



Pakistan Petroleum Limited

Venturing for **Value**



NINE MONTHS REPORT MARCH 2014

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 nine months period ended March 31, 2014 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 nine months period ended March 31, 2014. Profit after taxation of the Company increased by around 14% to Rs 38,088 million during the nine months period, as compared to Rs 33,515 million in the corresponding period last year.

The key financial results of the Company during the nine months period ended March 31, 2014 are as follows:

	Nine months ended March 31, 2014 Rs million	Nine months ended March 31, 2013 Rs million (Restated)
Sales revenue (net)	88,867	77,177
Profit before taxation	56,386	49,278
Taxation	(18,298)	(15,763)
Profit after taxation	38,088	33,515
Basic and Diluted Earnings Per Share (Rs)	19.32	17.00

Profitability during the current nine months period, as compared to the corresponding period, has mainly increased due to increase in oil sales volumes, and depreciation of Pakistani Rupee against US Dollar. Volume increase of crude oil sales from Tal and Nashpa fields, gas sales from Tal, Nashpa, Latif and Hala fields, commencement of production from Kirthar and Sukhpur fields, were partially offset by decrease in gas sales from Sui, Kandhkot, Sawan and Gambat fields.

Operational

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

	Unit	Nine months ended March 31, 2014	Nine months ended March 31, 2013
Natural Gas	MMCF	213,322	226,181
Crude Oil / Natural Gas Liquids (NGL) / Condensate	BBL	3,318,414	2,536,589
Liquefied Petroleum Gas (LPG)	Tonnes	14,622	12,745

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

Ten (10) new exploration licences namely Bela West, Margand, Hab, Nausherwani, Hisal, Karsal, Sadiqabad, Malir, Shah Bandar & Khipro East, won during Bidding Round March, 2013, were formally granted to PPL as Operator by the Government, while Kuhan Block was included as partner-operated exploration licence in the PPL's exploration portfolio.

Now the Company's portfolio consists of 47 exploration blocks out of which 27 are PPL operated (including Block-8 in Iraq being operated by PPL Asia E&P B.V.) and remaining 20, including 3 offshore blocks in Pakistan and 2 onshore blocks in Yemen, are partner-operated.

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 of PPL Asia E&P B.V.'s Iraq Branch has also been completed. Planning for conducting 2D & 3D seismic acquisition is underway.

In Barkhan Block, exploratory well Aro Khan X-1 was spud in August, 2013 and during testing, well flowed minor quantity of gas. The well was abandoned for geological and operational reasons.

In Gambat South Block, third exploratory well Falah X-1 was spud in December, 2013 and currently, testing is in progress. Preparations for EWT of Wafiq and Shahdad X-1 discoveries are also in progress. 3D seismic survey has been completed in Gambat South Block.

Directors' Interim Review

In Naushahro Firoz Block, exploratory well Naushahro Firoz X-1 was spud in October, 2013. During testing, well flowed good quality gas at variable rates and indicated tight gas discovery. The well has been temporarily suspended for further evaluation.

In Sirani Block, drilling of exploratory well Malki X-1 was completed in March, 2014. Due to discouraging results, the well was plugged and abandoned.

In newly granted Malir Block, seismic crew has been mobilised for 2D seismic survey.

Partner-operated Areas

In Tal Block, drilling of exploratory well Kot-1 has been completed and well has been plugged and suspended. Drilling of exploratory well Malgin-1 is in progress.

2D seismic survey in Nashpa Block is in progress, while the same was completed in Jati Block.

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

Appraisal and Development

In Kandhkot, development well Kandhkot-31(H) was completed as gas producer from Habib Rahi Limestone.

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

Production from Rehman discovery through EWT is in progress. Completion of permanent facility is expected by October 2014.

In Tal Block, development well Makori East-3 was completed in February, 2014 and production from the well is being processed at Makori Gas Processing Facility (GPF).

In Tal Block, first gas was achieved from 150 MMscfd Makori GPF on February 18, 2014. LPG production on reduced rate commenced from March 06, 2014. Remaining activities related to the complete commissioning of Makori GPF are in progress to optimise the LPG and Gas production.

In Nashpa Block, drilling of development well Mela-4 is in progress. Installation of Centralised Processing Facility comprising of LPG extraction plant and dehydration unit for processing both Nashpa and Mela field gas, is planned. Capacity of the plant is 100 MMscfd gas and 339 MTD LPG.

In Latif Block, wellhead compressors of Latif-6 and Latif-9 have been successfully commissioned.

In order to maintain production levels from Qadirpur Field, well QP-52 Horizontal was completed as a gas producer in January, 2014. Well QP-51 was spud in January, 2014 and drilling is in progress.

In Sawan Field, development well Sawan North Horizontal-1 was completed in March, 2014. Construction of surface facilities is in progress, and is to be followed by Horizontal Fracturing.

In Chachar Field, PPL is in the process of relocating Chachar Plant at Gambat South. The remaining reserves will be produced and sold through Kandhkot Field. In-house engineering works are in progress for construction and tie-in of Chachar facilities.

In Block-22, rig mobilisation for drilling of development well Hassan-4 was completed and well was spud on April 03, 2014.

In Miano Field, development well Miano TG-16H was spud in March, 2014 and drilling is in progress.

Corporate Social Responsibility (CSR)

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 the 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 the 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. A fully equipped ambulance for Government Dispensary Budhapur, District Jamshoro was purchased and formally handed over to Deputy Commissioner, District Jamshoro, while construction work of PPL Ward at Jinnah Post Graduate Medical Centre, Karachi was substantially completed. In addition to above, construction work of PPL Thalassemia Diagnostic, Prevention and Research Centre, Badin and Medical Dispensary at Naushahro Firoz progressed satisfactorily. Mobile medical dispensaries operated satisfactorily in neighbourhood of PPL gas fields of Sui, Kandhkot, Chachar and Mazarani.

Education

During the period under review, PPL has provided messing facilities to many functional Government schools in its various areas under CSR and PCA social welfare obligation.

Directors' Interim Review

In the Company's production areas such as Adhi Field, a multi-purpose hall was constructed and inaugurated at Government Boys High School, Mohra Noori and Government Girls' Junior Model High School, Bahawalpur.

Construction of academic blocks at Government Boys & Girls Primary Schools completed at Mastala, while construction of academic block at Government Girls Elementary School, Adhi progressed satisfactorily. In exploration areas, construction of academic blocks at various schools in Karkh, Azizabad Kharan and Babo Mohallah Kharan and library at Kharan was completed. Similarly, school building at Sanjer Khan Junejo was completed along with academic blocks at various schools in Shakal Khan Garnani Eshani and 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 Budhapur and Manjhand town at District Jamshoro, District Washuk and Khuzdar are progressing satisfactorily.

Infrastructure Development

Installation of hand pumps, pipe culverts and construction of brick pathways were completed in many villages of District Kashmore under Project for Rehabilitation of Flood Affectees of Kandhkot. Rehabilitation works in other villages are in progress at riverine area of Kandhkot.

Technical & Skill Development

Women Welfare Centre, Sui and Women Vocational Training Centre, Mastala near Adhi Field operated satisfactorily. The construction work of Women Vocational & Skill Development Centre at Kotri, District Jamshoro also progressed satisfactorily during the quarter.

Human Resources

PPL strives to offer market competitive remuneration packages and performance incentives in order to attract and retain technical and specialised human resource. It also provides comprehensive capacity building opportunities to youth through on-the-job training.

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 not only to 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 is pursuing initiatives focused on fostering QHSE culture, enhancing asset integrity through Process Safety Management and regulatory compliance in new exploration blocks. Risk Based Inspections, Reliability Centered Maintenance and QHSE Automation are some of the key initiatives progressing under management's guidance and support.

QHSE Management System and associated processes are successfully harmonised in a manner to facilitate operating fields to capitalise on operational synergies and optimise resource utilisation.

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

Industrial Relations

Harmonious working environment and 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.



(JAVED MASUD)
CHAIRMAN

Karachi
April 23, 2014

Unconsolidated Condensed Interim Balance Sheet

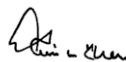
as at March 31, 2014

	Note	March 31, 2014 Unaudited	June 30, 2013 Audited
Rs '000			
NON-CURRENT ASSETS			
Fixed assets			
Property, plant and equipment	4	79,167,672	70,078,912
Intangible assets		293,928	402,152
		79,461,600	70,481,064
Long-term investments	5	69,935,879	55,706,855
Long-term loans and advance	6	172,039	1,519,155
Long-term deposits		802,676	742,676
Long-term receivables		413,198	292,598
		150,785,392	128,742,348
CURRENT ASSETS			
Stores and spares		3,401,657	2,835,182
Trade debts	7	50,122,869	40,337,320
Loans and advances		2,414,920	1,003,037
Trade deposits and short-term prepayments		464,126	283,213
Interest accrued		764,018	1,495,560
Current maturity of long-term investments	5	2,000,140	2,000,740
Current maturity of long-term receivables		32,721	29,082
Other receivables		1,763,426	1,651,601
Short-term investments	8	11,239,796	28,338,853
Cash and bank balances		1,497,617	6,184,285
		73,701,290	84,158,873
		224,486,682	212,901,221
SHARE CAPITAL AND RESERVES			
Share capital		19,717,295	16,431,102
Reserves		148,829,218	132,923,238
		168,546,513	149,354,340
NON-CURRENT LIABILITIES			
Provision for decommissioning obligation		16,279,821	15,989,704
Liabilities against assets subject to finance leases		173,704	164,616
Deferred liabilities		1,925,881	1,812,967
Deferred taxation	9	14,361,192	8,907,869
		32,740,598	26,875,156
CURRENT LIABILITIES			
Trade and other payables	10	19,662,906	33,397,782
Current maturity of liabilities against assets subject to finance leases		96,170	108,622
Taxation		3,440,495	3,165,321
		23,199,571	36,671,725
CONTINGENCIES AND COMMITMENTS			
	11	-	-
		224,486,682	212,901,221

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



Director



Chief Executive

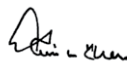
Unconsolidated Condensed Interim Profit and Loss Account (Unaudited) for the nine months period ended March 31, 2014

	Note	Quarter ended March 31, 2014	Quarter ended March 31, 2013 (Restated)	Nine months ended March 31, 2014	Nine months ended March 31, 2013 (Restated)
		Rs '000		Rs '000	
Sales - net	12	30,390,665	26,503,913	88,866,731	77,177,102
Field expenditures	13	(9,769,439)	(7,628,790)	(23,326,898)	(21,246,165)
Royalties		(3,633,971)	(3,185,172)	(10,664,922)	(9,232,224)
		(13,403,410)	(10,813,962)	(33,991,820)	(30,478,389)
		16,987,255	15,689,951	54,874,911	46,698,713
Other income	14	1,109,697	1,591,357	4,798,193	5,490,536
Other operating expenses		(899,530)	(855,053)	(2,967,698)	(2,616,733)
Finance costs		(106,417)	(98,911)	(319,225)	(295,120)
Profit before taxation		17,091,005	16,327,344	56,386,181	49,277,396
Taxation	15	(5,509,422)	(5,119,122)	(18,298,351)	(15,762,503)
Profit after taxation		11,581,583	11,208,222	38,087,830	33,514,893
Basic and diluted earnings per share (Rs)	18	5.87	5.68	19.32	17.00

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)

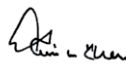
for the nine months period ended March 31, 2014

	Quarter ended March 31, 2014	Quarter ended March 31, 2013 (Restated)	Nine months ended March 31, 2014	Nine months ended March 31, 2013 (Restated)
	Rs '000		Rs '000	
Profit after taxation	11,581,583	11,208,222	38,087,830	33,514,893
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)	-	(920,454)
Deferred taxation	-	107,386	-	322,159
Net comprehensive income not to be reclassified to profit and loss account in subsequent periods	-	(199,432)	-	(598,295)
Total comprehensive income	11,581,583	11,008,790	38,087,830	32,916,598

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 nine months period ended March 31, 2014

Note	Nine months ended March 31, 2014	Nine months ended March 31, 2013
	Rs '000	

CASH FLOWS FROM OPERATING ACTIVITIES

Cash receipts from customers	96,625,763	84,466,715
Receipts of other income	236,495	191,899
Cash paid to suppliers / service providers and employees	(22,607,789)	(15,303,284)
Payment of indirect taxes and Government levies including royalty	(41,351,037)	(17,981,290)
Income tax paid	(12,569,857)	(15,213,306)
Finance costs paid	(29,108)	(25,265)
Long-term loans - staff (net)	(9,529)	5,448
Net cash generated from operating activities	20,294,938	36,140,917

CASH FLOWS FROM INVESTING ACTIVITIES

Capital expenditure	(15,329,801)	(11,961,610)
Purchase of long-term investments	(7,378,397)	(983,379)
Disposal / redemption of long-term investments	1,570,350	750,020
Advance against issue of shares of PPL Asia DMCC	-	(1,468,662)
Advance against issue of shares of PPL Asia E&P B.V.	(108,320)	-
Investment in PPL Asia DMCC	-	(5,350)
Investment in PPL Asia E&P B.V.	(6,408,146)	-
Investment in PPL Europe E&P Limited	-	(15,664,177)
Long-term deposits	(60,000)	(30,000)
Long-term receivables	(124,239)	(41,798)
Financial income received	4,729,863	4,257,712
Proceeds on sale of property, plant and equipment	28,977	20,524
Net cash used in investing activities	(23,079,713)	(25,126,720)

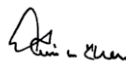
CASH FLOWS FROM FINANCING ACTIVITIES

Payment of liabilities against assets subject to finance leases	(99,943)	84,203
Dividends paid	(18,895,657)	(16,759,625)
Net cash used in financing activities	(18,995,600)	(16,675,422)
Net decrease in cash and cash equivalents	(21,780,375)	(5,661,225)
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 12,737,413	31,278,935

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 nine months period ended March 31, 2014

	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											
13,144,771	138	1,428	69,761	19,021,894	24,416,157	-	68,306,347	111,814,159	111,815,587	124,960,486	
Balance as at June 30, 2012 - Restated (note 20.2)	-	-	-	-	5,000,000	-	(5,000,000)	-	-	-	
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	-	-	-	-	-	-	-	-	-	-	
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)	-	
Acquisition of 100% shareholding of PPL Europe E&P Limited	-	-	-	-	-	(15,664,177)	-	15,664,177	-	-	
Final dividend on ordinary shares @ 65% for the year ended June 30, 2012	-	-	-	-	-	-	-	(8,544,101)	(8,544,101)	(8,544,101)	
Interim dividend for the year ended June 30, 2013	-	-	-	-	-	-	-	(8,215,482)	(8,215,482)	(8,215,482)	
Ordinary shares - 50%	-	-	-	-	-	-	-	(42)	(42)	(42)	
Convertible preference shares - 30%	-	-	-	-	-	-	-	-	-	-	
Profit after taxation	-	-	-	-	-	-	-	33,514,893	33,514,893	33,514,893	
Other comprehensive income for the nine months period ended March 31, 2013	-	-	-	-	-	-	-	(598,295)	(598,295)	(598,295)	
March 31, 2013, net of tax	-	-	-	-	-	-	-	32,916,598	32,916,598	32,916,598	
Total comprehensive income for the nine months period ended March 31, 2013	-	-	-	-	-	-	-	-	-	-	
16,430,964	138	1,428	69,761	24,021,894	13,751,980	5,000,000	81,841,304	124,684,939	124,686,367	141,117,469	
Balance as at March 31, 2013 - Restated (note 20.2)	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	
Balance as at June 30, 2013	-	-	-	-	5,000,000	-	-	(5,000,000)	-	-	
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)	-	
Final dividend on ordinary shares @ 55% for the year ended June 30, 2013	-	-	-	-	-	-	-	(9,037,037)	(9,037,037)	(9,037,037)	
Interim dividend for the year ending June 30, 2014	-	-	-	-	-	-	-	-	-	-	
Ordinary shares - 50%	-	-	-	-	-	-	-	(9,858,578)	(9,858,578)	(9,858,578)	
Convertible preference shares - 30%	-	-	-	-	-	-	-	(42)	(42)	(42)	
Profit after taxation	-	-	-	-	-	-	-	38,087,830	38,087,830	38,087,830	
Other comprehensive income for the nine months period ended March 31, 2014	-	-	-	-	-	-	-	-	-	-	
March 31, 2014, net of tax	-	-	-	-	-	-	-	-	-	-	
Total comprehensive income for the nine months period ended March 31, 2014	-	-	-	-	-	-	-	-	-	-	
Balance as at March 31, 2014	19,717,157	138	1,428	69,761	29,021,894	18,751,980	5,000,000	95,984,155	148,827,790	148,829,218	
										166,546,513	

The annexed notes 1 to 20 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 nine months period ended March 31, 2014

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 E&P B.V.
- c) 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 nine months period ended March 31, 2014 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.

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.

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 nine months periods ended March 31, 2014 and March 31, 2013 would have been as follows:

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

for the nine months period ended March 31, 2014

	Nine months ended March 31, 2014	Nine months ended March 31, 2013
	Rs '000	
Staff costs of the Company for the period		
would have been higher by:	2,377,959	2,017,424
Profit after taxation would have been lower by:	2,377,959	2,017,424
		(Restated)
Earnings per share would have been lower by (Rs):	1.21	1.02

	March 31, 2014 Unaudited	June 30, 2013 Audited
	Rs '000	
Retained earnings would have been lower by:	15,754,271	13,376,312
Reserves would have been higher by:	15,754,271	13,376,312

4. PROPERTY, PLANT AND EQUIPMENT

Opening Net Book Value (NBV)	51,116,458	48,127,203
Additions to:		
- owned assets	14,944,361	10,367,157
- assets subject to finance leases	107,001	160,266
	15,051,362	10,527,423
	66,167,820	58,654,626
Disposals / adjustments during the period / year (NBV)	(9,701)	(46,613)
Depreciation / amortisation charged during the period / year	(6,276,263)	(7,491,555)
	59,881,856	51,116,458
Capital work-in-progress - note 4.1	19,285,816	18,962,454
	79,167,672	70,078,912

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

for the nine months period ended March 31, 2014

March 31, 2014 Unaudited	June 30, 2013 Audited
Rs '000	

4.1 Capital work-in-progress

Plant, machinery, fittings and pipelines	3,663,537	8,329,028
Prospecting and development wells	6,597,741	4,032,963
Land, buildings and civil constructions	111,547	100,123
Capital stores for drilling and development	8,912,991	6,500,340
	<u>19,285,816</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
7,870,946	-
<u>23,535,124</u>	<u>15,664,178</u>

- Investment in jointly controlled entity

Bolan Mining Enterprises - note 20.2

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

99,840	99,860
22,801,872	22,949,043
2,500,281	2,501,006
2,000,000	2,000,000
8,370,154	5,873,010
<u>35,772,147</u>	<u>33,422,919</u>

Designated at fair value through profit or loss
Mutual Funds

12,613,748 8,605,498

Less: Current maturities

Term Finance Certificates
GoP Ijara Sukuk

(40)	(40)
(2,000,100)	(2,000,700)
<u>(2,000,140)</u>	<u>(2,000,740)</u>

69,935,879 55,706,855

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

for the nine months period ended March 31, 2014

- 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. Registration of Iraq Branch of PPL Asia E&P B.V. to conduct petroleum operations was completed on March 06, 2014.

6. LONG TERM LOANS AND ADVANCE

This included signature bonus of Rs 1,463 million (equivalent to US\$ 15 million) paid by the Company under the EDPSC. During the current period, the above amount was transferred to long term investments as a result of shares issued by PPL Asia E&P B.V. to the Company.

March 31, 2014 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)

7,235,837	5,306,529
13,628,208	12,395,026
19,791,471	17,282,345
40,655,516	34,983,900

Non-related parties

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

8,497,075	3,347,914
134,810	1,798,997
547,497	57,786
287,971	148,723
9,467,353	5,353,420
50,122,869	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)
-	-
50,122,869	40,337,320

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

for the nine months period ended March 31, 2014

March 31, 2014 Unaudited	June 30, 2013 Audited
Rs '000	

7.1 The ageing of trade debts is as follows:

Neither past due nor impaired	22,081,110	16,367,811
Past due but not impaired:		
Related parties		
- within 90 days	12,009,218	9,100,732
- 91 to 180 days	3,403,648	4,094,196
- over 180 days	11,419,514	10,068,833
	26,832,380	23,263,761
Non-related parties		
- within 90 days	1,102,442	672,372
- 91 to 180 days	42,056	11,842
- over 180 days	64,881	21,534
	1,209,379	705,748
	50,122,869	40,337,320

7.2 Trade debts include overdue amount of Rs 26,832 million (June 30, 2013: Rs 23,263 million) receivable from the State controlled utility companies (GENCO-II, SNGPL and SSGCL) and Rs 2,366 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.

March 31, 2014 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

6,135,000	23,740,000
5,104,796	4,593,503
11,239,796	28,333,503
11,239,796	28,338,853

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

for the nine months period ended March 31, 2014

- 8.1 During the current period, the Company had initiated the process to dissolve PPL Asia DMCC and in this respect, the entire amount of share capital of the Subsidiary had been repatriated. Accordingly, PPL Asia DMCC was liquidated on January 27, 2014.

March 31, 2014 Unaudited	June 30, 2013 Audited
--------------------------------	-----------------------------

Rs '000

9. DEFERRED TAXATION

Credit / (debit) balances arising on account of:

Exploration expenditure	(3,531,303)	(3,699,703)
Amortisation of intangible assets	(4,196)	(4,013)
Provision for staff retirement and other benefits	(654,800)	(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	188,378	178,645
Accelerated tax depreciation allowances	6,487,296	5,200,870
Exploratory wells cost	3,690,114	1,646,234
Prospecting and development expenditure	8,686,494	7,697,189
Others	(2,125)	4,675
	<u>14,361,192</u>	<u>8,907,869</u>

10. TRADE AND OTHER PAYABLES

Creditors	153,380	163,589
Accrued liabilities	2,464,571	2,665,857
Security deposits from LPG distributors	640,069	169,651
Retention money	40,848	56,814
Unpaid and unclaimed dividends	489,400	161,232
Gas development surcharge	2,475,510	15,510,383
Gas infrastructure development cess	2,792,760	2,117,340
Federal excise duty (net)	22,377	99,805
Sales tax (net)	151,289	-
Royalties	4,282,597	6,284,059
Current accounts with joint venture partners	3,120,973	3,526,422
Liabilities for staff retirement benefit plans - note 20.2	-	2,590,810
Workers' Profits Participation Fund	2,967,698	-
Others	61,434	51,820
	<u>19,662,906</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 nine months period ended March 31, 2014

	Quarter ended March 31, 2014	Quarter ended March 31, 2013	Nine months ended March 31, 2014	Nine months ended March 31, 2013
	Rs '000		Rs '000	

12. SALES - net

Natural gas	17,409,101	16,991,511	51,035,150	50,689,896
Gas supplied to Sui villages	90,174	86,822	263,542	241,808
Internal consumption of gas	48,568	47,920	150,081	146,587
Condensate / NGL	3,052,600	2,603,710	10,539,300	7,794,707
Crude oil	9,304,861	6,400,321	25,677,589	17,248,076
LPG	485,361	373,629	1,201,069	1,056,028
	<u>30,390,665</u>	<u>26,503,913</u>	<u>88,866,731</u>	<u>77,177,102</u>

	Quarter ended March 31, 2014	Quarter ended March 31, 2013 (Restated)	Nine months ended March 31, 2014	Nine months ended March 31, 2013 (Restated)
	Rs '000		Rs '000	

13. FIELD EXPENDITURES

Development and drilling - note 13.1	979,164	1,024,850	3,230,144	3,454,450
Exploration	2,905,786	2,149,135	4,741,336	4,753,430
Depreciation	832,490	813,797	2,422,773	2,446,351
Amortisation of intangible assets	53,170	50,877	159,903	150,123
Amortisation of decommissioning cost	348,158	324,126	1,069,876	989,330
Amortisation of prospecting and development expenditure	1,241,725	466,843	2,783,614	1,509,614
Salaries, wages, welfare and other benefits - note 20.2	1,913,826	1,488,678	5,308,576	4,307,006
Employees' medical benefits	86,602	96,907	269,053	282,582
Manpower development	9,331	8,842	25,790	22,767
Travelling and conveyance	138,685	133,878	408,161	416,658
Communication	12,199	9,065	31,664	20,847
Stores and spares consumed	680,093	405,866	1,205,366	1,021,331
Fuel and power	79,079	75,456	246,840	232,260
Rent, rates and taxes	21,002	103,865	73,273	143,140
Insurance	162,631	165,453	486,607	492,410
Repairs and maintenance	106,713	105,458	266,338	258,045
Professional services	22,108	19,505	72,162	168,014
Auditors' remuneration	563	625	1,688	1,875
Free supply of gas to Sui villages	110,268	105,450	322,527	293,632
Donations	21,263	24,123	86,033	80,489
Social welfare / community development	27,706	24,234	31,866	93,551
Other expenses	32,829	47,766	121,594	143,933
	<u>9,785,391</u>	<u>7,644,799</u>	<u>23,365,184</u>	<u>21,281,838</u>
Recoveries	(15,952)	(16,009)	(38,286)	(35,673)
	<u>9,769,439</u>	<u>7,628,790</u>	<u>23,326,898</u>	<u>21,246,165</u>

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

for the nine months period ended March 31, 2014

- 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 March 31, 2014	Quarter ended March 31, 2013	Nine months ended March 31, 2014	Nine months ended March 31, 2013
Rs '000			Rs '000

14. OTHER INCOME

Income from financial assets

Income on loans and bank deposits

Income on term deposits

Income on long-term held-to-maturity
investments

Income from investment in treasury bills

Gain on re-measurement / disposal

of investments designated at fair value
through profit or loss (net)

106,927	127,972	306,442	447,092
161,839	637,028	980,384	2,021,765
787,293	270,932	2,215,582	665,925
236,622	120,191	348,018	979,393
259,273	196,359	618,249	677,870
1,551,954	1,352,482	4,468,675	4,792,045

Income from assets other than financial assets

Rental income on assets

Profit on sale of property, plant
and equipment

Profit / (loss) on sale of stores and spares (net)

Exchange gain / (loss) on foreign currency

Share of profit on sale of LPG

Reversal of provision for doubtful debts - Byco

Others

315	27,122	84,322	27,693
2,045	8,452	19,276	14,316
9,320	(8,672)	14,837	6,236
(508,258)	177,240	73,747	492,276
36,197	32,663	77,183	76,124
-	-	-	25,000
18,124	2,070	60,153	56,846
(442,257)	238,875	329,518	698,491
1,109,697	1,591,357	4,798,193	5,490,536

Quarter ended March 31, 2014	Quarter ended March 31, 2013 (Restated)	Nine months ended March 31, 2014	Nine months ended March 31, 2013 (Restated)
Rs '000			Rs '000

15. TAXATION

Current

- For the nine months period

- For the prior year

2,433,421	4,162,984	13,203,408	13,983,111
-	-	(358,380)	(219,734)
2,433,421	4,162,984	12,845,028	13,763,377
3,076,001	956,138	5,453,323	1,999,126
5,509,422	5,119,122	18,298,351	15,762,503

Deferred - note 20.2

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

for the nine months period ended March 31, 2014

	Nine months ended March 31, 2014	Nine months ended March 31, 2013
	Rs '000	
16. CASH AND CASH EQUIVALENTS		
Cash and bank balances	1,497,617	5,132,423
Short-term highly liquid investments - note 8	11,239,796	26,146,512
	<u>12,737,413</u>	<u>31,278,935</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	11,965,308	11,248,641
SSGCL	13,431,371	10,977,748
SNGPL	42,884,895	45,244,473
	<u>68,281,574</u>	<u>67,470,862</u>
Trade debts and other receivables from State controlled entities as at March 31	<u>41,129,311</u>	<u>50,590,249</u>
Transactions with subsidiaries:		
Payment received from PPL Asia DMCC	5,350	-
Receivable from PPL Asia E&P B. V.	143,664	-
Payment of employees cost on secondment	20,734	-
Payments made / expenses incurred	<u>76,026</u>	<u>-</u>
Transactions with Bolan Mining Enterprises:		
Purchase of goods	30,474	24,137
Reimbursement of employee cost on secondment	<u>13,492</u>	<u>9,879</u>
Transactions with Joint Ventures:		
Payments of cash calls to joint ventures	21,907,490	16,211,024
Expenditures incurred by the joint ventures	21,471,496	16,888,438
Current account receivables relating to joint ventures as at March 31	<u>1,713,372</u>	<u>253,428</u>
Current account payables relating to joint ventures as at March 31	14,525	9,735
Under advance balances relating to joint ventures as at March 31	<u>2,259,275</u>	<u>1,481,310</u>
Income from rental of assets to joint ventures	<u>84,322</u>	<u>863</u>

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

for the nine months period ended March 31, 2014

Nine months ended March 31, 2014	Nine months ended March 31, 2013
Rs '000	

Other related parties:

Dividends to GoP	15,762,550	14,244,675
Dividends to Trust under BESOS	1,630,902	1,473,852
Transactions with retirement benefit funds	662,783	690,909
Remuneration to key management personnel	3,692,149	3,433,402
Payment of rental to Pakistan Industrial Development Corporation	44,617	38,376
Payment to National Insurance Company Limited	950,958	843,575
Payment to Pakistan State Oil Company Limited	351,203	204,113

Quarter ended March 31, 2014	Quarter ended March 31, 2013 (Restated)	Nine months ended March 31, 2014	Nine months ended March 31, 2013 (Restated)
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18. EARNINGS PER SHARE

18.1 Basic earnings per share

Profit after taxation (Rs '000)	11,581,583	11,208,222	38,087,830	33,514,893
Dividend on convertible preference shares (Rs '000)	-	-	(41)	(42)
Profit attributable to ordinary shareholders (Rs '000)	11,581,583	11,208,222	38,087,789	33,514,851
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)	5.87	5.68	19.32	17.00

18.2 Diluted earnings per share

Profit after taxation (Rs '000)	11,581,583	11,208,222	38,087,830	33,514,893
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)	5.87	5.68	19.32	17.00

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

for the nine months period ended March 31, 2014

- 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 nine months period ended March 31, 2013.

19. DATE OF AUTHORISATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorised for issue on April 23, 2014 by the Board of Directors of the Company.

20. GENERAL

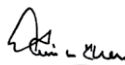
- 20.1 Corresponding figures have been reclassified for the purpose of better presentation and comparison, wherever necessary.

- 20.2 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.

- 20.3 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

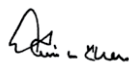
as at March 31, 2014

	Note	March 31, 2014 Unaudited	June 30, 2013 Audited
Rs '000			
NON-CURRENT ASSETS			
Fixed assets			
Property, plant and equipment	5	93,329,553	84,672,828
Intangible assets	6	3,488,963	3,626,619
		96,818,516	88,299,447
Equity-accounted investment in joint venture		691,103	524,903
Long-term investments	7	46,385,756	40,027,678
Long-term loans and advance		28,375	21,011
Long-term deposits		802,676	742,676
Long-term receivables		413,198	292,598
		145,139,624	129,908,313
CURRENT ASSETS			
Stores and spares		3,401,657	2,835,182
Trade debts	8	50,424,353	40,631,950
Loans and advances		2,475,722	1,132,757
Trade deposits and short-term prepayments		475,669	288,197
Interest accrued		767,329	1,495,560
Current maturity of long-term investments	7	2,000,140	2,000,740
Current maturity of long-term receivables		32,721	29,082
Other receivables		2,060,738	1,950,581
Short-term investments	9	18,768,023	28,333,503
Cash and bank balances		3,232,915	9,064,275
		83,639,267	87,761,827
		228,778,891	217,670,140
SHARE CAPITAL AND RESERVES			
Share capital		19,717,295	16,431,102
Reserves		148,110,956	133,540,743
		167,828,251	149,971,845
NON-CURRENT LIABILITIES			
Provision for decommissioning obligation		16,438,796	16,146,357
Liabilities against assets subject to finance leases		173,704	164,616
Deferred liabilities		1,925,881	1,812,967
Deferred taxation	10	17,461,513	12,333,150
		35,999,894	30,457,090
CURRENT LIABILITIES			
Trade and other payables	11	21,367,914	33,630,168
Current maturity of liabilities against assets subject to finance leases		96,170	108,622
Taxation		3,486,662	3,502,415
		24,950,746	37,241,205
CONTINGENCIES AND COMMITMENTS			
	12	-	-
		228,778,891	217,670,140

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



Director



Chief Executive

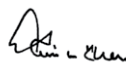
Consolidated Condensed Interim Profit and Loss Account (Unaudited) for the nine months period ended March 31, 2014

	Note	Quarter ended March 31, 2014	Quarter ended March 31, 2013 (Restated)	Nine months ended March 31, 2014	Nine months ended March 31, 2013 (Restated)
		Rs '000		Rs '000	
Sales - net	13	30,764,001	26,565,469	90,075,006	77,238,658
Field expenditures	14	(11,474,534)	(7,646,702)	(25,790,320)	(21,264,077)
Royalties		(3,675,587)	(3,191,901)	(10,795,812)	(9,238,953)
		(15,150,121)	(10,838,603)	(36,586,132)	(30,503,030)
		15,613,880	15,726,866	53,488,874	46,735,628
Share of profit in equity - accounted investment in joint venture		79,487	37,700	166,200	113,200
Other income	15	1,124,030	1,591,540	4,816,068	5,490,719
Other operating expenses		(899,530)	(855,053)	(2,967,698)	(2,616,733)
Finance costs		(106,572)	(99,076)	(325,776)	(295,285)
Profit before taxation		15,811,295	16,401,977	55,177,668	49,427,529
Taxation	16	(5,234,893)	(5,134,166)	(17,984,075)	(15,777,547)
Profit after taxation		10,576,402	11,267,811	37,193,593	33,649,982
Basic and diluted earnings per share (Rs)	19	5.36	5.71	18.86	17.07

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)

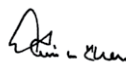
for the nine months period ended March 31, 2014

	Quarter ended March 31, 2014	Quarter ended March 31, 2013 (Restated)	Nine months ended March 31, 2014	Nine months ended March 31, 2013 (Restated)
	Rs '000		Rs '000	
Profit after taxation	10,576,402	11,267,811	37,193,593	33,649,982
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)	-	(920,454)
Deferred taxation	-	107,386	-	322,159
Net comprehensive income not to be reclassified to profit and loss account in subsequent periods	-	(199,432)	-	(598,295)
Other comprehensive income potentially reclassifiable to profit and loss account in subsequent periods				
Foreign exchange difference on translation of subsidiaries	(1,401,252)	15,951	(441,530)	15,951
Total comprehensive income	9,175,150	11,084,330	36,752,063	33,067,638

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



Director



Chief Executive

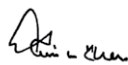
Consolidated Condensed Interim Cash Flow Statement (Unaudited) for the nine months period ended March 31, 2014

Note	Nine months ended March 31, 2014	Nine months ended March 31, 2013
	Rs '000	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	97,809,012	84,528,271
Receipts of other income	236,495	192,082
Cash paid to suppliers / service providers and employees	(21,614,435)	(15,327,925)
Payment of indirect taxes and Government levies including royalty	(41,462,005)	(17,981,290)
Income tax paid	(12,733,863)	(15,228,350)
Finance costs paid	(31,552)	(25,430)
Long-term loans - staff (net)	(9,529)	5,448
Net cash generated from operating activities	22,194,123	36,162,806
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	(16,684,693)	(13,430,272)
Purchase of long-term investments	(7,378,397)	(983,379)
Acquisition of PPL Europe E&P Limited (net)	-	(13,015,933)
Disposal / redemption of long-term investments	1,570,350	750,020
Long-term deposits	(60,000)	(30,000)
Long-term receivables	(124,239)	(41,798)
Financial income received	4,737,742	4,257,712
Proceeds on sale of property, plant and equipment	28,977	20,524
Net cash used in investing activities	(17,910,260)	(22,473,126)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of liabilities against assets subject to finance leases	(99,943)	84,203
Dividends paid	(18,895,657)	(16,759,625)
Net cash used in financing activities	(18,995,600)	(16,675,422)
Net decrease in cash and cash equivalents	(14,711,737)	(2,985,742)
Net foreign exchange differences	(685,103)	-
Cash and cash equivalents at the beginning of the period	37,397,778	36,940,160
Cash and cash equivalents at the end of the period	17 22,000,938	33,954,418

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 nine months period ended March 31, 2014

	Subscribed and paid-up share capital		Capital reserve	Revenue reserves							Total reserves	Total	
	Ordinary	Convertible preference		General and contingency reserve	Insurance reserve	Assets acquisition reserve	Dividend equalisation reserve	Unappropriated profit	Translation reserve	Total			
Rs '000													
Balance as at June 30, 2012 - Restated (note 21.2)	13,144,771	138	1,428	69,761	19,021,894	24,416,157	-	68,704,494	-	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)	-	
- Acquisition of 100% shareholding of PPL Europe E&P Limited	-	-	-	-	-	(15,664,177)	-	15,664,177	-	-	-	-	
- 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)	
- Interim dividend for the year ended June 30, 2013	-	-	-	-	-	-	-	-	-	-	-	-	
- Ordinary shares - 50%	-	-	-	-	-	-	-	(8,215,482)	-	(8,215,482)	(8,215,482)	(8,215,482)	
- Convertible preference shares - 30%	-	-	-	-	-	-	-	(42)	(42)	(42)	(42)	(42)	
- Profit after taxation	-	-	-	-	-	-	-	33,649,982	-	33,649,982	33,649,982	33,649,982	
- Other comprehensive income for the nine months period ended March 31, 2013, net of tax	-	-	-	-	-	-	-	(598,295)	15,951	(598,344)	(598,344)	(598,344)	
- Total comprehensive income for the nine months period ended March 31, 2013	-	-	-	-	-	-	-	33,051,687	15,951	33,067,638	33,067,638	33,067,638	
Balance as at March 31, 2013 - Restated (note 21.2)	16,430,964	138	1,428	69,761	24,021,894	13,751,980	5,000,000	82,374,540	15,951	125,234,126	125,235,554	141,666,666	
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)	
- Interim dividend for the year ending June 30, 2014	-	-	-	-	-	-	-	-	-	-	-	-	
- Ordinary shares - 50%	-	-	-	-	-	-	-	(9,858,578)	-	(9,858,578)	(9,858,578)	(9,858,578)	
- Convertible preference shares - 30%	-	-	-	-	-	-	-	(42)	(42)	(42)	(42)	(42)	
- Profit after taxation	-	-	-	-	-	-	-	37,193,993	-	37,193,993	37,193,993	37,193,993	
- Other comprehensive income for the nine months period ended March 31, 2014, net of tax	-	-	-	-	-	-	-	-	(441,530)	(441,530)	(441,530)	(441,530)	
- Total comprehensive income for the nine months period ended March 31, 2014	-	-	-	-	-	-	-	37,193,993	(441,530)	36,752,063	36,752,063	36,752,063	
Balance as at March 31, 2014	19,717,157	138	1,428	69,761	29,021,894	18,751,980	5,000,000	95,652,117	(386,224)	146,109,928	146,110,966	167,828,251	

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 nine months period ended March 31, 2014

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 Holding Company had established a subsidiary, PPL Asia DMCC, on February 04, 2013 which was subsequently liquidated on January 27, 2014.

The Group, except PPPFTC, is principally engaged in conducting exploration, prospecting, development and production of oil and natural gas resources. Brief profiles of the Holding Company and its subsidiary companies are as follows:

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, 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. Registration of Iraq Branch of PPL Asia E&P B.V. to conduct petroleum operations was completed on March 06, 2014.

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

for the nine months period ended March 31, 2014

The Pakistan Petroleum Provident Fund Trust Company (Private) Limited

PPPTFC was incorporated in Pakistan as a private limited company on November 07, 1955. The Subsidiary Company is engaged in administrating the trusts formed for the benefits of the employees of the Holding Company.

PPL Asia DMCC

The Holding Company had 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 was situated at Unit No 3O-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 did not authorise it to perform such activities. Therefore, it had been decided by the respective Boards of the Holding Company and PPL Asia DMCC to liquidate PPL Asia DMCC.

During the current period, PPL Asia DMCC was liquidated on January 27, 2014.

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 3.3, 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 nine months period ended March 31, 2014

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 nine months period ended March 31, 2014, 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 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 nine months period ended March 31, 2014.

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

for the nine months period ended March 31, 2014

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 nine months period ended March 31, 2014 and March 31, 2013 would have been as follows:

	Nine months ended March 31, 2014 Rs '000	Nine months ended March 31, 2013 Rs '000
Staff costs of the Group of the period would have been higher by:	2,377,959	2,017,424
Profit after taxation would have been lower by:	2,377,959	2,017,424 (Restated)
Earnings per share would have been lower by (Rs):	1.21	1.02
	March 31, 2014 Unaudited Rs '000	June 30, 2013 Audited Rs '000
Retained earnings would have been lower by:	15,754,271	13,376,312
Reserves would have been higher by:	15,754,271	13,376,312
5. PROPERTY, PLANT AND EQUIPMENT		
Opening Net Book Value (NBV)	54,639,005	48,127,203
Additions to:		
- owned assets	15,032,287	14,181,935
- assets subject to finance leases	107,001	160,266
	15,139,288	14,342,201
	69,778,293	62,469,404
Disposals / adjustments during the period / year (NBV)	(1,250,487)	(46,613)
Depreciation / amortisation charged during the period / year	(7,039,314)	(7,783,786)
	61,488,492	54,639,005
Capital work-in-progress - note 5.1	31,841,061	30,033,823
	93,329,553	84,672,828

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

for the nine months period ended March 31, 2014

	March 31, 2014 Unaudited	June 30, 2013 Audited
	Rs '000	
5.1 Capital work-in-progress		
Plant, machinery, fittings and pipelines	3,667,738	8,333,268
Prospecting and development wells	18,825,610	14,732,632
Land, buildings and civil constructions	111,547	100,123
Capital stores for drilling and development	9,236,166	6,867,800
	<u>31,841,061</u>	<u>30,033,823</u>
6. INTANGIBLE ASSETS		
Goodwill	3,195,035	3,224,467
Computer software including ERP System	265,735	391,606
Intangible assets under development	28,193	10,546
	<u>3,488,963</u>	<u>3,626,619</u>
7. LONG-TERM INVESTMENTS		
Investment in related party		
– wholly owned subsidiary		
Fully paid shares in PPPFTC - note 3.3	1	1
Other investments		
Held-to-maturity		
Term Finance Certificates	99,840	99,860
Pakistan Investment Bonds	22,801,872	22,949,043
GoP Ijara Sukuk	2,500,281	2,501,006
Local currency term deposits with banks	2,000,000	2,000,000
Foreign currency term deposits with banks	8,370,154	5,873,010
	<u>35,772,147</u>	<u>33,422,919</u>
Designated at fair value through profit or loss		
Mutual Funds	12,613,748	8,605,498
Less: Current maturities		
Term Finance Certificates	(40)	(40)
GoP Ijara Sukuk	(2,000,100)	(2,000,700)
	<u>(2,000,140)</u>	<u>(2,000,740)</u>
	<u>46,385,756</u>	<u>40,027,678</u>

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

for the nine months period ended March 31, 2014

March 31, 2014 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)

7,235,837	5,306,529
13,818,021	12,654,403
19,902,593	17,306,975
40,956,451	35,267,907

Non-related parties

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

8,497,075	3,347,914
135,359	1,809,620
547,497	57,786
287,971	148,723
9,467,902	5,364,043
50,424,353	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)
-	-
50,424,353	40,631,950

8.1 The ageing of trade debts 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

22,348,797	16,662,441
12,042,466	9,100,732
3,403,648	4,094,196
11,419,514	10,068,833
26,865,628	23,263,761

Non-related parties

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

1,102,991	672,372
42,056	11,842
64,881	21,534
1,209,928	705,748
50,424,353	40,631,950

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

for the nine months period ended March 31, 2014

- 8.2 Trade debts include overdue amount of Rs 26,866 million (June 30, 2013: Rs 23,263 million) receivable from the State controlled utility companies (GENCO-II, SNGPL and SSGCL) and Rs 2,366 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.

March 31, 2014 Unaudited	June 30, 2013 Audited
Rs '000	

9. SHORT-TERM INVESTMENTS

Held-to-maturity

Local currency term deposits with banks	6,135,000	23,740,000
Foreign currency term deposits with banks	7,528,227	-
Investment in Treasury Bills	5,104,796	4,593,503
	<u>18,768,023</u>	<u>28,333,503</u>

10. DEFERRED TAXATION

Credit / (debit) balances arising on account of:

Exploration expenditure	(3,531,303)	(3,699,703)
Amortisation of intangible assets	(4,196)	(4,013)
Provision for staff retirement and other benefits - note 21.2	(654,800)	(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	188,378	246,919
Accelerated tax depreciation allowances	6,210,000	4,931,385
Exploratory wells cost	3,819,992	1,646,234
Prospecting and development expenditure	11,934,233	11,323,682
Others	(2,125)	4,674
	<u>17,461,513</u>	<u>12,333,150</u>

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

for the nine months period ended March 31, 2014

March 31, 2014 Unaudited	June 30, 2013 Audited
Rs '000	

11. TRADE AND OTHER PAYABLES

Creditors	190,704	163,589
Accrued liabilities	2,996,802	2,798,049
Security deposits from LPG distributors	640,069	169,651
Retention money	40,848	56,814
Unpaid and unclaimed dividends	489,400	161,232
Gas development surcharge	2,475,510	15,510,383
Gas infrastructure development cess	2,792,760	2,117,340
Federal excise duty (net)	22,377	99,805
Sales tax (net)	173,400	18,387
Royalties	4,296,691	6,296,273
Current accounts with joint venture partners	4,220,262	3,559,601
Liabilities for staff retirement benefit plans - note 21.2	-	2,590,810
Workers' Welfare Fund	-	36,414
Workers' Profits Participation Fund	2,967,698	-
Others	61,393	51,820
	<u>21,367,914</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 March 31, 2014	Quarter ended March 31, 2013	Nine months ended March 31, 2014	Nine months ended March 31, 2013
Rs '000		Rs '000	

13. SALES - net

Natural gas	17,782,437	17,053,067	52,243,425	50,751,452
Gas supplied to Sui villages	90,174	86,822	263,542	241,808
Internal consumption of gas	48,568	47,920	150,081	146,587
Condensate / NGL	3,052,600	2,603,710	10,539,300	7,794,707
Crude oil	9,304,861	6,400,321	25,677,589	17,248,076
LPG	485,361	373,629	1,201,069	1,056,028
	<u>30,764,001</u>	<u>26,565,469</u>	<u>90,075,006</u>	<u>77,238,658</u>

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

for the nine months period ended March 31, 2014

Quarter ended March 31, 2014	Quarter ended March 31, 2013 (Restated)	Nine months ended March 31, 2014	Nine months ended March 31, 2013 (Restated)
	Rs '000		Rs '000

14. FIELD EXPENDITURES

Development and drilling - note 14.1	979,825	1,027,910	3,280,288	3,457,510
Exploration	4,333,759	2,149,135	6,236,534	4,753,430
Depreciation	833,964	814,030	2,427,622	2,446,584
Amortisation of intangible assets	53,170	50,877	159,903	150,123
Amortisation of decommissioning cost	350,258	324,346	1,076,712	989,550
Amortisation of prospecting and development expenditure	1,483,835	476,261	3,588,760	1,519,032
Salaries, wages, welfare and other benefits - note 21.2	1,922,432	1,488,304	5,337,258	4,306,632
Employees' medical benefits	86,602	98,763	269,053	284,438
Manpower development	9,331	8,842	25,790	22,767
Travelling and conveyance	136,349	134,027	408,161	416,807
Communication	12,709	9,123	32,768	20,905
Stores and spares consumed	680,093	405,879	1,205,366	1,021,344
Fuel and power	81,704	75,557	249,772	232,361
Rent, rates and taxes	23,605	104,086	79,760	143,361
Insurance	165,516	165,347	490,246	492,304
Repairs and maintenance	107,318	105,522	268,153	258,109
Professional services	29,926	21,577	88,878	170,086
Auditors' remuneration	562	389	1,846	1,639
Free supply of gas to Sui villages	110,268	105,450	322,527	293,632
Donations	21,263	24,123	86,033	80,489
Social welfare / community development	27,706	24,234	31,866	93,551
Other expenses	40,291	48,929	161,310	145,096
	11,490,486	7,662,711	25,828,606	21,299,750
Recoveries	(15,952)	(16,009)	(38,286)	(35,673)
	11,474,534	7,646,702	25,790,320	21,264,077

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.

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

for the nine months period ended March 31, 2014

Quarter ended March 31, 2014	Quarter ended March 31, 2013	Nine months ended March 31, 2014	Nine months ended March 31, 2013
Rs '000			Rs '000

15. OTHER INCOME

Income from financial assets

Income on loans and bank deposits	115,282	128,156	318,339	447,276
Income on term deposits	161,839	637,028	980,384	2,021,765
Income on long-term held-to-maturity investments	787,293	270,932	2,215,582	665,925
Income from investment in treasury bills	236,622	120,191	348,018	979,393
Gain on re-measurement / disposal of investments designated at fair value through profit or loss (net)	259,273	196,359	618,249	677,870
	1,560,309	1,352,666	4,480,572	4,792,229

Income from assets other than financial assets

Rental income on assets	315	27,122	84,322	27,693
Profit on sale of property, plant and equipment	2,045	8,452	19,276	14,316
Profit / (loss) on sale of stores and spares (net)	9,320	(8,672)	14,837	6,236
Exchange gain / (loss) on foreign currency	(508,258)	177,240	73,747	492,276
Share of profit on sale of LPG	36,197	32,662	77,183	76,123
Reversal of provision for doubtful debts - Byco	-	-	-	25,000
Others	24,102	2,070	66,131	56,846
	(436,279)	238,874	335,496	698,490
	1,124,030	1,591,540	4,816,068	5,490,719

Quarter ended March 31, 2014	Quarter ended March 31, 2013 (Restated)	Nine months ended March 31, 2014	Nine months ended March 31, 2013 (Restated)
Rs '000			Rs '000

16. TAXATION

Current				
- For the nine months period	2,246,947	4,176,792	13,203,408	13,996,919
- For the prior year	(414)	-	(358,794)	(219,734)
	2,246,533	4,176,792	12,844,614	13,777,185
Deferred - note 21.2	2,988,360	957,374	5,139,461	2,000,362
	5,234,893	5,134,166	17,984,075	15,777,547

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

for the nine months period ended March 31, 2014

Nine months ended March 31, 2014	Nine months ended March 31, 2013
Rs '000	

17. CASH AND CASH EQUIVALENTS

Cash and bank balances	3,232,915	7,807,906
Short-term highly liquid investments - note 9	18,768,023	26,146,512
	<u>22,000,938</u>	<u>33,954,418</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	11,965,308	11,248,641
SSGCL	13,785,657	10,990,248
SNGPL	43,950,551	45,303,378
	<u>69,701,516</u>	<u>67,542,267</u>

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

41,430,246	<u>50,978,752</u>
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Transactions with Bolan Mining Enterprises:

Purchase of goods	30,474	24,137
Reimbursement of employee cost on secondment	13,492	9,879

Transactions with Joint Ventures:

Payments of cash calls to joint ventures	22,146,355	16,211,024
Expenditures incurred by the joint ventures	22,884,711	16,904,602
Current account receivables relating to joint ventures as at March 31	1,778,322	253,428
Current account payables relating to joint ventures as at March 31	1,188,959	9,735
Under advance balances relating to joint ventures as at March 31	2,259,275	1,350,251
Income from rental of assets to joint ventures	84,322	863

Other related parties:

Dividends to GoP	15,762,550	14,244,675
Dividends to Trust under BESOS	1,630,902	1,473,852
Transactions with retirement benefit funds	665,044	690,909
Remuneration to key management personnel	3,714,400	3,433,402
Payment of rental to Pakistan Industrial Development Corporation	44,617	38,376
Payment to National Insurance Company Limited	950,958	843,575
Payment to Pakistan State Oil Company Limited	351,203	204,113

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

for the nine months period ended March 31, 2014

Quarter ended March 31, 2014	Quarter ended March 31, 2013 (Restated)	Nine months ended March 31, 2014	Nine months ended March 31, 2013 (Restated)
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19. EARNINGS PER SHARE

19.1 Basic earnings per share

Profit after taxation (Rs '000)	10,576,402	11,267,811	37,193,593	33,649,982
Dividend on convertible preference shares (Rs '000)	-	-	(41)	(42)
Profit attributable to ordinary shareholders (Rs '000)	10,576,402	11,267,811	37,193,552	33,649,940
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)	5.36	5.71	18.86	17.07

19.2 Diluted earnings per share

Profit after taxation (Rs '000)	10,576,402	11,267,811	37,193,593	33,649,982
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)	5.36	5.71	18.86	17.07

- 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 nine months period ended March 31, 2013.

20. DATE OF AUTHORISATION FOR ISSUE

These consolidated condensed interim financial statements were authorised for issue on April 23, 2014 by the Board of Directors of the Holding Company.

21. GENERAL

- 21.1 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 changes in equity are not comparable.

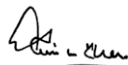
Notes to and Forming Part of the Consolidated Condensed Interim Financial Statements (Unaudited)

for the nine months period ended March 31, 2014

- 21.2 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).
- 21.3 Corresponding figures have been reclassified for the purpose of better presentation and comparison, wherever necessary.
- 21.4 Figures have been rounded off to the nearest thousand rupees, unless otherwise stated.



Director



Chief Executive



Pakistan Petroleum Limited



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