensed Interim Statement of Comprehensive Income (Unaudited)

for the half year ended December 31, 2013

	Quarter ended December 31, 2013	Quarter ended December 31, 2012 (Restated)	Half year ended December 31, 2013	Half year ended December 31, 2012 (Restated)
	Rs '000		Rs '000	
Profit after taxation	14,029,281	11,026,186	26,506,247	22,306,671
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)	-	(613,636)
Deferred taxation	-	107,386	-	214,773
Net comprehensive income not to be reclassified to profit and loss account in subsequent periods	-	(199,432)	-	(398,863)
Total comprehensive income	14,029,281	10,826,754	26,506,247	21,907,808

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



Director



Chief Executive

Unconsolidated Condensed Interim Cash Flow Statement (Unaudited) for the half year ended December 31, 2013

Note	Half year ended December 31, 2013	Half year ended December 31, 2012
	Rs '000	

CASH FLOWS FROM OPERATING ACTIVITIES

Cash receipts from customers	66,424,644	57,644,382
Receipts of other income	172,538	138,716
Cash paid to suppliers / service providers and employees	(11,431,020)	(15,376,427)
Payment of indirect taxes and Government levies including royalty	(31,820,132)	(10,959,459)
Income tax paid	(8,729,603)	(13,257,818)
Finance costs paid	(19,397)	(16,305)
Long-term loans - staff (net)	(4,462)	(9,979)
Net cash generated from operating activities	14,592,568	18,163,110

CASH FLOWS FROM INVESTING ACTIVITIES

Capital expenditure	(9,929,368)	(6,932,475)
Purchase of long-term investments	(6,726,104)	(685,719)
Disposals / redemption of long-term investments	1,180,350	750,020
Advance against issue of shares of PPL Asia E&P B.V.	(76,583)	-
Investment in PPL Asia E&P B.V.	(6,408,146)	-
Long-term deposits	(60,000)	(15,000)
Long-term receivables	(124,239)	(41,798)
Financial income received	2,702,985	3,072,734
Proceeds on sale of property, plant and equipment	23,495	5,864
Net cash used in investing activities	(19,417,610)	(3,846,374)

CASH FLOWS FROM FINANCING ACTIVITIES

Payment of liabilities against assets subject to finance leases	(64,959)	(49,371)
Dividends paid	(9,037,037)	(8,544,101)
Net cash used in financing activities	(9,101,996)	(8,593,472)
Net (decrease) / increase in cash and cash equivalents	(13,927,038)	5,723,264
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	16 20,590,750	42,663,424

The annexed notes 1 to 21 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 half year ended December 31, 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	Total		
Rs '000											
Balance as at June 30, 2012 - Restated (note 21.2)	13,144,771	138	1,428	69,761	19,021,894	24,416,157	-	68,306,347	111,814,159	111,815,587	124,960,496
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)	-	-	-
Appropriation of dividend equalisation reserve for the year ended June 30, 2013	-	-	-	-	-	-	5,000,000	(5,000,000)	(3,286,193)	(3,286,193)	-
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	-	-	-	-	-	-	-	22,306,671	22,306,671	22,306,671	22,306,671
Other comprehensive income for the half year ended December 31, 2012, net of tax	-	-	-	-	-	-	-	(398,863)	(398,863)	(398,863)	(398,863)
Total comprehensive income for the half year ended December 31, 2012	-	-	-	-	-	-	-	21,907,808	21,907,808	21,907,808	21,907,808
Balance as at December 31, 2012 - Restated (note 21.2)	16,430,964	138	1,428	69,761	24,021,894	29,416,157	5,000,000	63,383,861	121,891,673	121,893,101	138,324,203
Balance as at June 30, 2013	16,430,964	138	1,428	69,761	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	-	-	-	-	-	-	-	26,506,247	26,506,247	26,506,247	26,506,247
Other comprehensive income for the half year ended December 31, 2013, net of tax	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the half year ended December 31, 2013	-	-	-	-	-	-	-	26,506,247	26,506,247	26,506,247	26,506,247
Balance as at December 31, 2013	19,717,157	138	1,428	69,761	29,021,894	18,751,980	5,000,000	94,261,192	147,104,827	147,106,255	166,823,550

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


Director


Chief Executive

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

for the half year ended December 31, 2013

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Pakistan Petroleum Limited (the Company) was incorporated in Pakistan in 1950 with the main objectives of conducting exploration, prospecting, development and production of oil and natural gas resources. The 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.
- 1.2 These unconsolidated condensed interim financial statements are the separate condensed interim financial statements of the Company, in which investments in the below mentioned subsidiaries and jointly controlled entity have been accounted for at cost less accumulated impairment losses, if any. As of balance sheet date, the Company has the following subsidiaries and a jointly controlled entity:

Wholly-owned subsidiaries:

- a) PPL Europe E&P Limited (formerly MND Exploration and Production Limited)
- b) PPL Asia DMCC – note 8.1
- c) PPL Asia E&P B.V.
- d) The Pakistan Petroleum Provident Fund Trust Company (Private) Limited

Jointly Controlled Entity:

Bolan Mining Enterprises – 50% shareholding

2. BASIS OF PREPARATION

- 2.1 This unconsolidated condensed interim financial report of the Company for the half year ended December 31, 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 unconsolidated financial statements and should be read in conjunction with the unconsolidated financial statements of the Company for the year ended June 30, 2013.
- 2.3 The figures of the unconsolidated condensed interim profit and loss account and unconsolidated condensed interim statement of comprehensive income for the quarters ended December 31, 2013 and 2012 and notes forming part thereof have not been reviewed by the auditors of the Company, as they have reviewed the cumulative figures for the half years ended December 31, 2013 and 2012.

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 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 half year ended December 31, 2013

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 unconsolidated 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 half years ended December 31, 2013 and December 31, 2012 would have been as follows:

	Half year ended December 31, 2013	Half year ended December 31, 2012
	Rs '000	
Staff costs of the Company for the period would have been higher by:	1,585,306	1,344,950
Profit after taxation would have been lower by:	1,585,306	1,344,950 (Restated)
Earnings per share would have been lower by (Rs):	0.80	0.68
	December 31, 2013 Unaudited	June 30, 2013 Audited
	Rs '000	

Retained earnings would have been lower by:	14,961,618	13,376,312
Reserves would have been higher by:	14,961,618	13,376,312

4. PROPERTY, PLANT AND EQUIPMENT

Opening Net Book Value (NBV)	51,116,458	48,127,203
Additions to:		
- owned assets	5,979,272	10,367,157
- assets subject to finance leases	56,562	160,266
	6,035,834	10,527,423
	57,152,292	58,654,626
Disposals / adjustments during the period / year (NBV)	(6,264)	(46,613)
Depreciation / amortisation charged during the period / year	(3,853,887)	(7,491,555)
	53,292,141	51,116,458
Capital work-in-progress – note 4.1	22,895,206	18,962,454
	76,187,347	70,078,912

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

for the half year ended December 31, 2013

December 31, 2013 Unaudited	June 30, 2013 Audited
Rs '000	

4.1 Capital work-in-progress

Plant, machinery, fittings and pipelines	8,793,218	8,329,028
Prospecting and development wells	6,246,422	4,032,963
Land, buildings and civil constructions	109,939	100,123
Capital stores for drilling and development	7,745,627	6,500,340
	<u>22,895,206</u>	<u>18,962,454</u>

5. LONG-TERM INVESTMENTS

Investment in related parties

- 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
6,408,146	-
<u>22,072,324</u>	<u>15,664,178</u>

- Investment in jointly controlled entity

Bolan Mining Enterprises - note 21.2

15,000	15,000
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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

99,840	99,860
22,853,314	22,949,043
2,500,522	2,501,006
2,000,000	2,000,000
8,226,120	5,873,010
<u>35,679,796</u>	<u>33,422,919</u>

Designated at fair value through profit or loss

Mutual Funds

12,744,474	8,605,498
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Less: Current maturities

Term Finance Certificates

GoP Ijara Sukuk

(40)	(40)
(2,000,300)	(2,000,700)
<u>(2,000,340)</u>	<u>(2,000,740)</u>

<u>68,511,254</u>	<u>55,706,855</u>
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Notes to and Forming Part of the Unconsolidated Condensed Interim Financial Statements (Unaudited)

for the half year ended December 31, 2013

- 5.1 During the current period, the Company has established a wholly-owned subsidiary, PPL Asia E&P B.V. on July 22, 2013, 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 natural gas resources. During the current period, 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 PPL Asia E&P B.V. was completed, which is effective from September 26, 2013. However, registration of Iraq Branch of PPL Asia E&P B.V. to conduct petroleum operations is in process.

6. LONG TERM LOANS AND ADVANCE

This includes signature bonus of Rs 1,463 million (equivalent to US\$ 15 million) paid by the Company under the EDPSC, which will be transferred to PPL Asia E&P B.V. (Subsidiary) against its share capital in due course of time.

December 31, 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)

5,124,068	5,306,529
11,948,577	12,395,026
17,927,670	17,282,345
35,000,315	34,983,900

Non-related parties

Attock Refinery Limited (ARL)
National Refinery Limited (NRL)
Pak-Arab Refinery Limited (PARCO)
Others

7,267,030	3,347,914
140,504	1,798,997
846,715	57,786
195,317	148,723
8,449,566	5,353,420
43,449,881	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)
-	-
43,449,881	40,337,320

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

for the half year ended December 31, 2013

December 31, 2013 Unaudited	June 30, 2013 Audited
Rs '000	

7.1 The ageing of trade debts as at December 31 and June 30, 2013 are as follows:

Neither past due nor impaired	18,383,309	16,367,811
Past due but not impaired:		
Related parties		
- within 90 days	7,340,957	9,100,732
- 91 to 180 days	2,953,232	4,094,196
- over 180 days	11,255,307	10,068,833
	21,549,496	23,263,761
Non-related parties		
- within 90 days	3,451,187	672,372
- 91 to 180 days	9,574	11,842
- over 180 days	56,315	21,534
	3,517,076	705,748
	43,449,881	40,337,320

7.2 Trade debts include overdue amount of Rs 21,549 million (June 30, 2013: Rs 23,263 million) receivable from the State controlled utility companies (GENCO-II, SNGPL and SSGCL) and Rs 4,674 million (June 30, 2013: Rs 1,862 million) overdue receivable from refineries (ARL, Byco, PARCO, NRL and Pakistan Refinery Limited) and various LPG customers.

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 further provision for doubtful debts has been created in these unconsolidated condensed interim financial statements, except for provision against receivable from Byco made in previous years.

December 31, 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
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Held-to-maturity

Local currency term deposits with banks

Investment in Treasury Bills

17,615,000	23,740,000
-	4,593,503
17,615,000	28,333,503
17,615,000	28,338,853

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

for the half year ended December 31, 2013

- 8.1 During the current period, 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. Accordingly, after necessary compliance of legal formalities PPL Asia DMCC will be liquidated in due course of time.

December 31, 2013 Unaudited	June 30, 2013 Audited
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Rs '000

9. DEFERRED TAXATION

Credit / (debit) balances arising on account of:

Exploration expenditure	(3,586,646)	(3,699,703)
Amortisation of intangible assets	(4,098)	(4,013)
Provision for staff retirement and other benefits	(1,631,051)	(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	188,872	178,645
Accelerated tax depreciation allowances	5,510,822	5,200,870
Exploratory wells cost	3,259,763	1,646,234
Prospecting and development expenditure	8,047,110	7,697,189
Others	(919)	4,675
	<u>11,285,187</u>	<u>8,907,869</u>

10. TRADE AND OTHER PAYABLES

Creditors	375,196	163,589
Accrued liabilities	2,037,475	2,665,857
Security deposits from LPG distributors	324,869	169,651
Retention money	44,512	56,814
Unpaid and unclaimed dividends	181,191	161,232
Gas development surcharge	1,566,048	15,510,383
Gas infrastructure development cess	2,117,340	2,117,340
Federal excise duty (net)	172,203	99,805
Sales tax (net)	51,158	-
Royalties	5,231,276	6,284,059
Current accounts with joint venture partners	2,930,825	3,526,422
Liabilities for staff retirement benefit plans – note 21.2	2,651,211	2,590,810
Workers' Profits Participation Fund	2,068,168	-
Others	54,338	51,820
	<u>19,805,810</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 half year ended December 31, 2013

Quarter ended December 31, 2013	Quarter ended December 31, 2012	Half year ended December 31, 2013	Half year ended December 31, 2012
Rs '000		Rs '000	

12. SALES - net

Natural gas	17,427,687	17,238,222	33,626,049	33,698,385
Gas supplied to Sui villages	92,063	78,993	173,368	154,986
Internal consumption of gas	50,515	50,262	101,513	98,667
Condensate / NGL	3,590,948	2,515,307	7,486,700	5,190,997
Crude oil	9,149,762	5,967,196	16,372,728	10,847,755
LPG	383,006	350,894	715,708	682,399
	<u>30,693,981</u>	<u>26,200,874</u>	<u>58,476,066</u>	<u>50,673,189</u>

Quarter ended December 31, 2013	Quarter ended December 31, 2012 (Restated)	Half year ended December 31, 2013	Half year ended December 31, 2012 (Restated)
Rs '000		Rs '000	

13. FIELD EXPENDITURES

Development and drilling - note 13.1	645,402	1,509,077	2,250,980	2,429,600
Exploration	1,313,614	1,551,720	1,835,550	2,604,295
Depreciation	783,422	813,278	1,590,283	1,632,554
Amortisation of intangible assets	53,170	50,320	106,733	99,246
Amortisation of decommissioning cost	362,855	314,280	721,718	665,204
Amortisation of prospecting and development expenditure	819,446	517,515	1,541,889	1,042,771
Salaries, wages, welfare and other benefits - note 21.2	1,695,339	1,455,573	3,394,750	2,818,328
Employees' medical benefits	79,881	105,053	182,451	185,675
Manpower development	10,760	8,605	16,459	13,925
Travelling and conveyance	146,394	145,999	269,476	282,780
Communication	10,011	6,260	19,465	11,782
Stores and spares consumed	291,329	327,855	525,273	615,465
Fuel and power	91,783	81,779	167,761	156,804
Rent, rates and taxes	23,279	17,890	52,271	39,275
Insurance	136,724	203,543	323,976	326,957
Repairs and maintenance	97,241	63,702	159,625	152,587
Professional services	48,356	84,446	50,054	148,509
Auditors' remuneration	500	625	1,125	1,250
Free supply of gas to Sui villages	112,700	95,788	212,259	188,182
Donations	44,352	44,144	64,770	56,366
Social welfare / community development	328	59,581	4,160	69,317
Other expenses	40,479	51,975	88,765	96,167
	<u>6,807,365</u>	<u>7,509,008</u>	<u>13,579,793</u>	<u>13,637,039</u>
Recoveries	(10,161)	(11,032)	(22,334)	(19,664)
	<u>6,797,204</u>	<u>7,497,976</u>	<u>13,557,459</u>	<u>13,617,375</u>

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

for the half year ended December 31, 2013

- 13.1 These are net of insurance claim received of Rs 868 million during the current period in respect of sabotage activity caused at Sui gas field during the year ended June 30, 2011.

Quarter ended December 31, 2013	Quarter ended December 31, 2012	Half year ended December 31, 2013	Half year ended December 31, 2012
	Rs '000		Rs '000

14. OTHER INCOME

Income from financial assets

Income on loans and bank deposits	98,901	206,132	199,515	319,120
Income on term deposits	372,016	763,995	818,545	1,384,737
Income on long-term held-to-maturity investments	697,518	185,932	1,428,289	394,993
Income from investment in treasury bills	50,505	(27,403)	111,396	859,202
Gain on re-measurement / disposal of investments designated at fair value through profit or loss (net)	206,281	223,837	358,976	481,511
	1,425,221	1,352,493	2,916,721	3,439,563

Income from assets other than financial assets

Rental income on assets	319	287	84,007	571
Profit on sale of property, plant and equipment	15,456	4,070	17,231	5,864
Profit on sale of stores and spares (net)	(6,505)	1,035	5,517	14,908
Exchange gain on foreign currency	59,884	183,409	582,005	315,036
Share of profit on sale of LPG	16,928	11,410	40,986	43,461
Reversal of provision for doubtful debts - Byco	-	25,000	-	25,000
Others	14,833	42,357	42,029	54,776
	100,915	267,568	771,775	459,616
	1,526,136	1,620,061	3,688,496	3,899,179

Quarter ended December 31, 2013	Quarter ended December 31, 2012 (Restated)	Half year ended December 31, 2013	Half year ended December 31, 2012 (Restated)
	Rs '000		Rs '000

15. TAXATION

Current				
- For the half year	4,960,606	4,536,909	10,769,987	9,820,127
- For the prior year	(358,380)	(219,734)	(358,380)	(219,734)
	4,602,226	4,317,175	10,411,607	9,600,393
Deferred - note 21.2	1,819,914	877,244	2,377,322	1,042,988
	6,422,140	5,194,419	12,788,929	10,643,381

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

for the half year ended December 31, 2013

Half year ended December 31, 2013	Half year ended December 31, 2012
Rs '000	

16. CASH AND CASH EQUIVALENTS

Cash and bank balances	2,975,750	1,811,301
Short-term highly liquid investments - note 8	17,615,000	40,852,123
	<u>20,590,750</u>	<u>42,663,424</u>

17. TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties are as follows:

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

GENCO-II	7,316,540	6,610,326
SSGCL	8,422,600	7,412,832
SNGPL	28,763,910	30,283,742
	<u>44,503,050</u>	<u>44,306,900</u>

Trade debts and other receivables from State
controlled entities as at December 31

35,430,948	<u>45,076,520</u>
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Transactions with subsidiaries:

Payment received from PPL Asia DMCC	5,350	-
Receivable from PPL Asia DMCC	3,526	-
Payment of employees cost on secondment	14,286	-
Payments made / expenses incurred	<u>53,953</u>	<u>-</u>

Transactions with Bolan Mining Enterprises:

Purchase of goods	-	14,945
Reimbursement of employee cost on secondment	<u>9,153</u>	<u>6,112</u>

Transactions with Joint Ventures:

Payments of cash calls to joint ventures	13,777,947	10,275,735
Expenditures incurred by the joint ventures	<u>13,118,683</u>	<u>9,765,384</u>
Current account receivables relating to joint ventures as at December 31	599,385	193,183
Current account payables relating to joint ventures as at December 31	<u>14,954</u>	<u>8,012</u>
Under advance balances relating to joint ventures as at December 31	2,036,005	293,544
Income from rental of assets to joint ventures	<u>84,007</u>	<u>571</u>

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

for the half year ended December 31, 2013

	Half year ended December 31, 2013	Half year ended December 31, 2012
	Rs '000	
Other related parties:		
Dividends to GoP	8,756,972	8,406,694
Dividends to Trust under BESOS	906,057	869,814
Transactions with retirement benefit funds	447,395	492,115
Remuneration to key management personnel	2,300,970	2,346,825
Payment of rental to Pakistan Industrial Development Corporation	29,348	24,507
Payment to National Insurance Company Limited	834,806	741,125
Payment to Pakistan State Oil Company Limited	37,413	148,594

Quarter ended December 31, 2013	Quarter ended December 31, 2012 (Restated)	Half year ended December 31, 2013	Half year ended December 31, 2012 (Restated)
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18. EARNINGS PER SHARE

18.1 Basic earnings per share

Profit after taxation (Rs'000)	14,029,281	11,026,186	26,506,247	22,306,671
Dividend on convertible preference shares (Rs'000)	(41)	(41)	(41)	(41)
Profit attributable to ordinary shareholders (Rs'000)	14,029,240	11,026,145	26,506,206	22,306,630
Weighted average number of ordinary shares in issue ('000)	1,971,716	1,971,716	1,971,716	1,971,716
Basic earnings per share (Rs)	7.12	5.59	13.44	11.31

18.2 Diluted earnings per share

Profit after taxation (Rs'000)	14,029,281	11,026,186	26,506,247	22,306,671
Weighted average number of ordinary shares in issue ('000)	1,971,716	1,971,716	1,971,716	1,971,716
Adjustment for convertible preference shares ('000)	14	14	14	14
Weighted average number of ordinary shares for diluted earnings per share ('000)	1,971,730	1,971,730	1,971,730	1,971,730
Diluted earnings per share (Rs)	7.12	5.59	13.44	11.31

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 basic and diluted earnings per share for the half year ended December 31, 2012.

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

for the half year ended December 31, 2013

19. DATE OF AUTHORISATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorised for issue on January 22, 2014 by the Board of Directors of the Company.

20. INTERIM DIVIDEND

The Board of Directors in their meeting held on January 22, 2014 have approved interim cash dividend @ 50% amounting to Rs 9,858.578 million (December 2012: @ 50% amounting to Rs 8,215.482 million) on paid-up value of ordinary share capital and @ 30% amounting to Rs 0.041 million (December 2012: @ 30% amounting to Rs 0.041 million) on the paid-up value of convertible preference share capital.

21. GENERAL

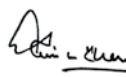
21.1 Corresponding figures have been reclassified for the purpose of better presentation and comparison, wherever necessary.

21.2 The corresponding figures of unconsolidated condensed interim profit and loss account, unconsolidated condensed interim statement of comprehensive income and unconsolidated condensed interim statement of changes in equity have been restated in line with changes in accounting policies as stated in notes 2.6.1 and 2.6.2 to the unconsolidated financial statements for the year ended June 30, 2013 due to early adoption of IAS 19 – Employee Benefits (Revised) and investment in jointly controlled entity as required by IAS 27 – Consolidated and Separate Financial Statements, respectively.

21.3 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 December 31, 2013

	Note	December 31, 2013 Unaudited	June 30, 2013 Audited
Rs '000			
NON-CURRENT ASSETS			
Fixed assets			
Property, plant and equipment	5	91,920,478	84,672,828
Intangible assets	6	3,769,674	3,626,619
		95,690,152	88,299,447
Equity-accounted investment in joint venture		611,616	524,903
Long-term investments	7	46,423,931	40,027,678
Long-term loans and advance		23,926	21,011
Long-term deposits		802,676	742,676
Long-term receivables		413,198	292,598
		143,965,499	129,908,313
CURRENT ASSETS			
Stores and spares		3,463,604	2,835,182
Trade debts	8	43,802,397	40,631,950
Loans and advances		1,170,111	1,132,757
Trade deposits and short-term prepayments		598,653	288,197
Interest accrued		1,446,533	1,495,560
Current maturity of long-term investments	7	2,000,340	2,000,740
Current maturity of long-term receivables		32,721	29,082
Other receivables		978,970	1,950,581
Short-term investments	9	19,402,511	28,333,503
Cash and bank balances		10,916,622	9,064,275
		83,812,462	87,761,827
		227,777,961	217,670,140
SHARE CAPITAL AND RESERVES			
Share capital		19,717,295	16,431,102
Reserves		148,794,426	133,540,743
		168,511,721	149,971,845
NON-CURRENT LIABILITIES			
Provision for decommissioning obligation		16,352,601	16,146,357
Liabilities against assets subject to finance leases		181,168	164,616
Deferred liabilities		1,909,681	1,812,967
Deferred taxation	10	14,724,886	12,333,150
		33,168,336	30,457,090
CURRENT LIABILITIES			
Trade and other payables	11	20,715,284	33,630,168
Current maturity of liabilities against assets subject to finance leases		106,810	108,622
Taxation		5,275,810	3,502,415
		26,097,904	37,241,205
CONTINGENCIES AND COMMITMENTS			
	12	-	-
		227,777,961	217,670,140

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


Director


Chief Executive

Consolidated Condensed Interim Profit and Loss Account (Unaudited) for the half year ended December 31, 2013

	Note	Quarter ended December 31, 2013	Quarter ended December 31, 2012 (Restated)	Half year ended December 31, 2013	Half year ended December 31, 2012 (Restated)
		Rs '000		Rs '000	
Sales - net	13	31,115,054	26,200,874	59,311,005	50,673,189
Field expenditures	14	(7,191,113)	(7,497,976)	(14,315,786)	(13,617,375)
Royalties		(3,833,013)	(3,122,071)	(7,120,225)	(6,047,052)
		(11,024,126)	(10,620,047)	(21,436,011)	(19,664,427)
		20,090,928	15,580,827	37,874,994	31,008,762
Share of profit in equity - accounted investment in joint venture		39,909	46,700	86,713	75,500
Other income	15	1,529,348	1,620,061	3,692,038	3,899,179
Other operating expenses		(1,071,951)	(882,096)	(2,068,168)	(1,761,680)
Finance costs		(107,632)	(98,187)	(219,204)	(196,209)
Profit before taxation		20,480,602	16,267,305	39,366,373	33,025,552
Taxation	16	(6,376,894)	(5,194,419)	(12,749,182)	(10,643,381)
Profit after taxation		14,103,708	11,072,886	26,617,191	22,382,171
Basic and diluted earnings per share (Rs)	19	7.15	5.62	13.50	11.35

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


Director


Chief Executive

Consolidated Condensed Interim Statement of Comprehensive Income (Unaudited)

for the half year ended December 31, 2013

	Quarter ended December 31, 2013	Quarter ended December 31, 2012 (Restated)	Half year ended December 31, 2013	Half year ended December 31, 2012 (Restated)
	Rs '000		Rs '000	
Profit after taxation	14,103,708	11,072,886	26,617,191	22,382,171
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)	-	(613,636)
Deferred taxation	-	107,386	-	214,773
Net comprehensive income not to be reclassified to profit and loss account in subsequent periods	-	(199,432)	-	(398,863)
Other comprehensive income not to be reclassified to profit and loss account in subsequent periods				
Foreign exchange difference on translation of subsidiaries	100,569	-	959,722	-
Total comprehensive income	14,204,277	10,873,454	27,576,913	21,983,308

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



Director



Chief Executive

Consolidated Condensed Interim Cash Flow Statement (Unaudited) for the half year ended December 31, 2013

Note	Half year ended December 31, 2013	Half year ended December 31, 2012
	Rs '000	

CASH FLOWS FROM OPERATING ACTIVITIES

Cash receipts from customers	67,211,221	57,644,382
Receipts of other income	172,538	138,716
Cash paid to suppliers / service providers and employees	(10,801,858)	(15,376,427)
Payment of indirect taxes and Government levies including royalty	(31,893,621)	(10,959,459)
Income tax paid	(8,838,350)	(13,257,818)
Finance costs paid	(19,397)	(16,305)
Long-term loans - staff (net)	(4,462)	(9,979)
Net cash generated from operating activities	15,826,071	18,163,110

CASH FLOWS FROM INVESTING ACTIVITIES

Capital expenditure	(10,836,261)	(6,932,475)
Purchase of long-term investments	(6,726,104)	(685,719)
Disposals / redemption of long-term investments	1,180,350	750,020
Advance against issue of shares of PPL Asia E&P B.V.	(76,583)	-
Long-term deposits	(60,000)	(15,000)
Long-term receivables	(124,239)	(41,798)
Financial income received	2,702,907	3,072,734
Proceeds on sale of property, plant and equipment	23,495	5,864
Net cash used in investing activities	(13,916,435)	(3,846,374)

CASH FLOWS FROM FINANCING ACTIVITIES

Payment of liabilities against assets subject to finance leases	(64,959)	(49,371)
Dividends paid	(9,037,037)	(8,544,101)
Net cash used in financing activities	(9,101,996)	(8,593,472)
Net (decrease) / increase in cash and cash equivalents	(7,192,360)	5,723,264

Cash and cash equivalents at the beginning of the period	37,397,778	36,940,160
Net foreign exchange differences	113,715	-

Cash and cash equivalents at the end of the period

17	30,319,133	42,663,424
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The annexed notes 1 to 22 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 half year ended December 31, 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	Translation reserve			
	Rs '000											
Balance as at June 30, 2012 - Restated (note 22.2)	13,144,771	138	1,428	69,761	19,021,894	24,416,157	-	69,704,494	-	112,212,306	112,213,734	125,358,643
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)	-	-	-	-
Appropriation of dividend equalisation reserve for the year ended June 30, 2013	-	-	-	-	-	-	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	-	-	-	-	-	-	-	22,382,171	-	22,382,171	22,382,171	22,382,171
Other comprehensive income for the half year ended December 31, 2012, net of tax	-	-	-	-	-	-	-	(398,863)	-	(398,863)	(398,863)	(398,863)
Total comprehensive income for the half year ended December 31, 2012	-	-	-	-	-	-	-	21,983,308	-	21,983,308	21,983,308	21,983,308
Balance as at December 31, 2012 - Restated (note 22.2)	16,430,964	138	1,428	69,761	24,021,894	29,416,157	5,000,000	63,857,508	-	122,385,320	122,386,748	138,797,850
Balance as at June 30, 2013	16,430,964	138	1,428	69,761	24,021,894	13,751,980	5,000,000	90,640,374	55,306	133,539,315	133,540,743	149,971,845
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	-	-	-	-	-	-	-	26,617,191	-	26,617,191	26,617,191	26,617,191
Other comprehensive income for the half year ended December 31, 2013, net of tax	-	-	-	-	-	-	-	-	959,722	959,722	959,722	959,722
Total comprehensive income for the half year ended December 31, 2013	-	-	-	-	-	-	-	26,617,191	959,722	27,576,913	27,576,913	27,576,913
Balance as at December 31, 2013	19,717,157	138	1,428	69,761	29,021,894	18,751,980	5,000,000	94,934,335	1,015,028	148,792,988	148,794,426	169,511,721

The annexed notes 1 to 22 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 half year ended December 31, 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 DMCC, PPL Asia E&P B.V. and The Pakistan Petroleum Provident Fund Trust Company (Private) Limited (PPPFTC). The Group, except PPL Asia DMCC and PPPFTC, is principally engaged in conducting exploration, prospecting, development and production of oil and natural gas resources. Brief profiles of the Holding Company and its subsidiary companies are as follows:

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 DMCC

The Holding Company has established a wholly owned Subsidiary PPL Asia DMCC, registered on February 04, 2013 with the Registrar of Companies of Dubai Multi Commodities Centre Authority (DMCCA). The registered office of PPL Asia DMCC is situated at Unit No 30-01-701, Floor No.1, Building No 3, Plot Number 550-554 J&G, DMCCA, Dubai, United Arab Emirates.

PPL Asia DMCC was registered in Dubai under the certificate number DMCCA-3851 for the purposes of conducting oil and gas exploration and production activities. However, the license number DMCCA-32853, issued on the February 28, 2013, provided by the DMCCA does not authorise it to perform such activities. Therefore, it has been decided by the respective Boards of the Holding Company and PPL Asia DMCC to liquidate PPL Asia DMCC.

During the current period, the Holding 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. Accordingly, after necessary compliance of legal formalities, PPL Asia DMCC will be liquidated in due course of time.

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

for the half year ended December 31, 2013

PPL Asia E&P B.V.

During the current period, the Holding Company has established a wholly-owned subsidiary, PPL Asia E&P B.V. on July 22, 2013, 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 natural gas resources. During the current period, assignment of the Holding Company's 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. was completed, which is effective from September 26, 2013. However, registration of Iraq Branch of PPL Asia E&P B.V. to conduct petroleum operations is in process.

The Pakistan Petroleum Provident Fund Trust Company (Private) Limited

PPPTFC 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.

2. BASIS OF CONSOLIDATION

The consolidated condensed interim financial statements include the condensed interim 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.

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, carrying amount of any NCI, cumulative translation differences recognised in equity, however, recognises the fair value of the consideration received, any investment retained, surplus or deficit in profit or loss and reclassifies the Holding Company's share of components previously recognised in other comprehensive income to profit and loss account or retained earnings, as appropriate.

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

for the half year ended December 31, 2013

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.

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 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 half year ended December 31, 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 consolidated 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 half year ended December 31, 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 half year ended December 31, 2013.

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

for the half year ended December 31, 2013

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 consolidated financial statements for the year ended June 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 consolidated 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 half years ended December 31, 2013 and December 31, 2012 would have been as follows:

	Half year ended December 31, 2013	Half year ended December 31, 2012
	Rs '000	
Staff costs of the Group for the period would have been higher by:	1,585,306	1,344,950
Profit after taxation would have been lower by:	1,585,306	1,344,950 (Restated)
Earnings per share would have been lower by (Rs):	0.80	0.68
	December 31, 2013 Unaudited	June 30, 2013 Audited
	Rs '000	
Retained earnings would have been lower by:	14,961,618	13,376,312
Reserves would have been higher by:	14,961,618	13,376,312
5. PROPERTY, PLANT AND EQUIPMENT		
Opening Net Book Value (NBV)	54,639,005	48,127,203
Additions to:		
- owned assets	6,084,640	14,181,935
- assets subject to finance leases	56,562	160,266
	6,141,202	14,342,201
	60,780,207	62,469,404
Disposals / adjustments during the period / year (NBV)	(6,264)	(46,613)
Depreciation / amortisation charged during the period / year	(4,424,490)	(7,783,786)
	56,349,453	54,639,005
Capital work-in-progress – note 5.1	35,571,025	30,033,823
	91,920,478	84,672,828

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

for the half year ended December 31, 2013

	December 31, 2013 Unaudited	June 30, 2013 Audited
	Rs '000	
5.1 Capital work-in-progress		
Plant, machinery, fittings and pipelines	8,797,733	8,333,268
Prospecting and development wells	18,570,571	14,732,632
Land, buildings and civil constructions	109,939	100,123
Capital stores for drilling and development	8,092,782	6,867,800
	<u>35,571,025</u>	<u>30,033,823</u>
6. INTANGIBLE ASSETS		
Goodwill	3,433,763	3,224,467
Computer software including ERP System	298,872	391,606
Intangible assets under development	37,039	10,546
	<u>3,769,674</u>	<u>3,626,619</u>
7. LONG-TERM INVESTMENTS		
Investment in related party		
– wholly owned subsidiary		
Fully paid shares in PPPFTC – note 3.4	1	1
Other investments		
Held-to-maturity		
Term Finance Certificates	99,840	99,860
Pakistan Investment Bonds	22,853,314	22,949,043
GoP Ijara Sukuk	2,500,522	2,501,006
Local currency term deposits with banks	2,000,000	2,000,000
Foreign currency term deposits with banks	8,226,120	5,873,010
	<u>35,679,796</u>	<u>33,422,919</u>
Designated at fair value through profit or loss		
Mutual Funds	12,744,474	8,605,498
Less: Current maturities		
Term Finance Certificates	(40)	(40)
GoP Ijara Sukuk	(2,000,300)	(2,000,700)
	<u>(2,000,340)</u>	<u>(2,000,740)</u>
	<u>46,423,931</u>	<u>40,027,678</u>

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

for the half year ended December 31, 2013

December 31, 2013 Unaudited	June 30, 2013 Audited
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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)

5,124,068	5,306,529
12,190,254	12,654,403
18,037,307	17,306,975
35,351,629	35,267,907

Non-related parties

Attock Refinery Limited (ARL)
National Refinery Limited (NRL)
Pak-Arab Refinery Limited (PARCO)
Others

7,267,030	3,347,914
141,706	1,809,620
846,715	57,786
195,317	148,723
8,450,768	5,364,043
43,802,397	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)
-	-
43,802,397	40,631,950

8.1 The ageing of trade debts as at December 31 and

June 30, 2013 are as follows:

Neither past due nor impaired

18,703,242	16,662,441
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Past due but not impaired:

Related parties

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

7,372,943	9,100,732
2,953,232	4,094,196
11,255,307	10,068,833
21,581,482	23,263,761

Non-related parties

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

3,451,784	672,372
9,574	11,842
56,315	21,534
3,517,673	705,748
43,802,397	40,631,950

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

for the half year ended December 31, 2013

- 8.2 Trade debts include overdue amount of Rs 21,581 million (June 30, 2013: Rs 23,263 million) receivable from the State controlled utility companies (GENCO-II, SNGPL and SSGCL) and Rs 4,674 million (June 30, 2013: Rs 1,862 million) overdue receivable from refineries (ARL, Byco, PARCO, NRL and Pakistan Refinery Limited) and various LPG customers.

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 further provision for doubtful debts has been created in these consolidated condensed interim financial statements, except for provision against receivable from Byco made in previous years.

December 31, 2013 Unaudited	June 30, 2013 Audited
Rs '000	

9. SHORT-TERM INVESTMENTS

Held-to-maturity

Local currency term deposits with banks	17,615,000	23,740,000
Foreign currency term deposits with banks	1,787,511	-
Investment in Treasury Bills	-	4,593,503
	<u>19,402,511</u>	<u>28,333,503</u>

10. DEFERRED TAXATION

Credit / (debit) balances arising on account of:

Exploration expenditure	(3,586,646)	(3,699,703)
Amortisation of intangible assets	(4,098)	(4,013)
Provision for staff retirement and other benefits note 22.2	(1,631,051)	(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	188,872	246,919
Accelerated tax depreciation allowances	5,785,987	4,931,385
Exploratory wells cost	3,133,915	1,646,234
Prospecting and development expenditure	11,337,492	11,323,682
Others	(919)	4,674
	<u>14,724,886</u>	<u>12,333,150</u>

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

for the half year ended December 31, 2013

December 31, 2013 Unaudited	June 30, 2013 Audited
Rs '000	

11. TRADE AND OTHER PAYABLES

Creditors	375,196	163,589
Accrued liabilities	2,316,015	2,798,049
Security deposits from LPG distributors	324,869	169,651
Retention money	44,512	56,814
Unpaid and unclaimed dividends	181,191	161,232
Gas development surcharge	1,566,048	15,510,383
Gas infrastructure development cess	2,117,340	2,117,340
Federal excise duty (net)	172,203	99,805
Sales tax (net)	74,812	18,387
Royalties	5,246,551	6,296,273
Current accounts with joint venture partners	3,512,890	3,559,601
Liabilities for staff retirement benefit plans – note 22.2	2,651,211	2,590,810
Workers' Welfare Fund	8,686	36,414
Workers' Profits Participation Fund	2,068,168	-
Others	55,592	51,820
	<u>20,715,284</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 December 31, 2013	Quarter ended December 31, 2012	Half year ended December 31, 2013	Half year ended December 31, 2012
Rs '000		Rs '000	

13. SALES - net

Natural gas	17,848,760	17,238,222	34,460,988	33,698,385
Gas supplied to Sui villages	92,063	78,993	173,368	154,986
Internal consumption of gas	50,515	50,262	101,513	98,667
Condensate / NGL	3,590,948	2,515,307	7,486,700	5,190,997
Crude oil	9,149,762	5,967,196	16,372,728	10,847,755
LPG	383,006	350,894	715,708	682,399
	<u>31,115,054</u>	<u>26,200,874</u>	<u>59,311,005</u>	<u>50,673,189</u>

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

for the half year ended December 31, 2013

	Quarter ended December 31, 2013	Quarter ended December 31, 2012 (Restated)	Half year ended December 31, 2013	Half year ended December 31, 2012 (Restated)
	Rs '000		Rs '000	
14. FIELD EXPENDITURES				
Development and drilling - note 14.1	657,926	1,509,077	2,300,463	2,429,600
Exploration	1,349,543	1,551,720	1,902,775	2,604,295
Depreciation	784,991	813,278	1,593,658	1,632,554
Amortisation of intangible assets	53,170	50,320	106,733	99,246
Amortisation of decommissioning cost	365,245	314,280	726,454	665,204
Amortisation of prospecting and development expenditure	1,131,416	517,515	2,104,925	1,042,771
Salaries, wages, welfare and other benefits - note 22.2	1,706,477	1,455,573	3,414,826	2,818,328
Employees' medical benefits	79,881	105,053	182,451	185,675
Manpower development	10,760	8,605	16,459	13,925
Travelling and conveyance	147,511	145,999	271,812	282,780
Communication	10,465	6,260	20,059	11,782
Stores and spares consumed	291,067	327,855	525,273	615,465
Fuel and power	91,953	81,779	168,068	156,804
Rent, rates and taxes	25,107	17,890	56,155	39,275
Insurance	137,013	203,543	324,730	326,957
Repairs and maintenance	97,849	63,702	160,835	152,587
Professional services	53,542	84,446	58,952	148,509
Auditors' remuneration	503	625	1,284	1,250
Free supply of gas to Sui villages	112,700	95,788	212,259	188,182
Donations	44,352	44,144	64,770	56,366
Social welfare / community development	328	59,581	4,160	69,317
Other expenses	49,475	51,975	121,019	96,167
	<u>7,201,274</u>	<u>7,509,008</u>	<u>14,338,120</u>	<u>13,637,039</u>
Recoveries	(10,161)	(11,032)	(22,334)	(19,664)
	<u>7,191,113</u>	<u>7,497,976</u>	<u>14,315,786</u>	<u>13,617,375</u>

14.1 These are net of insurance claim of Rs 868 million received by the Holding Company during the current period in respect of sabotage activity caused at Sui gas field during the year ended June 30, 2011.

for the half year ended December 31, 2013

Quarter ended December 31, 2013	Quarter ended December 31, 2012	Half year ended December 31, 2013	Half year ended December 31, 2012
Rs '000		Rs '000	

15. OTHER INCOME

Income from financial assets

Income on loans and bank deposits	102,113	206,132	203,057	319,120
Income on term deposits	372,016	763,995	818,545	1,384,737
Income on long-term held-to-maturity investments	697,518	185,932	1,428,289	394,993
Income from investment in treasury bills	50,505	(27,403)	111,396	859,202
Gain on re-measurement / disposal of investments designated at fair value through profit or loss (net)	206,281	223,837	358,976	481,511
	1,428,433	1,352,493	2,920,263	3,439,563

Income from assets other than financial assets

Rental income on assets	319	287	84,007	571
Profit on sale of property, plant and equipment	15,456	4,070	17,231	5,864
Profit on sale of stores and spares (net)	(6,505)	1,035	5,517	14,908
Exchange gain on foreign currency	59,884	183,409	582,005	315,036
Share of profit on sale of LPG	16,928	11,410	40,986	43,461
Reversal of provision for doubtful debts - Byco	-	25,000	-	25,000
Others	14,833	42,357	42,029	54,776
	100,915	267,568	771,775	459,616
	1,529,348	1,620,061	3,692,038	3,899,179

Quarter ended December 31, 2013	Quarter ended December 31, 2012 (Restated)	Half year ended December 31, 2013	Half year ended December 31, 2012 (Restated)
	Rs '000		Rs '000

16. TAXATION

Current				
- For the half year	5,058,935	4,536,909	10,956,461	9,820,127
- For the prior year	(358,380)	(219,734)	(358,380)	(219,734)
	4,700,555	4,317,175	10,598,081	9,600,393
Deferred - note 22.2	1,676,339	877,244	2,151,101	1,042,988
	6,376,894	5,194,419	12,749,182	10,643,381

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

for the half year ended December 31, 2013

Half year ended December 31, 2013	Half year ended December 31, 2012
Rs '000	

17. CASH AND CASH EQUIVALENTS

Cash and bank balances	10,916,622	1,811,301
Short-term highly liquid investments - note 9	19,402,511	40,852,123
	<u>30,319,133</u>	<u>42,663,424</u>

18. TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties are as follows:

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

Genco-II	7,316,540	6,610,326
SSGCL	8,641,574	7,412,832
SNGPL	29,524,828	30,283,742
	<u>45,482,942</u>	<u>44,306,900</u>

Trade debts and other receivables from State
controlled entities as at December 31

35,782,262	45,076,520
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Transactions with Bolan Mining Enterprises:

Purchase of goods	-	14,945
Reimbursement of employee cost on secondment	9,153	6,112

Transactions with Joint Ventures:

Payments of cash calls to joint ventures	13,942,874	10,275,735
Expenditures incurred by the joint ventures	13,898,124	9,765,384
Current account receivables relating to joint ventures as at December 31	706,539	193,183
Current account payables relating to joint ventures as at December 31	597,019	8,012
Under advance balances relating to joint ventures as at December 31	2,036,005	293,544
Income from rental of assets to Joint ventures	84,007	571

Other related parties:

Dividends to GoP	8,756,972	8,406,694
Dividends to Trust under BESOS	906,057	869,814
Transactions with retirement benefit funds	449,085	492,115
Remuneration to key management personnel	2,316,406	2,346,825
Payment of rental to Pakistan Industrial Development Corporation	29,348	24,507
Payment to National Insurance Company Limited	834,806	741,125
Payment to Pakistan State Oil Company Limited	37,413	148,594

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

for the half year ended December 31, 2013

	Quarter ended December 31, 2013	Quarter ended December 31, 2012 (Restated)	Half year ended December 31, 2013	Half year ended December 31, 2012 (Restated)
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19. EARNINGS PER SHARE

19.1 Basic earnings per share

Profit after taxation (Rs'000)	14,103,708	11,072,886	26,617,191	22,382,171
Dividend on convertible preference shares (Rs'000)	(41)	(41)	(41)	(41)
Profit attributable to ordinary shareholders (Rs'000)	14,103,667	11,072,845	26,617,150	22,382,130
Weighted average number of ordinary shares in issue ('000)	1,971,716	1,971,716	1,971,716	1,971,716
Basic earnings per share (Rs)	7.15	5.62	13.50	11.35

19.2 Diluted earnings per share

Profit after taxation (Rs'000)	14,103,708	11,072,886	26,617,191	22,382,171
Weighted average number of ordinary shares in issue ('000)	1,971,716	1,971,716	1,971,716	1,971,716
Adjustment for convertible preference shares ('000)	14	14	14	14
Weighted average number of ordinary shares for diluted earnings per share ('000)	1,971,730	1,971,730	1,971,730	1,971,730
Diluted earnings per share (Rs)	7.15	5.62	13.50	11.35

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 half year ended December 31, 2012.

20. DATE OF AUTHORISATION FOR ISSUE

These consolidated condensed interim financial statements were authorised for issue on January 22, 2014 by the Board of Directors of the Holding Company.

21. INTERIM DIVIDEND

The Board of Directors of the Holding Company in their meeting held on January 22, 2014 have approved interim cash dividend @ 50% amounting to Rs 9,858.578 million (December 2012: @ 50% amounting to Rs 8,215.482 million) on paid-up value of ordinary share capital and @ 30% amounting to Rs 0.041 million (December 2012: @ 30% amounting to Rs 0.041 million) on the paid-up value of convertible preference share capital.

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

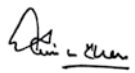
for the half year ended December 31, 2013

22. GENERAL

- 22.1 As the subsidiary companies were acquired and incorporated during the period from January 01, 2013 to June 30, 2013, hence corresponding figures of consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of change in equity are not comparable.
- 22.2 The corresponding figures of consolidated condensed interim profit and loss account, consolidated condensed interim statement of comprehensive income and consolidated condensed interim statement of changes in equity have been restated in line with change in accounting policy as stated in note 3.6 to the consolidated financial statements for the year ended June 30, 2013 due to early adoption of IAS 19 – Employee Benefits (Revised).
- 22.3 Corresponding figures have been reclassified for the purpose of better presentation and comparison, wherever necessary.
- 22.4 Figures have been rounded off to the nearest thousand rupees, unless otherwise stated.



Director



Chief Executive



Pakistan Petroleum Limited



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