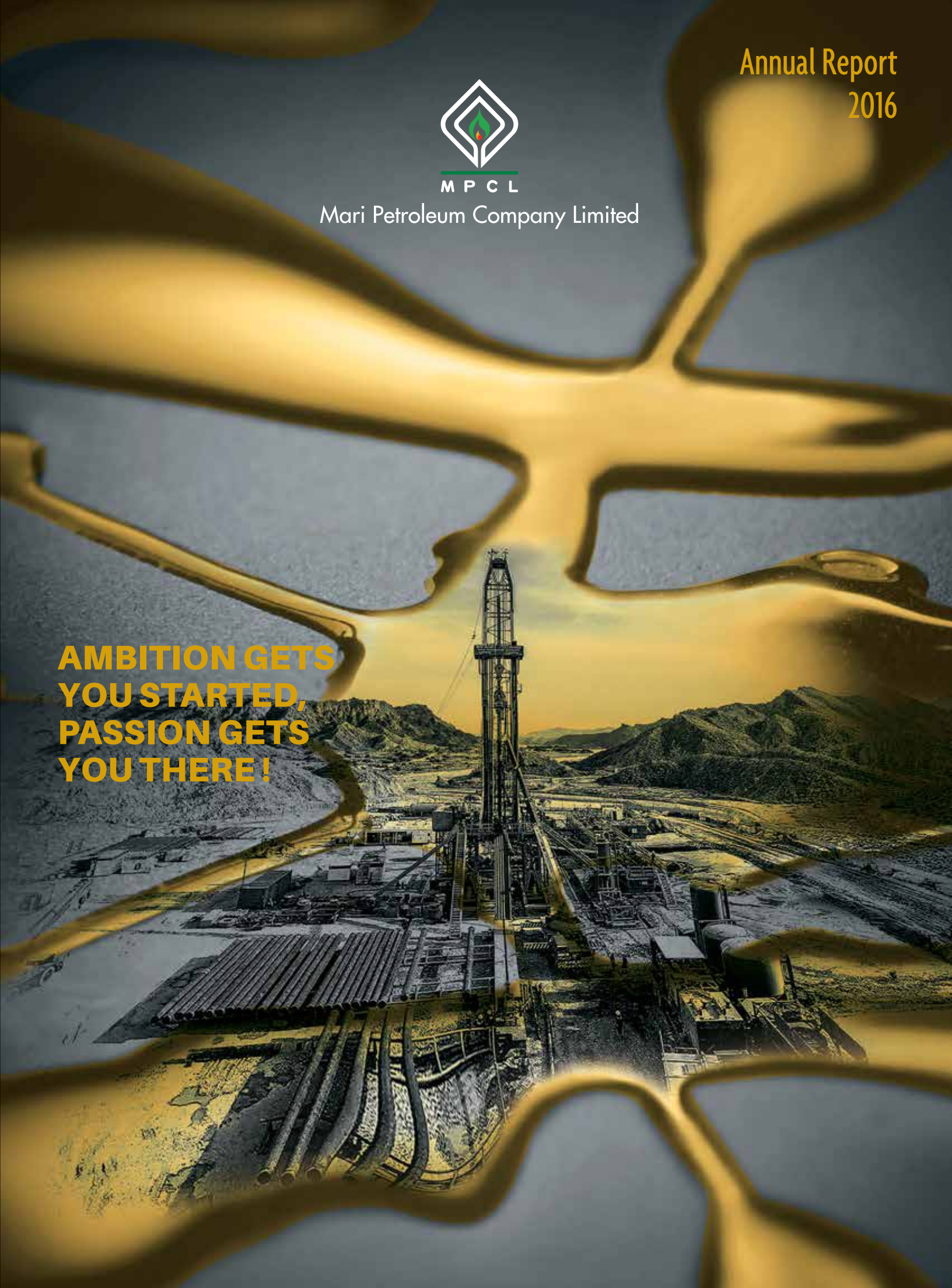


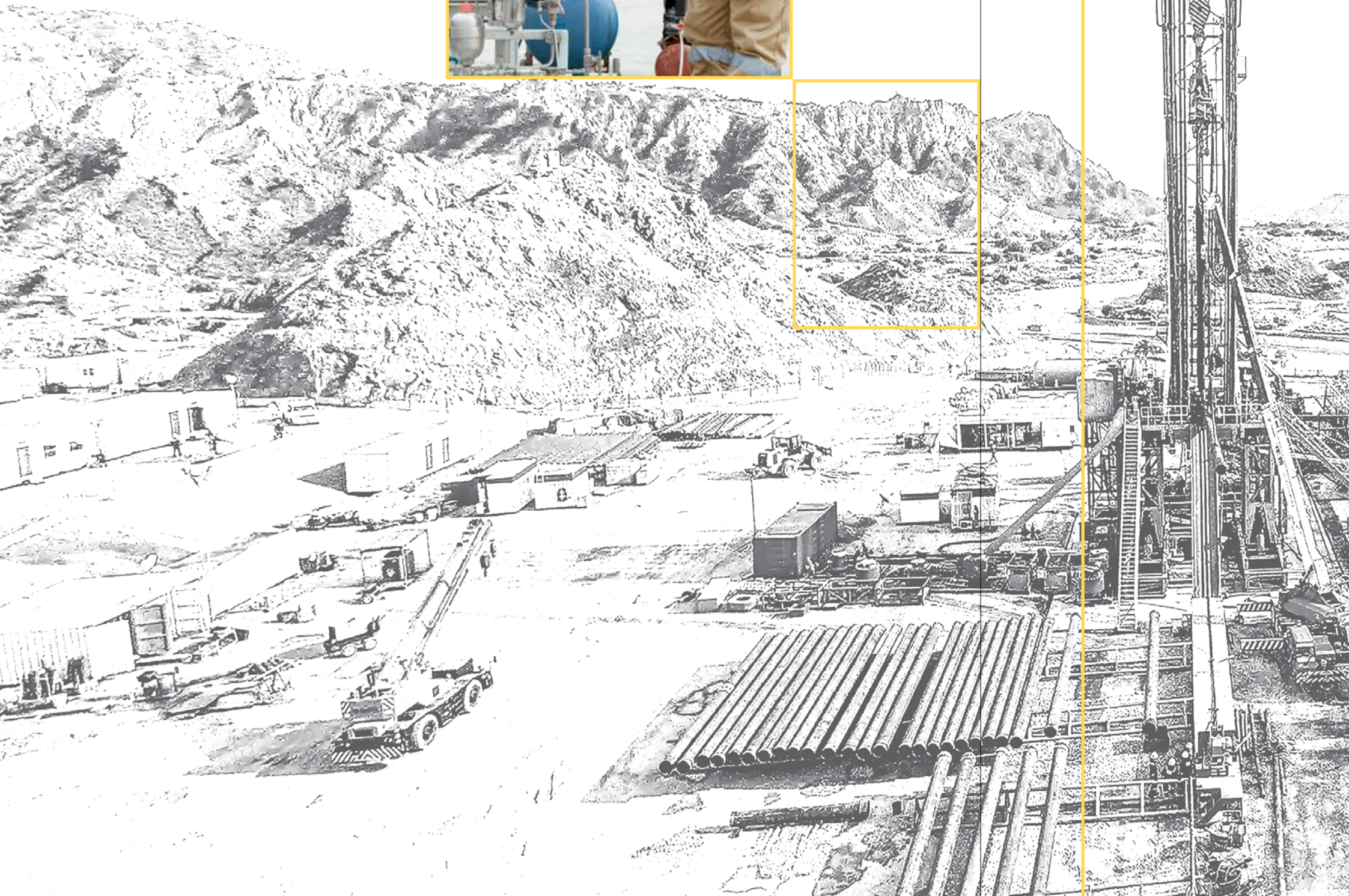
Annual Report  
2016



Mari Petroleum Company Limited

**AMBITION GETS  
YOU STARTED,  
PASSION GETS  
YOU THERE!**





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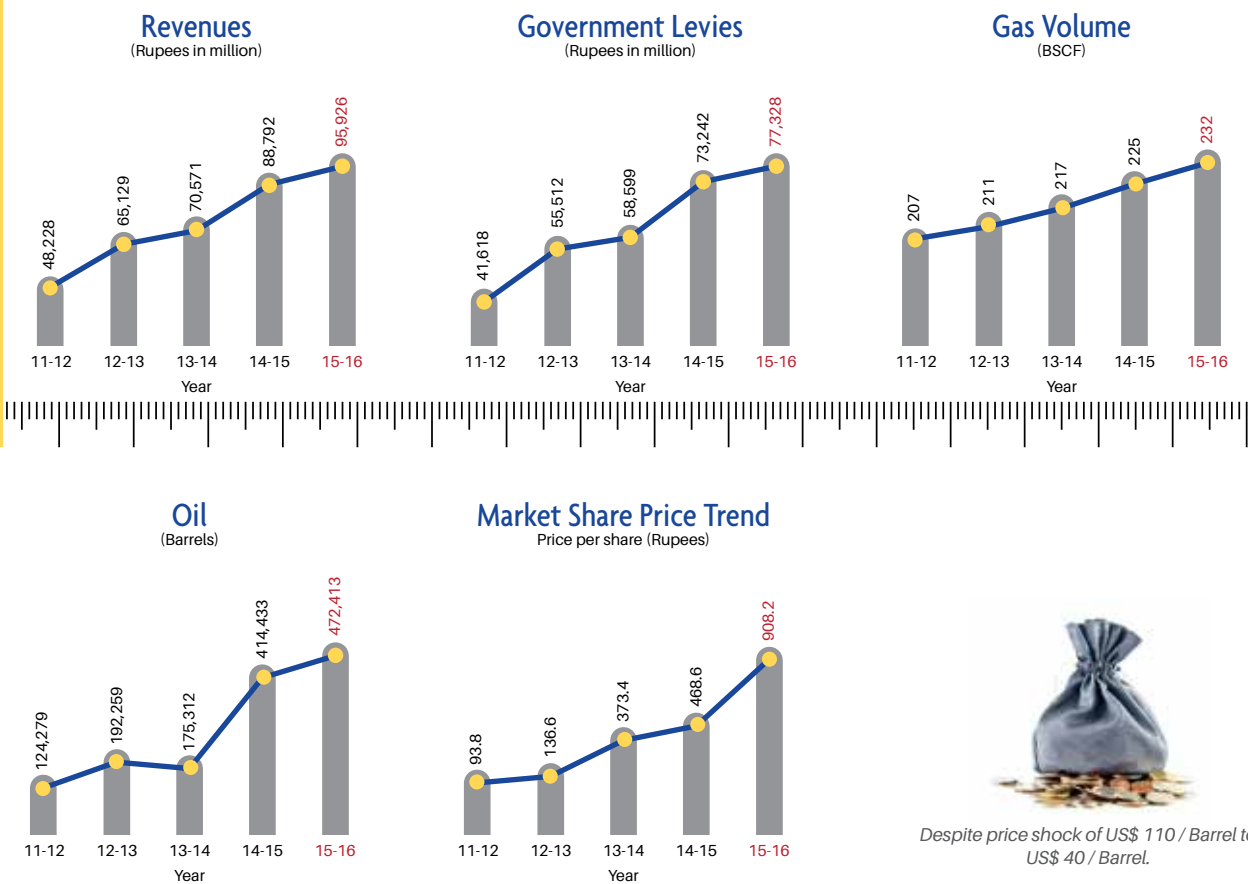
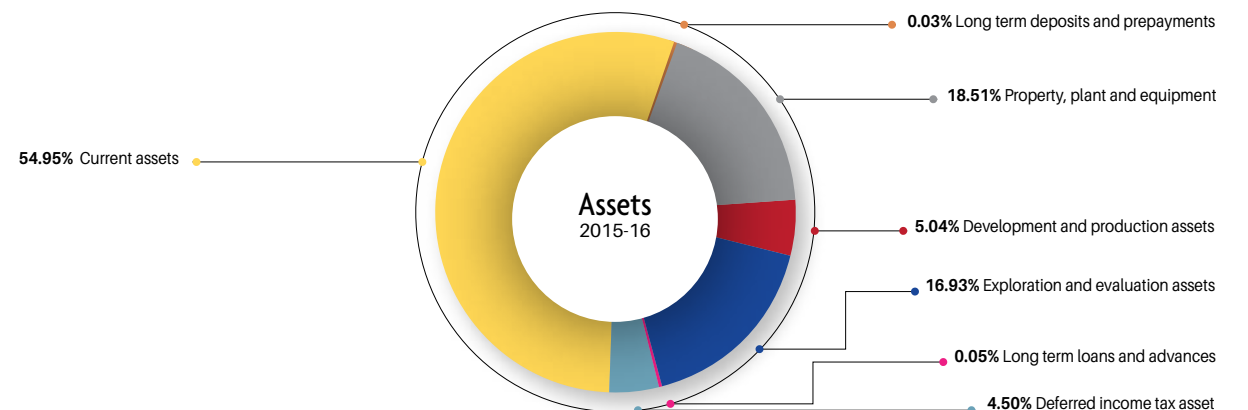
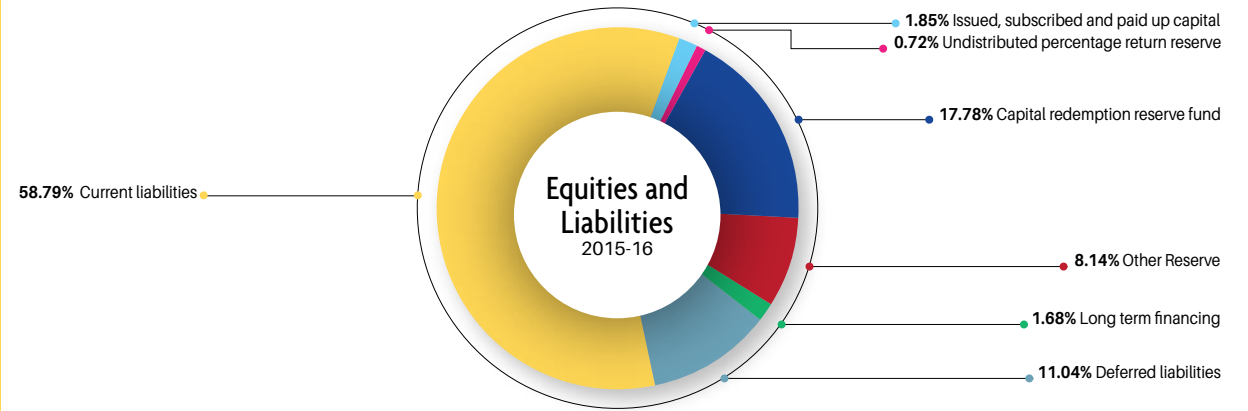
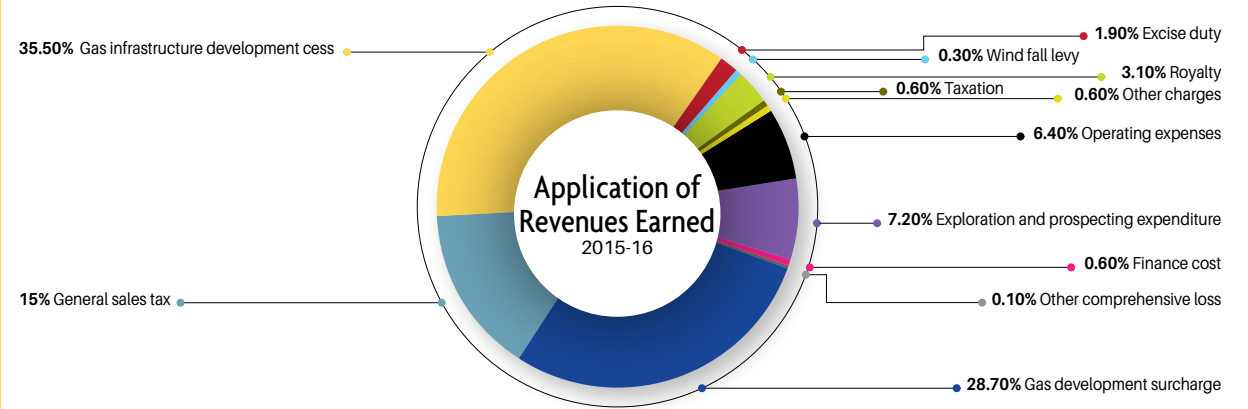
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# Key Financials

		2015-16	2014-15
Revenues	Rupees in million	95,925.53	88,791.86
Government levies	Rupees in million	77,328.34	73,242.31
Exploration expenditure	Rupees in million	9,920.00	8,364.00
Profit before taxation	Rupees in million	6,561.45	6,551.87
Profit for the year	Rupees in million	6,051.46	5,650.31
Dividend per share	Rupees	4.50	3.72
Property, plant and equipment - at cost	Rupees in million	17,217.73	14,857.61
Number of shares issued and subscribed	Shares in million	110.25	110.25



# Company Profile



**MPCL is a fully integrated exploration and production company of Pakistan, currently managing and operating the Country's largest gas reservoir (in terms of current reserves) at Mari Field, District Ghotki, Sindh.**

In addition to Mari Gas Field, MPCL currently holds Development & Production Leases over Zarghun South and Sujawal Gas Fields and has operatorship of eight exploration blocks (Ziarat, Harnai, Sukkur, Sujawal, Karak, Ghauri, Peshawar East, and Khetwaro). The Company is also a non-operating joint venture partner with leading national and international E&P companies in six exploration blocks (Kohlu, Kalchas, Kohat, Zindan, Hala and Bannu West) and one D&P lease (Adam X). The Company's exploration and production assets are spread across the Country in all the four provinces.

As a distinct edge over many other E&P companies, MPCL owns and operates a 3D seismic data acquisition unit, a 2D/3D seismic data processing centre, three land drilling rigs and a slick line unit.

With expansion into exploration activities and addition of E&P allied services, MPCL has become a fully integrated E&P company in the Country, rivaling the national oil company.

MPCL is a major producer of natural gas currently holding around 11% market share. Other products of the Company include crude oil, condensate and LPG. The Company also looks to providing seismic data acquisition, seismic data processing, drilling rigs, slick line and allied services on commercial basis.

The gas produced by the Company is supplied to fertilizer manufacturers, power generation companies and gas distribution companies while crude oil and

condensate are supplied to the refineries for further processing.

The paid-up share capital of the Company is Rs 1,102,500,000 divided into 110,250,000 ordinary shares of Rs.10/- each. The ordinary shares of the Company are quoted on Pakistan Stock Exchange. Total market capitalization as on June 30, 2016 was around Rs 100 billion (at closing price of Rs 908 per ordinary share). Fauji Foundation holds 40% of the shareholding in the Company along with management rights, while Government of Pakistan, OGDCL and General Public hold 18.39%, 20% and 21.61% of the shareholding, respectively.

The Company is making significant contributions towards the Country's development by providing raw material to the fertilizer industry and supplying gas for power generation. Around 80% of fertilizer production depends on gas supplied by MPCL. By supplying gas to the fertilizer sector, MPCL is playing a crucial role in ensuring continuous supply of fertilizer to agriculture sector thereby contributing to food security in Pakistan.

During the financial year 2015-16, the Company produced 30.48 million barrels of oil equivalent energy which resulted in foreign exchange saving of around Rs 142 billion. In addition, the Company contributed around Rs 77.33 billion to the national exchequer on account of taxes, royalty, excise duty, sales tax, gas infrastructure development cess and gas development surcharge.

On a regional level, the Company has not only provided jobs to the local population but has also developed infrastructure in its areas of operations, which has significantly helped in development of these areas.

The Company also aggressively follows CSR programs for the uplift of the communities inhabiting the areas of operations. During the financial year 2015-16, the Company spent around Rs 193 million on CSR activities/projects in different blocks.



# History of the Company



**M**ari Gas Field was originally owned by Pakistan Stanvac Petroleum Project, a joint venture formed in 1954 between Government of Pakistan and M/s Esso Eastern Incorporated, having 49% and 51% ownership interest, respectively. The first gas discovery was made by the Joint Venture in 1957 when the first well in lower Kirthar 'Zone-B' Limestone Formation was drilled. Production from the field started in 1967. In 1983, M/s Esso Eastern transferred its entire share to Fauji Foundation, which set up a public limited company for the purpose of acquiring the assets and liabilities of the Project.

In 1984, Mari Gas Company Limited (MGCL) was incorporated with Fauji Foundation, Government of Pakistan and OGDCL as its shareholders having 40%, 40%, and 20% shareholding, respectively. Upon formation, the Company took over the assets, liabilities and operational control of Mari Gas Field. In 1985, the Company commenced business in

its own name and was given gas price through Mari Gas Wellhead Price Agreement (Mari GPA).

In 1994, the Government divested 50% of its 40% shares and the Company became listed on all the stock exchanges of Pakistan.

The Company primarily operated as a production company, developing in phases the already discovered Habib Rahi Reservoir in Mari Gas Field for supply of gas to new fertilizer plants. Simultaneously, the Company also pursued appraisal activities within its Mari D&P Lease area by drilling step-out wells to determine the extent of Habib Rahi Reservoir.

In 2001, the Company expanded its operations and entered into exploration business. The Company is now a major player in the Country's oil and gas exploration and production sector operating eleven exploration and production assets (three D&P leases and eight operated blocks) and has partnership with leading national and international E&P companies in six non-operated blocks and a D&P lease.

The Company also owns and operates a 3D seismic data acquisition unit, a 2D/3D seismic data processing centre, three land drilling rigs and a slick line unit. With expansion into exploration activities and addition of E&P allied services, MPCL has become a fully integrated E&P company in Pakistan, having oil and gas fields in all the provinces.

To reflect its diversified business operations and expanded activities, the name of the Company was changed from "Mari Gas Company Limited" to "Mari Petroleum Company Limited" (MPCL) in November 2012.

A major development during 2014 was approval of five year extension in Mari lease period. This means that MPCL would enjoy the development and

production rights in the Lease Area till 2019. The extension will enable MPCL to enhance the recovery and produce more natural gas which is critically needed in the Country.

Since its inception, the Company had been operating on a "cost-plus fixed return formula" under Mari GPA 1985. Pursuant to consistent efforts by MPCL Management, a major milestone was achieved in November 2014 when Economic Coordination Committee of the Cabinet approved dismantling of Mari GPA and its replacement with an international crude oil price linked market oriented formula. Dismantling of Mari GPA has allowed the Company to operate on commercial terms and become competitive; thereby realizing its full potential.

In October 2015, the Company opted for conversion of Mari D&P lease to 2012 Petroleum Policy to avail the price incentives offered by the Government on production enhancement initiatives.

In February 2016, MPCL became the first Pakistani E&P Company to implement its incremental production project (Mari Field) and avail gas price incentive on incremental field production offered in 2012 Petroleum Policy.



# Company Information



**REGISTERED OFFICE**

21, Mauve Area, 3rd Road  
G-10/4, Islamabad - 44000  
Tel: (+92) 51-111-410-410  
(+92) 51-2352853  
(+92) 51-2352857  
(+92) 51-2352861  
Fax: (+92) 51-2352859  
Email: info@mpcl.com.pk  
Web: www.mpcl.com.pk

**DAHARKI FIELD OFFICE**

Daharki, District Ghotki  
Tel: (+92) 723-111-410-410  
Tel: (+92) 723-660403-30  
Fax: (+92) 723-660402

**KARACHI LIAISON OFFICE**

D-87, Block 4, Kehkashan, Clifton P.O. Box  
3887, Karachi - 75600  
Tel: (+92) 21-111-410-410  
Fax: (+92) 21-35870273

**QUETTA LIAISON OFFICE**

26, Survey-31, Defence Officers  
Housing Scheme, Airport Road Quetta  
Tel: (+92) 81-2821052  
(+92) 81-2864085  
(+92) 81-2839790  
Fax: (+92) 81-2834465



**SHARES REGISTRAR**

Corplink (Pvt) Limited  
Wings Arcade, 1-K Commercial  
Model Town, Lahore  
Tel: (+92) 42-35839182  
Fax: (+92) 42-35869037  
Email: corplink786@yahoo.com

**AUDITORS**

A.F. Ferguson & Company  
Chartered Accountants  
PIA Building, 49 Blue Area  
Islamabad  
Tel: (+92) 51-2273457-60  
(+92) 51-2870045-48  
Email: aff.websupport@pk.pwc.com

**BANKERS**

Allied Bank Limited  
Askari Bank Limited  
Bank Alfalah Limited  
Habib Bank Limited

**LEGAL ADVISOR**

Ali Shah Associates  
Advocates High Court  
1-Ali Plaza, 4th Floor  
1-E, Jinnah Avenue  
Blue Area, Islamabad  
Tel: (+92) 51-2825632



## Notice of Annual General Meeting

Notice is hereby given that the 32nd Annual General Meeting of the Members of Mari Petroleum Company Limited will be held on Tuesday, September 27, 2016 at 10:00 a.m., at the Registered Office of the Company situated at 21-Mauve Area, 3rd Road, Sector G-10/4, Islamabad to transact the following business:

### ORDINARY BUSINESS

1. To confirm the minutes of the 31st Annual General Meeting held on September 18, 2015.
2. To receive, consider and adopt the Audited Accounts of the Company for the year ended June 30, 2016 together with the Directors' and Auditors' reports thereon.
3. To approve, as recommended by the Board of Directors, the payment of final dividend @ Rs.2.10 per ordinary share (21%) for the financial year ended June 30, 2016. This is in addition to interim dividend @ Rs.3/- per share (30%) already paid.
4. To appoint Auditors for the year 2016-17 and fix their remuneration.

### SPECIAL BUSINESS

5. To obtain consent from the Members for transmission of Annual Audited Accounts to the Members of the Company either through CD/ DVD/USB or in hard copy (book form), and for this purpose to pass a Special Resolution as mentioned in the Statement of Material Facts.
6. Any other business with the permission of the Chair.

Statement of Material Facts under section 160(1)(b) of the Companies Ordinance, 1984 is being sent to the Members with this Notice.

By order of the Board

**Assad Rabbani**  
Company Secretary

Islamabad:  
September 1, 2016

### NOTES:

1. The Share Transfer Books of the Company will remain closed from September 21, 2016 to September 27, 2016 (both days inclusive). Transfers received in order at the Company's Shares Registrar, M/s Corpink (Pvt) Limited, Wings Arcade, 1-K Commercial, Model Town, Lahore, at the close of business on September 20, 2016 will be treated as in time for the purpose to determine entitlement for the payment of final dividend, and to attend the Annual General Meeting.
2. A member entitled to attend and vote at the above meeting may appoint a person/representative as Proxy to attend and vote on his behalf at the Meeting. The instrument of Proxy duly executed in accordance with the Articles of Association of the Company must be received at the Registered Office of the Company not less than 48 hours before the time of holding of the meeting.
3. Those members, who have deposited their shares in the Central Depository system of Central Depository Company of Pakistan Ltd (CDC), are requested to bring their Original Computerized National Identity Cards along with their account numbers in CDC for verification at the time of meeting. CDC account holders will further have to follow the guidelines as laid down in Circular No.1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.
4. In accordance with the notification of the Securities and Exchange Commission of Pakistan vide their SRO 779 (1)/2011 dated August 18, 2011 and SRO 831(1) 2012 dated 5 July, 2012, dividend warrants are required to bear CNIC number of the registered member or the authorized person, except in case of minor(s) and corporate members. Accordingly, Members who have not yet submitted copy of their valid CNIC or NTN in case of corporate entities are requested to submit the same to the Company's Shares Registrar. In case of non-compliance, the Company will withhold dispatch of Dividend Warrants as per law.
5. Members are requested to notify any changes in their mailing addresses to the Company's Shares Registrar.
6. **E-Voting**  
Pursuant to provisions of SECP's Companies (E-Voting) Regulations, 2016, Members can also exercise their right to vote through e-voting by giving their consent in writing atleast 10 days before the date of the meeting to the Company on the appointment of Execution Officer by the Intermediary as Proxy.
7. **Video Conference Facility**  
Pursuant to provisions of SECP Circular No 10 of 2014 dated May 21, 2014, if the Company receives consent from members holding aggregate 10% or more shareholding, residing in geographical location to participate in the meeting through video conference at least 10 days prior to the date of meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city.

In order to vote through e-voting and avail video conference facility, please fill the requisite forms and submit to the Company within time frame mentioned in forms. The forms are being sent to each individual shareholder through post and are also available on the Company website in the press notices section.

Islamabad:  
September 1, 2016

**Assad Rabbani**  
Company Secretary

## Notice of Annual General Meeting



### STATEMENT OF MATERIAL FACTS UNDER SECTION 160(1)(b) OF COMPANIES ORDINANCE, 1984.

Securities and Exchange Commission of Pakistan vide SRO No. 470(I)/2016 dated May 31, 2016 has allowed companies to circulate the Annual Audited Accounts to the members through CD/DVD/USB or in hard copy (book form). To enable the Company to use these electronic mediums, approval of the members is being sought for transmission of Annual Audited Accounts through these electronic mediums. It will greatly facilitate timely delivery of Annual Audited Accounts to the members of the Company.

For this purpose following Special Resolution will be placed before the members at the Annual General Meeting for adoption, with or without modification.

### SPECIAL RESOLUTION

**“Resolved** that as Securities and Exchange Commission of Pakistan has allowed transmission of Annual Audited Accounts through CD/DVD/USB or in hard copy (book form), consent is hereby granted for transmission of these accounts to the Members by using these mediums.”

Islamabad  
September 1, 2016

**Assad Rabbani**  
Company Secretary





## Our Vision

MPCL envisions becoming an international Exploration & Production Company by improving its professional capacity with highly knowledgeable and talented manpower that builds its underground petroleum reserves by discovering more than the ongoing production within Pakistan and abroad, and improving financial capacity and profitability through enhanced production, while taking environmental safeguard and catering the social welfare needs of the communities inhabiting the area of operations.

## Our Mission

To enhance Exploration & Production capability by exploiting breakthroughs in knowledge and innovations in technology and by adopting competitive industrial practices of optimal and cost effective operations to replenish the produced reserves by at least 50% and to enhance production for maximizing revenues and return to the stakeholders and to maintain highest standards of HSE and environmental protection.



## Our Commitments

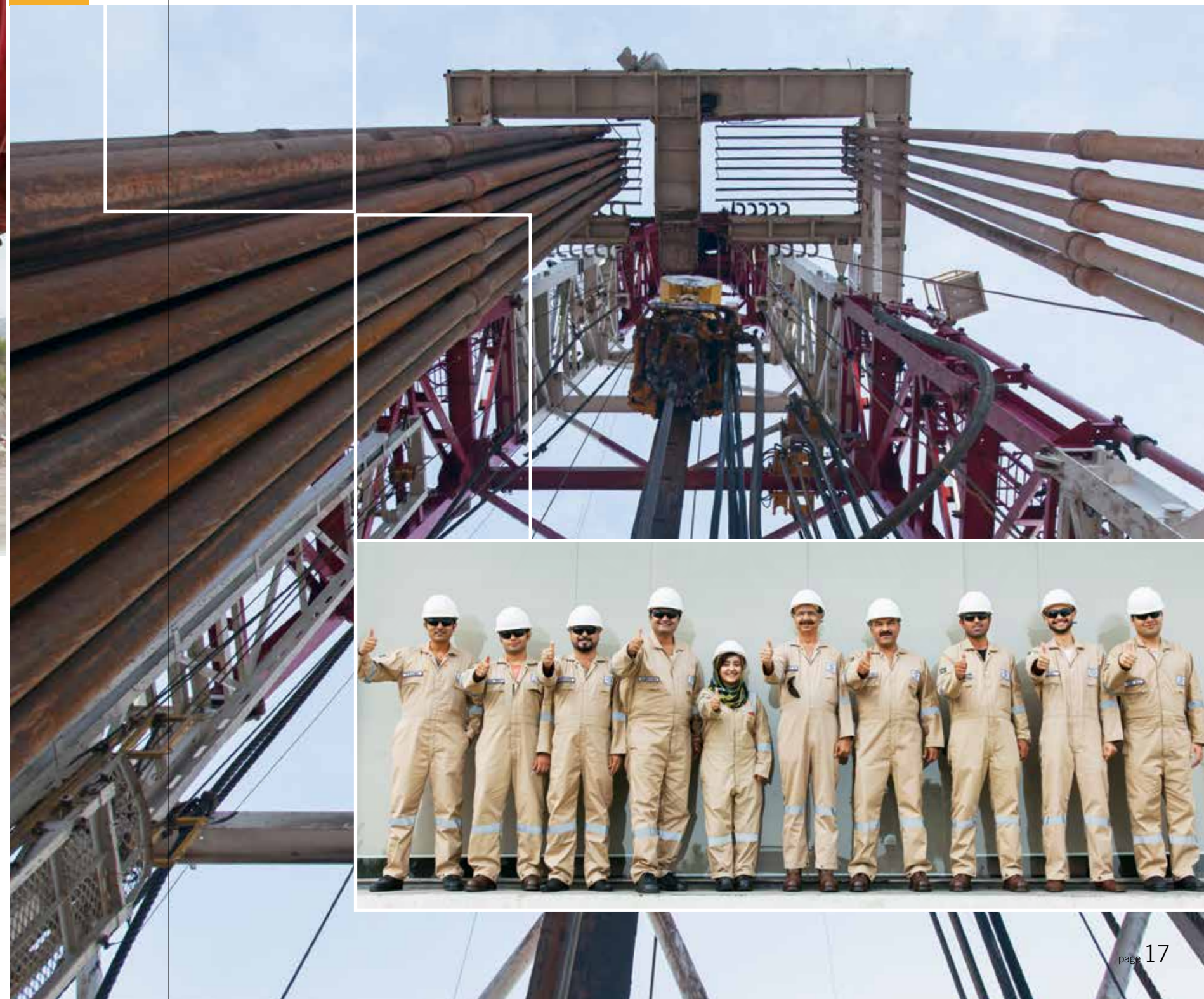


- Providing uninterrupted petroleum products supply to customers.
- Maintaining best and safe operational practices.
- Adopting advanced technology, cost effective/ efficient operations, increasing operating efficiency and adherence to high environmental standards.
- Exploring and enhancing the potential of our human resources.
- Aligning the interests of our shareholders, human resources, customers and other stakeholders to create significant business value characterized by excellent financial results, outstanding professional accomplishments and superior performance.

## Integrated Management System Policy

To realize our strategic vision and to achieve professional excellence in petroleum sector, we are committed to meet all requirements of Integrated Management Systems for Quality, Environment, Occupational Health & Safety and Information Security, consistent with internationally recognized management system standards. We are devoted to maintaining

effectiveness and continual improvement of IMS by monitoring Company objectives, customer satisfaction and complying with the legal and other applicable requirements. Our top management is committed to provide all resources required to ensure compliance with its IMS Policy and to attain best international performance criteria.



# Code of Conduct



The Code of Conduct sets out the Company's objectives and its responsibilities to various stakeholders and the ethical standards required from its Directors and employees to meet such objectives and responsibilities.

## FINANCIAL DISCLOSURE

All transactions should be accurately reflected in the books of accounts according to applicable accounting principles. Falsification of the Company's books, any of the recorded bank accounts and transactions is strictly prohibited.

## CONFLICT OF INTEREST

The Directors and employees of the Company must recognize that in the course of performing their duties, they may be out into a position where there is a conflict in the performance of such duty and a personal interest they may have. It is the overriding intention of the Company that all business transactions conducted by it are on arm's length basis.

## COMPLIANCE WITH LAWS, DIRECTIVES & RULES

Compliance with all applicable laws, regulations, directives, and rules including those issued by the Board of Directors and Management.

## CONFIDENTIALITY

Confidentiality of the Company's internal confidential information must be maintained and upheld, which includes proprietary, technical, business, financial, joint-venture, customer and employee information that is not available publicly.

## CONDUCT OF PERSONNEL IN DEALINGS WITH GOVERNMENT OFFICIALS

The Company shall deal with the Government officials fairly and honestly and within the ambit of the applicable laws, in order to uphold the corporate image of the Company.

## TIME MANAGEMENT

The Directors and the employees of the Company shall ensure that they adopt efficient and productive time management schedules.

## BUSINESS INTEGRITY

The Directors and employees will strive to promote honesty, integrity and fairness in all aspects of the Company's business and their dealings with vendors, contractors, customers, joint venture participants and Government officials.

## GIFTS, ENTERTAINMENT & BRIBERY

The Directors and employees shall not give or accept gifts, entertainment, or any other personal benefit or privilege that could influence business dealings.

## INSIDER TRADING

Every Director and employee who has knowledge of confidential material information is prohibited from trading in securities of the Company.

## HEALTH, SAFETY & ENVIRONMENT

The Company, its Directors and employees will endeavor to exercise a systematic approach to health, safety and environmental management in order to achieve continuous performance improvement.

## INVOLVEMENT IN POLITICS

Company shall not make payments or other contributions to political parties and organizations. Employees must ensure that if they elect to take part in any form of political activity in their spare time, such activity does not and will not have any adverse effects on the Company and such activities must be within the legally permissible limits.

## EQUAL EMPLOYMENT OPPORTUNITY

It is the policy of the Company to provide employment opportunities without regard to gender, race, religion, color, age or disability subject to suitability of the candidates for the job.

## COMPLIANCE

All Directors and employees must understand and adhere to the Company's business practices and Code of Conduct. They must commit to individual conduct in accordance with the Company's business practices and Code of Conduct and observe both the spirit and the letter of the Code in their dealings on the Company's behalf.

## ACCOUNTABILITY

Failure to adhere to the Company's business practices or Code of Conduct may result in disciplinary action, which could include dismissal.

# Corporate Culture and Core Values



Innovative  
Solutions

Goal Driven  
Teamwork

Ethics and  
Transparency

Loyalty and  
Commitment

Professional  
Excellence

# Profile of Board of Directors



**Lt Gen Khalid Nawaz Khan (Retd)**  
Managing Director, Fauji Foundation  
Chairman MPCL Board

Lt Gen Khalid Nawaz Khan (Retd) joined MPCL Board on January 2, 2015 and was elected as its Chairman.

He is the Managing Director of Fauji Foundation, Fauji Oil Terminal & Distribution Company Ltd and the Chairman on the Boards of Fauji Fertilizer Co Ltd, Fauji Fertilizer Bin Qasim Ltd, Fauji Cement Company Ltd, Fauji Kabirwala Power Company Ltd, Foundation Power Company (Daharki) Ltd, Daharki Power Holding Company Ltd, Fauji Akbar Portia Marine Terminals (Pvt.) Ltd, Foundation Wind Energy-I Ltd, Foundation Wind Energy-II (Pvt.) Ltd, Askari Cement Ltd, Askari Bank Ltd, FFC Energy Ltd, Fauji Meat Ltd, Fauji Foods Ltd, Fauji Fresh n Freeze Ltd and FFBL Power Company Ltd.

He was commissioned in the Pakistan Army in April 1975 with the coveted Sword of Honour. During his illustrious career he held various prestigious command, staff and instructional positions.

He is a graduate of Armed Forces War College, National Defence University, Islamabad and Command and General Staff College, Fort Leavenworth, USA. He holds master's degrees in War Studies, Art and Science of Warfare and General Studies.

In recognition of his meritorious services, he was awarded Hilal-e-Imtiaz (Military). He was also conferred upon the award of Sitara-i-Eisar for his leadership role in disaster management during the devastating 2005 Earthquake in Azad Kashmir.



**Lt Gen Nadeem Ahmed (Retd)**  
Managing Director/CEO  
Mari Petroleum Company Limited

Lt Gen Nadeem Ahmed (Retd) was appointed as Managing Director of MPCL on February 25, 2014. During his 40 years long professional career, he has held prestigious command and staff positions in Pakistan Army as well as headed several national agencies.

He is the recipient of many national civil and military awards including Hilal-e-Imtiaz and Tamgha-e-Bisalat for military services and the Sitara-e-Eisar and Shah-e-Hamadan Gold Medal by Azad Kashmir Government. In 2007 he was also awarded the prestigious UNHABITAT Scroll of Honor in recognition of his leadership and compassion in the face of calamity while helping millions of affected people.

He holds master's degrees in War Studies from National Defence University, Islamabad and in Strategic Studies from US Army War College, Carlisle Barracks, PA. In recognition of his outstanding work, he was awarded an Honorary Doctorate in the field of Disaster Management by the University of Huddersfield, UK, in July 2010.



**Mr Qaiser Javed**  
Director Finance  
Fauji Foundation

Mr. Qaiser Javed joined MPCL Board on October 15, 1999. He is a non-executive director and president of the Audit Committee.

He is a Fellow Member of the Institute of Chartered Accountants of Pakistan and Institute of Taxation Management of Pakistan. He is the CEO of Daharki Power Holdings Ltd. He is also on the Boards of Fauji Fertilizer Co Ltd, Fauji Fertilizer Bin Qasim Ltd, Fauji Cement Company Ltd, Fauji Kabirwala Power Company Ltd, Fauji Oil Terminal and Distribution Company Ltd, Foundation Power Company Daharki Ltd, Fauji Akbar Portia Marine Terminal Ltd, FFC Energy Ltd, The Hub Power Company Ltd, Laraib Energy Ltd, Askari Bank Ltd, Askari Cement Ltd, Fauji Fresh n Freeze Ltd, Fauji Foods Ltd, Fauji Meat Ltd and FFBL Power Company Ltd. He also serves as President Audit Committees of many of these organizations.



**Dr Nadeem Inayat**  
Director Investment  
Fauji Foundation

Dr. Nadeem Inayat joined MPCL Board on September 18, 2006. He is a non-executive director and president of the HR&R Committee. He is also on the Boards of Fauji Fertilizer Co Ltd, Fauji Fertilizer Bin Qasim Ltd, Fauji Cement Company Ltd, Fauji Akbar Portia Marine Terminals (Pvt.) Ltd, Fauji Oil Terminal & Distribution Company Ltd, Askari Cement Ltd, Daharki Power Holdings Ltd, Pakistan Maroc Phosphor S.A., Foundation Wind Energy-I Ltd, Foundation Wind Energy-II (Pvt.) Ltd, Fauji Fresh n Freeze Ltd, Fauji Foods Ltd, Fauji Meat Ltd, FFBL Power Company Ltd, Askari Bank Ltd, Fauji Infraavest Foods Ltd and Foundation University.

He is also on the boards of different public sector universities and has conducted various academic courses on economics, international trade and finance at reputable institutions of higher education in Pakistan. He is also a member of Pakistan Institute of Development Economics.

He holds a Doctorate in Economics and has over 28 years of diversified experience in corporate governance, policy formulation and deployment, project appraisal, implementation, monitoring & evaluation, restructuring, and collaboration with donor agencies.



**Maj Gen Mumtaz Ahmad Bajwa (Retd)**  
Director Welfare (Health)  
Fauji Foundation

Maj Gen Mumtaz Ahmad Bajwa (Retd) joined MPCL Board on February 01, 2015. He is a non-executive director and member of the Technical Committee. He is also on the Boards of Fauji Fertilizer Company Ltd, FFC Energy Ltd, Fauji Fresh n Freeze Ltd, and Fauji Kabirwala Power Company Ltd.

He is a graduate of Command and Staff College Quetta and National Defence University Islamabad, and holds master's Degree in War Studies from Quaid-e-Azam University, Islamabad. He also qualified in Trans-National Security Matters from Hawaii, USA. During his long service with Pakistan Army, he held various prestigious command and staff positions. In recognition of his outstanding services, he was awarded Hilal-i-Imtiaz (Military).



**Brig Raashid Wali Janjua (Retd)**  
Director P & D  
Fauji Foundation

Brig. Raashid Wali Janjua (Retd) joined MPCL Board on April 19, 2016. He is a non-executive director and president of the Technical Committee. He is also on the Boards of Fauji Fertilizer Co Ltd, Fauji Fertilizer Co Energy Ltd, FFBL Power Co Ltd, Fauji Cement Co Ltd, Fauji Akbar Portia Marine Terminal Ltd, Foundation Power Co Daharki Ltd, Foundation Wind Energy-I Ltd, Foundation Wind Energy-II (Pvt) Ltd, Fauji Power Company Ltd and Fauji infraavest Food Ltd.

He is a graduate of Command and Staff College Quetta and National Defense University, Islamabad. He holds a Civil Engineering Degree from Military College of Engineering and Master's Degree in Security and Defense Management from Royal Military College Kingston, Canada.

He has a diversified civil engineering project management experience spanning over 25 years. In his capacity as Director Works and Chief Engineer Navy he planned and executed major civil engineering projects at Karachi, Lahore, Islamabad, and the coastal belt in close coordination with the Engineer-in-Chief's Branch. He also has extensive experience of working with diverse national and international aid agencies on reconstruction and rehabilitation projects in earthquake stricken areas.

Profile of Board of Directors



**Mr Sabino Sikandar Jalal**  
Joint Secretary  
Ministry of Petroleum & Natural Resources

Mr. Sabino Sikandar Jalal joined MPCL Board on April 08, 2015, representing Government of Pakistan. He is a non-executive Director and Member of the Technical Committee. Being a senior Civil Servant, he possesses over 20 years of experience of working in Federal Government and various agencies including appointments as Joint Secretary, Ministry of Communications, DG (Corp Affairs), Competition Commission of Pakistan, Joint Secretary, Ministry of Defense, Member Finance/ Director Finance Heavy Industries Taxila and Deputy Financial Advisor, Defense Production & Procurement.

He holds a master’s degree in English Literature (silver medalist) from University of the Punjab. He has also attended numerous courses and trainings pertaining to governance, management, public policy, public administration, and public finance, in Pakistan and abroad.



**Qazi Mohammad Saleem Siddiqui**  
Director General (Gas)  
Ministry of Petroleum & Natural Resources

Qazi Mohammad Saleem Siddiqui joined MPCL Board on October 11, 2012, representing Government of Pakistan. He is a non-executive director and member of the Technical Committee. He graduated from Mehran University of Engineering and Technology, Jamshoro with a degree in Mechanical Engineering. He remained associated with the sugar industry for about five years before joining Government service in November 1990. Since then, he has held various positions in the Ministry of Petroleum and Natural Resources. Mr. Siddiqui is also a director on the board of Sui Southern Gas Company Limited.



**Mr Shahid Yousaf**  
Director General (LG)  
Ministry of Petroleum & Natural Resources

Mr. Shahid Yousaf joined MPCL Board on September 10, 2015, representing Government of Pakistan. He is a non-executive director and member of the Audit Committee. He possesses around 27 years professional experience and has remained involved in new refineries and oil infrastructure projects and has overseen the execution of more than one thousand gas expansion projects in the Country. At present he is looking after policy related work pertaining to the import of LNG/LPG.

Mr. Shahid Yousaf holds a master’s degree in Geology with specialization in petroleum infrastructure. In addition, he has attended numerous local and foreign courses and trainings pertaining to petroleum projects and management, gas pipelines and LNG projects.



**Mr Zahid Mir**  
Managing Director / CEO  
Oil & Gas Development Company Limited

Mr. Zahid Mir joined MPCL Board on April 24, 2015, representing OGDCL. He is a non-executive director and member of the HR&R and Technical Committees. A Petroleum Engineer by profession, he possesses over 27 years of experience in the oil and gas industry having been involved at a senior level in all stages of onshore and offshore upstream operations. He has extensive experience in oil and gas commercial negotiations and business development, strategy, joint ventures and license management, new ventures, economic evaluations, mergers and acquisitions, and HSE.

He has significant exposure to field operations including production, project development, development planning, conceptual engineering and operational support.

Mr. Zahid Mir holds B.Sc. degree in Petroleum Engineering from University of Engineering and Technology, Lahore and an MBA degree from Preston University, Islamabad.



**Mr Ahmed Hayat Lak**  
GM (Legal Services)  
Oil & Gas Development Company Limited

Mr. Ahmed Hayat Lak joined MPCL Board on June 26, 2014, representing OGDCL. He is a non-executive director and member of the Audit Committee. He holds a master’s degree in Law from University of Wolver Hampton and bachelor degree in Law (Honors) from University of London, United Kingdom.



**Mr Shahid Ghaffar**  
Managing Director / CEO  
NITL

Mr. Shahid Ghaffar joined MPCL Board on August 18, 2014. He is a non-executive director and member of the Audit Committee. He is also a director on the Boards of Fauji Fertilizer Company Ltd, and Bank Al Habib Ltd.

He has extensive experience in the areas of asset management, capital market regulation and governance. Before his appointment as MD NIT, he held key positions in Asset Management Division and participated in the reconstruction of NIT during the crisis period of 1996-1998. Prior to joining NIT he was Head of Investor Relations and Corporate Representation as well as member of Management Forum at Habib Bank Limited and Chief Executive Officer of HBL Asset Management Limited. He has also served as the Managing Director/CEO of Karachi Stock Exchange and Executive Director and later as Commissioner at the Securities and Exchange Commission of Pakistan.

He holds a master’s degree in Business Administration and has attended several courses on securities regulations, securities markets development and portfolio management in Pakistan and abroad.

Profile of Board of Directors



**Engr. S.H. Mehdi Jamal**  
Member  
MPCL Board of Directors

Engr. S.H. Mehdi Jamal joined MPCL Board on June 24, 2013 and represents general public shareholding. He is an independent, non-executive director and member of the Audit and HR&R Committees.

He holds a Bachelor of Engineering (Civil) degree from NED Engineering University Karachi. He possesses diverse civil engineering experience spanning over 38 years including more than eleven years in Corps of Engineers, Pakistan Army. He also served on secondment with Pakistan Air Force, Kingdom of Saudi Arabia and on deputation with Port Qasim Authority. His last appointment was as Deputy Surveyor General of Pakistan. He has been also a member of the Local Council of Institute of Engineers, Rawalpindi from 2010 to 2013.



**Mr. Muhammad Asif**  
GM Finance / Chief Financial Officer  
Mari Petroleum Company Limited

Mr. Muhammad Asif is a Fellow Member of the Institute of Chartered Accountants of Pakistan with over 27 years of professional experience with reputable organizations in Pakistan and abroad.

He is also a Certified Internal Auditor from the Institute of Internal Auditors, USA and a Diploma Associate of the Institute of Bankers in Pakistan.

He joined MPCL in 1997 and headed Accounts and Internal Audit functions before assuming the charge of Chief Financial Officer in 2006.

He has attended numerous courses and trainings on financial management, audit & risk management and leadership & business strategy in Pakistan and abroad.



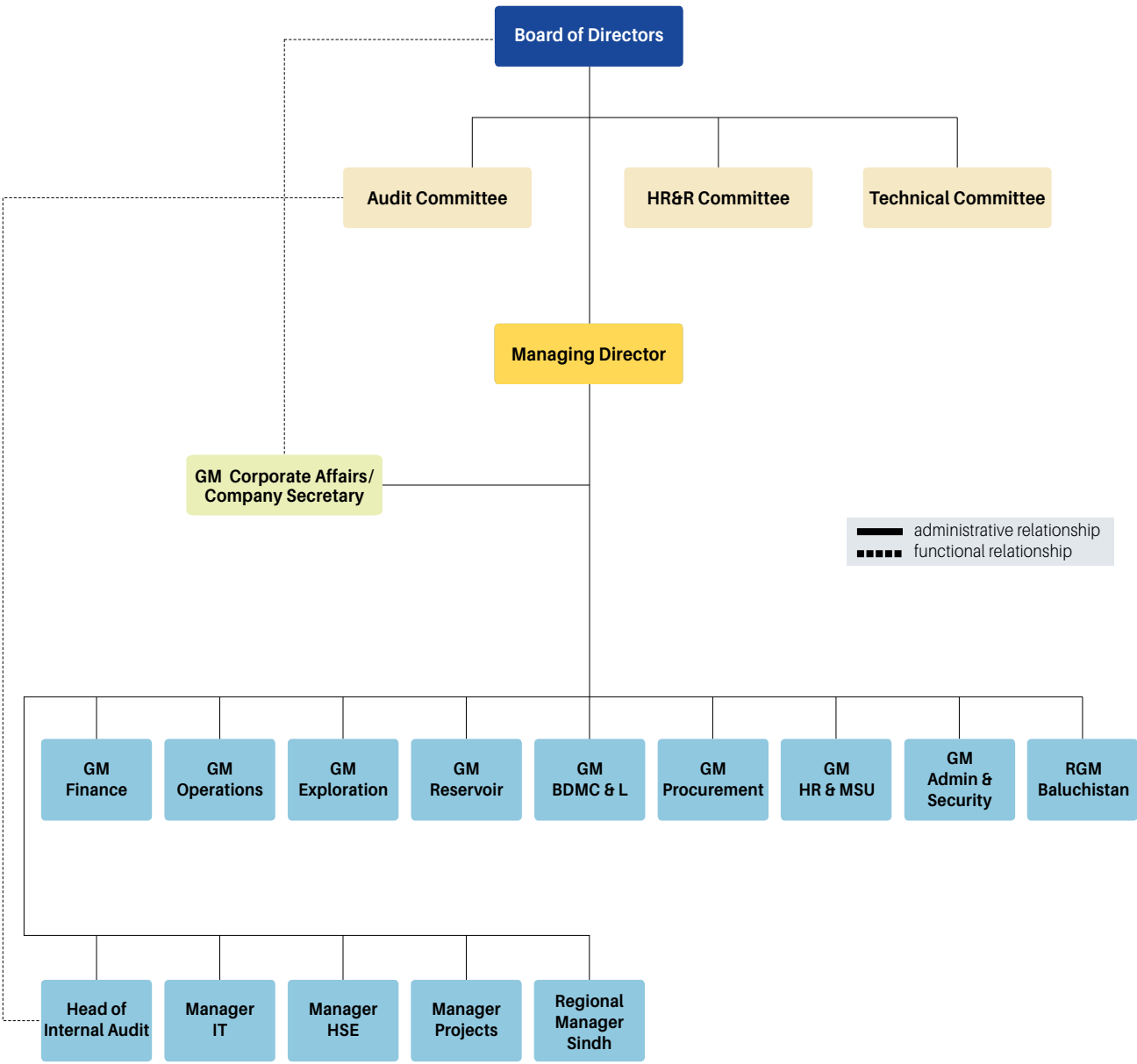
**Mr. Assad Rabbani**  
GM Corporate Affairs / Company Secretary  
Mari Petroleum Company Limited

Mr. Assad Rabbani is a Fellow Member of the Institute of Chartered Accountants of Pakistan with over 20 years of professional experience with reputable national and international organizations.

He joined MPCL in 2003 and was appointed Company Secretary in 2005. Previously he worked in Hydro Power and Textile sectors.

He has attended numerous courses and trainings on corporate governance, leadership and strategy, upstream economics and risk analysis, infrastructure regulations and reforms in Pakistan and abroad.

Organogram





## Lt Gen Nadeem Ahmed

HI (M), SE, T Bt, (Hon D Univ), (Retd)

Managing Director / CEO

## Managing Director's Outlook



Building on a strong base provided by extraordinary achievements during the last financial year, MPCL continued to consolidate its gains during the current financial year of 2015-16, despite the continuing challenges resulting from oil price plunge, which has forced major E&P players into restructuring through mergers and cutting of expenses on exploration and production. MPCL, on the other hand, has been able to build its pool of talented manpower and enhance its exploration portfolio counter to the global current. The main thrust of the Company lays in innovation of ways to increase its revenue through enhanced production availing the incentive price, improvement in efficiency of operational process through the services of a world-renowned consulting firm, cutting cost in all areas of procurement, operations and administration, and adoption of cutting edge technologies in its technical, business and financial models. Despite price



Guddu Power Station

incentive price provided to Guddu Power Station during the latter half of the year. Much larger increase is expected in the coming years. With a consolidated base during 2015-16, it is hoped that MPCL would continue to follow steeper trajectory towards the achievement of its visualized goal of becoming a competitive international E&P company. It has already become the third largest operator in the Country after OGDCL and PPL.

The most serious challenge that MPCL faced during the year was the acute shortage of exploration blocks for the envisaged vigorous exploration program. This was caused by ongoing delay by the Government in offering the next bidding round for new blocks. MPCL went around this challenge by concentrating on the Mari lease area and by taking working interest in selected blocks of other companies. The extensive 3D seismic survey over Mari lease area yielded promising new prospects in shallow SML as well as deep Lower Guru formations. These prospects will be drilled in the coming years of 2016-17 and 2017-18 and there is a good chance of discovering substantial reserves of gas. So far MPCL has succeeded in acquiring 32% working interest in Shah Bandar Block operated by PPL and 20% working interest with operatorship in Bannu West



plunge, MPCL's revenue during the year under review increased to Rs 96 billion from Rs 88 billion in the last year due to sale of 60 MMSCFD additional gas under

## Managing Director's Outlook



Block in joint venture partnership with Tullow Pakistan. Acquisition of 5% working interest in Bannu West Block from OGDCL is also in process. These two blocks were selected after reviewing 52 blocks available for farming-in, which reflects our confidence in the likelihood of finding new reserves in the selected blocks.

Anticipating business challenges facing the global petroleum industry from the oil and gas glut that has emerged as a consequence of shale oil and gas revolution, drop in demand for energy from lower rate of economic growth, concerns of climate change due to worsening weather patterns and improved economics of renewable sources of energy, MPCL is looking for opportunities to diversify its business by going into power generation utilizing the low heating value gas under the incentive offered by the Government. This will provide the much needed synergy to MPCL's upstream business which is likely to remain volatile in the foreseeable future.

Despite it being a risky undertaking of creating an intrinsic drilling, seismic survey and seismic data processing capabilities instead of outsourcing to service providers, MPCL has turned these services into viable business units that will serve our own needs on priority and earn precious revenues from competitive service to wider E&P industry. As the service division has reached a profitable base, the Company is planning to convert these units into a subsidiary company so that it can compete for business as stand-alone entity on an even keel.



The successful major overhauling of Rig Mari-1, within own premises using local workshops with international accreditation created the land mark achievement not only for MPCL but for the indigenous industry as it had never been done in Pakistan before. It saved substantial foreign exchange and cut the time of repair to half.

MSU continued its upward performance trajectory finishing major data acquisition projects before time and earning higher revenues which has rendered it as a profitable business unit. It achieved national record of 1,014 shots meaning about 10.14 square kilometers 3D seismic in one day. Apart from technical refinement, it has completed an uphill learning curve in liaising with locals for land permitting which apart from delaying operations used to result in tensions with the land owners and the influential notables.

The Seismic Processing Unit has acquired the state of the art technology to improve the processing quality which is critical for exploration success. It provides MPCL a unique flexibility that, in certain cases of indecisiveness, it can on priority, reprocess selected data for a better decision to drill an exploration prospect.

At the heart of the extraordinary success of the MSD remained our endeavor to attract talented professionals and technical manpower. The petroleum industry world over is known for prizing the talented human resource but for MPCL it is a matter of the highest importance. We are also encouraging our talented professionals to improve upon their qualifications through higher degrees from good universities abroad with the financial support provided by the Company. This practice is bound to yield ongoing benefits in making up for shortage of higher degree holders from foreign universities.

Technical human resource experiences high degree of mobility in the E&P industry which presents a challenge to retain the cutting edge. MPCL has worked on multiple approaches to create very supporting environment for employee satisfaction. We are constantly improving the material satisfiers to provide competitive packages. More important than

that is the transparent and just system of evaluations that recognizes and awards those working harder and producing better results. MPCL focused on this issue through peer reviews, selective interviews and impersonal surveys and identified the areas for improvement. It is my endeavor to improve the confidence and professional transparency in evaluation process to attract as well as retain the industry's best.

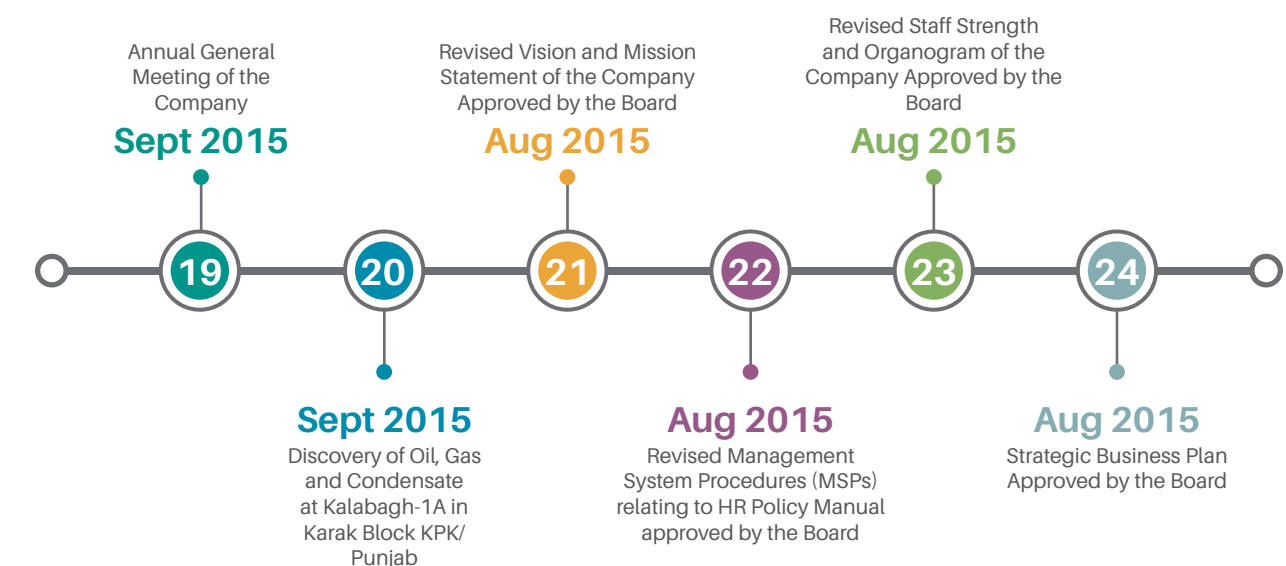
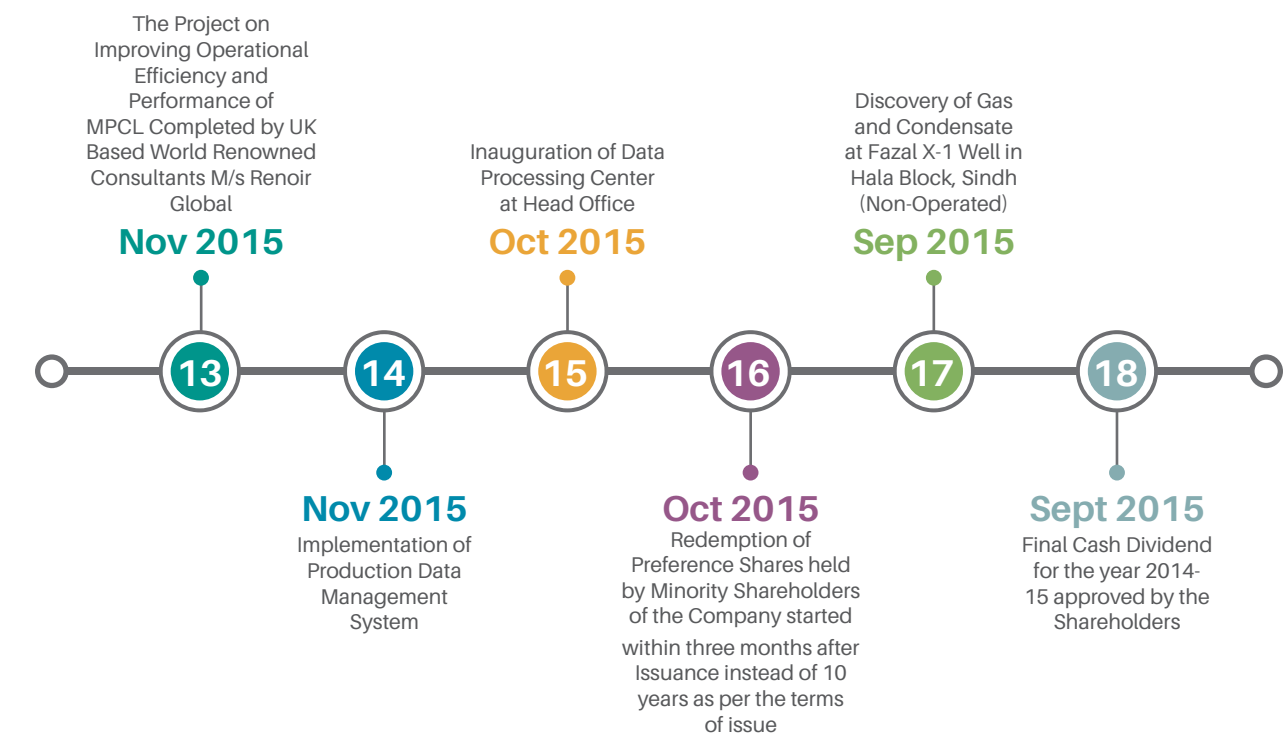
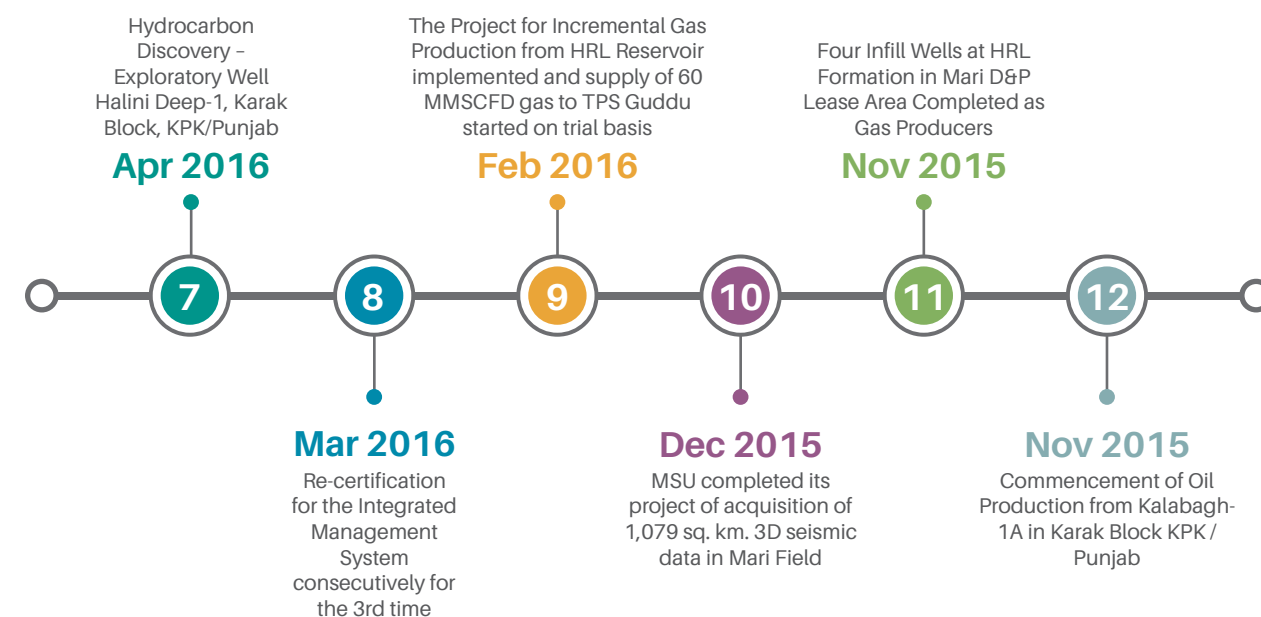
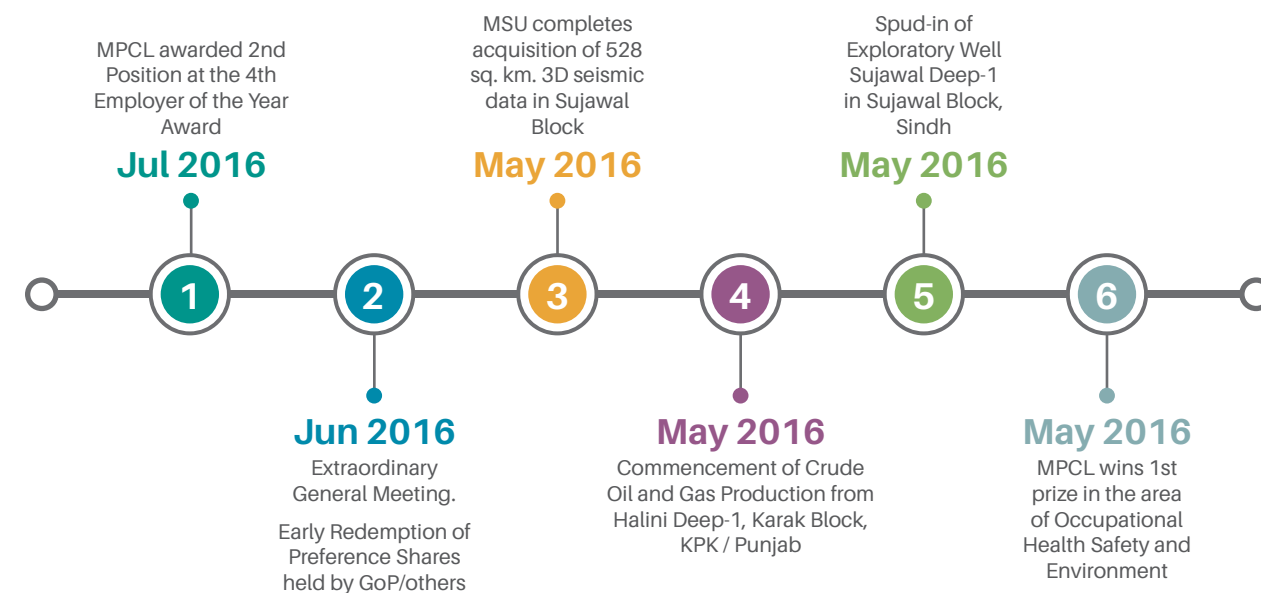
We have been very compassionate about taking care of the sick and the injured. One of our professionals had been seriously handicapped due to an on-site drilling related accident. He was treated in the best medical facilities within the Country but without proper recovery. He was then sent to a renowned facility in London, UK, and it gives us a great joy to see him fully rehabilitated and back at work. MPCL is in a business of discovering petroleum resources with billions of dollars. It involves very risky undertakings by its manpower often in remote and unsecure areas. It is important that they have full confidence in Company's employee-friendly policies and practices. It is with that in mind that we have recognized their competitive performance through judicious award of bonuses for the year!

I close with expression of confidence to assure all the shareholders that MPCL is well-prepared and poised to take full advantage of opportunities and meeting the challenges ahead!

**LT GEN NADEEM AHMED  
HI (M), SE, T BT, (HON D UNIV), (RETD)**  
Managing Director / CEO



# Calendar of Major Events



# Risks and Opportunities Report

Being an E&P company, MPCL's operations are subject to significant risk factors that can materially affect its operations, earnings, cash flows and overall performance. Hence the Management strives to take all the measures necessary to mitigate and manage the risks while at the same time avail all the opportunities for growth as and when they occur.

## RISKS/THREATS/CHALLENGES

### STRATEGIC

- Re-liquefied natural gas (RLNG) is emerging as a strong competitor of the local gas, especially the low BTU gas which requires significant upfront investment in setting up the processing facilities. Due to global LNG oversupply and drop in oil prices (which in turn has driven down crude oil indexed LNG prices), import of LNG, although relatively costlier, has started hurting local gas industry as it is now seen as a cost-effective source of energy, compared to the declining volumes of indigenous gas which carries the risk of energy security. RLNG has also led to non-availability of pipeline capacity and pressure issues for local natural gas producers/suppliers.

### COMMERCIAL/MARKET

- The Company's revenues are directly linked with international crude oil price. Decline in the price of crude oil has direct impact on the Company's revenues and profitability. It is challenging to remain competitive to survive and grow in depressed crude oil price scenario.

- The price of gas and oil is US Dollar denominated; changes in exchange rate of Pakistani Rupee against the US Dollar can affect the Company's revenues and profitability.

### OPERATIONAL/REGULATORY/NATURAL

- Adverse changes in or interpretation of applicable laws and regulations can adversely affect the Company's operations. Uncertainties exist regarding role of Provinces in regulating E&P activities after 18th Constitutional Amendment and resulting devolution of certain powers to the Provinces.
- Uphill challenges in expanding reserves or finding replacement reserves due to inherent uncertainties of E&P business.
- Actual future production of oil and gas may not be in line with current forecasts affecting both profitability and the Company's ability to meet its commitments for supply of oil and gas.
- Uncertain security situation at places where the Company operates or holds working interests can adversely affect the Company's operations and exploration efforts.
- E&P is a knowledge driven industry. Competition for knowledgeable and skilled workforce is intense. Risk of key technical persons leaving the Company is high due to higher demand for such persons. Ability to attract or retain key talent will remain a challenge.



- Natural disasters and extreme weather conditions such as rains and floods witnessed recently not only seriously impact the ongoing operations, these also threaten the safety and security of personnel, equipment, and installations.

### FINANCIAL

- Cost of failed exploration projects and production failures will now have to be borne by the Company.
- Any delay/default in settlement of Company's dues by its customers due to circular debt issue can negatively impact the Company's liquidity situation.

## PLANS AND STRATEGIES FOR MITIGATING THESE RISKS AND POTENTIAL OPPORTUNITIES

### CONTEXT

MPCL is driven by the Country's growing demand for indigenous oil and gas resources for accelerating economic development and ensuring energy security. The Management is committed to continuously increasing production of oil and gas for meeting the demand and delivering sustainable value to the Company's shareholders, employees, business partners and the communities where it operates.

Over the years MPCL has assumed an important role in sustainable growth of the Country by supplying feed and fuel gas to fertilizer and fuel gas to power sector without any interruption. And in doing so, the Company has always upheld E&P best practices in all its core and allied services and operations while maintaining an enviable record in CSR and HSE.

The current wave of low oil price is having serious impact on E&P industry the world over forcing it to restructure, merge, trim the manpower and cut the spending. The key strategic decisions taken by MPCL management last year, however, have shown positive results. So far the balance sheet of the Company has shown resilience to the negative impact despite the persistence of the low oil price challenge.

### PLANS AND STRATEGIES

- The previous year proved to be a year of historic transition resulting from the dismantling of Mari Wellhead Gas Price Agreement and its replacement by a market-based pricing formula. The new pricing regime provides a huge stepping stone for expansion of the Company's business. It has started yielding immediate benefits to all the stakeholders including the Company, Government of Pakistan and the shareholders. These benefits are expected to grow more and more substantial in the long-term.
- MPCL developed elaborate plans to capitalize on this transition by taking a path of balanced growth encompassing enhanced production, expanded exploration portfolio, lean management processes and adopting an enabling organizational environment. The balanced approach targeted stability and sustainability of steeper growth with minimum exposure to market risks associated with the petroleum sector.



Risks and Opportunities Report

- MPCL’s strategic objectives have led to defining its operational priorities. The Company’s strategic focus has been redefined taking into account short-term, medium-term and long-term time horizons with well-defined targets set for each horizon.
- In the low oil price regime, MPCL has formulated plans to exploit price incentives on enhanced production offered by the Government to the E&P sector in Pakistan. During last year MPCL enhanced its production capacity up to about 110 MMSCFD from Mari and Sujawal Fields through significant investments in drilling of additional wells, workovers in the existing wells, augmenting the existing production/processing facilities and laying of additional pipelines.
- The above initiatives resulted in increase of 65 MMSCFD gas from Mari and Sujawal fields. Additional 45 MMSCFD gas is available awaiting installation of gas compression facility by the buyer, which is expected to be completed by October this year. Enhanced production helped MPCL to generate sufficient revenues to keep its aggressive exploration program on track even during these difficult times.
- MPCL had undertaken a massive program of over 1000 sq km 3-D seismic data acquisition in the Mari Lease area that has now opened new prospects for additional discoveries.
- MPCL’s business strategy includes aggressive pursuit of additional exploration acreage within the Country and abroad through bidding process as well as farm-in opportunities.
- For the year 2016-17, the Board of Directors have approved MPCL’s most ambitious exploration budget to-date amounting to US\$ 108 million. In addition to the minimum commitments in its operated and non-operated Blocks, the budget includes back-to-back prospect generating activities in prime exploration acreages all across the Country. Dedicated professionals from MPCL continually evaluate opportunities to acquire new exploration areas complementary to its asset-base to achieve its target of positive reserves replacement rate.

- At the heart of our Business Strategy is the prudent financial discipline and focus on reducing operating costs throughout the business cycle. The new drive is expected to yield healthy growth in the Company’s core operations and strong returns to its shareholders. The results achieved during 2015-16 prove the effectiveness of the MPCL’s business strategy.
- As far as local security challenges are concerned, MPCL has managed to operate in the difficult areas through effective liaison with local authorities, tribal elders and the security agencies. MPCL remains one of the very few companies in Pakistan that is operating successfully in the troubled areas of the Country.
- In-house capabilities of drilling, seismic data acquisition and processing services have provided synergy as well as flexibility to MPCL operations giving it an edge over those E&P companies operating in the Country that depend on outsourcing these services. Other E&P companies now look to MPCL for providing them seismic data acquisition service in the troubled areas of the country.

KEY SOURCES OF UNCERTAINTY

- Volatile crude oil prices
- Inherent uncertainties in E&P business (dry-holes; commercially unviable discoveries)
- Security situation in areas of operations (particularly in KPK and Balochistan)
- Natural disasters and extreme weather conditions



MATERIALITY APPROACH ADOPTED BY MANAGEMENT

Determination of materiality levels, other than those provided under the regulations, is based on judgment. In general, matters are considered to be material if, individually or in aggregate, they are expected to significantly affect the financial performance and position of the Company. Materiality levels are reviewed periodically and are appropriately updated. Powers of the Board of Directors and the Management of the Company have been defined with special reference

to, and in compliance with the Companies Ordinance, 1984, the Code of Corporate Governance, 2012, the Articles of Association of the Company and guidelines and frameworks issued by professional bodies and best practices.

Authorizations for transactions and delegation of powers have also been defined clearly and carried out through formalized processes keeping in view defined materiality levels.



Segmental Review of Business Performance

Based on the different type of activities, the Company has three strategic divisions, which are considered its reportable segments. The following summary describes the operations of each reportable segment:

Reportable segments	Operations
Exploration and Production	includes all upstream business activities
Mari Seismic Unit	includes 2D/3D seismic data acquisition
Mari Drilling Unit	includes onshore drilling services

Net sales of Exploration and Production segment increased by Rs. 2,337 million during the year as compared to last year, however, increase in exploration and prospecting expenditure by Rs. 3,268 has primarily resulted in decrease in profit before taxation by Rs. 581 million.

Profit before taxation of Mari Seismic Unit increased from Rs. 187 million to Rs. 1,009 million mainly due to increase in Mari Seismic Unit income. Further, loss of Mari Drilling Unit has decreased from Rs. 189 million to Rs. 48 million mainly due to increased deployment of rigs during the year as compared to last year.



## Strategic Business Plan of the Company

### INTRODUCTION

Oil price started to decline in the latter half of 2014 and plunged to below US\$ 25/bbl in January 2016. Although oil price has a history of volatility but the intensity of the current turmoil was severe enough to shake up the global petroleum industry forcing even the big petroleum giants to cut budgets, scrap low priority investments and lay off several employees. According to a recent Deloitte report, around a third of all oil companies could face bankruptcy this year if the oil price does not recover sufficiently.

In such a difficult situation, MPCL was able not only to sustain itself but also outperform in key performance indices in view of the timely strategic decisions by the Management. The actions defined in the 2015-16 Strategic Plan resulted in corporate efficiency, prudent investment choices and stricter financial discipline leading to improved growth in its core oil and gas business and creation of strong fundamentals for a robust recovery of profitability even in this challenging business environment.

### OVERALL STRATEGIC AND MANAGEMENT'S OBJECTIVES

Considering the price volatility, MPCL is continuing to review and adjust its strategic focus. Industry expects oil price to rise gradually to US\$ 65/bbl by 2019. Accordingly, MPCL has redefined its business strategy spreading it over three time horizons:

- i. Short-term: the Company aims to remain focused on its core business and pursue cash flow maximization initiatives to safeguard financial robustness through efficiency gains and cost reduction.

- ii. Medium term: the Company plans to focus on investments aimed at adding high prospectivity blocks in its portfolio characterized by high-cost high-reward and medium to high risk to achieve positive reserves replacement rate and increase production.
- iii. Long term: the Company places strategic focus on diversifying investments for adding value to its existing business and to securing sources of income other than oil and gas to ensure growth on sustainable basis in varying oil price regimes.

### MANAGEMENT'S STRATEGIES OF MEETING THESE OBJECTIVES

The Management has set operational priorities in line with the defined strategic focus for the year 2016-17. The Business Plan for 2016-17 will serve as a road map for MPCL's targets for the year. The Company shall keep pursuing exploration-led growth strategy backed by optimized production from all its fields especially Mari D&P Lease. The corporate targets have been formulated considering the following four key areas: 1) Core Business, 2) Internal Processes & Policies, 3) Stakeholders, and 4) Financial Growth.

To ensure achievement of corporate goals within the stipulated time period, a Management Control System (MCS) has been instituted for close monitoring and reporting of the progress for mid-course corrections in case of slippages from the planned course.

### SIGNIFICANT CHANGES IN OBJECTIVES AND STRATEGIES FROM THE PREVIOUS YEAR

In the short term, no significant change is expected in the objectives and strategies from the previous year. For the long term, however, the Management has started evaluating diversification opportunities. Diversification will provide the much needed synergy to MPCL upstream business which is likely to remain volatile in the foreseeable future.

### RELATIONSHIP BETWEEN THE COMPANY'S RESULTS AND MANAGEMENT'S OBJECTIVES

The actions defined in Strategic Plan 2015-16 resulted in corporate efficiency, prudent investment choices and stricter financial discipline leading to improved growth in the Company's core business and creation of strong fundamentals for a robust recovery of profitability even in a globally challenging business environment.



## Company's Most Significant Resources

The Company's most significant resources include the following:

**Human Capital:** The Company has a reservoir of experienced professionals with distinguished careers in national and international E&P companies and affiliations with reputable local and foreign universities.

**Hydrocarbon Reserves:** The Company has significant amounts of recoverable hydrocarbon reserves. Balance oil & gas recoverable reserves were 388 MMBOE on June 30, 2016.

**Financial Resources:** The Company had Rs. 16.966 billion in shareholders reserves as at June 30, 2016.

## Consumer Protection Measures

MPCL does not have individual consumers. All of the Company's consumers/customers are corporate entities in fertilizer, power, gas distribution, and mid-stream sectors. The Gas Sales and Purchase Agreements and Crude Oil/Condensate Sales Agreements with these corporate consumers/customers stipulate the protection measures including committed quantity, specifications, contract duration and the penalties on defaulting party.

# Business Overview & Key Performance Indicators



## NATURE OF BUSINESS

The Company is principally engaged in exploration, production and sale of hydrocarbons

## PRODUCT PORTFOLIO

- Gas
- Crude Oil
- Condensate
- LPG

## MACRO LEVEL OVERVIEW

On the whole, the performance of Pakistan’s oil and gas sector remained sluggish during the year. Domestic oil and condensate production which touched 100,000 bpd mark in first quarter of 2014 has been hovering around 90,000 to 95,000 bpd since 2014 with no significant addition. Similarly, the forecast trajectory of natural gas volumes, although being more than 6 times larger than oil, is not optimistic.

Local gas production presents a gloomy picture. The Country’s gas production peaked at 4.3 BCF per day (654 KBOE per day) in 2012 and has since been in a declining phase, falling to around 4.0 BCF per day by the end of 2014 and remains stagnated at that level as of today. The remaining recoverable gas reserves have also been sliding since peaking at 32.8 TCF in 2005. As of June 30, 2015 the remaining recoverable gas reserves were 20.265 TCF. The downward trajectory of the Country’s recoverable gas reserves amid declining production volumes from maturing fields projects a weaker outlook for indigenous gas production.

## CAPITAL STRUCTURE

Total equity increased by 48% from Rs. 11.50 billion to Rs. 16.97 billion and comprised of issued, subscribed and paid up capital, undistributed percentage return reserve, capital redemption reserve fund and other reserves. Fauji Foundation remains the major shareholder of the Company with an equity stake of 40%. Long term financing of the Company decreased from Rs. 9.3 billion to Rs. 1 billion at the year end, thereby, decreasing the debt / equity ratio to 5.57:94.43 from 44.69:55.31 in 2014-15.

Future projections indicate adequacy of the capital structure for the foreseeable future.

## ANALYSIS OF THE PROSPECTS OF THE COMPANY

Over the period under review except for the targets for both financial as well as non-financial measures which were strategically put on hold by the management, or involved some delay on part of external stakeholders, Company was able to successfully achieve its ambitiously set targets in its annual Business Plan. For instance, MPCL’s production enhancement project from Habib Rahi Limestone resulted in an enhanced supply of 60 MMSCFD gas to Thermal Power Station Guddu in the first phase. Due to Management’s untiring efforts, the Company was able to transform its Mari Services Division into a profit making unit. On the Technology end, MPCL successfully installed Supervisory Control & Data Acquisition System at Sujawal field and implemented E&P Corporate Data Management System. With regard to achievement of targets on HSE, the Total Recordable Case Frequency (TRCF) was brought down from 0.79 to 0.22 in the year. The target of Reserve addition of 70 BCF was partially achieved due to unsuccessful exploration efforts in Non-operated blocks and lesser than expected results from MPCL’s own Exploration Blocks. Despite the above, MPCL’s gross sales revenues increased by 8 percent year-on-year basis due to increase in wellhead gas price for Mari gas field and improvement in oil and gas sales volumes. The Company also planned and achieved an early redemption of Rs. 10.59 billion preference shares. The Company also embarked upon its most ambitious exploration plan by spending US\$99 million on exploration activities in 2015-16.

In 2016-17, MPCL plans to spend US\$110 Million on pursuing its exploration goals. Further increase of 45

MMSCFD from Habib Rahi Limestone is also set to be achieved in the next year in production enhancement project.

Over the period under review there was no change in the company’s performance measures or indicators.

## CRITICAL / KEY PERFORMANCE INDICATORS

Besides using financial KPIs, the company uses following performance indicators to evaluate its operational efficiencies. The indicators are calculated periodically as “look-behind” indices to measure performance.

1. Finding & Development Cost per BOE of Reserves Added
2. Reserves Replacement Rate (%)
3. Exploration Success Rate
4. Drilling Cost per Meter
5. Production Cost per BOE Production
6. Production Growth (%)
7. EBITDA per BOE Production
8. EBITDA per employee
9. Petro-Technical Professionals per MMBOE production
10. Reserve Growth (%)
11. Reserve to Production Rate

## FORWARD LOOKING STATEMENT

### ANALYSIS OF PRIOR PERIOD FORWARD LOOKING DISCLOSURES

In year 2015-16 company successfully achieved numerous strategic objectives set for the year, including; implementation of incremental production project; two new hydrocarbon discoveries in Karak Block; completion of back to back seismic acquisition projects by its seismic unit; transformation of Mari Services Division into a profit making unit; substantial recoveries on account of outstanding receivables; IMS re-certification for the third consecutive time as well as certifications for three new fields (Zarghun, Sujawal, Halini).

## FORWARD LOOKING STATEMENT

In early 2016 production increase of 60 MMSCFD gas from Mari field was achieved, whereas, another 45 MMSCFD gas is available, awaiting up-gradation of facility by the buyer, which is expected by end of this year. Production enhancement from these two initiatives will positively impact the Company’s financial performance.

# Energy Saving Measures

Realizing the critical importance of energy conservation, the Management has issued detailed directions for saving energy including use of energy efficient equipment in operations, efficient use of air-conditioning and lighting, ECO driving, water conservation and reduction in use of paper. These initiatives have been implemented across the Company at all locations. By implementing these measures, the Management has ensured that the Company’s commitment to the responsible utilization of the planet’s valuable resources is fully realized. All the employees are encouraged to enact and implement these initiatives both at workplace as well as at home to show commitment to conscientious corporate citizenship.



# Success Stories



## MARI SEISMIC UNIT

Mari Seismic Unit (MSU) successfully completed its maiden “3D Seismic Project at Mari Field” covering an area of 1,079 square kilometer on December 5, 2015. During the initial years/phases of this project, MSU faced numerous complex challenges related to permitting, terrain, and local issues. However, through resilience and commitment of MSU’s workforce, and with continuous support of MPCL management, a remarkable turnaround was seen in the latter half of the project. The maiden project was not only completed 25 days in advance of the plan but it also generated an impressive profit of 730 million rupees, which is a remarkable success story, which provided an impetus to the self-financing target of the MSU.

The success of MSU’s maiden project in December 2015 inspired its crew to take bigger strides and venture into more challenging arenas. It took on another 3D seismic project of 528 square kilometers in Sujawal Block in January 2016. Even with additional coverage area of 123 square kilometer, MSU managed to complete this project 25 days ahead of the original schedule. The crew completed the project in a record

107 days flat and in so doing set up a new national level production record of 1014 shots in a single day (15.22 square kilometer).

MSU is now equipping itself and is gearing up to venture into high security risk areas of KPK and Balochistan, where other seismic companies usually refrain to operate. These areas operated by MPCL or other companies hold excellent prospects but it has not been feasible to conduct seismic surveys to identify the prospects. MSU’s willingness and resolve to operate in these areas will not only assist MPCL in making more discoveries of oil and gas but will also open the areas to the rest of the E&P industry for the benefit of the Country.

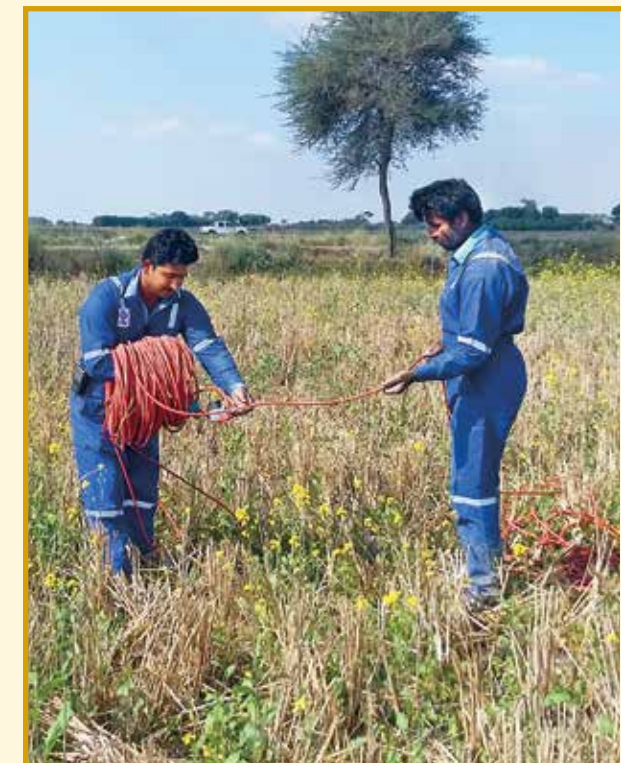
Achieving a competitive edge in a short period, MSU has created a competent and motivated workforce, introduced state of the art seismic technology, refined its operating procedures and gained confidence of outperforming other local and foreign companies operating in the Country.

### PROCEDURES ADOPTED FOR QUALITY ASSURANCE OF SERVICES

Mari Seismic Unit (MSU) is a fast emerging name in the seismic data acquisition industry of Pakistan. It provides world class seismic services as per customer requirements following industry standards, legal obligations and HSE commitments. MSU has successfully acquired more than 1,607 sq km 3-D seismic data for the projects completed during the current fiscal year. Through a dedicated team of highly competent professionals, MSU provides the best possible results to its customers by adhering to international quality standards and using a combination of top of the line seismic suites and seismic equipment. It has introduced state-of-the-art technologies (like Sercel 508XT Recording System) and implemented business intelligence solutions, and is using customized management control systems with KPI dashboards, and is operating under supervision of designated quality consultants.

MSU is known for its unwavering commitment to quality assurance through conforming to the requirements of international standards including ISO/IEC 9001, ISO/IEC 14001, ISO/IEC 27001 and OHSAS 18001. MSU also conducts employee training programs and participates in internal and external quality audits.

MSU has been able to operate in difficult areas through better liaison with local population, notables, public functionaries and security agencies. It is looked up to as the only company that can operate successfully in Balochistan and FATA areas and has been engaged for seismic project in Bannu West Block in the coming year.



## Success Stories

### IN-HOUSE OVERHAUL OF RIG MARI-1

Mari Petroleum Company Limited had purchased Rig Mari 1 (1500HP) from M/s Hanghua- China during 2007 and deployed it for drilling operations at different blocks across the country. After completion of seven years of drilling operations involving twelve Wells by the Rig it became imperative to carry out the first major overhaul of its engines, draw works, top drive system, BOP, Accumulator unit and mud pumps during stacking period from October 2015 to January 2016. Mari Drilling Unit (MDU) started seeking quotations/proposals from renowned international service providers during the third quarter of 2014-15. Upon receiving the proposals it was assessed that an estimated budget of around USD 1.7 million would be required with a time period of at least six months to carry out the required overhauling of the major equipment. A second study was carried out to overhaul the equipment by purchasing spares from OEM while utilizing MDU's own technical manpower and local workshops having API certification. A detailed presentation was given to the management highlighting estimated budget and time-frame required to complete the required work either by sending the equipment overseas or performing it locally. Keeping in view the time period available to carry out the overhaul it was decided to utilize MDU's in-house expertise and local workshops with the required API certification. MDU started the overhaul project during September 2015 and successfully completed it by the end of December 2015 resulting in a saving of around USD 1 million and three precious months of man-hours. All the overhauled equipment has been successfully func-

tion tested and mobilized to rig site for future drilling operations. MPCL has already drilled Khetwaro Exploration well in a record time using Rig Mari 1 and its overhauled equipment. This project of overhauling is an example for other drilling contractors working in the industry to perform future overhauls using indigenous resources which would not only save precious foreign exchange of the country but would decrease future reliance on overseas companies hence enhancing the capabilities of the indigenous human resource. The overhauling of the drilling rig has been accomplished within the country for the first time.

This extraordinary project resulted in the following benefits:

- cost and time saving of mobilization and demobilization of unit to OEM facility or any other workshop in Pakistan or abroad;
- cost saving in workshop facility rent (only rented workshop utilized for TDS major overhauling); and
- most important benefit was the hands-on experience and exposure to the maintenance of Rig equipment and detailed knowledge gained in the functioning of various component assemblies and parts.

This experience will also come handy for better maintenance of all our rigs leading to improved drilling efficiency and saving of cost of break-downs.

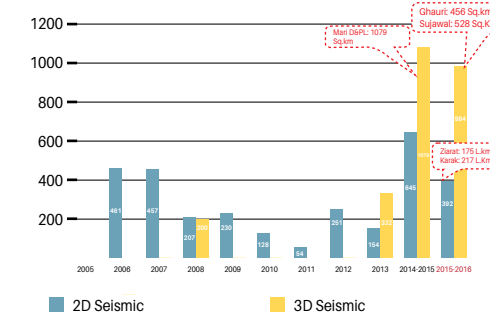


### EXPLORATION EFFORTS DURING 2015-16

Exploration is the essence of E&P industry. It is only through aggressive and successful exploration that MPCL can discover more reserves of oil and gas and consolidate its growth. Exploration follows a three-year cycle, during the first two years geological and geophysical (G&G) information is obtained, seismic data is acquired, processed and interpreted and new prospects for drilling wells are finalized.

Operating within this cycle during 2015-16 MPCL completed and interpreted 984 sq km of 3-D and 392 sq km of 2-D data seismic data and finalized a record number of 13 new drilling prospects which would be drilled during 2016-18 leading to substantial new reserves. **Figure-1**

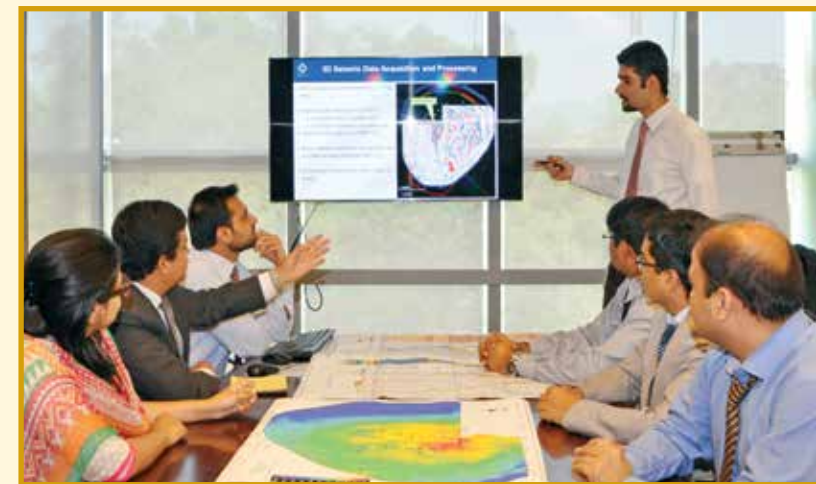
#### L.KM/Sq.Km



**Figure 1: A Comparison - 2D/3D Seismic Data Acquisition Campaigns**

So far 1080 sq km 3-D seismic data relating to Mari Field area has been interpreted for structural prospects, but there are some indications of subtle stratigraphic traps in the area. MPCL has fine-tuned the expertise and decided to acquire sophisticated special interpretation software of AVO inversion for identifying the stratigraphic plays in the coming year. This would be the very first time that MPCL is developing the capability of exploring for stratigraphic plays and this would add a new dimension in our exploration effort.

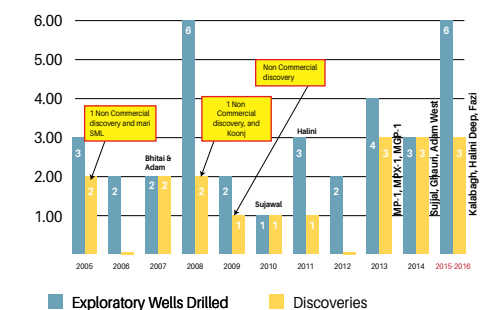
The Exploration Department undertook multiple initiatives of strengthening expertise, acquiring new acreages and undertaking aggressive seismic surveys which was facilitated by integral capability of the



Mari Seismic Unit. 6 exploratory sites, including those by JV Partners, were drilled during the year which is the highest number since 2008 leading to oil and gas discoveries of Kalabagh, Hallini Deep and Fazal.

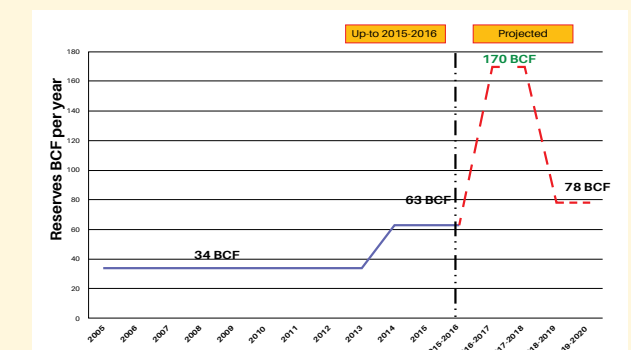
**Figure-2**

#### No. Of Exploratory Wells



**Figure 2: A Comparison - Exploratory Wells Drilled vs Discoveries**

During 2015-16 MPCL produced 251 BCF of gas (233 as natural gas and 18 BCF as oil/condensate) and added 62 BCF through new discoveries yielding the reserve replacement ratio of about 25%. The new commercially-based financial arrangement has ended the limit hitherto placed by the Government on the exploration budget and provided freedom to the Company to prioritize its budget for pursuing aggressive exploration to change the historical practice of consistently drawing down the existing reserves of natural gas. The company is determined to progressively increase this ratio to slow-down the depletion of the discovered reserves. **Figure-3**



**Figure 3: Average Resource (GIIP Equivalent) Addition per year**

## Success Stories



## ENGAGEMENT OF RENOIR FOR CORPORATE EFFICIENCY ENHANCEMENT

The historical shift of MPCL's business model from cost-plus pricing formula (GPA) to crude oil price-linked mechanism requires the Company to increase its profits through measures like incremental production, reserves enhancement and aggressive exploration by introduction of improved and efficient management processes and procedures.

In this regard, a UK based team of consultants (Renoir Consulting) was engaged to analyse MPCL's business processes and management systems in five key areas including Management of New Wells, Seismic Survey Acquisition, Operations and Maintenance of production fields, Supply Chain Management and Strategic Business Planning.

A joint project team consisting of ten members task force and six to eight Renoir consultants was formed to analyse the processes, practices and culture to address the existing shortfalls and develop solution for across the board improvements.

The project team focused its energies on improving three key areas including Management Control Systems, Operational Processes and Process Responsibilities spread over the contract period of eight months. Details of key areas are given in the followings:

### MANAGEMENT CONTROL SYSTEMS

- Enhancing underdeveloped management control elements, improving the utilisation of key performance indicators and implementing performance review mechanisms.
- Introducing formal management tools that systematically flag off-schedule conditions and plan attainment along with processes to assess root causes and activate mitigation plans on a short interval basis.



- Enhancing and introducing active management practices at management level through training, coaching and applied applications.

### OPERATIONAL PROCESSES

- Introducing accountability for operational processes effectiveness through increasing visibility of plans versus achievements at key process steps.
- Introducing key process steps along with measures, controls and corrective action practices.

### PROCESS RESPONSIBILITIES AND STRUCTURE

- Adding structure to and formalising communication and priority setting.
- Clarifying roles, responsibilities and accountabilities.

### THE PROJECT TEAM SUCCEEDED IN:

- Implementing specialized management control systems for monitoring performance, identifying and solving problems and setting future targets for Mari Seismic Unit, leading to acquisition of more than 1607 sq.km of 3D seismic data in Mari and Sujawal fields.
- Developing management control system for New Well Management (NWM) by introducing NWM tracker, variance sheet, review meetings and stakeholders meetings. This system helped

in locking plan dates for all activities involved in new well management cycle, monitoring of results, resolving of variances on a real time basis and achieving reduction in well drilling cycle time.

- Introducing system elements for enhancing the efficiency, predictability and consistency of field operations and maintenance procedures leading to reduced production wells down time.
- Improving efficiency of supply chain procedures through specialized management reports and checklists leading to reduction in Purchase Requisite to Purchase Order issuance average cycle time.
- Introducing strategy and business planning processes, leading to formulation of annual business plan 2015-16 and 2016-17 and regular monitoring against the set targets.
- Developing customized management information systems for providing regular updates to the senior management for strategic management decisions.

MPCL, management has developed a dedicated unit named 'System Management Development Cell' (SMDC) with the mandate of continuously reviewing processes and management control systems for sustainable results.

# Health, Safety and Environment (HSE)



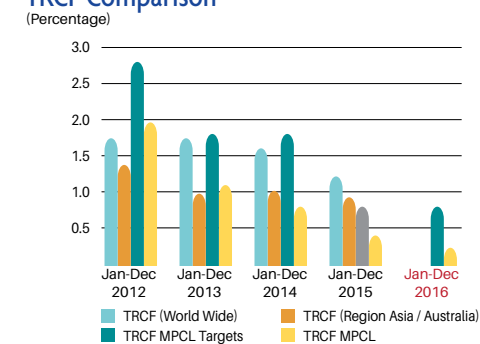
During the year, MPCL improved in all aspects of HSE, building over an impressive base created during 2014-2015. It has achieved all goals and targets set for the year and reduced the incidence of injuries well below the level of the average of the E&P industry in the Country. Effective HSE policies, procedures, guidelines and oversight have led to safer corporate work culture conducive to environmental preservation. The number of incidents was significantly reduced in spite of three fold increase in workforce man-hours since 2012 due to increase in E&P activities. The Company recorded the best-ever Total Recordable Case Frequency (TRCF) of 0.22 for FY 2015-16, for own employees and contractor manpower, which is 72% below the last year's TRCF target of 0.79.

Employers Federation of Pakistan (EFP) has duly recognized MPCL's HSE achievements and awarded it the First Prize in the 11th EFP Assessment Year in the E&P and energy sector for 2015-2016.

## OUR COMMITMENT / ENVIRONMENTAL RESPONSIBILITY POLICY

Our policy and commitment reflect the integrated way we work in all areas of health, safety, environment and quality (HSEQ). All MPCL employees, contractors and joint ventures under our operational control are encouraged to manage HSE in line with the commitment and policy.

## TRCF Comparison



## INTERNATIONAL STANDARDS

MPCL achieved ISO standards and IMS certification in 2007 and successfully organized Integrated Management System Recertification for the 3rd time without any major non-conformance for the following Standards:

- ISO 9001: 2008 (Quality Management System)
- ISO 14001: 2004 (Environmental Management System)
- OHSAS 18001: 2007 (Occupational Health System Assessment Series)
- ISO 27001: 2013 (Information Security Management System)

MPCL successfully brought three new facilities of Sujawal Gas Field, Halani Production Facility and Zarghun Gas Field under the international standards and certification.

## HSE WORKSHOPS AND TRAININGS

A new initiative of HSE workshops was introduced to promote team-work and HSE culture through audio-visual aided interactive awareness sessions and team-building exercises. In addition, more than 100 HSE training sessions were imparted to staff at all locations. The training areas included permit to work system; HSE risk identification, assessment and controls; job hazard analysis; general HSE awareness; IEE/EIA awareness; IMS & ISMS; H2S awareness; use of breathing apparatus; first aid; incident investigation and reporting; safe food handling; HSE laws and regulations; health



awareness; defensive driving; chemical handling; and waste management.

## CRISIS MANAGEMENT

Our structured crisis and emergency management plan enables us to make a quick and effective response to an emergency that could escalate into a crisis which could adversely affect the image and reputation of the Company. This plan caters for activities including field operations, drilling, seismic activities and all projects in addition to activities in the existing fields.

The plan is periodically reviewed and practiced with drills and exercises. Emergency drills are mandatory for oil and gas, exploration, and production operations. This is also a requirement under the Oil & Gas (Safety in Drilling and Production) Regulations.

Health, Safety and Environment (HSE)



HSE audits and inspections; heat stress management centers; and annual medical checkups of all employees.

PROCESS SAFETY MANAGEMENT

Process Safety Management focuses on preventing fires, explosions and accidental chemical (hydrocarbons) releases in and around the process areas. This year HAZOP studies of three plants (Sujawal, Zarghun, Halini Fields) have been successfully completed. This activity will provide an opportunity to control the unmitigated risks and make MPCL a safer work place for its personnel.

OCCUPATIONAL HEALTH & SAFETY MANAGEMENT

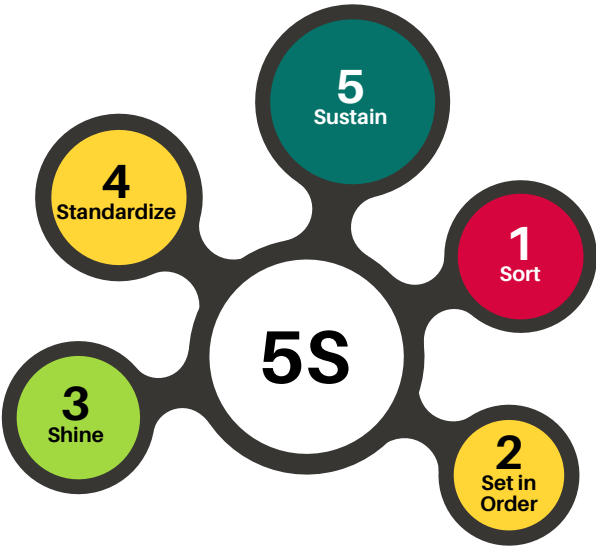
Ensuring health and safety requires both the Management and the employees to be actively involved and committed to HSE Policy. In MPCL this has been achieved by ensuring management control, effective co-operation of employees and their safety representatives, by establishing an effective safety communication system, achieving co-ordination of activities and ensuring the competence of all employees. Risk assessment methods were used to establish priorities and objectives for eliminating hazards and reducing risks.

The following Health and Safety initiatives were undertaken in operational activities: HAZOP and operational studies; fire management; incident investigation and reporting; air emission monitoring; job safety analysis; health risk assessments; malaria and dengue prevention campaigns; HSE plans for operational activities; project risk assessments and task risk assessments; road safety management; water quality monitoring; noise and ambient air monitoring;

ENVIRONMENTAL MANAGEMENT AND COMPLIANCE

MPCL has shown strong commitment by establishing and upholding high environmental standards while at the same time pursuing capabilities and expertise towards softening impact of our industrial activities on communities and natural environment.

Environmental compliance is given top priority in MPCL during inception and design of E&P activities. Environmental assessment, management and reporting constitute major parts of our risk management process. During assessment, physical, biological and socio-economic components of the environment are considered and the adverse impacts of project activities are brought to as low as reasonably practicable through administrative and engineering controls. In addition, the existing facilities are periodically assessed and significance of the adverse impacts are measured and reviewed and mitigation measures are taken to comply with our policy of continuous improvement in the implementation of environmental management plan.



TREE PLANTATION & DEVELOPMENT OF GREEN AREAS

Every year a Tree Plantation Campaign is undertaken by MPCL which involves all management staff right from the top. Tree plantation is carried out not only in the Head Office premises but at all sites. Orchards have been developed at Daharki, Sindh and Baleli, Balochistan. All sites have been instructed to develop green areas. Saplings of trees have also been distributed to the Management staff for plantation at their houses.

ENERGY CONSERVATION & EFFICIENCY

MPCL is very conscious of energy conservation by controlling the wasteful use of energy. It has consistently been moving to energy-efficient facilities and appliances. MPCL's new Head Office building is considered to be the most energy efficient building in the Country. The design, materials and facilities have been selected on the basis of energy efficiency.

ENVIRONMENTAL PROTECTION MEASURES

Environmental protection measures adopted by MPCL included the following:

- a. A PEPA approved agency was hired to observe air emissions from power generators and vehicles. All NEQS were met during the evaluation.
- b. Environmental risk assessments were carried out for all E&P activities with strong emphasis on waste management.
- c. Environmental management plans were implemented at all locations. To ensure strict compliance, environmental audits were carried out and monthly reporting was done to all provincial EPAs.

- d. Plantation campaigns were initiated at all locations.
- e. Concrete bases were constructed for all type of oil/ chemical storage.
- f. HSE trainings were given to staff on emergency oil spill control and effective use of oil spill kits.
- g. Instrument Gas Package (IGP) was made functional for fuel gas of gas operated generators and compressors, resulting in lowering in Genset's stack emissions.
- h. Solarization of fields and community infrastructures was undertaken in remote areas.

EFFORTS MADE TO MITIGATE THE ADVERSE IMPACT OF INDUSTRIAL EFFLUENTS/WASTE

MPCL follows National Environment Quality Standards (NEQS) for disposal of liquid effluents for compliance with Pakistan Environmental Protection Agency's (PEPA) guidelines.

**Domestic Effluents:** Sewage is disposed-off into septic system comprising of septic tanks and soak pits.

**Oily Wastewater:** The produced water is disposed-off either through evaporation in ponds/pits lined with impermeable liners or it is flared along with the gas at the flare pits. For the purpose of environmental assessment, both methods are considered environmentally acceptable provided that they are designed and implemented appropriately to minimize adverse environmental impact. Evaporation pits are built at a distance of greater than 500 meters from local water wells or any perennial surface water source (as per PEPA Guidelines).

# Corporate Social Responsibility (CSR)

MPCL considers CSR as an important and intrinsic part of its business culture and is committed to the wellbeing of the local communities in and around its areas of operations. It is continually contributing to the improvement in the quality of life of the people often living in remote and under developed areas of the country. It not only follows the guidelines issued by the Ministry of Petroleum effectively but often goes beyond, by intervening in critically needed services to the communities.

## CSR POLICY

MPCL follows a two-pronged strategy in CSR; priority of services required and its sustainability. It consults the local communities in prioritizing the facilities most needed by them also involves them closely for long term sustainable operations.

## CSR INTERVENTIONS / RURAL DEVELOPMENT PROGRAMS

MPCL studies the needs of the local communities and undertakes projects relating to improvements in education, health, water supply and local infrastructure fulfilling the obligations laid down in Petroleum Concession Agreements (PCAs) as a minimum. Although MPCL has no ongoing obligation for CSR in the Mari lease area, yet it has been improving the local facilities in education, health, water supply and communication infrastructure since 1985 which contributed to sustainable and cooperative relations with the local communities. It has undertaken needed projects for over 700 million rupees during the last 15 years. In other blocks we have so far spent over 162 million rupees over and above the statutory obligations under the PCAs.

MPCL is now partnering with other development organizations like Mountain & Glacier Protection Organization (MGPO) and Pakistan Poverty Alleviation

Fund (PPAF) to improve the CSR interventions with special emphasis on sustainability through joint venture cooperation.

## CSR STATUTORY OBLIGATION

MPCL operates four joint venture (JV) blocks in Balochistan (Ziarat, Bolan (Zarghun), Harnai and Hanna); 2 JV blocks in Sindh (Sukkur and Sujawal) and 2 JV blocks in Punjab/KPK, (Ghauri and Karak). Obligatory expenditures in these blocks till June 2016 are:

1. Balochistan 64.5 million rupees
2. Sindh 47 million rupees
3. Punjab/KPK 31 million rupees

Thirteen projects were completed in FY 2015-16 with a total outlay of 33.4 million rupees and 25 projects worth 81 million rupees are in implementation phase in various MPCL operated JV blocks. Additionally MPCL paid Rs 114.05 million as production bonus to the Districts of Sujawal, Badin and Harnai.

## DONATIONS TOWARDS NATURAL DISASTERS

MPCL has always been very forthcoming in donations to the national funds for relief to the calamity stricken communities during recurring floods and frequent earthquakes. Major instances are listed below:

- Earthquake 2005 (AJK & NWFP): 20 million rupees
- Earthquake 2005 (AJK & NWFP): 20 million rupees
- Earthquake 2008 (Balochistan): 0.5 million rupees
- Flood Relief (2010-11): 37 million rupees
- Swat IDPs (2008-10): 5.3 million rupees
- Earthquake 2013 (Awaran): 3 million rupees
- NWA IDPs (2014): 8.5 million rupees

Besides, the MPCL manpower has also been very compassionate in making individual donations to the disaster hit communities as a part of corporate culture.

## COMMUNITY INVESTMENT & WELFARE SCHEMES

MPCL is aware of participative relationship that it shares with society and continuously invests in the interventions related to education, health, water supply schemes, philanthropic donations and communication infrastructure. We are under obligation, as per PCA, to spend a specific amount (per year) for the uplift of local community at each MPCL operated block. Although MPCL is under no CSR obligation at Mari Field Daharki, but being a socially responsible company, the lease area has been spearheading landmark social welfare initiatives in the sectors of health, education, water supply & communication infrastructure since 1985.



# Human Resource Management

Success of E&P companies undoubtedly lies in the quality of their human resource. MPCL has succeeded in attracting high quality human resources from the market and providing them with an environment in which they could devote their energy to devising innovative strategies for the achievement of corporate goals.

As a major player in Pakistan’s E&P sector, MPCL prides itself in having a wide range of expertise in its workforce. The Company has a reservoir of experienced professionals with distinguished careers in national and international E&P companies and affiliations with reputable local and foreign universities.

Currently, around 1,078 people are on the Company’s payroll, of which 435 are in management cadres. Geologists, geophysicists, petroleum engineers and related experts keep the Company’s exploration, development and production operations on track while chartered accountants, economists and financial analysts ensure the Company’s financial soundness. MPCL attaches great importance to HSE and Information Technology and has endeavored to pick up leading experts in these fields.

### REVISION OF COMPANY’S ORGANOGRAM AND HR RELATED MSPs:

The Company’s organogram was last approved by the Board in 2007. Since then the Company’s operations and geographical spread has increased manifold. A number of positions were added and new departments were created in view of increased operational requirements. On the directions of the Board, the Company hired the services of M/s Naveed Zafar Ashfaq Jaffery & Co., a third party Consultancy Firm, for independent evaluation of the revised organogram of the Company and review of HR related Management System Procedures. After studying the changes in the organogram and the MSPs, the Consultants confirmed that the revised Organogram and MSPs are in line with the best industry practices and would provide an effective organizational structure to the Company. Revised Organogram and MSPs were approved by the Board in its 158th meeting held on August 12, 2015.

### REGULARIZATION OF OUTSOURCED WORKERS:

The Company had brought around 60 outsourced employees (non-management) on its payroll in 2014-15. More outsourced personnel will be accommodated in the coming year in non-management cadres on

merit-based criteria after revamping of organizational structure and creation of new vacancies.

**Training & Development:** The Company places great emphasis on meeting individual as well as organizational training and development objectives. A comprehensive Training Needs Analysis (TNA), taking into account factors such as appraisals, experience, past training record and futuristic needs of MPCL, is conducted annually in order to identify the training needs of each employee vis-a-vis Departmental and Organizational objectives. TNA enables HR Department to create and conduct training programs relevant to each employee.

Existing Training Evaluation Report (post-course report) has been revamped in the light of best practices and Kirkpatrick’s Four Level Evaluation Model for Training Evaluation. All parts of this report have been assigned weightages to calculate the Return on Expectation.

A brief summary of the number of employees that attended foreign/local courses, seminars and symposiums during 2015-16 is given in the following table.

	Number of Employees		
	Technical	Non- Technical	Total
Foreign Courses	27	25	52
Local Courses	141	64	205

### Company Sponsored Post Graduate Foreign Degree Program:

The Company has introduced a fully sponsored post graduate foreign degree program for the Management employees to ensure their long term retention and to encourage them to enhance their knowledge and skills set. The Company bears entire expenses of the degree program including traveling, tuition fee and living expenses. So far three (03) employees have been sent to pursue Masters/MS degree programs in reputable universities of UK and Australia.

**Team Building:** HR Department conducted three (03) Team Building Events during the year to achieve better synchronization among peers and promote creativity.

**Internship Program:** MPCL offers paid internship opportunities to under-graduate and post-graduate students from top universities of Pakistan and abroad every year (June-Aug) for a period of 6 weeks. The



aim is to provide the students with exposure to on-the-ground operations thereby bridging the gap between theoretical studies and practical work. The interns are provided professional mentors who train them effectively through graduated assignments. In addition to Mari Gas Field, the interns are also sent to other fields to witness production and drilling operations. Upon successful completion the interns are given certificates for their record and encouragement. Discipline-wise break down of internships provided during the year is as follows:

Discipline	Number
Mechanical	40
Petroleum	18
Chemical	14
Electrical	13
Geosciences	12
Mgt/Finance/HR	12
IT/Telecom	3
Mechatronics	2
HSE	1
Total	115

**Finalization of Union Agreement:** The Company successfully negotiated and finalized Union Agreement for a period of 31 months (Dec 2015- June 2018) with Non-Management employees during the year. The Agreement was finalized in just two meetings over a short duration owing to very good understanding among the Management and the Union Office bearers.

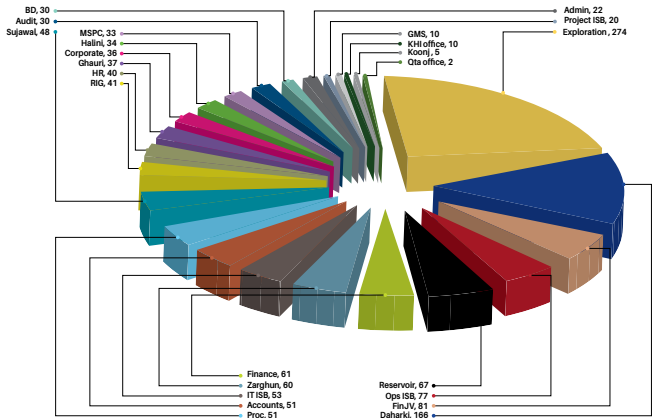
### Peer and Upward Performance Review Exercise:

Building on the success of the first peer and upward performance review exercise last year, the second peer review was carried out before this year’s annual

performance appraisal to develop an objective sense of how management employees rate their peers and seniors within their respective departments. The combination of upward and peer evaluation proved to be very helpful

for the Company in creating an understanding of its strengths and weaknesses at all levels, thus increasing productivity and efficiency of its workforce and supporting the development of better and transparent performance appraisal process. In addition, the study played an important role in facilitating the top management in making realistic assessment of individuals’ performance and consequently identifying and addressing across the board human resource development needs of the Company. Work is underway to institutionalize this exercise to embed it in the Company’s culture and policies.

Total Number of Reviews Received



**Employment of Special Persons:** Employment has remained a challenge for persons with disabilities in the whole world; however MPCL in its capacity has always encouraged employment of special persons and did its best in making significant and sustainable positive difference in the quality of life of individuals and families affected by disability.

### Human Resource Policies including Preparation of a Succession Plan:

HRD has a comprehensive and thorough manual of Management System Procedures and related SOPs including Employment, Training & Development, Performance Management, Succession Planning, Remuneration, Benefits & Compensation policy etc. to cater the entire workforce at MPCL.

# Information Technology

Our information technology strategy is focused on enhancing business value in all aspects of our operations. MPCL endeavors to acquire state of the art IT systems to stay abreast with the technological trends aligned with our business needs. This creates an innovative culture for enhancing productivity and offering value-added benefits to the stake holders.

Technical data is the heart of exploration and production activity. Exploration and Production (E&P) companies handle voluminous data for analysis and for selection of drilling sites and management of producing reservoirs. Effective E&P data management can lead to overall company performance improvements.

In 2014-15, the Company embarked upon a phased approach to implement an integrated E&P data management system. First two phases of this project have been completed successfully. Third and final phase started in July, 2016. The phased implementation approach has provided better technology absorption and integration among Exploration, Reservoir and Operation departments helping their professionals to achieve effective planning, coordination and decision making during various E&P activities.

SAP system implementation has laid foundation for enterprise level integrated information architecture and helped the Company to adopt industry best-practiced business processes. SAP Plant Maintenance module has been successfully implemented at Company's rigs. In the next phase, the system will also be implemented at Company operated fields. This initiative will provide better planning and streamlining of maintenance processes for production plants at oil and gas fields.

## POLICY FOR SAFETY OF RECORDS OF THE COMPANY

World leading software systems are being used for secure and fast accessibility of financial records for recording and reporting of financial transactions.

Enterprise Content Management System (ECM) is actively used in the Company for storage of various types of important electronic documents. The system provides quick and reliable search and retrieval of the desired contents. Paper-based documentation are properly fumigated and placed at storage facility for proper upkeep of the hard data which is a legal requirement.

Softcopy of supporting financial documents and record is securely maintained in SAP system that is accessible only by the authorized users. Regular backups of SAP System are maintained. The company is certified for ISO 27001 – 2013 Information Security Management System standard. This provides us an internationally recognized framework and reliable controls to safeguard information assets.

## ECONOMIC EVALUATION SOLUTION:

Risk and uncertainty are ever more important considerations in making investment decisions in today's tough economic environment. The success of any oil and gas company is based on its ability to optimally and efficiently use available financial resources for investment in order to maximize total economic value.

MPCL has acquired Schlumberger Meerak Peep software that is very useful in making economic decisions. It is a robust, comprehensive and standardized economic evaluation solution software used by leading oil & gas companies worldwide.

## DISASTER RECOVERY PLAN

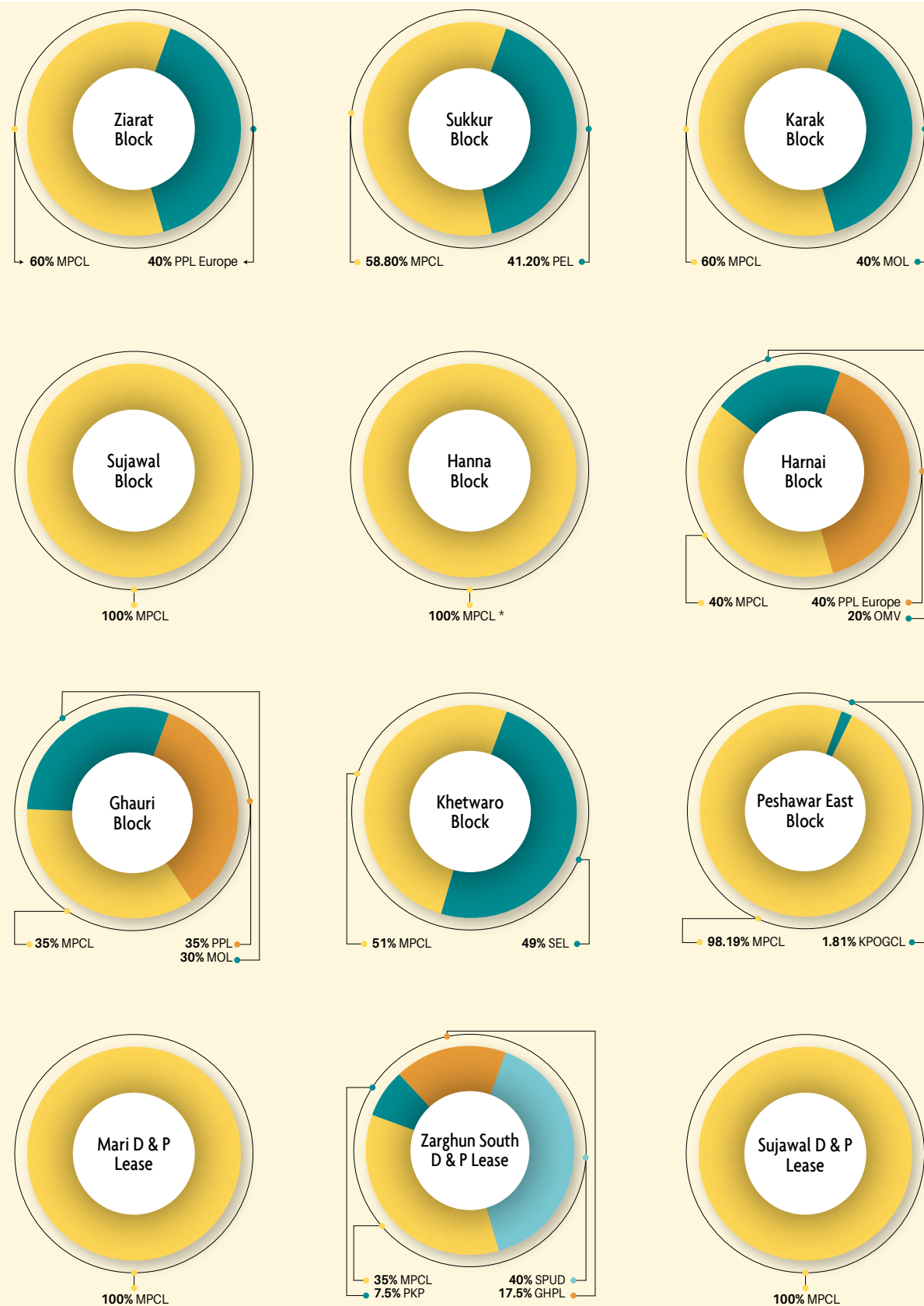
In order to meet any contingency, disaster recovery plans for all critical systems have been developed and are periodically tested. Disaster recovery plans are kept aligned with the business impact analysis findings of mission critical systems. This not only helps continual improvement to enhance efficacy of recovery procedures and processes but also improve our infrastructure readiness to minimize systems down time in any disaster situation.

## IT GOVERNANCE POLICY

Information Technology initiatives and functions are overseen by a Steering Committee headed by the Managing Director with all Heads of Department as its members. The committee meets four times a year and ensures that IT strategy is aligned with the Company's business objectives and appropriate and effective controls are in place to safeguard the Company's information assets. The Committee ensures that the requirements of Information Security Management System (ISMS-27001) are adequately met and identifies and implements continual improvements in ISMS requirements.

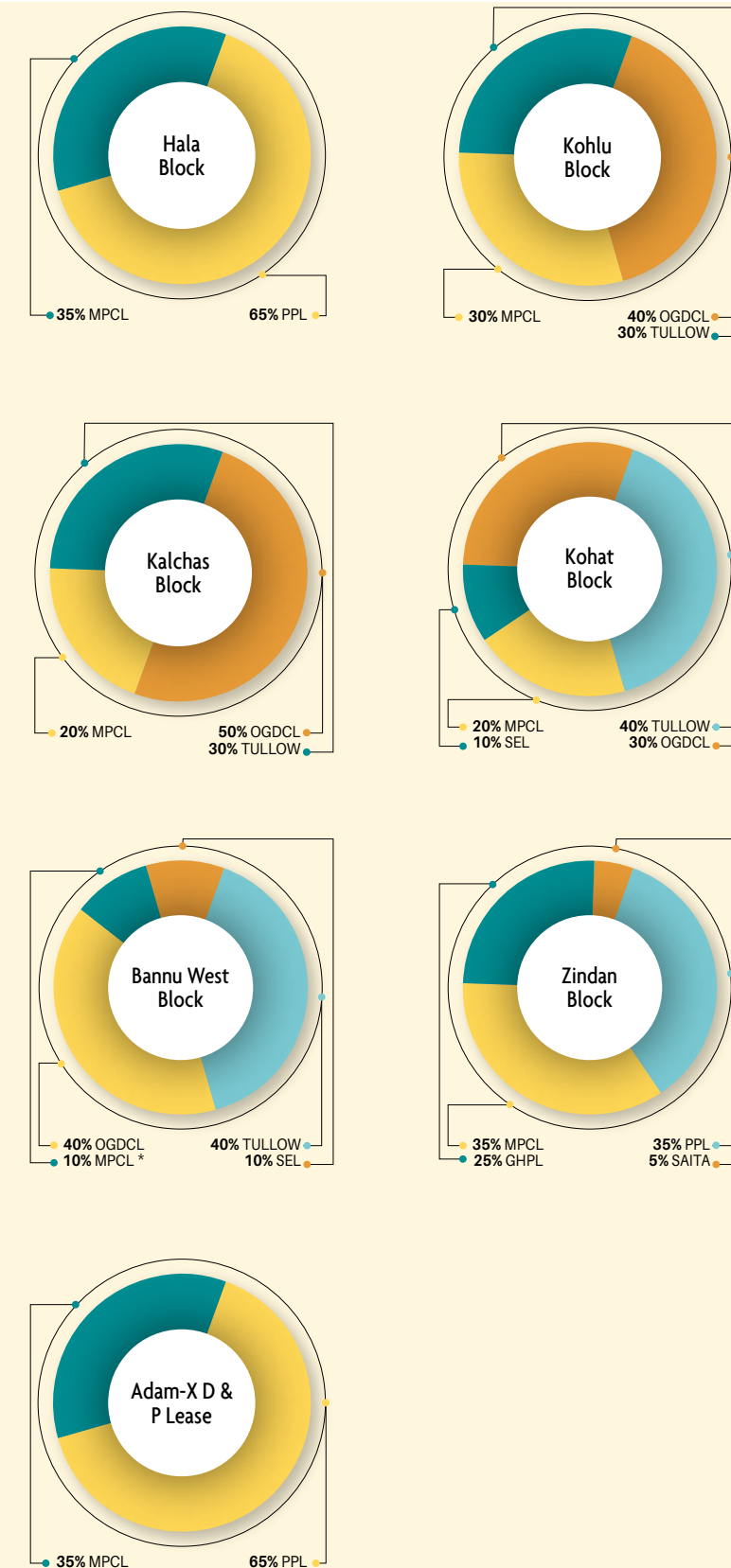


# MPCL's Operated Blocks & Development and Production Leases



\* Relinquishment of the Block is in process.

# MPCL's Non-Operated Blocks



\* Assignment agreement for acquisition of 20% working interest alongwith operatorship from Tullow and 5% working interest from OGDCL is in progress.



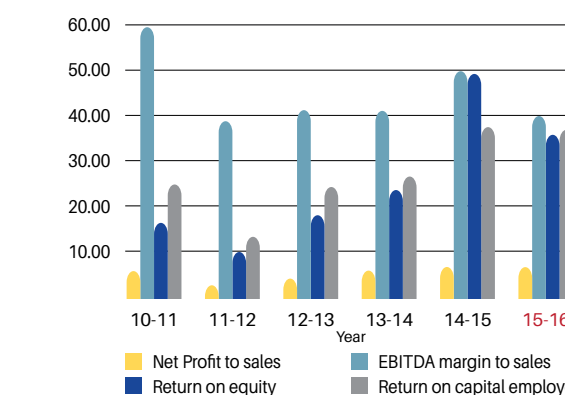
# Performance Indicators

		2015-16	2014-15	2013-14	2012-13	2011-12	2010-11
<b>PROFITABILITY RATIOS</b>							
Operating profit	%	7.15	8.87	6.62	6.09	3.64	8.85
Net profit to sales	%	6.37	6.40	5.60	3.83	2.35	5.49
EBITDA margin to net sales	%	39.83	49.75	40.97	41.13	38.68	59.49
Operating leverage	Times	(1.89)	2.32	2.45	2.68	(0.72)	8.66
Return on equity	%	35.67	49.15	23.44	17.86	9.72	16.17
Return on capital employed	%	36.78	37.37	26.43	24.11	13.08	24.67
<b>LIQUIDITY RATIOS</b>							
Current ratio	Times	0.93	1.06	1.08	1.34	1.26	1.33
Quick / acid test ratio	Times	0.87	1.02	1.06	1.28	1.21	1.28
Cash to current liabilities	Times	0.02	0.12	0.14	0.43	0.18	0.39
Cash flow from operations to sales	Times	0.13	0.07	0.09	0.08	0.03	0.08
<b>ACTIVITY / TURNOVER RATIOS</b>							
Debtor turnover	Times	3.21	2.78	3.27	4.60	4.07	4.55
No. of days in receivables	Days	114	131	111	79	90	80
Total assets turnover	Times	1.60	1.34	1.18	1.85	1.42	1.24
Fixed assets turnover	Times	3.94	4.13	4.17	5.22	3.94	2.57
<b>INVESTMENT / MARKET RATIOS</b>							
Earnings per share (EPS)							
- basic and diluted	Rupees	54.89	51.25	35.77	26.35	12.14	18.78
Distributable earnings per share	Rupees	5.55	4.82	5.25	5.51	4.94	4.14
Price earnings - on the basis of earnings per share	Times	16.55	9.14	10.44	5.18	7.73	5.72
Price earnings - on the basis of distributable earnings per share	Times	163.64	97.22	71.13	24.79	18.99	25.93
Dividend yield	%	0.50	0.79	1.01	2.72	3.59	3.11
Dividend payout	%	81.08	77.18	72.00	67.33	68.22	80.68
Dividend cover - on the basis of earnings per share	Times	12.20	13.78	9.46	7.10	3.60	5.62
Dividend cover - on the basis of distributable earnings per share	Times	1.23	1.30	1.39	1.49	1.47	1.24
Dividends	Rs in million	496.13	410.24	347.66	340.49	309.44	245.71
Cash dividend per share	Rupees	4.50	3.72	3.78	3.71	3.37	3.34
Stock dividend per share	%	-	20	-	-	25	-
Market value per share							
year end	Rupees	908.22	468.60	373.43	136.57	93.81	107.37
highest during the year	Rupees	982.48	764.32	391.40	163.99	119.04	138.44
lowest during the year	Rupees	363.18	351.14	136.97	90.06	81.00	99.87
Breakup value per share	Rupees	153.89	104.27	183.10	147.56	124.91	145.18
<b>CAPITAL STRUCTURE RATIOS</b>							
Debt to equity	%	5.57:94.43	44.69:55.31	1.94:98.06	10.22:89.78	7.62:92.38	10.86:89.14
Financial leverage	Times	0.07	0.95	0.10	0.18	0.12	0.16
Interest cover	Times	144.08	6.39	29.03	23.83	7.30	12.10
Weighted average cost of debt	%	6.99	10.38	10.28	10.83	14.52	14.40

**Note:** Breakup value with revaluation reserves does not apply as MPCL has no revaluation reserves.

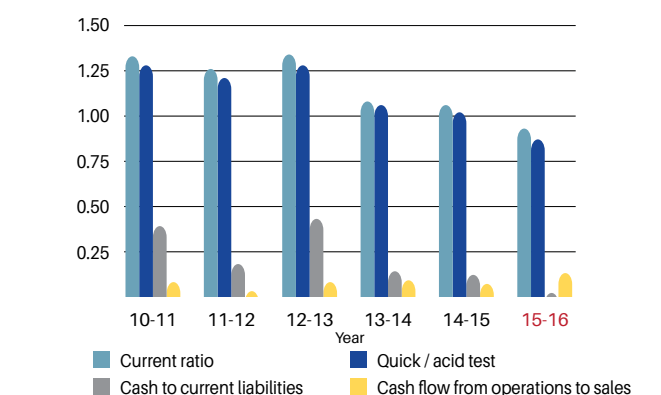
## Profitability Ratios

(Percentage)



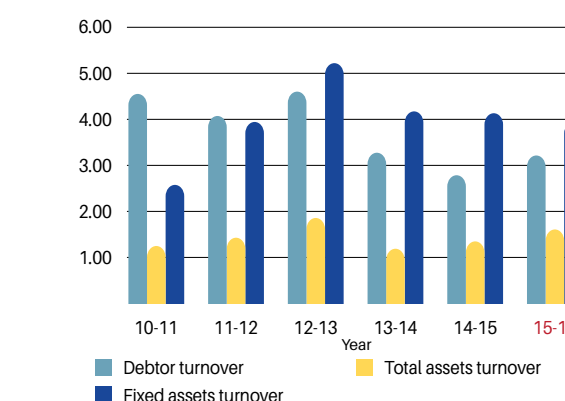
## Liquidity Ratios

(Times)

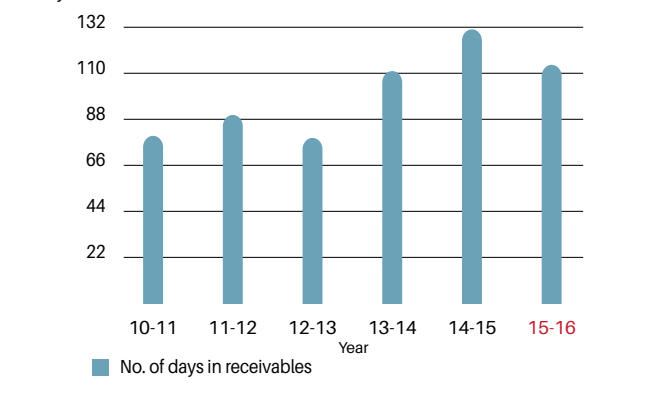


## Activity / Turnover Ratios

(Times)

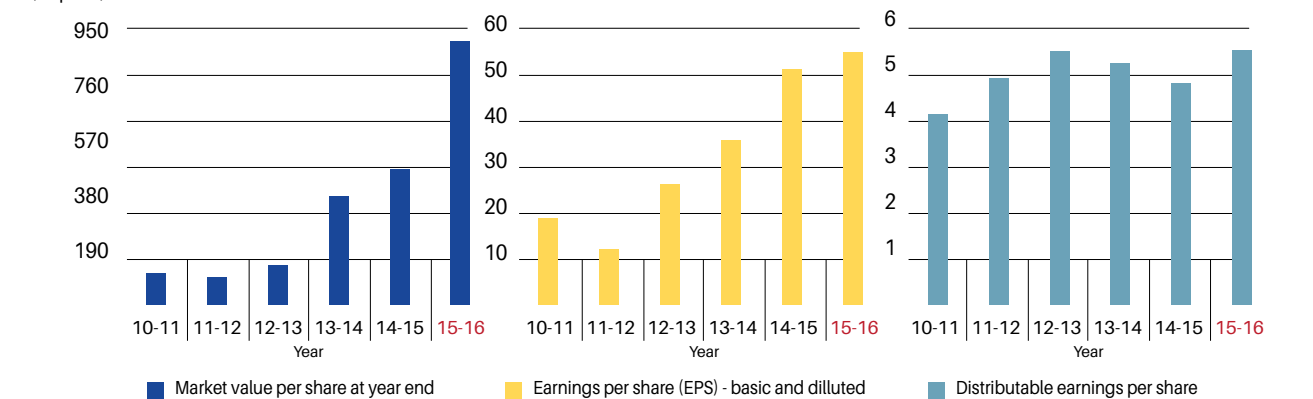


(Days)



## Investment / Market Ratios

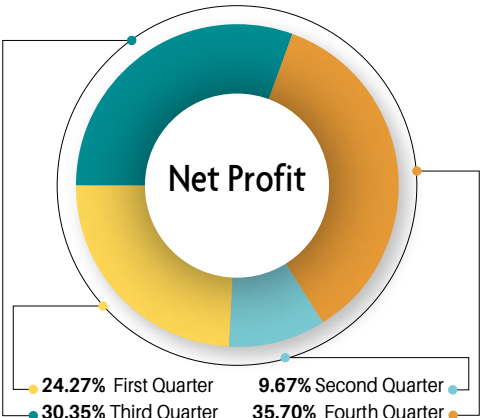
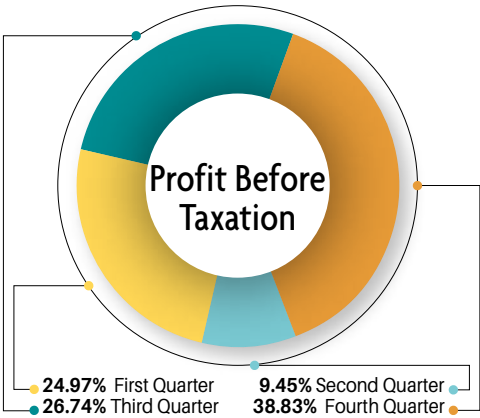
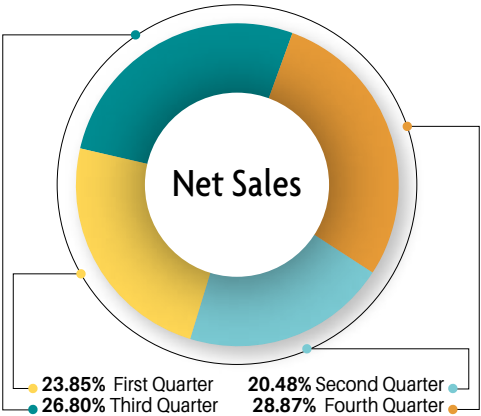
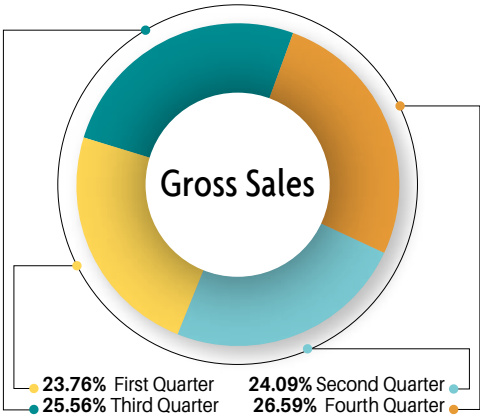
(Rupees)



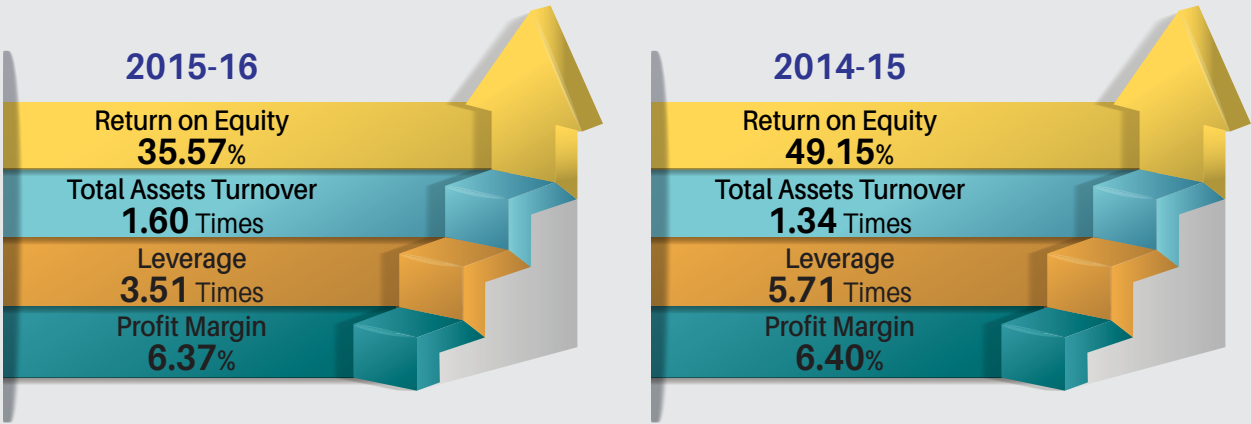
# Variation in Results of Interim Reports with the Final Accounts

	First Quarter ended Sep 30, 2015	Second Quarter ended Dec 31, 2015	Third Quarter ended Mar 31, 2016	Fourth Quarter ended June 30, 2016	Total for the year June 30, 2016
(Rupees in thousand)					
<b>Profit and Loss items</b>					
Gross sales	22,569,559	22,884,347	24,285,777	25,258,036	94,997,719
Sales - net	5,179,118	4,447,750	5,818,297	6,267,599	21,712,764
Profit before taxation	1,638,573	619,996	1,754,836	2,548,047	6,561,452
Net profit	1,468,942	585,111	1,836,767	2,160,635	6,051,455

**Analysis:**  
The increase in gross sales and sales-net in third and fourth quarter is mainly due to incremental production from Mari Field started from February 09, 2016.



# Return on Equity (Dupont Analysis)

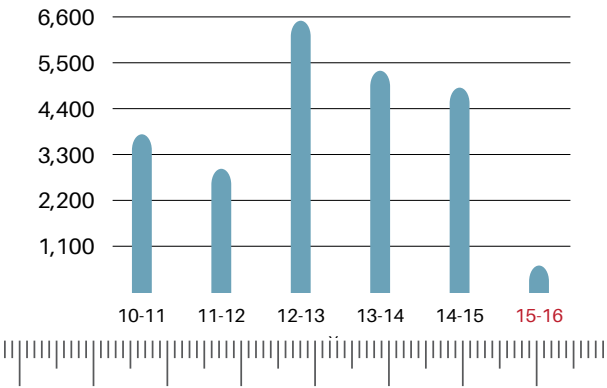


Profit margins in 2015-16 remains almost same whereas there is higher asset efficiency. Equity multiplier decreased due to enhanced unappropriated profits during the year. Resultantly, the Return on Equity of the Company was 35.67% compared to 49.15% reported in the previous year.

# Summary of the Cash Flow Statement (Direct Method)

	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11
(Rupees in million)						
Cash flows from operating activities	12,638.329	6,609.010	6,096.578	5,374.004	1,241.985	2,527.117
Cash flows from investing activities	(5,287.579)	(5,393.894)	(5,918.203)	(2,421.167)	(1,193.764)	(1,527.651)
Cash flows from financing activities	(11,625.231)	(1,621.744)	(1,379.671)	604.906	(877.392)	(826.784)
Increase / (Decrease) in cash and cash equivalents	(4,274.481)	(406.628)	(1,201.296)	3,557.743	(829.171)	172.682
Cash and cash equivalents at beginning of year	4,900.635	5,307.263	6,508.559	2,950.816	3,779.987	3,607.305
Cash and cash equivalents at end of year	626.154	4,900.635	5,307.263	6,508.559	2,950.816	3,779.987

Cash and Cash Equivalents at end of year (Rupees in million)



# Cash Flows and Financing Arrangements



**ANALYSIS OF LIQUIDITY**

The Company remained sufficiently liquid during the year owing to timely billing and recovery of unpaid invoices from the customers. Resultantly, preference shares were redeemed during the year which resulted in decrease in cash and bank balances at year end.

**STRATEGIES TO OVERCOME LIQUIDITY PROBLEMS, IF ANY**

Even a short term liquidity problem can quickly result in serious problem for any company. MPCL does not foresee any liquidity problem in the year ahead. In order to avoid any liquidity problem, the Company bills its customers in a timely fashion and follows up any unpaid invoices as soon as they become past due. The Company also has a standby running finance facility to help overcome liquidity problems, if any.

**ANALYSIS OF CASH FLOWS**

During the year, an amount of Rs 12,638 million was generated from operating activities of the Company

which was used mainly to undertake exploration activities, capital expenditures, payment of dividends to the shareholders, repayment of long term financing, redemption of preference shares and payment of finance cost to banks and preference shareholders.

**FINANCING ARRANGEMENTS**

Reliance on external financing is secondary to internally generated cash which represents the Company’s primary source of working capital thereby minimizing financing costs through effective liquidity management. External financing is arranged when required, after extensive cash flow forecasting for working capital, investment or capital expenditure requirements.

**REPAYMENT OF DEBTS AND RECOVERY OF LOSSES, IF ANY**

The Company commands strong debt raising capacity. Long term financing decreased to Rs. 1.0 billion from Rs. 9.29 billion during the year, mainly due to redemption of preference shares. Sufficient running finance facility is available for working capital requirements, besides the ability to generate sufficient revenues from operating activities for operating cash requirements and repayment of debt on maturity dates. Liquid assets including cash and bank balances and trade debts, in addition to projected revenue / cash forecasts indicate availability of sufficient funding for timely repayment of debt / payables, besides providing leverage to adequately manage recovery of losses, if any, with surplus funds available for investments to generate incremental liquidity / revenues for the Company.

# Contribution to National Exchequer

MPCL contributed around Rs 77,328 million to the National exchequer during the year (Rs 73,242 million during 2014-15) mainly on account of gas development surcharge, gas infrastructure development cess, sales tax, excise duty, royalty, income taxes and other such taxes.

# Significant Changes in Financial Position, Performance and Cash Flows from the Previous Period

**EQUITY AND LIABILITIES**

**SHAREHODERS’ EQUITY**

Shareholders’ equity comprising of share capital and reserves witnessed an increase of 48% from the last year due to increase in reserves of the Company.

**NON CURRENT LIABILITIES**

Long term financing decreased by 89% mainly due to redemption of redeemable preference shares. However, deferred liabilities increased by 20% owing to increase in provision for decommissioning cost.

**CURRENT LIABILITIES**

Overall, current liabilities decreased by 11%. This is due to decrease in trade and other payables and current maturity of long term financing.

**ASSETS**

**NON CURRENT ASSETS**

Non-current assets have increased from Rs. 23.79 billion in 2014-15 to Rs. 26.83 billion in 2015-16 mainly due to increase in property, plant and equipment, development and production assets and exploration and evaluation assets, strengthening the Company’s asset base.

**CURRENT ASSETS**

Current assets mainly comprise of stores and spares, trade debts, loans and advances and cash & bank balances. On an aggregate basis, current assets decreased from Rs. 41.87 billion in 2014-15 to Rs. 32.73 billion in 2015-16 primarily due to decrease in trade debts and cash and bank balances.

**PROFIT AND LOSS**

**GROSS SALES**

Gross sales increased by 7.66% mainly due to increase in sales volume and increase in average selling prices. From a product perspective, increase in gross sales is mainly due to increase in gas sales.

**EXPLORATION AND PROSPECTING EXPENDITURE**

Exploration and prospecting expenditure increased from Rs. 3.19 billion in 2014-15 to Rs. 6.46 billion in 2015-16. This increase is due to increase in prospecting expenditure during the year.

**OTHER INCOME**

Other income increased by Rs. 552 million owing to increase in Mari Seismic Unit income – net of related expenses which is partially offset by increase in Rig loss-net of related income.

**FINANCE COST**

Finance cost significantly decreased from Rs 1,788 million in 2014-15 to Rs 574 million in 2015-16. Decrease is mainly due to decrease in interest on long term financing.

**PROFIT FOR THE YEAR**

Profit after tax is Rs 6.05 billion (2014-15: Rs 5.65 billion). Increase in net sales and other income, and decrease in finance cost were the major reasons for increase in profitability. This was partially offset with increase in exploration and prospecting expenditure, operating expenses, royalty and decrease in finance income.

**CASH FLOWS**

Cash flows from operating activities increased by Rs 6,029 mainly due to increase in cash receipts from customers by Rs 13,369 million and decrease in cash paid to suppliers and employees by Rs 2,020 million which is partially off-set by increase in cash paid to the Government for Government levies by Rs 9,928 million. Cash flows from investing activities was almost the same as compared to last year. Cash flow from financing activities increased by Rs 10,003 million mainly due to redemption of preference shares. Overall, cash and cash equivalents stood at Rs 626 million at the close of 2015-16 as compared to Rs 4,901 million in 2014-15.

# Horizontal Analysis - Balance Sheet

(Rupees in thousand)												
	2016	16 vs 15 %age	2015	15 vs 14 %age	2014	14 vs 13 %age	2013	13 vs 12 %age	2012	12 vs 11 %age	2011	11 vs 10 %age
EQUITY AND LIABILITIES												
Share capital and reserves												
Issued, subscribed and paid up capital	1,102,500	-	1,102,500	20.00	918,750	-	918,750	-	918,750	25.00	735,000	-
Undistributed percentage return reserve	426,867	7.98	395,331	(4.51)	414,014	(28.49)	578,994	37.84	420,048	(14.31)	490,220	34.60
Capital redemption reserve fund	10,590,001	714.62	1,300,000	100.00	-	-	-	-	-	-	-	-
Other reserves	4,846,555	(44.28)	8,698,387	(43.84)	15,489,467	28.45	12,058,989	18.96	10,137,348	7.33	9,445,195	16.73
	16,965,923	47.58	11,496,218	(31.66)	16,822,231	24.09	13,556,733	18.13	11,476,146	7.55	10,670,415	16.10
Non current liabilities												
Long term financing	1,000,000	(89.24)	9,290,001	2,693.94	332,505	(78.45)	1,543,207	63.01	946,667	(27.18)	1,300,000	(24.42)
Deferred liabilities	6,576,575	20.25	5,468,973	16.00	4,714,598	23.48	3,818,180	(13.53)	4,415,608	20.44	3,666,342	41.79
Deferred income tax liability	-	-	-	-	-	-	-	-	-	-	-	(100.00)
	7,576,575	(48.66)	14,758,974	192.42	5,047,103	(5.86)	5,361,387	(0.02)	5,362,275	7.97	4,966,342	11.08
Current liabilities												
Trade and other payables	34,669,221	(5.42)	36,656,379	1.33	36,177,006	160.88	13,867,316	(13.06)	15,950,674	75.44	9,091,816	21.20
Current maturity of long term financing	151,774	(90.70)	1,632,505	18.37	1,379,173	43.42	961,603	117.45	442,222	5.29	420,000	10.53
Interest accrued on long term financing	196,154	(82.32)	1,109,742	2,858.21	37,514	(10.76)	42,039	(25.29)	56,273	(28.06)	78,217	(10.87)
Provision for income tax	-	-	-	-	-	(100.00)	403,360	100.00	-	(100.00)	183,849	276.40
	35,017,149	(11.12)	39,398,626	4.80	37,593,693	146.12	15,274,318	(7.14)	16,449,169	68.30	9,773,882	21.90
	59,559,647	(9.28)	65,653,818	10.41	59,463,027	73.91	34,192,438	2.72	33,287,590	31.00	25,410,639	17.21
ASSETS												
Non current assets												
Property, plant and equipment	11,023,452	12.78	9,774,533	12.71	8,671,909	48.02	5,858,512	31.00	4,472,186	(6.58)	4,787,239	5.44
Development and production assets	3,002,063	37.22	2,187,715	(39.59)	3,621,571	74.72	2,072,821	(39.47)	3,424,616	0.95	3,392,447	10.29
Exploration and evaluation assets	10,084,055	7.28	9,399,602	105.04	4,584,270	9.50	4,186,644	0.87	4,150,409	2.30	4,057,194	44.89
Long term loans and advances	27,069	32.11	20,489	168.78	7,623	3.01	7,400	7.34	6,894	194.49	2,341	(17.86)
Long term deposits and prepayments	15,104	41.97	10,639	(41.97)	18,335	31.12	13,983	43.46	9,747	(11.51)	11,015	1.26
Deferred income tax asset	2,680,622	12.03	2,392,765	23.95	1,930,387	22.12	1,580,793	222.26	490,528	306.32	120,726	100.00
	26,832,365	12.81	23,785,743	26.29	18,834,095	37.27	13,720,153	9.29	12,554,380	1.48	12,370,962	18.61
Current assets												
Stores and spares	2,167,328	26.16	1,717,945	105.73	835,055	1.76	820,648	1.70	806,905	66.40	484,906	67.06
Trade debts	26,887,469	(16.90)	32,355,308	3.82	31,165,789	162.37	11,878,669	(23.89)	15,606,293	102.50	7,706,622	26.35
Loans and advances	1,437,456	(18.11)	1,755,283	2.66	1,709,860	99.78	855,871	(18.45)	1,049,463	11.69	939,599	(20.17)
Short term prepayments	80,193	(34.45)	122,341	119.03	55,857	(16.47)	66,871	131.84	28,844	(40.50)	48,474	76.59
Interest accrued	3,961	106.09	1,922	(67.00)	5,824	(79.74)	28,750	67.00	17,216	161.60	6,581	(85.26)
Other receivables	21,333	550.00	3,282	(99.64)	913,739	192.01	312,917	293.82	79,457	8.09	73,508	1,756.26
Income tax paid in advance	1,503,388	48.65	1,011,359	59.13	635,545	100.00	-	(100.00)	194,216	100.00	-	-
Cash and bank balances	626,154	(87.22)	4,900,635	(7.66)	5,307,263	(18.46)	6,508,559	120.57	2,950,816	(21.94)	3,779,987	4.79
	32,727,282	(21.83)	41,868,075	3.05	40,628,932	98.46	20,472,285	(1.26)	20,733,210	59.00	13,039,677	15.91
	59,559,647	(9.28)	65,653,818	10.41	59,463,027	73.91	34,192,438	2.72	33,287,590	31.00	25,410,639	17.21

	2016	% age	2015	% age	2014	% age	2013	% age	2012	% age	2011	% age
(Rupees in thousand)												
EQUITY AND LIABILITIES												
Share capital and reserves												
Issued, subscribed and paid up capital	1,102,500	1.85	1,102,500	1.68	918,750	1.55	918,750	2.69	918,750	2.76	735,000	2.89
Undistributed percentage return reserve	426,867	0.72	395,331	0.60	414,014	0.70	578,994	1.69	420,048	1.26	490,220	1.93
Capital redemption reserve fund	10,590,001	17.78	1,300,000	1.98	-	-	-	-	-	-	-	-
Other reserves	4,846,555	8.14	8,698,387	13.25	15,489,467	26.05	12,058,989	35.27	10,137,348	30.45	9,445,195	37.17
	16,965,923	28.49	11,496,218	17.51	16,822,231	28.29	13,556,733	39.65	11,476,146	34.48	10,670,415	41.99
Non current liabilities												
Long term financing	1,000,000	1.68	9,290,001	14.15	332,505	0.56	1,543,207	4.51	946,667	2.84	1,300,000	5.12
Deferred liabilities	6,576,575	11.04	5,468,973	8.33	4,714,598	7.93	3,818,180	11.17	4,415,608	13.27	3,666,342	14.43
	7,576,575	12.72	14,758,974	22.48	5,047,103	8.49	5,361,387	15.68	5,362,275	16.11	4,966,342	19.54
Current liabilities												
Trade and other payables	34,669,221	58.21	36,656,379	55.83	36,177,006	60.84	13,867,316	40.56	15,950,674	47.92	9,091,816	35.78
Current maturity of long term financing	151,774	0.25	1,632,505	2.49	1,379,173	2.32	961,603	2.81	442,222	1.33	420,000	1.65
Interest accrued on long term financing	196,154	0.33	1,109,742	1.69	37,514	0.06	42,039	0.12	56,273	0.17	78,217	0.31
Provision for income tax	-	-	-	-	-	-	403,360	1.18	-	-	183,849	0.72
	35,017,149	58.79	39,398,626	60.01	37,593,693	63.22	15,274,318	44.67	16,449,169	49.42	9,773,882	38.46
	59,559,647	100.00	65,653,818	100.00	59,463,027	100.00	34,192,438	100.00	33,287,590	100.00	25,410,639	100.00
ASSETS												
Non current assets												
Property, plant and equipment	11,023,452	18.51	9,774,533	14.89	8,671,909	14.58	5,858,512	17.13	4,472,186	13.43	4,787,239	18.84
Development and production assets	3,002,063	5.04	2,187,715	3.33	3,621,571	6.09	2,072,821	6.06	3,424,616	10.29	3,392,447	13.35
Exploration and evaluation assets	10,084,055	16.93	9,399,602	14.32	4,584,270	7.71	4,186,644	12.24	4,150,409	12.47	4,057,194	15.97
Long term loans and advances	27,069	0.05	20,489	0.03	7,623	0.01	7,400	0.02	6,894	0.02	2,341	0.01
Long term deposits and prepayments	15,104	0.03	10,639	0.02	18,335	0.03	13,983	0.04	9,747	0.03	11,015	0.04
Deferred income tax asset	2,680,622	4.50	2,392,765	3.64	1,930,387	3.25	1,580,793	4.62	490,528	1.47	120,726	0.48
	26,832,365	45.05	23,785,743	36.23	18,834,095	31.67	13,720,153	40.13	12,554,380	37.71	12,370,962	48.68
Current assets												
Stores and spares	2,167,328	3.64	1,717,945	2.62	835,055	1.40	820,648	2.40	806,905	2.42	484,906	1.91
Trade debts	26,887,469	45.14	32,355,308	49.28	31,165,789	52.41	11,878,669	34.74	15,606,293	46.88	7,706,622	30.33
Loans and advances	1,437,456	2.41	1,755,283	2.67	1,709,860	2.88	855,871	2.50	1,049,463	3.15	939,599	3.70
Short term prepayments	80,193	0.13	122,341	0.19	55,857	0.09	66,871	0.20	28,844	0.09	48,474	0.19
Interest accrued	3,961	0.01	1,922	0.00	5,824	0.01	28,750	0.08	17,216	0.05	6,581	0.03
Other receivables	21,333	0.04	3,282	0.00	913,739	1.54	312,917	0.92	79,457	0.24	73,508	0.29
Income tax paid in advance	1,503,388	2.52	1,011,359	1.54	635,545	1.07	-	-	194,216	0.58	-	-
Cash and bank balances	626,154	1.05	4,900,635	7.46	5,307,263	8.93	6,508,559	19.04	2,950,816	8.86	3,779,987	14.88
	32,727,282	54.95	41,868,075	63.77	40,628,932	68.33	20,472,285	59.87	20,733,210	62.29	13,039,677	51.32
	59,559,647	100.00	65,653,818	100.00	59,463,027	100.00	34,192,438	100.00	33,287,590	100.00	25,410,639	100.00

# Vertical Analysis - Balance Sheet

# Horizontal Analysis - Profit and Loss Account

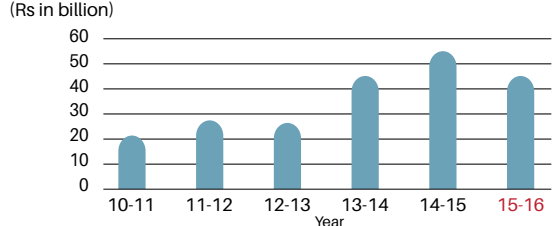
	2016	16 vs 15 %age	2015	15 vs 14 %age	2014	14 vs 13 %age	2013	13 vs 12 %age	2012	12 vs 11 %age	2011	11 vs 10 %age
Gross sales to customers	94,997,719	7.66	88,239,537	25.24	70,454,050	11.35	63,269,794	33.41	47,425,041	51.02	31,402,132	10.22
Gas development surcharge	25,859,852	43.52	18,017,729	(9.73)	19,959,539	(6.06)	21,246,005	(7.39)	22,940,839	29.47	17,719,495	0.05
General sales tax	13,509,334	9.20	12,370,744	24.29	9,952,761	17.51	8,469,429	33.20	6,358,537	43.21	4,440,084	14.14
Excise duty	1,694,205	3.94	1,630,044	5.31	1,547,845	3.47	1,495,971	1.43	1,474,944	8.30	1,361,913	102.80
Gas infrastructure development cess	31,933,382	(11.42)	36,050,495	51.90	23,733,661	31.58	18,037,931	127.25	7,937,394	100.00	-	-
Wind fall levy	288,182	(63.73)	794,504	53.91	516,224	1.56	508,291	51.50	335,497	26.05	266,165	733.15
Surplus / (deficit) under the Gas Price Agreement	-	-	-	(100.00)	(133,949)	(107.72)	1,734,400	111.02	821,915	69.05	486,205	(48.65)
Sales - net	73,284,955	6.42	68,863,516	23.91	55,576,081	7.93	51,492,027	29.15	39,869,126	64.25	24,273,862	4.40
Royalty	21,712,764	12.06	19,376,021	30.23	14,877,969	26.32	11,777,767	55.87	7,555,915	6.00	7,128,270	36.03
	2,750,095	9.17	2,519,026	31.06	1,922,086	25.51	1,531,378	58.10	968,604	9.15	887,402	34.34
Operating expenses	18,962,669	12.49	16,856,995	30.11	12,955,883	26.44	10,246,389	55.55	6,587,311	5.55	6,240,868	36.28
Exploration and prospecting expenditure	5,790,904	7.71	5,376,244	22.88	4,375,198	(3.12)	4,516,086	30.69	3,455,644	15.31	2,996,889	24.39
Other charges	6,462,126	102.30	3,194,383	2.51	3,116,299	24.85	2,496,075	52.26	1,639,378	332.75	378,828	(49.13)
	501,943	0.65	498,725	54.61	322,563	(2.49)	330,809	169.27	122,856	(43.17)	216,186	121.04
Other income / (expenses)	12,754,973	40.64	9,069,352	16.06	7,814,060	6.42	7,342,970	40.73	5,217,878	45.27	3,591,903	10.46
	6,207,696	(20.29)	7,787,643	51.46	5,141,823	77.10	2,903,419	112.02	1,369,433	(48.30)	2,648,965	99.48
Operating profit	6,794,780	(13.14)	7,822,725	67.69	4,665,068	21.00	3,855,395	123.40	1,725,796	(37.89)	2,778,432	105.11
Finance income	340,730	(34.13)	517,239	(12.87)	593,674	128.79	259,484	(41.94)	446,931	(30.84)	646,219	39.87
Finance cost	574,058	(67.90)	1,788,092	102.94	881,105	40.66	626,388	(18.68)	770,232	7.61	715,756	53.75
Profit before taxation	6,561,452	0.15	6,551,872	49.67	4,377,637	25.49	3,488,491	148.73	1,402,495	(48.23)	2,708,895	100.50
Provision for taxation	509,997	(43.43)	901,559	107.57	434,334	(59.31)	1,067,415	271.50	287,329	(70.79)	983,595	495.63
Profit for the year	6,051,455	7.10	5,650,313	43.29	3,943,303	62.87	2,421,076	117.10	1,115,166	(35.36)	1,725,300	45.48

# Vertical Analysis - Profit and Loss Account

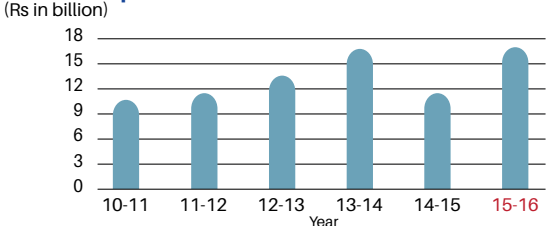
	2016	% age	2015	% age	2014	% age	2013	% age	2012	% age	2011	% age
Gross sales to customers	94,997,719	100.00	88,239,537	100.00	70,454,050	100.00	63,269,794	100.00	47,425,041	100.00	31,402,132	100.00
Gas development surcharge	25,859,852	27.22	18,017,729	20.42	19,959,539	28.33	21,246,005	33.58	22,940,839	48.37	17,719,495	56.43
General sales tax	13,509,334	14.22	12,370,744	14.02	9,952,761	14.13	8,469,429	13.39	6,358,537	13.41	4,440,084	14.14
Excise duty	1,694,205	1.78	1,630,044	1.85	1,547,845	2.20	1,495,971	2.36	1,474,944	3.11	1,361,913	4.34
Gas infrastructure development cess	31,933,382	33.61	36,050,495	40.86	23,733,661	33.69	18,037,931	28.51	7,937,394	16.74	-	-
Wind fall levy	288,182	0.30	794,504	0.90	516,224	0.73	508,291	0.80	335,497	0.71	266,165	0.85
Surplus / (deficit) under the Gas Price Agreement	-	-	-	-	(133,949)	(0.19)	1,734,400	2.74	821,915	1.73	486,205	1.55
Sales - net	73,284,955	77.14	68,863,516	78.04	55,576,081	78.88	51,492,027	81.38	39,869,126	84.07	24,273,862	77.30
	21,712,764	22.86	19,376,021	21.96	14,877,969	21.12	11,777,767	18.62	7,555,915	15.93	7,128,270	22.70
Royalty	2,750,095	2.89	2,519,026	2.85	1,922,086	2.73	1,531,378	2.42	968,604	2.04	887,402	2.83
	18,962,669	19.96	16,856,995	19.10	12,955,883	18.39	10,246,389	16.19	6,587,311	13.89	6,240,868	19.87
Operating expenses	5,790,904	6.10	5,376,244	6.09	4,375,198	6.21	4,516,086	7.14	3,455,644	7.29	2,996,889	9.54
Exploration and prospecting expenditure	6,462,126	6.80	3,194,383	3.62	3,116,299	4.42	2,496,075	3.95	1,639,378	3.46	378,828	1.21
Other charges	501,943	0.53	498,725	0.57	322,563	0.46	330,809	0.52	122,856	0.26	216,186	0.69
	12,754,973	13.43	9,069,352	10.28	7,814,060	11.09	7,342,970	11.61	5,217,878	11.00	3,591,903	11.44
	6,207,696	6.53	7,787,643	8.83	5,141,823	7.30	2,903,419	4.59	1,369,433	2.89	2,648,965	8.44
Other income / (expenses)	587,084	0.62	35,082	0.04	(476,755)	(0.68)	951,976	1.50	356,363	0.75	129,467	0.41
Operating profit	6,794,780	7.15	7,822,725	8.87	4,665,068	6.62	3,855,395	6.09	1,725,796	3.64	2,778,432	8.85
Finance income	340,730	0.36	517,239	0.59	593,674	0.84	259,484	0.41	446,931	0.94	646,219	2.06
Finance cost	574,058	0.60	1,788,092	2.03	881,105	1.25	626,388	0.99	770,232	1.62	715,756	2.28
Profit before taxation	6,561,452	6.91	6,551,872	7.43	4,377,637	6.21	3,488,491	5.51	1,402,495	2.96	2,708,895	8.63
Provision for taxation	509,997	0.54	901,559	1.02	434,334	0.62	1,067,415	1.69	287,329	0.61	983,595	3.13
Profit for the year	6,051,455	6.37	5,650,313	6.40	3,943,303	5.60	2,421,076	3.83	1,115,166	2.35	1,725,300	5.49

# Graphical Presentation of Horizontal Analysis

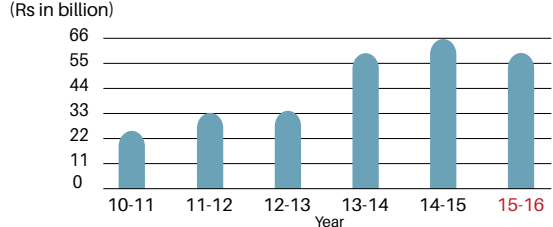
Total Liabilities



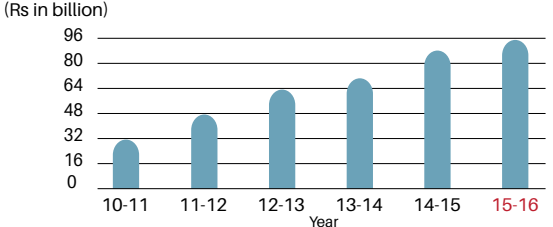
Share Capital and Reserves



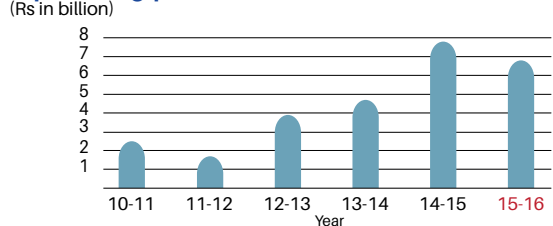
Total Assets



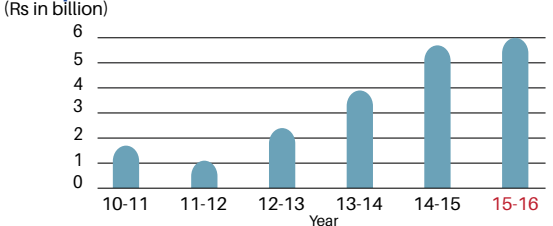
Gross Sales



Operating profit

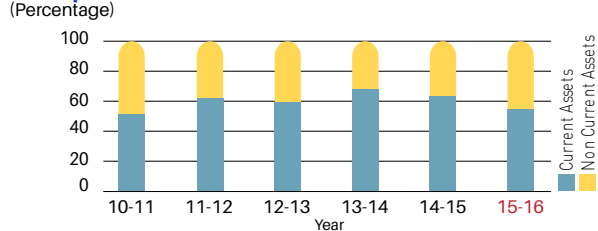


Net profit

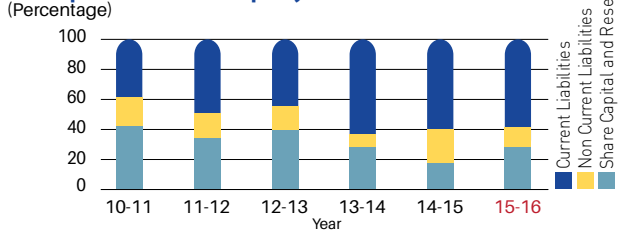


# Graphical Presentation of Vertical Analysis

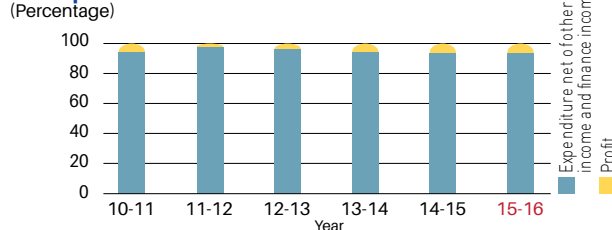
Composition of Assets



Composition of Equity and Liabilities



Composition of Profit and Loss Account



Comments on Analyses

VERTICAL ANALYSIS

BALANCE SHEET

In the balance sheet, total assets comprise of current assets 54.95% and non-current assets 45.05%. Current assets decreased from last year mainly due to decrease in trade debts and cash and bank balances. Further increase in non current assets is mainly due to increase in property, plant and equipment and exploration and evaluation assets. Non current liabilities decreased to 12.72% as compared to 22.48% of last year due to redemption of preference shares.

PROFIT AND LOSS

During 2015-16, profit was 6.40% of gross sales which was almost same as compared to 6.37% of last year .

HORIZONTAL ANALYSIS

BALANCE SHEET

In 2015-16, total assets decreased by 9.28% mainly due to decrease in trade debts and cash and bank balances. There is increase in share capital and reserves mainly to enhanced unappropriated profits during the year. Further, total liabilities decreased due to redemption of preference shares.

PROFIT AND LOSS

Increase in net sales and other income, and decrease in finance cost were the major reasons for increase in profitability in 2015-16 as compared to 2014-15. This was partially offset with increase in exploration and prospecting expenditure, operating expenses, royalty and decrease in finance income.

RATIO ANALYSIS

PROFITABILITY RATIOS

Gross sales and net sales increased in 2015-16, however, exploration and prospecting expenditure incurred for exploring further reserves has decreased the operating profits of the Company. Profit margins in 2015-16 remain almost same whereas there is higher asset efficiency. Equity multiplier decreased due to enhanced unappropriated profits during the year and resultantly, the Return on Equity of the Company decreased during the year.

LIQUIDITY RATIOS

During the year, long term financing (preference shares) have been paid which has resulted in decrease in cash and bank balances. Resultantly, liquidity ratios are lower as compared to last year.

ACTIVITY / TURNOVER RATIOS

No. of days in receivables decreased during the year as a result of timely receipts from the customers. Total assets turnover increased owing to increase in gross sales during the year 2015-16.

INVESTMENT / MARKET RATIOS

Earnings per share stood at Rs. 54.89 per share for the year ended 2015-16 registering an increase of 7% compared to last year on account of increase in profitability. Significant change in the market price of the Company’s shares during the year led to increase in the price earnings ratio.

CAPITAL STRUCTURE RATIOS

Long term financing of the Company decreased during 2015-16 primarily due to redemption of preference shares which has decreased the debt to equity ratio from 44.69 : 55.31 in 2014-15 to 5.57 : 94.43 in 2015-16. Due to low leverage, interest cover ratio has increased during the year.

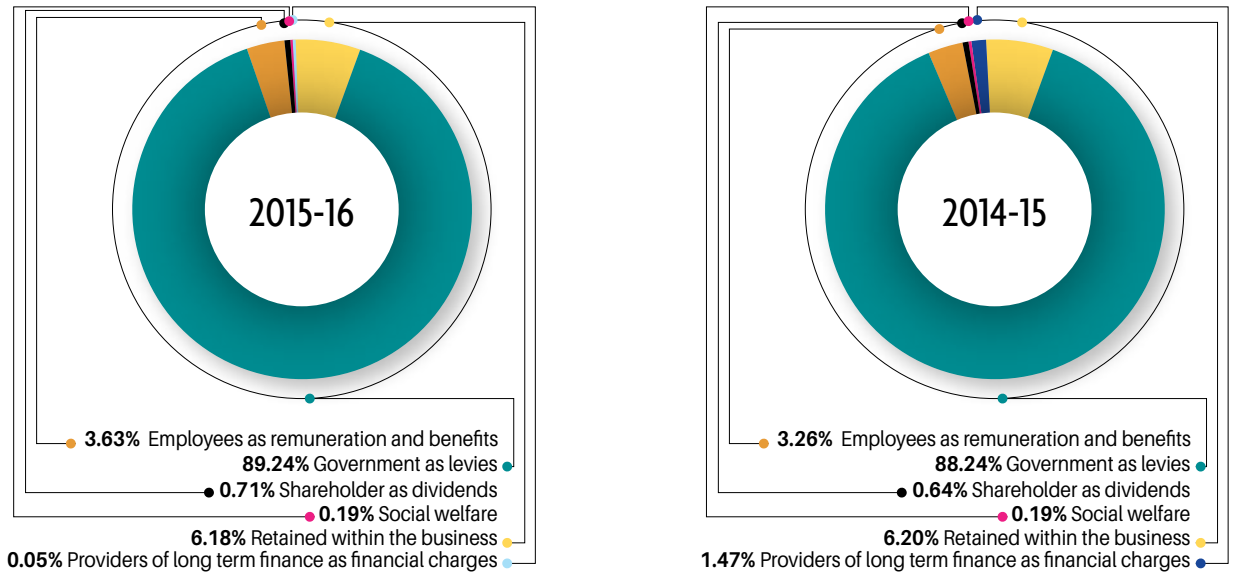
Ten Years at a Glance

	(Rupees in million)									
	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
FINANCIAL										
Revenue	95,925.53	88,791.86	70,570.97	65,128.56	48,228.33	32,177.82	28,979.37	26,864.38	21,943.97	22,647.80
Government levies:										
Income tax, other charges, royalty,										
excise duty, general sales tax, gas										
development surcharge, gas										
infrastructure development cess										
and windfall / petroleum levy	77,328.34	73,242.31	58,599.39	55,511.89	41,617.72	26,647.09	23,061.72	22,117.41	17,993.02	20,023.99
Sales - net	21,712.76	19,376.02	14,877.97	11,777.77	7,555.92	7,128.27	6,423.01	5,789.20	6,697.20	3,677.11
Operating profit	6,794.78	7,822.73	4,665.07	3,198.70	1,725.80	2,778.43	2,460.75	2,545.84	4,112.10	1,237.48
Profit before taxation	6,561.45	6,551.87	4,377.64	3,488.49	1,402.50	2,708.90	2,341.47	2,394.73	3,960.31	1,382.14
Profit for the year	6,051.46	5,650.31	3,943.30	2,421.08	1,115.17	1,725.30	1,185.95	2,151.92	2,560.41	683.89
Issued, subscribed and paid up capital	1,102.50	1,102.50	918.75	918.75	918.75	735.00	735.00	367.50	367.50	367.50
Reserves	15,863.42	10,393.72	15,903.48	12,637.98	10,557.40	9,935.42	8,455.83	7,865.22	5,381.53	3,390.12
Property, plant and equipment - at cost	17,217.73	14,857.61	12,798.64	9,426.47	7,560.05	7,417.33	6,699.57	6,626.01	4,861.36	2,881.92
Net current assets / (liabilities)	(2,289.87)	2,469.45	3,035.24	5,197.97	4,284.04	3,265.80	3,231.97	898.45	861.62	942.62
Long term liabilities including deferred liabilities	7,576.58	14,758.97	5,047.10	5,361.39	5,362.28	4,966.34	4,471.03	3,108.47	2,143.80	1,361.60
NATURAL GAS										
Development and production leases										
(sq. kilometers)	1,111.7	1,093.5	1,093.5	1,093.5	1,093.5	1,093.5	1,093.5	1,093.5	1,093.5	1,093.5
Ultimate recovery of proved reserves (BSCF)	8,440.9	8,427.9	8,402.9	8,398.4	8,398.4	8,321.7	8,299.3	8,219.0	8,010.0	8,010.0
Cumulative production (BSCF)	5,101.4	4,869.4	4,644.6	4,427.3	4,216.1	4,009.7	3,821.9	3,642.2	3,472.5	3,301.1
Number of producing wells	124	119	118	114	107	99	98	89	88	86
Production (BSCF)	232.0	224.7	217.3	211.2	206.5	187.8	179.7	169.7	171.4	172.5
Daily average (BSCF)	0.634	0.616	0.595	0.579	0.564	0.515	0.492	0.465	0.468	0.473
OIL										
Production (barrels)	472,413	414,433	175,312	192,259	124,279	130,093	62,212	41,510	-	-
LPG										
Production (metric ton)	25	362	263	477	2,062	5,031	1,231	-	-	-



# Statement of Value Addition

	Year 2015-16		Year 2014-15	
	(Rs in million)	% age	(Rs in million)	% age
Gross sales to customers	94,997.72	109.63	88,239.54	106.31
Less: Operating and exploration expenses	(8,939.49)	(10.32)	(5,697.18)	(6.86)
	86,058.23	99.31	82,542.36	99.45
Add: Other income and finance income	1,209.16	1.40	1,035.72	1.25
Less: Other expenses	(613.82)	(0.71)	(572.45)	(0.69)
<b>Total value added</b>	<b>86,653.57</b>	<b>100.00</b>	<b>83,005.63</b>	<b>100.00</b>
<b>DISTRIBUTED AS FOLLOWS:</b>				
Employees as remuneration and benefits	3,146.22	3.63	2,712.54	3.27
Government as levies	77,328.34	89.24	73,242.31	88.24
Shareholder as dividends	611.42	0.71	531.37	0.64
Social welfare	167.32	0.19	160.91	0.19
Providers of long term finance as financial charges	45.86	0.05	1,215.64	1.47
Retained within the business	5,354.42	6.18	5,142.86	6.20
	86,653.57	100.00	83,005.63	100.00



# Statement of Charity Account

Description	(Rupees in thousand)	
	2015-16	
Health care	106,029	
Education	22,268	
Social Welfare	39,022	
	167,319	

# Pattern of Shareholding

as at June 30, 2016

No. of Shareholders	Shareholding		Total shares held
840	1	TO	100
749	101	TO	500
480	501	TO	1,000
543	1,001	TO	5,000
95	5,001	TO	10,000
44	10,001	TO	15,000
19	15,001	TO	20,000
15	20,001	TO	25,000
7	25,001	TO	30,000
17	30,001	TO	35,000
8	35,001	TO	40,000
6	40,001	TO	45,000
4	45,001	TO	50,000
7	50,001	TO	55,000
2	55,001	TO	60,000
1	65,001	TO	70,000
1	80,001	TO	85,000
2	85,001	TO	90,000
1	90,001	TO	95,000
4	100,001	TO	105,000
3	115,001	TO	120,000
2	125,001	TO	130,000
2	130,001	TO	135,000
2	145,001	TO	150,000
2	155,001	TO	160,000
1	200,001	TO	205,000
1	205,001	TO	210,000
1	210,001	TO	215,000
1	230,001	TO	235,000
2	240,001	TO	245,000
1	280,001	TO	285,000
1	305,001	TO	310,000
1	350,001	TO	355,000
1	370,001	TO	375,000
2	380,001	TO	385,000
1	425,001	TO	430,000
1	605,001	TO	610,000
1	750,001	TO	755,000
1	1,265,001	TO	1,270,000
1	1,750,001	TO	1,755,000
1	1,765,001	TO	1,770,000
1	2,710,001	TO	2,715,000
1	3,645,001	TO	3,650,000
1	20,270,001	TO	20,275,000
1	21,865,001	TO	21,870,000
1	43,730,001	TO	43,735,000
2,879			110,250,000

Pattern of Shareholding as at June 30, 2016

Categories of Shareholders

Categories of Shareholders	Numbers	Shares held	Pending Shares ***	Total Shares	%age
<b>Associated Companies, undertakings and related parties</b>					
- Fauji Foundation	1	43,732,500	367,500	44,100,000	40.00
- Oil & Gas Development Company Limited	1	21,866,250	183,750	22,050,000	20.00
<b>Mutual Funds</b>					
- CDC - Trustee ABL Stock Fund (CDC)	1	52,750	-	52,750	0.05
- CDC - Trustee AKD Index Tracker Fund (CDC)	1	4,681	43	4,724	0.00
- CDC - Trustee Al Ameen Islamic Dedicated Equity Fund (CDC)	1	381,901	-	381,901	0.35
- CDC - Trustee Al Meezan Mutual Fund (CDC)	1	308,900	1,400	310,300	0.28
- CDC - Trustee Al-Ameen Islamic Asset Allocation Fund (CDC)	1	51,200	-	51,200	0.05
- CDC - Trustee Al-Ameen Shariah Stock Fund (CDC)	1	131,800	-	131,800	0.12
- CDC - Trustee Alfalah Ghp Alpha Fund (CDC)	1	34,000	-	34,000	0.03
- CDC - Trustee Alfalah Ghp Islamic Stock Fund (CDC)	1	89,150	--	89,150	0.08
- CDC - Trustee Alfalah Ghp Stock Fund (CDC)	1	55,600	-	55,600	0.05
- CDC - Trustee Alfalah Ghp Value Fund (CDC)	1	34,100	--	34,100	0.03
- CDC - Trustee APF-Equity Sub Fund (CDC)	1	24,000	-	24,000	0.02
- CDC - Trustee APIF - Equity Sub Fund (CDC)	1	24,000	-	24,000	0.02
- CDC - Trustee Askari Asset Allocation Fund (CDC)	1	3,000	-	3,000	0.00
- CDC - Trustee Askari Equity Fund (CDC)	1	3,000	-	3,000	0.00
- CDC - Trustee Altas Islamic Stock Fund (CDC)	1	115,900	-	115,900	0.11
- CDC - Trustee Altas Stock Market Fund (CDC)	1	284,850	-	284,850	0.26
- CDC - Trustee Faysal Asset Allocation Fund (CDC)	1	6,200	--	6,200	0.01
- CDC - Trustee Faysal Balanced Growth Fund (CDC)	1	3,000	-	3,000	0.00
- CDC - Trustee First Capital Mutual Fund (CDC)	1	550	-	550	0.00
- CDC - Trustee First Habib Stock Fund (CDC)	1	6,000	-	6,000	0.01
- CDC - Trustee HBL Stock Fund (CDC)	1	127,150	-	127,150	0.12
- CDC - Trustee HBL IPF Equity Sub Fund (CDC)	1	3,500	140	3,640	0.00
- CDC - Trustee HBL Islamic Asset Allocation Fund (CDC)	1	14,500	-	14,500	0.01
- CDC - Trustee HBL Multi-Asset Fund (CDC)	1	7,700	-	7,700	0.01
- CDC - Trustee HBL Mustahekum Sarmaya Fund 1 (CDC)	1	4,000	-	4,000	0.00
- CDC - Trustee HBL PF Equity Sub Fund (CDC)	1	2,000	--	2,000	0.00
- CDC - Trustee JS Large Cap. Fund (CDC)	1	92	-	92	0.00
- CDC - Trustee KSE Meezan Index Fund (CDC)	1	23,564	329	23,893	0.02
- CDC - Trustee Lakson Equity Fund (CDC)	1	20,950	-	20,950	0.02
- CDC - Trustee MCB Pakistan Islamic Stock Fund (CDC)	1	44,300	-	44,300	0.04
- CDC - Trustee MCB Pakistan Stock Market Fund (CDC)	1	230,600	-	230,600	0.21
- CDC - Trustee Meezan Balanced Fund (CDC)	1	83,950	300	84,250	0.08
- CDC - Trustee Meezan Islamic Fund (CDC)	1	1,753,081	8,999	1,762,080	1.60
- CDC - Trustee NAFA Islamic Active Allocation Equity Fund (CDC)	1	49,600	-	49,600	0.04
- CDC - Trustee NAFA Islamic Asset Allocation Fund (CDC)	1	214,050	-	214,050	0.19
- CDC - Trustee NAFA Islamic Energy Fund (CDC)	1	157,550	--	157,550	0.14
- CDC - Trustee NAFA Islamic Principal Protected Fund - I (CDC)	1	7,300	-	7,300	0.01
- CDC - Trustee NAFA Islamic Principal Protected Fund - II (CDC)	1	11,850	-	11,850	0.01
- CDC - Trustee NAFA Islamic Stock Fund (CDC)	1	127,550	-	127,550	0.12
- CDC - Trustee NAFA Multi Asset Fund (CDC)	1	42,200		42,200	0.04
- CDC - Trustee NAFA Stock Fund (CDC)	1	350,100		350,100	0.32
- CDC - Trustee National Investment (Unit) Trust (CDC)	1	2,712,236	38,238	2,750,474	2.49
- CDC - Trustee NIT- Equity Market Opportunity Fund (CDC)	1	429,402	4,887	434,289	0.39
- CDC - Trustee Pakistan Capital Market Fund (CDC)	1	20,000	-	20,000	0.02
- CDC - Trustee UBL Asset Allocation Fund (CDC)	1	24,600	-	24,600	0.02

Categories of Shareholders

Categories of Shareholders	Numbers	Shares held	Pending Shares ***	Total Shares	%age
- CDC - Trustee UBL Retirement Savings Fund - Equity Sub Fund (CDC)	1	56,400	--	56,400	0.05
- CDC - Trustee UBL Stock Advantage Fund (CDC)	1	156,600	--	156,600	0.14
- CDC - Trustee Al-Ameen Islamic Ret. Sav. Fund- Equity Sub Fund (CDC)	1	46,950	-	46,950	0.04
- CDC - Trustee First Habib Islamic Balanced Fund (CDC)	1	3,000	-	3,000	0.00
- CDC - Trustee HBL Islamic Stock Fund (CDC)	1	21,200	-	21,200	0.02
- CDC - Trustee NAFA Asset Allocation Fund (CDC)	1	36,900	--	36,900	0.03
- CDC - Trustee Pak. Int. Element Islamic Asset Allocation Fund (CDC)	1	30,800	-	30,800	0.03
- MCFSL - Trustee Askari Islamic Asset Allocation Fund (CDC)	1	4,050	-	4,050	0.00
- MCBFBSL - Trustee ABL Islamic Stock Fund (CDC)	1	87,600	--	87,600	0.08
- Pak-Oman Investment Company Ltd. (CDC)	1	19,850	-	19,850	0.02
- CDC - Trustee PIML Islamic Equity Fund	1	-	35	35	0.00
- CDC - Trustee PIML Strategic Multi Asset Fund	1	-	25	25	0.00
- CDC - Trustee First Capital Mutual Fund	1	-	77	77	0.00
- CDC - Trustee First Crosby Dragon Fund	1	-	20	20	0.00
- CDC - Trustee Alfalah GHP Value Fund	1	-	54	54	0.00
- CDC - Trustee Atlas Islamic Stock Fund	1	-	100	100	0.00
- CDC - Trustee Atlas Stock Market Fund	1	-	150	150	0.00
- CDC - Trustee JS KSE-30 Index Fund	1	-	7	7	0.00
- CDC - Trustee Lakson Equity Fund	1	-	1,010	1,010	0.00
<b>Directors, Chief Executive Officer and their spouses and minor children</b>					
- S.H. Mehdi Jamal - Director representing general public	1	600	-	600	0.00
<b>Public Sector Companies and Corporations</b>					
- Oil & Gas Development Company Limited	*				
<b>Banks, Development Financial Institutions and Non-Banking Financial Institutions</b>					
- National Development Finance Corporation	1	4,462	-	4,462	0.00
- Faysal Bank Limited (CDC)	1	5,650	-	5,650	0.01
- First Women Bank Limited (CDC)	1	36,700	-	36,700	0.03
- Meezan Bank Limited (CDC)	1	372,600	-	372,600	0.34
- National Bank of Pakistan (CDC)	1	3,650,871	-	3,650,871	3.31
- Summit Bank Limited (CDC)	1	35,000	-	35,000	0.03
- M/S Investment Corporation of Pakistan	1	3,332	-	3,332	0.00
- IDBL (ICP UNIT). (CDC)	1	4,998	-	4,998	0.00
<b>Insurance &amp; Takaful Companies</b>					
- Adamjee Life Assurance Co. Ltd-IMF (CDC)	1	34,650	-	34,650	0.03
- Askari General Insurance Company Ltd. (CDC)	1	5,000	-	5,000	0.00
- Century Insurance Company Ltd. (CDC)	1	1,392	-	1,392	0.00
- Excel Insurance Co. Ltd. (CDC)	1	40	-	40	0.00
- Jubilee General Insurance Company Limited (CDC)	1	40,600	-	40,600	0.04
- Jubilee Life Insurance Company Limited (CDC)	1	205,750	-	205,750	0.19
- Pak Qatar Individual Family Participant Invest Fund (CDC)	1	1,800	-	1,800	0.00
- State Life Insurance Corp. of Pakistan (CDC)	1	1,267,724	-	1,267,724	1.15
- Dawood Family Takaful Limited (CDC)	1	4,000	-	4,000	0.00
<b>Modarabas</b>					
- Crescent Standard Modaraba (CDC)	1	300	-	300	0.00
- B.R.R. Guardian Modaraba. (CDC)	1	16,080	-	16,080	0.01
- First Equity Modaraba (CDC)	1	5,700	-	5,700	0.01
- Trust Modaraba (CDC)	1	2,000	-	2,000	0.00

Pattern of Shareholding as at June 30, 2016

Categories of Shareholders

Categories of Shareholders	Numbers	Shares held	Pending Shares ***	Total Shares	%age
Pension Funds					
- Trustee National Bank of Pakistan Employees Pension Fund (CDC)	1	383,279	-	383,279	0.35
- CDC - Trustee ABL Islamic Pension Fund - Equity Sub Fund (CDC)	1	4,300	-	4,300	0.00
- CDC - Trustee ABL Pension Fund - Equity Sub Fund (CDC)	1	1,700	-	1,700	0.00
- CDC - Trustee Meezan Tahaffuz Pension Fund - Equity Sub Fund (CDC)	1	200,900	1,300	202,200	0.18
- CDC - Trustee NAFA Islamic Pension Fund Equity Account (CDC)	1	25,000	-	25,000	0.02
- CDC - Trustee NAFA Pension Fund Equity Sub- Fund Account (CDC)	1	28,800	-	28,800	0.03
- Trustee - Millat Tractors Limited Employees Pension Fund (CDC)	1	7,000	-	7,000	0.01
- Trustee - Pakistan Herald Publication Pvt Ltd Staff Pension Fund (CDC)		1,850	-	1,850	0.00
- Trustee - Crescent Steel & Allied Products Ltd-Pension Fund (CDC)		72	-	72	0.00
- Trustee - The Kot Addu Power Co. Ltd. Employees Pension Fund (CDC)		3,100	-	3,100	0.00
- CDC - Trustee Pakistan Islamic Pension Fund - Equity Sub Fund (CDC)		10,200	-	10,200	0.01
Shareholders holdings 5% or more voting interest	**				
Local individuals	2,674	5,248,988	-	5,248,988	4.76
Others					
- Government of Pakistan	1	20,270,014	-	20,270,014	18.39
- Federal Board of Revenue	1	45,289	-	45,289	0.04
- Joint Stock Companies	55	405,996	-	405,996	0.37
- Executives	6	16,486	-	16,486	0.01
- Foreign Companies	13	1,288,955	-	1,288,955	1.17
- Others	34	1,861,951	-	1,861,951	1.69
	2,879	109,641,636	608,364	110,250,000	100
* Public Sector Companies and Corporations (Separately included above)					
- Oil & Gas Development Company Limited		21,866,250	183,750	22,050,000	20.00
** Shareholders holdings 5% or more voting interest (Separately included above)					
- Fauji Foundation		43,732,500	367,500	44,100,000	40.00
- Oil & Gas Development Company Limited		21,866,250	183,750	22,050,000	20.00
- Government of Pakistan		20,270,014	-	20,270,014	18.39
Shares held by Sponsor Shareholders					
- Fauji Foundation		43,732,500	367,500	44,100,000	40.00
- Oil & Gas Development Company Limited		21,866,250	183,750	22,050,000	20.00
- Government of Pakistan		20,270,014	-	20,270,014	18.39
Shares held by Directors and Executives					
- Directors		600	-	600	0.00
- Executives		16,486	-	16,486	0.01

\*\*\* Bonus Shares are withheld and have not been issued due to pending resolution of issue relating to deduction of withholding tax on issuance of bonus shares.



# Corporate Governance



## ROLE OF THE CHAIRMAN AND THE MD/CEO

The roles of the Chairman, MPCL Board and MD/CEO, MPCL are separate and complementary, with responsibilities clearly divided as required under the Code of Corporate Governance 2012.

### CHAIRMAN

Chairman MPCL Board is responsible for providing effective leadership to the Board particularly during Board and shareholders meetings, creating the conditions and environment conducive for overall effectiveness of the Board and facilitating and encouraging the contribution of executive, non-executive, and independent directors in carrying out the Board's business in line with applicable laws, rules and regulations.

### MD/CEO

The Managing Director is responsible for providing effective leadership to the management and employees, and overseeing the day-to-day operations and management of the Company's businesses and affairs by ensuring that the executive team implements the policies and strategies adopted by the Board and its Committees. He keeps the Board updated on significant and sensitive issues that might affect the Company. He ensures that operational plans and control systems are in place, and regularly monitors actual performance against plans, takes remedial actions, where necessary.

## COMMITTEES OF THE BOARD OF DIRECTORS

The Board of Directors of the Company oversees the operations and affairs of the Company in an efficient and effective manner. For the sake of smooth functioning, the Board has constituted three committees. These committees are entrusted with the task of ensuring speedy decisions relating to their respective domains.

### AUDIT COMMITTEE:

#### Salient Features

The Audit Committee is, among other things, responsible for recommending to the Board of Directors the appointment of external auditors by Company's shareholders and considers any questions of resignation or removal of external auditors, audit fees and provision by external auditors of any service to the Company in addition to audit of its financial statements.



## Terms of Reference

Terms of reference of the Audit Committee are as follows:

- a) Determination of appropriate measures to safeguard the Company's assets;
- b) Review of quarterly, half-yearly and annual financial statements of the Company, prior to their approval by the Board of Directors, focusing on:
  - major judgmental areas;
  - significant adjustments resulting from the audit;
  - going-concern assumption;
  - any changes in accounting policies and practices;
  - compliance with applicable accounting standards;
  - compliance with listing regulations and other statutory and regulatory requirements; and
  - significant related party transactions.
- c) Review of preliminary announcements of results prior to publication;
- d) Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);
- e) Review of management letter issued by external auditors and management's response thereto;
- f) Ensuring coordination between the internal and external auditors of the Company;
- g) Review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company;
- h) Consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;
- i) Ascertaining that the internal control system including financial and operational controls, accounting system for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and reporting structure are adequate and effective;
- j) Review of the Company's statement on internal control systems prior to endorsement by the Board of Directors and internal audit reports;
- k) Instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the CEO and to consider remittance of any matter to the external auditors or to any other external body;
- l) Determination of compliance with relevant statutory requirements;
- m) Monitoring compliance with the best practices of corporate governance and identification of significant violations thereof; and
- n) Consideration of any other issue or matter as may be assigned by the Board of Directors.
- o) Approval of resolutions for transfer of shares and issuance of duplicate share certificates of the Company, as per provisions of the Companies Ordinance 1984 (resolutions to be signed by any two members).

### TECHNICAL COMMITTEE:

#### Salient Features

The major role of the Committee is to review the technical and operational matters of the Company and present its recommendation to the Board for consideration and approval.





#### HR AND REMUNERATION COMMITTEE

##### Salient Features

The major role of the Committee is to review HR related matters of the Company and present its recommendation to the Board for consideration and approval.

##### Terms of Reference

Terms of reference of the HR&R Committee are as follows:

- Recommending the human resource policies to the Board of Directors.
- Recommending to the Board of Directors the selection, evaluation, compensation (including retirement benefits), and succession planning of the CEO.
- Recommending to the Board of Directors the selection, evaluation, compensation (including retirement benefits) of the COO, CFO, Company Secretary and Head of Internal Audit.
- Consideration and approval on recommendations of CEO on such matters for key management positions who report directly to CEO or COO.
- Review management's proposals for the promotion of senior staff in accordance with Article 100-c of the Articles of Association and make recommendations for consideration of the Board of Directors.
- Review management's proposals for changes in personnel compensation policy and salary structure of employees and make recommendations for consideration of the Board. President of the Audit Committee, if not already a member, will be the co-opted member of the Human Resource Committee for this function.

- Review management's proposals for changes in the Company's organogram and make recommendation for consideration of the Board.
- Evaluate the candidates and make recommendation for the appointment of senior staff in Group 26 and above. For this particular function, the Managing Director will be co-opted member of the Committee. The Committee may also co-opt any other director for this purpose.
- Take up any matter assigned by the Board and make its recommendations to the Board thereon.

##### Non-Executive Directors

All the directors on HR and Remuneration Committee are non-executive directors while Engr. S.H. Mehdi Jamal is an independent non-executive director.

##### STAKEHOLDERS' ENGAGEMENT

Major stakeholders of the Company include Shareholders (Institutional and Minority), Customers, Suppliers, Joint Venture Partners, Regulators, Banks and Other Lenders, Media, Employees, and Communities in MPCL Concession areas.

Relationships with different stakeholders are extremely important for MPCL as these relationships can impact MPCL's operations, revenues, corporate image and profile. MPCL enjoys cordial relationships with all of its stakeholders.

##### ENGAGEMENT WITH MAJOR STAKEHOLDERS

###### Engagement with Shareholders

- Relationships with the shareholders are managed in line with the provisions of Shareholders and Participation Agreement, applicable corporate laws/rules/regulations/notifications, notably the Companies Ordinance 1984, Code of Corporate Governance 2012, Listing Regulations of Pakistan

Stock Exchange and the Memorandum and Articles of Association of the Company.

- Annual and Quarterly Accounts of the Company are placed on the Company's website while Annual Audited Accounts are also circulated to the Shareholders in physical form.
- Besides their right to appoint directors to oversee affairs of the Company, the Shareholders are invited to all the shareholders meetings (AGMs, EOGMs) and are encouraged to present their viewpoint on important matters.
- There is an Investor Relations Section on the Company's website which contains important Investor specific information as well as an Online Complaint Form for investors.
- The Board has approved an Investor Relations & Grievance Policy which contains the mechanism for handling shareholders complaints and queries.
- Minority investors can also lodge their complaints and submit their queries directly to the Shares Department using conventional mail, fax, email or phone.
- Material Information pertaining to the Company's operations is circulated to PSX, SECP and the Shareholders as and when need arises.

##### Engagement with Regulators

- Relationship with SECP and PSX are managed as per applicable corporate laws/rules/regulations/notifications, notably the Companies Ordinance 1984, Code of Corporate Governance 2012, Listing Regulations of PSX, and the Memorandum and Articles of Association of the Company.

- Annual and Quarterly Accounts of the Company are filed with the Registrar of the Companies and SECP and are also circulated to PSX.
- Material Information pertaining to the Company's operations is circulated to the PSX and SECP as and when need arises.
- The Company also participates in trainings and awareness seminars arranged by PSX and SECP from time to time.

##### BUSINESS ETHICS

MPCL conducts its business in a socially responsible and ethical manner and in compliance with applicable laws. The Company has prepared a Code of Conduct and Business Practices which, inter alia covers the matters such as conflict of interest, business integrity, gifts, entertainment and bribery, insider trading and accountability etc. Members of the Board and Employees, while joining and during their tenure with the Company, are required to read, acknowledge, and abide by the Code.

The Board has approved a Whistle blower Policy to encourage employees, who have concerns about suspected serious misconduct or any breach or suspected breach of law or regulation that may adversely impact the Company, to come forward and express such concerns without fear of punishment or unfair treatment.

An independent Internal Audit Department periodically reviews the conduct of business of each department and points out the areas for improvement, if any.

##### CONFLICT OF INTEREST

The matter of Conflict of Interest relating to Board members is dealt with in accordance with the provisions of the Companies Ordinance 1984 and the Articles of Association of the Company. Any person intending to become a Director of the Company has to submit a declaration that he/she is aware of the powers and duties of a Director as envisaged in the Companies Ordinance 1984 and has read the Articles of Association of the Company.

Further, MPCL has a Code of Conduct which, among others, covers this area. It is overriding intention of the Company that all business transactions conducted by it are on arm's length basis. Adequate internal controls have been implemented to ensure that transactions



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with related parties are appropriately identified in the information system and disclosed in the financial statements. Related Parties Transactions are reviewed by the board. Interested directors are required to disclose their interest and they are not allowed to participate in the voting on any transaction in which they are interested.

Similarly, MPCL executives are required to disclose buying and selling of Company shares.

MD / CEO PERFORMANCE REVIEW

MD/CEO’s report on the Company’s operations, major achievements, and progress of outstanding issues is presented to the Board of Directors as a regular agenda item in each meeting (at least once in each quarter) for review, discussion and decisions, all of which are duly recorded in minutes. During the year 2015-16, five such reports were presented to the Board.

A summary of the Company’s progress and achievements under the incumbent MD/CEO is also provided in the Annual Report each year.

SHARE PRICE SENSITIVITY ANALYSIS

Investor Relations Section on the Company’s website contains important information such as Share Price (along with turnover, market capitalization and graphical representation of share price movement over the period), Financial Highlights and Indicators, Pattern of Shareholders, EPS, P/E Ratio and Breakup Value etc. The information is compiled and provided by Business Recorder under an arrangement with the Company. All the material information which might affect the share price of the Company is communicated to the PSX and SECP in a timely manner.

LAST ANNUAL GENERAL MEETING (AGM)

31st AGM of the Company was held on September 18, 2015 at 10:00 a.m., at the Registered Office of the Company situated at 21-Mauve Area, 3rd Road, Sector G-10/4, Islamabad.

AGENDA, DECISIONS AND IMPLEMENTATION

- a) Agenda: Approval of the minutes of 30th Annual General Meeting.  
  
Decision & Implementation: The minutes were duly approved by the members and subsequently circulated to all concerned.

- b) Agenda: To receive, consider and adopt audited accounts of the Company for the year ended June 30, 2015 together with the directors’ and auditors’ reports thereon.  
  
Decision & Implementation: Audited accounts, directors’ and auditors’ reports were duly approved and adopted by the members. Thereafter, audited accounts, directors’ and auditors’ reports were filed with the Registrar and circulated to SECP and PSX.

- c) Agenda: To Approve Payment of Final Dividend @ Rs.1.50 (15%) Per Share for the Year Ended June 30, 3015.  
  
Decision & Implementation: Payment of dividend as recommended by the Board was approved by the Shareholders. Accordingly dividend warrants were dispatched to the Shareholders on October 7, 2015. Tax was deducted at the applicable rates and deposited in the Government Treasury.

- d) Agenda: Appointment of auditors for the year ending June 30, 2016 and to fix their remuneration.  
  
Decision & Implementation: M/s A.F. Ferguson & Co., Chartered Accountants, were appointed as auditors to hold office until the conclusion of the next Annual General Meeting of the Company for the year ending June 30, 2016 at the fee agreed by the Board of Directors.

SPECIAL BUSINESS

- e) Agenda: To approve, as recommended by the Directors, the redemption of preference shares of minority shareholders, at par value, along with payment of dividend accrued up to the redemption date.  
  
Decision & Implementation: The redemption of preference shares held by minority shareholders was approved by the members. Subsequently, the redemption process was started and as of June 30, 2016 around 93% of minority preference shares have been redeemed.

MARKET SHARE INFORMATION

Product	Total Output	MPCL’s Output	MPCL’s Share
Gas (MMCF)	363,113	40,435	11.14%
Oil (BBLs)	7,807,387	195,601	2.51%

Source: Pakistan Petroleum Information Service by LMKR on behalf of DGPC. Based on Production data for the Quarter March-May 2016

ANTI-CORRUPTION MEASURES

MPCL conducts its business in a socially responsible and ethical manner and in compliance with applicable laws. The Company has prepared a Code of Conduct which, inter alia covers the matters such as conflict of interest, business integrity, gifts, entertainment and bribery, insider trading and accountability etc. Members of the Board and Employees, while joining and during their tenure with the Company, are required to read, acknowledge, and abide by the Code.

The Board has approved a Whistle blower Policy to encourage employees, who have concerns about suspected serious misconduct or any breach or suspected breach of law or regulation that may adversely impact the Company, to come forward and express such concerns without fear of punishment or unfair treatment.

COMPLIANCE WITH THE BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

The Company makes every effort to achieve full compliance with the Best Practices of Code of Corporate Governance (the CCG). The Statement of Compliance with the Best Practices of Code of Corporate Governance (the Statement) prepared by the Board of Directors of the Company is reviewed and verified by the external auditors of the Company. The Statement for the year 2015-16, (included separately in the Annual Report) details the manner in which the Company has applied the principles contained in the CCG. The Statement also confirms that all material principles enshrined in the CCG have been complied with.

WHISTLE BLOWING POLICY

The Board has approved a Whistle blower Policy to encourage employees, who have concerns about suspected serious misconduct or any breach or suspected breach of law or regulation that may adversely impact the Company, to come forward and express such concerns without fear of punishment or unfair treatment. The Policy applies to all regular/ contractual Management and Non-Management employees of the Company, vendors, contractors, customers and consultants etc. The Policy also includes other personnel associated in any other manner with the Company. Pursuant to the Policy, the Management has formed a ‘Whistle blowing Committee’, headed by General Manager Corporate Affairs for handling and managing all whistle blowing concerns and

complaints. Disciplinary action (which may include dismissal) against the wrongdoer is taken depending on the results of the investigation conducted by Whistle blowing Committee.

The Policy alongwith Complaint Form is available on the Company’s website in the Investor Relations section.

Incidences Reported to the Audit Committee during the Year

No incident of whistle blowing took place/reported to the Audit Committee during the year.

INVESTORS’ GRIEVANCES POLICY

The Board has approved an Investor Relations & Grievance Policy which contains the mechanism for handling shareholders complaints and queries. As envisaged in the Policy, the Company has a designated email ID as well as an online Complaint Form at its website for the Shareholders to lodge a complaint or query with the Management. Shareholders can also lodge a complaint or query using telephone, fax or conventional mail. The Policy ensures that grievances notified by the shareholders are handled and resolved efficiently at appropriate level within shortest possible time span (within 5 working days). The Company maintains record of all such grievances along with actions taken for resolution and prepares summary of unresolved/ unsettled issues on monthly basis.

The Policy alongwith Complaint Form is available on the Company’s website in the Investor Relations section.

ANNUAL EVALUATION OF BOARD’S PERFORMANCE, ALONG WITH DESCRIPTION OF CRITERIA USED

In compliance with clause v (e) of Code of Corporate Governance 2012, a mechanism for Board Self Evaluation was approved by MPCL Board in its



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Meeting held on September 30, 2014. The approved Board Performance Evaluation Template contains 36 Performance Factors covering areas such as Composition of Board and its Committees, Functions and Performance of the Board and its Committees and Company Performance Monitoring System. Every year, the Template is forwarded to all Board Members with request to rate each Factor on a scale of 1 to 5. The scores are consolidated through a specially designed program and Mean Values, Standard Deviations and Bar Charts for each factor are calculated.

As per the methodology, if the mean value against any performance factor is less than 3, it needs improvement. If the mean value is above 3, the performance Factor is acceptable. Further, the standard deviation indicates the degree of dispersion in the opinion of Board Members against any specific factor. If the value of standard deviation is less than 1, then there is unanimity in board opinion. If the value is more than 1, the opinion of Board is dispersed against that performance factor.

The evaluation for the year 2015-16 revealed that the mean value against all performance factors was above 3, which showed that in the opinion of the Directors, the composition and performance of the Board and its Committees and overall governance of the affairs of the Company was satisfactory.

The value of standard deviation was less than 1 against all Performance Factors, showing unanimity in the opinions of the Directors against these factors.

The Directors were of the view that the Board has fair amount of experience, diversity and is performing satisfactorily in the best interest of the Company with complete transparency.

The results of the evaluation along with suggestions/ comments of the Directors were presented to the Board in its 163rd meeting held on August 11, 2016.

REPORTS OF THE AUDIT COMMITTEE

In accordance with its TORs, the Audit Committee reviewed the Company’s Annual and Interim Financial Statements, including non-financial information, prior to publication. Audit Committee periodically reviewed the adequacy and appropriateness of internal control, matters relating to accounting policies, financial risks and compliance with accounting standards, statutory

and legal requirements and regulations. The Audit Committee discussed, with external auditors, issues arising from interim and annual audits along with the Management Letter issued by External Auditors and management responses thereof. Important findings, risks identified and follow-up actions were examined thoroughly in order to allow appropriate measures to be taken.

COMPOSITION OF THE COMMITTEE

Director	Designation
Mr. Qaiser Javed	President
Mr. Shahid Yousaf	Member
Mr. Ahmed Hayat Lak	Member
Mr. Shahid Ghaffar	Member
Engr. S.H. Mehdi Jamal <sup>1</sup>	Member

<sup>1</sup> Engr. S.H. Mehdi Jamal is an independent non-executive director

INTERNAL CONTROL FRAMEWORK AND ROLE OF INTERNAL AUDIT

In Compliance of requirements of Code of Corporate Governance, 2012, the Board of Directors has set up Internal Audit function, which is headed by Head Internal Audit who reports to Audit Committee of the Board.

Internal Audit Function is an independent assurance and consulting activity, designed to add value and improve MPCL’s operations. It helps the Company accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

Objectives of ‘Internal Control Framework’ are:

- a. Effectiveness and efficiency of operations;
- b. Reliability of internal / external reporting;
- c. Compliance with laws, rules and regulations; and
- d. Safeguarding of the Company’s assets.

To achieve Internal Control Framework objectives, following Internal Control components are assessed and evaluated by Internal Audit Department:

- a. **Control Environment:** It sets the tone of Company and influences the control consciousness of personnel. It is the foundation of all other

components of Internal Control providing discipline and structure;

- b. **Risk Assessment:** Management of Company is responsible for ensuring adequate risk identification and analysis of relevant risks to achieve Internal Control Framework objectives;
- c. **Control Activities:** These are the policies and procedures that help ensure that Management directives are carried out effectively;
- d. **Information and Communication:** Pertinent information must be identified, captured and communicated in a structured form and time frame that enable people to carry out their responsibilities; and
- e. **Monitoring:** Internal Control Systems need to be monitored by Internal Audit Department. This process assesses the quality of Internal Control Framework in place.

In addition, Internal Audit also undertakes special tasks as and when directed by the Audit Committee of the Board. Internal Audit plays a central role in highlighting weaknesses in the existing system and processes and identifying implementation of effective controls needed to strengthen the overall control system.

ACCESS OF HEAD OF INTERNAL AUDIT TO AUDIT COMMITTEE

Head of Internal Audit has direct access to Audit Committee.

INVESTORS’ RELATIONS SECTION AND COMPLETE ACCESSIBILITY OF ANNUAL REPORT ON MPCL WEBSITE

In order to promote investor relations and facilitate access to the Company for grievance / other query registration, an ‘Investors’ Relations’ section is also maintained on MPCL website. Further, annual report is also completely accessible on the website. Website of MPCL is [www.mpcl.com.pk](http://www.mpcl.com.pk).

BOARD MEETINGS HELD OUTSIDE PAKISTAN

No Board meeting was held outside Pakistan.



# Directors' Report



The Directors are pleased to present their report together with the audited financial statements of the Company and the Auditors' report thereon for the year ended June 30, 2016.

### FINANCIAL RESULTS

The profit and appropriations for the year are as follows:

(Rupees in thousand)	
<b>Profit</b>	
Profit for the year after taxation	6,051,455
Other comprehensive loss	(85,625)
Un-appropriated profit brought forward	35,537
	6,001,367
<b>Transfers / (Appropriations)</b>	
Final dividend for the year ended June 30, 2015	(35,537)
First interim cash dividend @ 30% for the year ended June 30, 2016	(330,750)
Undistributed Percentage Return Reserve	(161,374)
Exploration, evaluation and development reserve	(272,995)
Capital redemption reserve fund	(776,485)
Self insurance reserve	(100,000)
Reserve for Mari Seismic Unit	422,329
<b>Total for the year</b>	<b>(1,254,812)</b>
	<b>4,746,555</b>



Gross sales for the year under review increased to Rs 94,998 million from Rs 88,240 million for the last year (7.66% increase). The increase is mainly due to increase in sales volume and increase in average selling prices. Company's contribution to the Government Exchequer amounted to Rs 77,328 million against Rs 73,242 million in the last year. The operating expenses were Rs 5,791 million as against Rs 5,376 million for the last year.

The operating results in the financial statements for the year show profit for the year of Rs 6,051 million as against Rs 5,650 million of the previous year.

Increase in net sales and other income, and decrease in finance cost were the major reasons for increase in profitability. This was partially offset by increase in exploration and prospecting expenditure, operating expenses, royalty and decrease in finance income.

Earnings per share (EPS) for the year increased to Rs 54.89 per share as compared to last year's Rs 51.25 per share. EPS on the basis of distributable profits increased to Rs 5.55 per share from Rs 4.82 per share for the last year.

The rate of return to the shareholders for the year has

increased to 40.82% against last year's 39.87%, which is in proportion to increase in production level.

### CASH FLOW STRATEGY

Cash and bank balances were Rs 626 million as against Rs 4,901 million in the previous year. During the year, an amount of Rs 12,638 million was generated from operating activities of the Company which was used mainly to undertake exploration activities, capital expenditures, payment of dividends to the shareholders, repayment of long term financing, redemption of preference shares and payment of finance cost to banks and preference shareholders.

### DIVIDENDS

The Company has declared an interim dividend @ Rs 3 per ordinary share (30%) [2015: Rs 3.721 per ordinary share (37.21%)] for the year ended June 30, 2016. Further, final cash dividend @ Rs 1.5 per share (15%) for the year ended June 30, 2015 was also declared during the year.

### FOREIGN EXCHANGE SAVINGS AND GOVERNMENT REVENUES

MPCL is a major contributor to the national economy. The Company's



share of production of natural gas, condensate, crude oil and LPG from its Mari Field and other joint ventures for the financial year 2015-16 in terms of energy equivalent was 30,480,222 barrels (2015: 29,205,262 barrels). This has resulted in foreign exchange saving of around Rs 142 billion (2015: Rs 225 billion) for the current year assuming an average crude oil price of US\$ 44.45 per barrel and average foreign exchange rate of US\$ = Rs 104.48 during the year (2015: average crude oil price of US\$ 75.99 per barrel and average foreign exchange rate of US\$ = Rs 101.51).

In addition, MPCL contributed around Rs 77,328 million to the Government exchequer during the year (Rs 73,242 million during 2014-15) mainly on account of gas development surcharge, gas infrastructure development cess, sales tax, excise duty, royalty, income taxes and other such taxes.

## Directors' Report



### OPERATIONS

The Company continued uninterrupted gas supply from Mari Field throughout the year to all its customers namely, Engro Fertilizer Limited (EFL), Fauji Fertilizer Company Limited (FFC), Fatima Fertilizer Company Limited (FFCL), Sui Southern Gas Company Limited (SSGCL), Foundation Power Company Daharki Limited (FPCDL), Sui Northern Gas Pipelines Limited (SNGPL) and Central Power Generation Company Limited (CPGCL). A cumulative 221,383 MMSCF of gas at a daily average of 605 MMSCF and 19,361 barrels of condensate (53 barrels per day) were produced from Mari Field during the year as against 217,688 MMSCF of gas at daily average of 596 MMSCF and 23,167 barrels of condensate (63 barrels per day) for the corresponding year as per the requirement / withdrawal of the customers. In addition, 379,894 barrels of crude oil (1,038

barrels per day), 73,158 barrels of condensate (200 barrels per day), 10,640 MMSCF of gas (29 MMSCF per day) and 25 metric ton of LPG (0.07 metric ton per day) was produced and sold from joint ventures during the year, whereas 339,322 barrels of crude oil (930 barrels per day), 51,944 barrels of condensate (142 barrels per day), 7,058 MMSCF of gas (19 MMSCF per day) and 362 metric ton of LPG (1 metric ton per day) was produced and sold from joint ventures in the comparative year to customers namely Attock Refinery Limited, National Refinery Limited, Pakistan Refinery Limited, Pak Arab Refinery Limited, Western Power Company (Pvt) Limited, SSGCL, SNGPL and Foundation Gas.

Operational activities at all MPCL operated fields were carried out in strict compliance with relevant standard operating procedures and good international Oil & Gas Fields



practices. Preventive maintenance strategies were followed for critical production equipment. Routine and schedule maintenance of gas gathering network and production & process facilities were carried out successfully to ensure their integrity and operational reliability. Production optimization plans were formulated to enhance operational efficiencies and to avoid any serious damages during the challenging era of low global oil prices. Field operations were consistently reviewed to develop good practices to maintain uninterrupted production and sale together with low capital and operating expenditures as well as better reservoir management.



### OPERATIONAL ACTIVITIES AND DEVELOPMENTS

#### Mari D&P Lease

Interpretation of recently completed 1,079 sq. km Phase-II seismic volume is in progress. The results of phase II G&G interpretation will reveal the remaining potential of Mari D&P Lease at all horizons.

#### Production Enhancement

Mari field is the largest gas producing field of Pakistan having production potential of around 700 MMSCFD gas and comprises of four main producing zones. HRL is the most promising of all these zones. Realizing the HRL potential, production enhancement campaign started in light of Petroleum Policy 2012 which gives incremental price for enhanced production from existing fields. During first phase of production enhancement with a target of

10% increase from benchmark production (525 MMSCFD), four additional wells were drilled and debottlenecking of existing piping network and surface equipment was performed to reduce the pressure losses thereby enabling the existing network to transport the incremental volume.

Ultimately, by the Grace of Allah, the Company commenced incremental gas supply provisionally to Thermal Power Station (TPS) Guddu, on February 09, 2016 without creating any disruption to existing customers. GoP has approved the allocation of incremental volume to TPS Guddu. Phase-II of production enhancement is underway with a target of additional 45 MMSCFD gas to TPS Guddu.

#### Drilling of 4 SML wells

Interpretation and integration of Phase-I G&G data has been completed and on the basis of this, multiple prospects have been firmed up at different horizons. Accordingly, well designing, planning and budgeting for the drilling of four wells (one exploratory and three appraisal wells) were carried out. After well stacking and land acquisition work, site preparation work was completed and Rig Mari-1 was mobilized. Shahbaz X1 was spud-in on July 26, 2016 and has been drilled down to 518M MD in Siwaliks as of August 1, 2016. Currently, drilling is in progress.

The three appraisal wells will help to appraise the Bhitai compartment and explore its upside potential.



#### Zarghun South D&P Lease

##### Development of Zarghun South Gas Field

Ever since putting the ZS-2 well on production in August 2014, a decline in wellhead flowing pressure has been observed resulting in decline of contractual gas production volumes. A strategy was devised and implemented in third quarter of 2016 to maintain continuous production from ZS-2 through installation of compressors on trial basis and drilling of third well. Presently the compressors are standby and their optimal/beneficial point of operation will be reached once present wellhead pressures of 510 Psig starts touching 400-425 Psig.

##### Drilling of Development Well ZS-3

JV partners approved the drilling of third well in order to maintain the commitments of Annual Contractual Quantities as per GSA. After the finalization of surface and target co-ordinates with the JV partners for ZS-3 targeting Dungan formation, the designing, planning and budgeting work for the well has been completed. Contract finalization for additional material and miscellaneous drilling services are in progress. Currently, civil contractor has been mobilized at site and site preparation work is in progress. After site acceptance, Rig Mari-1 shall be mobilized for drilling of ZS-3 well which is expected to be spud-in by September 2016.

Directors’ Report

EXPLORATION AND DEVELOPMENT ACTIVITIES- OTHER THAN MARI D&P LEASE / ZARGHUN SOUTH D&P LEASE

The Company’s working interests in onshore exploration licenses in Pakistan are as follows:

S. No.	Name of Block	MPCL’s Working Interest	Name of Operator
1	Ziarat Exploration License	60%	MPCL
2	Karak Exploration License	60%	MPCL
3	Sukkur Exploration License	58.8%	MPCL
4	Ghauri Exploration License	35%	MPCL
5	Hanna Exploration License	100%	MPCL
6	Harnai Exploration License	40%	MPCL
7	Sujawal Exploration License	100%	MPCL
8	Khetwaro Exploration License	51%	MPCL
9	Peshawar East Exploration License	98.19% *	MPCL
10	Hala Exploration License	35%	PPL
11	Zindan Exploration License	35%	PPL
12	Kohlu Exploration License	30%	OGDCL
13	Kalchas Exploration License	20%	OGDCL
14	Kohat Exploration License	20%	OGDCL
15	Bannu West Exploration License	10% **	Tullow Pakistan

\* Deed of assignment for 1.81% favoring KPOGCL is under approval  
\*\* Assignment agreement for acquisition of 20% working interest alongwith operatorship from Tullow and 5% working interest from OGDCL is in progress.

Operated Blocks

Ziarat Block

Based on the newly acquired seismic data interpretation, a prospect has been firmed up for drilling of an exploratory well to enter into first renewal in phase II w.e.f August 02, 2016. The said well will be drilled in first quarter of 2018-19.

Karak Block

M/s Senshe crew was mobilized on January 12, 2016 for acquisition of 148.3 Line km firm, 42 Line km contingent and 37.5 Line km wide line 2D seismic data, which would be followed by processing and interpretation to firm up the identified leads as a prospect or otherwise. Currently, recording is in progress and 66.7 Line km 2D and 37.5 wide Line km data has been acquired as of July 31, 2016. It is expected that seismic data acquisition campaign would be completed by the end of September 2016. In order to save time, processing of said data is in progress at M/s GRI China.

Kalabagh-1A:

Kalabagh-1A well was drilled down to a depth of 3,003M into Datta formation. During testing, the well flowed gas and condensate from Datta and Samanasuk formations, while the testing at Lockhart formation resulted in flow of crude oil. Based on DST results, artificial lift system for oil production from Lockhart formation was conceived and implemented. Early production facilities were setup at Kalabagh-1A and entire project of surface facilities development including engineering, procurement and site installation of equipment and accessories was completed within a period of 45 days. Well was put



Halini Deep-1:

Halini deep -1 well was drilled down to a depth of 5,900 M. After conducting seven Drill Stem Tests in different zones, hydrocarbon discovery was made in Shinawari/ Samanasuk and Hangu/Lumshiwal formations. Based on test results and production strategy, design of surface production setup was developed. Fast tracking of development project was achieved through self-executed project approach. Surface facilities included laying of 2.8 km (approx.) crude transportation line from Halini Deep-1 to well Halini X-1 and installation of discrete separation battery and storage facilities. Installations of surface facilities were completed in a record time of 22 days. Oil production commenced on May 12, 2016. Well is on natural production and after exhibiting steep decline in production rates, is now stabilizing with almost constant wellhead flowing pressure.

Reservoir and production monitoring studies at Halini Deep-1 are being carried out to formulate a strategy and timeline for installation of Gas Lift System for production enhancement and maintaining the same.

**Artificial Gas Lift at Well Halini X-1**  
Gas Lift based Artificial Lift System was installed at Halini X-1 in August 2015. Two compression units were installed at well location with

one unit configured as stand-by machine thus resulting in 100% availability of artificial lift system. Through installation of gas lift system, production from Halini X-1 has been maintained at an average rate of 950 BOPD and associated gas being produced is being sold to Western Power Company (Pvt) Limited.

Ghauri Block

Production from well Ghauri X-1 was initially through natural flow, however a consistent and rapid decline in production was observed. Artificial lift system was installed at Ghauri X-1 in the form of Jet Pump targeting maximum recovery of in-place crude oil from Sakesar formation. Well is on regular production utilizing the hydraulic lift technology. Other options to augment / increase the production are under evaluation for implementation.

Based on Phase I interpretation results, a prospect has been identified for an exploratory well in order to enter into Phase II of Exploration License. Interpretation of recently completed phase II processed data is in progress with some encouraging signs. On completion of phase II interpretation, prospect ranking will be carried out to finalize the well location and accordingly second exploratory well will be drilled during the year 2017-18.



## Directors' Report



### Harnai Block

MPCL has applied for one-year extension w.e.f June 20, 2016 to fulfill the outstanding work commitment. Farm out Agreement and Deed of Assignment (DOA) for transfer of OMV's 20% working interest to MPCL is in process of finalization.

### Sujawal Block

Acquisition of 528 sq. km 3D seismic data over Sujawal discovery, Mirpur Bataro Structure and other leads has been completed by Mari Seismic Unit (MSU). The processing/reprocessing is in progress at GRI China which is expected to be completed by October 2016. The said processing will be followed by interpretation to firm up additional prospects or otherwise.

### Development Activities at Sujawal X-1 and Sujal -1

By the installation and commissioning of Amine Sweetening Unit (ASU) and Hydrocarbon Dew Point Control Unit (HCDP) in July 2015, Company was able to cease the discounts been given on gas supply from Sujawal field on account of high CO<sub>2</sub> and dew point content. Company also



performed major debottlenecking project to enhance the processing capacity of the field from 18 MMSCFD to 25 MMSCFD by installation of new dehydration unit between the existing process trains in March 2016. Subsequently, Plateau production rate from both the wells has been enhanced up to an average of 25 MMSCFD (28% increment) from first Quarter of 2016.

In order to maintain plateau rates due to the declining well head pressures of Sujawal X-1, installation of upfront compression system is being considered. Compression systems are predicted to come on operations during fourth quarter of 2016-17.

### Sujawal Deep

Sujawal Deep-1 well was spud-in on May 07, 2016 to test the hydrocarbon potential of Upper, Middle, Basal and Massive Sands of Lower Goru Formation. Drilling is in progress with the current

Measured Depth (MD) of 3,003 M as of August 1, 2016 in Upper shale formation. Sujawal Deep-1 is a directional well with the targeted depth of 4145M MD. 45 Degree inclinations have been achieved in the well and we have reached the Lower Goru primary targets. We shall be dropping the angle and will be drilling the next targets vertically. Currently, run in hole is in progress.

### Khetwaro Block

Exploratory well Khetwaro-1 was spud-in on February 15, 2016 to test the hydrocarbon potential of Pirkoh (Karst Feature) and Basal Ghazij Sand. The well was drilled down to the depth of 940M in 9 Days (Dry Hole Scenario). After wireline logging and MDT, the interpretations of foregoing logs showed no presence of hydrocarbons and based thereon it was decided to plug and abandon the well. Rig was released on February 29, 2016.



Reprocessing of 212 sq. km 3D seismic data is in progress at M/s Western Geco, Cairo Egypt. It is scheduled to be completed by early August 2016. The prime focus of reprocessing is to improve the data image quality at deeper reservoir level. The processing will be followed by interpretation to decide the way forward for drilling of third exploratory well or otherwise.

Directors' Report



Non Operated Blocks

**Hala Block**  
Bashar X-1 has been side tracked in northeast direction to test seismic sweet anomaly at the target reservoir level. The well was spud-in on July 4, 2016 from 1,684 M MD (KOP). Currently, the well has been drilled down to 3,850 M MD / 3,708.94 M TVD in Talhar Shale formation as of August 1, 2016.

Subsequent to wire line log interpretation, identified potential zones were tested for non-commercial Hydrocarbon flow due to tight reservoir properties. Accordingly, reservoir fracture Job was conducted.

**Zindan Block**  
JV partners agreed to apply for further three months' extension

w.e.f. August 16, 2016 to decide way forward of the block.

**Kalchas Block**  
Planning for bidding of 2D seismic data acquisition is in progress. JV partners has decided to acquire about 306 Line km additional firm and 127.5 Line km contingent 2D seismic data to firm up the prospects or otherwise.

**Kohat Block**  
Processing of 87 sq. km 3D seismic data over Sheikhan is in progress at OGDCL's Seismic Data Processing Centre. Acquisition of 232 sq. km 3D seismic data over Tanda-Jabbi lead is in progress and ~127.7 sq. km data has been recorded as of July 31, 2016. Acquisition is expected to be completed by end of August 2016. The said seismic data will help to understand and

resolve the subsurface structural complexities at Sheikhan and Jabbi structures and also to delineate additional prospects for drilling of exploratory wells or otherwise.

**Bannu West Block**  
Considering the high prospectivity of the block, its significance from the Country's energy perspective and inability of the operator to operate in the area for last 10 years, MPCL took the initiative to open up the area for hydrocarbons exploration. In this regard, the Company negotiated with the operator for transfer of Operatorship including acquisition of additional 20% working interest along with additional 5% working interest from OGDCL. Currently, Assignment Agreement has been submitted to DGPC for approval.



New Ventures

MPCL is consistently reviewing the data of different local and international blocks for possible farm-in opportunities as an Operator and Joint Venture Partner. So far MPCL has reviewed 52 blocks of different local and international E&P Companies as per its mega evaluation campaign.

**Shah Bander and Kotri North**  
As a result of data review, Shah Bander and Kotri North blocks were selected for farm-in. PPL agreed to farm out its 32% working interest in Shah Bandar block. Currently preparations are in process for assignment agreement, whereas decision for Kotri North block is under consideration.

Two Exploration License applications against Kathrach and Jhangara West blocks have been submitted to DGPC for forthcoming bidding round.

Data is under review to assess the prospectivity of Dera Ghazi Khan Block.

Three international blocks of Tanzania and Myanmar are being evaluated for possible farm-in opportunity.



MARI SERVICES DEPARTMENT (MSD)

**Mari Seismic Unit (MSU)**  
MSU has successfully completed acquisition of 1,079 sq. kms 3D data in Mari Development and Production Lease area and 528 sq. kms 3D data in Sujawal block during the year. MSU has set extremely high acquisition standards possible only through state of the art recording equipment and skilled human resource. The quality of data acquired has been much appreciated by the quality control department as well as the client.

**Mari Drilling Unit (MDU)**  
MPCL drilled eight wells during 2015-16 utilizing its own drilling rigs and no services were taken from other drilling service providers.

**Rig Mari 1 (1500 HP)**  
It was purchased from China during 2007 and has so far drilled thirteen wells. MDU carried out major overhaul of Rig Mari 1 after seven years of operations utilizing its own crew and local workshops approved by American Petroleum Institute resulting in saving of USD 1 Million and six months of man-hour.

**Rig Mari 3 (2500HP)**  
It was purchased during 2014 from China and was immediately deployed to most difficult terrain in Pakistan having tough weather conditions. MPCL hired new crew from market for the new rig to drill one of deepest well (Halini Deep-1 5,900 M) in history of the Company. Currently, Rig Mari 3 is operating in Sujawal block for drilling of Sujawal Deep-1 exploration well which was spud-in on May 07, 2016.

## Directors' Report

### Rig Mari 2 (ST)

After going through basic maintenance, it successfully completed drilling of four HRL wells in a record period of just two and half months. For this purpose, Rig Mari 1 crew was utilized for carryout drilling and they adjusted very well to complete all the four wells before the planned date. The rig is currently under Mid-life Upgradation and would be utilized for drilling/work over of upcoming wells.

### Mari Seismic Processing Center (MSPC)

MSPC was established in 2014 and subsequently carried out number of processing/reprocessing projects of 2D and 3D seismic data of various blocks. The Processing Centre is also being used for quality control of the acquired data as well as hotshot processing/reprocessing before finalizing the well location and to avoid the said requirement from third party vendors which would help MPCL in cost cutting and save operational time.

Following projects were completed during the year:

- Sujawal processing/reprocessing 2D
- Ziarat field processing 2D
- Ziarat processing/reprocessing 2D
- Zarghun South reprocessing 2D
- Karak processing 2D
- Karak wide line processing
- Mari processing 3D
- Sujawal processing 3D
- Sheikhan reprocessing 3D
- Data Management (tape copying)



### INDUSTRIAL RELATIONS

The working environment and overall industrial relations climate remained cordial at all locations of the Company including Mari Field. Recreational and motivational activities at these locations helped in improving harmony in the work environment and were very well received by the employees.



### HEALTH, SAFETY AND ENVIRONMENT (HSE)

MPCLs' HSE Management system this year again had been very effective in maintaining smooth and uninterrupted operations with continuous improvement in all spheres of health, safety and environment, thereby reducing the number of incidents.



### RCCI Achievement Awards 2016

MPCL has been selected for 29th Rawalpindi Chamber of Commerce and Industry (RCCI) achievement award 2016 in the category of the Best Company of the year (Petroleum Products). The Award will be conferred in a ceremony to be held on September 25, 2016 in Dubai.

### OSH&E Award

MPCL was declared 1st Prize winner of 11th EFP - OSH&E Award in the Category of Oil, Gas & Energy Sector after evaluation of HSE Management System by Employer Federation of Pakistan (EFP).

Directors' Report



CORPORATE SOCIAL RESPONSIBILITY (CSR)

Our CSR strategy is an integral part of Company’s culture and reflects continuing commitment of our business to contribute towards the well-being and quality of life of our workforce, local community and society at large. In order to ensure the element of continuity and sustainability in our social welfare programs, our CSR philosophy is anchored in tripartite approach of development; involving the community, local government and MPCL management.

We are acutely aware of participative relationship that we share with society and continuously invest in the interventions related to education, health, water supply schemes, philanthropic donations and communication infrastructure.



CORPORATE GOVERNANCE

Board Structure

S. No.	Director	Category
1.	Lt. Gen. Khalid Nawaz Khan (Retd.)	Non-executive director
2.	Lt. Gen. Nadeem Ahmed (Retd.)	Executive director
3.	Mr. Qaiser Javed	Non-executive director
4.	Dr. Nadeem Inayat	Non-executive director
5.	Maj. Gen. Mumtaz Ahmad Bajwa (Retd.)	Non-executive director
6.	Brig. Raashid Wali Janjua (Retd.)	Non-executive director
7.	Mr. Sabino Sikandar Jalal	Non-executive director
8.	Qazi Mohammad Saleem Siddiqui	Non-executive director
9.	Mr. Shahid Yousaf	Non-executive director
10.	Mr. Zahid Mir	Non-executive director
11.	Mr. Ahmed Hayat Lak	Non-executive director
12.	Mr. Shahid Ghaffar	Non-executive director
13.	Engr. S. H. Mehdi Jamal	Independent Non-executive director

Following directors joined the Board during the year against casual vacancies:

1.	Mr. Shahid Yousaf
2.	Brig. Raashid Wali Janjua (Retd.)

Brig. Dr. Gulfam Alam (Retd) and Mr. Ahmad Hussain left the Board during the year.



Following Directors were re-elected for a period of three years by the Shareholders in the Extraordinary General Meeting held on June 23, 2016:

S. No.	Director	Category
1.	Lt. Gen. Khalid Nawaz Khan (Retd.)	Non-executive director
2.	Lt. Gen. Nadeem Ahmed (Retd.)	Executive director
3.	Mr. Qaiser Javed	Non-executive director
4.	Dr. Nadeem Inayat	Non-executive director
5.	Maj. Gen. Mumtaz Ahmad Bajwa (Retd.)	Non-executive director
6.	Brig. Raashid Wali Janjua (Retd.)	Non-executive director
7.	Mr. Shahid Ghaffar	Non-executive director
8.	Engr. S. H. Mehdi Jamal	Independent Non-executive director

Chairman of the Board other than the CEO

Lt. Gen. Khalid Nawaz Khan (Retd.) is the Chairman of the Board and Lt. Gen. Nadeem Ahmed (Retd.) is the CEO of the Company. Therefore, Chairman of the Board is other than the CEO of the Company.

Formal Orientation at Induction and Directors Training Program

Upon joining the Board, each director is provided with an orientation pack comprising of MPCL Memorandum and Articles of Association, MPCL Significant Policies, Participation and Shareholders Agreement, Mari Gas Well Head Price Agreement, Managing Director’s Power of Attorney, Petroleum Exploration & Production Policy 2012, Code of Corporate Governance and MPCL Latest Annual Report. The Company Secretary gives a briefing to the new Director covering the salient features of Corporate Structure, Board’s and Individual Director’s roles and responsibilities, overall structure, history and operations of the Company.

MPCL has been cognizant of the requirements of the Code regarding Directors Training Program and making efforts to comply with the Code. During the year, Brig. Raashid Wali Janjua (Retd) attended the Directors Training Program arranged by PICG at Karachi from June 1-3, 2016 and became a certified director.



Directors’ Report



Board Meetings

Five meetings of Board of Directors were held during the financial year 2015-16. The attendance of the directors in the meetings is as under:

Director	Meetings Attended
Lt. Gen. Khalid Nawaz Khan (Retd.)	05
Lt. Gen. Nadeem Ahmed (Retd.)	05
Mr. Qaiser Javed	04
Dr. Nadeem Inayat	04
Maj. Gen. Mumtaz Ahmad Bajwa (Retd.)	05
Brig. Raashid Wali Janjua (Retd.)	02
Brig. Dr. Gulfam Alam (Retd.)	03
Mr. Sabino Sikandar Jalal	04
Qazi Mohammad Saleem Siddiqui	05
Mr. Shahid Yousaf	03
Mr. Zahid Mir	04
Mr. Ahmed Hayat Lak	04
Mr. Shahid Ghaffar	05
Engr. S. H. Mehdi Jamal	05

Committees of the Board of Directors

The Board of Directors of the Company oversees the operations and affairs of the Company in an efficient and effective manner. For the sake of smooth functioning, the Board has constituted three committees. These committees are entrusted with the task of ensuring speedy management decisions relating to their respective domains.

Audit Committee:

Composition

The Board of Directors of the Company, in compliance with the Code of Corporate Governance, has established an Audit Committee which currently comprises of the following directors:

Director	Meetings Attended
Mr. Qaiser Javed	President
Mr. Shahid Yousaf	Member
Mr. Ahmed Hayat Lak	Member
Mr. Shahid Ghaffar	Member
Engr. S.H. Mehdi Jamal <sup>1</sup>	Member

<sup>1</sup> Engr. S.H. Mehdi Jamal is an independent non-executive director

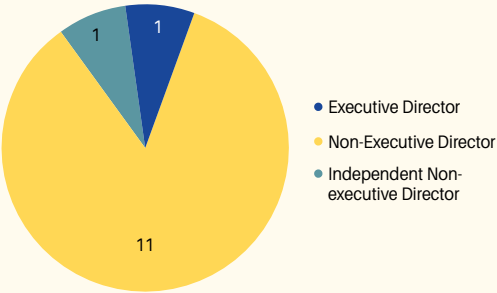
Attendance in the Meetings

Five meetings of the Audit Committee were held during the financial year 2015-16. The attendance of directors in the meetings is as under:

Director	Meetings Attended
Mr. Qaiser Javed	04
Dr. Nadeem Inayat <sup>1</sup>	01
Mr. Shahid Yousaf	03
Mr. Ahmed Hayat Lak	05
Mr. Shahid Ghaffar	05
Engr. S.H. Mehdi Jamal	04

<sup>1</sup> Dr. Nadeem Inayat attended one meeting as co-opted Member and President of Audit Committee in absence of Mr. Qaiser Javed.

Composition of Executive and Non-Executive Directors (Numbers)



Technical Committee:

Composition

Technical Committee of the Board currently comprises of the following directors:

Director	Designation
Brig. Raashid Wali Janjua (Retd.)	President
Maj. Gen. Mumtaz Ahmad Bajwa (Retd.)	Member
Mr. Sabino Sikandar Jalal	Member
Qazi Mohammad Saleem Siddiqui	Member
Mr. Zahid Mir	Member

Attendance in the meetings

Three meetings of the Technical Committee were held during the financial year 2015-16. The attendance of directors in the meeting is as under:

Director	Meetings Attended
Brig. Raashid Wali Janjua (Retd.)	01
Brig. Dr. Gulfam Alam (Retd.) <sup>1</sup>	02
Dr. Nadeem Inayat <sup>2</sup>	02
Maj. Gen. Mumtaz Ahmad Bajwa (Retd.)	02
Mr. Sabino Sikandar Jalal	03
Qazi Mohammad Saleem Siddiqui	03
Mr. Zahid Mir <sup>3</sup>	01

<sup>1</sup> Resigned w.e.f. March 31, 2016  
<sup>2</sup> Nomination withdrawn w.e.f. June 23, 2016  
<sup>3</sup> By invitation in the meeting held on June 20, 2016

HR and Remuneration Committee

Composition

HR and Remuneration Committee of the Board currently comprises of the following directors:

Director	Designation
Dr. Nadeem Inayat	President
Mr. Zahid Mir	Member
Engr. S.H. Mehdi Jamal <sup>1</sup>	Member

<sup>1</sup> Engr. S.H. Mehdi Jamal is an independent non-executive director

The major role of the Committee is to review HR related matters of the Company and present its recommendation to the Board for consideration and approval.



Attendance in the Meetings

Three meetings of HR&R Committee were held during the financial year 2015-16. The attendance of the directors in the meetings is as under:

Director	Meetings Attended
Dr. Nadeem Inayat	03
Mr. Zahid Mir	03
Engr. S.H. Mehdi Jamal	03
Lt. Gen. Nadeem Ahmed (Retd.) <sup>1</sup>	01

<sup>1</sup> Attended meeting held on June 15, 2016 as co-opted member

Directors' Report



Pattern of Shareholding

A statement showing the pattern of shareholding as at June 30, 2016 is attached on page no. 73.

Code of Corporate Governance (CCG)

The Securities and Exchange Commission of Pakistan (SECP) has issued Code of Corporate Governance (CCG) to establish a framework of good corporate governance whereby every listed company is managed in compliance with the best practices. The CCG was incorporated in the listing regulations of stock exchanges (now Pakistan Stock Exchange) for implementation by the listed companies.

The Company makes every effort to achieve full compliance with the Best Practices of CCG. The Statement of Compliance with the Best Practices of CCG prepared by the Board of Directors of the Company is also reviewed and verified by the External Auditors of the Company.

Directors' Statement

The Directors of the Company hereby confirm the following:

- a) The financial statements prepared by the management of the Company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- b) Proper books of account of the Company have been maintained.
- c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d) Approved accounting standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- e) The system of internal control is sound in design and has been effectively implemented and monitored.
- f) There are no significant doubts regarding the Company's ability to continue as going concern.
- g) Reasons for significant deviations from last year's operating results have been explained in the relevant sections of the Directors' report.
- h) There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- i) Key operating and financial data of last ten years is annexed on page no. 71.

- j) Value of investments including bank deposits and accrued income of various funds as at June 30, 2015, based on their respective audited accounts, is as under:

Contributory provident fund	Rs 566.60 million
Management staff gratuity fund	Rs 1,049.15 million
Non-management staff gratuity fund	Rs 431.95 million

- k) All major Government levies as mentioned in Note 10 to the financial statements payable as at June 30, 2016 have been deposited subsequent to the year-end except gas development surcharge and gas infrastructure development cess, which is being paid as and when realized.



AUDITORS

The Board was informed that M/s A.F. Ferguson & Co., Chartered Accountants, will be retiring at the conclusion of 32nd Annual General Meeting scheduled for September 27, 2016. Being eligible, they have offered themselves for re-appointment for the next year i.e. 2016-17. The Audit Committee has recommended M/s A.F. Ferguson & Co for re-appointment for the next year.

The Board observed that M/s A.F. Ferguson & Co., Chartered Accountants, have been the auditors of the Company for the last five years. Although they changed their engagement partner two years ago and hence are eligible for re-appointment as auditors, however from a Corporate Governance perspective, it will be better if a new firm is hired as the auditors of the Company.

The Board tasked the Audit Committee to review the matter and recommend a new firm of Chartered Accountants from top ranking firms of international repute for appointment as external auditors of the Company for the financial year 2016-17.

POST BALANCE SHEET EVENTS

The Board of Directors in its meeting held on August 11, 2016 has proposed a final cash dividend for the year ended June 30, 2016 @ Rs 2.10 per share for approval of the members in Annual General Meeting.

The Company is also in the process of obtaining Rs 9.0 billion loan from HBL for financing its exploration and development activities and has signed an Expression of Interest in this respect. The loan agreement is expected to be finalized within the first quarter of FY 2016-17.

ACKNOWLEDGEMENT

The Board of Directors would like to express its appreciation for the efforts and dedication of all employees of the Company, which enabled the management to run the Company efficiently during the year resulting in continued production and supply of hydrocarbons to its customers. The Board also wishes to express its appreciation for continued assistance and cooperation received from the local administration at Daharki as well as all the other locations, Provincial Governments, various departments of Federal Government particularly the Ministry of Petroleum and Natural Resources, Ministry of Finance, Oil and Gas Regulatory Authority, Directorates of Petroleum Concessions, Oil and Gas, Fauji Foundation and Oil & Gas Development Company Limited.

For and on behalf of the Board

Islamabad  
August 11, 2016

Lt Gen Khalid Nawaz Khan, HI (M), SE, (Retd)  
Chairman

# Post Balance Sheet Events



### FINAL CASH DIVIDEND

The Board of Directors in its meeting held on August 11, 2016 has proposed a final cash dividend for the year ended June 30, 2016 @ Rs 2.10 per share for approval of the members in Annual General Meeting.

### FINANCING ARRANGEMENT

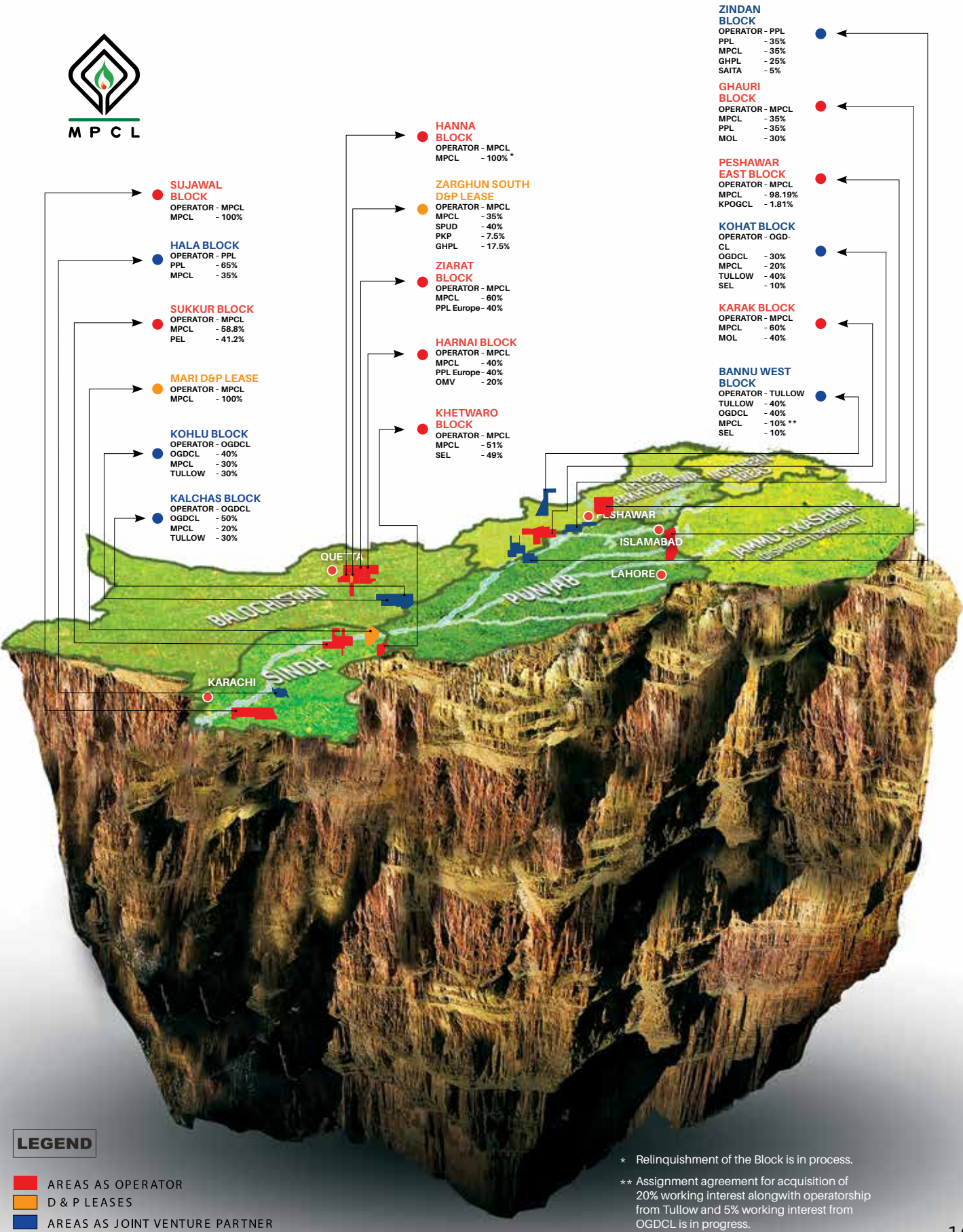
The Company is in the process of obtaining Rs 9.0 billion loan from HBL for financing its exploration and development activities and has signed an Expression of Interest in this respect. The loan agreement is expected to be finalized within the first quarter of FY 2016-17.

### AUDITORS

The Board tasked the Audit Committee to recommend a new firm of Chartered Accountants from top ranking firms of international repute for appointment as external auditors of the Company for the financial year 2016-17. Accordingly, a meeting of the Audit Committee was held on August 17, 2016 to discuss the matter. After detailed deliberations, the Audit Committee recommended to the Board to appoint M/s Deloitte Yousuf Adil, Chartered Accountants, as external auditors of the Company for the financial year 2016-17. The Board subsequently recommended the same to the shareholders for their approval in the Annual General Meeting.

# Geographical Presence

## MPCL Concessions and Working Interests





# Statement of Compliance

with the Code of Corporate Governance

The statement is being presented to comply with the Code of Corporate Governance (CCG) contained in clause No. 5.19.23 of the Pakistan Stock Exchange Limited Regulations for the purpose of establishing a framework of good governance, whereby a listed Company is managed in compliance with the best practices of corporate governance. The Company has applied the principles contained in the CCG in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors (the Board). At present, the Board includes:

Category	Names
Independent Director	Engr. S. H. Mehdi Jamal
Executive Director	Lt. Gen. Nadeem Ahmed (Retd.)
Non-Executive Directors	Lt. Gen. Khalid Nawaz Khan (Retd.)
	Mr. Qaiser Javed
	Dr. Nadeem Inayat
	Maj. Gen. Mumtaz Ahmad Bajwa (Retd.)
	Brig. Raashid Wali Janjua (Retd.)
	Mr. Sabino Sikandar Jalal
	Qazi Mohammad Saleem Siddiqui
	Mr. Shahid Yousaf
	Mr. Zahid Mir
	Mr. Ahmed Hayat Lak
	Mr. Shahid Ghaffar

The independent director meets the criteria of independence under clause 5.19.1 (b) of the Code of Corporate Governance.

2. All the directors have confirmed that none of them is serving as a director in more than seven listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking Company, a Development Finance Institution or a Non-Banking Financial Institution, or being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. During the year two casual vacancies occurred on the Board, on September 3, 2015 and April 1, 2016, which were filled within 90 days. A previous casual vacancy which occurred on August 23, 2013 is still unfilled as no nomination has so far been received from the nominating institution.
5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
6. The Board has developed a vision and mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

## Statement of Compliance

with the Code of Corporate Governance

7. All the powers of the Board have been duly exercised and decision on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the Board/shareholders.
8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. One director was sent on directors' training program offered by Pakistan Institute of Corporate Governance in June 2016.
10. The Board has approved appointments of Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.
11. The Directors' Report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed an Audit Committee. It comprises of five members and all of them are non-executive directors including an independent director representing minority shareholding.
16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the Committee have been formed and advised to the Committee for compliance.
17. The Board has formed an HR and Remuneration Committee. It comprises of three members and all of them are non-executive directors. Chairman of the Committee is a non-executive director and one member is an independent director.
18. The Board has set-up an effective internal audit function, staffed with professionals who are suitably qualified and experienced for the purpose and are well conversant with the policies and procedures of the Company.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Listing Regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchanges.
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange.
23. We confirm that all other material principles enshrined in the CCG have been complied with.

For and on behalf of the Board

**Lt Gen Khalid Nawaz Khan (Retd)**  
Chairman

Islamabad  
August 11, 2016

## Review Report to the Members

on the Statement of Compliance with the Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Mari Petroleum Company Limited (the Company) for the year ended June 30, 2016, to comply with the requirements of Clause No. 5.19.23 of the Pakistan Stock Exchange Limited Regulations.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2016.

*Asim Masood Iqbal*

**Chartered Accountants**

Islamabad

Date: August 11, 2016

Engagement Partner: **Asim Masood Iqbal**



Financial Statements of  
**Mari Petroleum Company Limited**  
for the year ended June 30, 2016

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- 119** Statement of Changes in Equity
- 120** Notes to and Forming Part of the Financial Statements

# Auditors’ Report to the Members

We have audited the annexed balance sheet of Mari Petroleum Company Limited as at June 30, 2016 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company’s management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- (a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
  - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
  - (ii) the expenditure incurred during the year was for the purpose of the Company’s business; and
  - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company’s affairs as at June 30, 2016 and of the profit, total comprehensive income, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.



**Chartered Accountants**  
Islamabad  
Date: August 11, 2016

Engagement Partner: **Asim Masood Iqbal**

Balance Sheet

as at June 30, 2016

		2016	2015
	Note	(Rupees in thousand)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
250,000,000 (2015: 250,000,000) ordinary shares of Rs 10 each		2,500,000	2,500,000
1,059,000,100 (2015: 1,059,000,100) preference shares of Rs 10 each		10,590,001	10,590,001
		13,090,001	13,090,001
Issued, subscribed and paid up capital	4	1,102,500	1,102,500
Undistributed percentage return reserve	5	426,867	395,331
Capital redemption reserve fund	6	10,590,001	1,300,000
Other reserves	7	4,846,555	8,698,387
		16,965,923	11,496,218
NON CURRENT LIABILITIES			
Long term financing	8	1,000,000	9,290,001
Deferred liabilities	9	6,576,575	5,468,973
		7,576,575	14,758,974
CURRENT LIABILITIES			
Trade and other payables	10	34,669,221	36,656,379
Current maturity of long term financing	11	151,774	1,632,505
Interest accrued on long term financing	12	196,154	1,109,742
		35,017,149	39,398,626
CONTINGENCIES AND COMMITMENTS			
	13	59,559,647	65,653,818

The annexed notes 1 to 48 form an integral part of these financial statements.

Lt Gen Nadeem Ahmed, HI (M), SE, T Bt, (Hon D Univ), (Retd)  
Managing Director / CEO

		2016	2015
	Note	(Rupees in thousand)	
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	14	11,023,452	9,774,533
Development and production assets	15	3,002,063	2,187,715
Exploration and evaluation assets	16	10,084,055	9,399,602
Long term loans and advances	17	27,069	20,489
Long term deposits and prepayments	18	15,104	10,639
Deferred income tax asset	19	2,680,622	2,392,765
		26,832,365	23,785,743
CURRENT ASSETS			
Stores and spares	20	2,167,328	1,717,945
Trade debts	21	26,887,469	32,355,308
Loans and advances	22	1,437,456	1,755,283
Short term prepayments	23	80,193	122,341
Interest accrued	24	3,961	1,922
Other receivables		21,333	3,282
Income tax paid in advance	25	1,503,388	1,011,359
Cash and bank balances	26	626,154	4,900,635
		32,727,282	41,868,075
		59,559,647	65,653,818

Qaiser Javed  
Director

## Profit and Loss Account

for the year ended June 30, 2016

	Note	2016 (Rupees in thousand)	2015
Gross sales to customers	27	94,997,719	88,239,537
Gas development surcharge		25,859,852	18,017,729
General sales tax		13,509,334	12,370,744
Excise duty		1,694,205	1,630,044
Gas infrastructure development cess		31,933,382	36,050,495
Wind fall levy		288,182	794,504
		73,284,955	68,863,516
Sales - net		21,712,764	19,376,021
Royalty		2,750,095	2,519,026
		18,962,669	16,856,995
Operating expenses	28	5,790,904	5,376,244
Exploration and prospecting expenditure	29	6,462,126	3,194,383
Other charges	30	501,943	498,725
		12,754,973	9,069,352
		6,207,696	7,787,643
Other income	31	587,084	35,082
Operating profit		6,794,780	7,822,725
Finance income	32	340,730	517,239
Finance cost	33	574,058	1,788,092
Profit before taxation		6,561,452	6,551,872
Provision for taxation	34	509,997	901,559
Profit for the year		6,051,455	5,650,313
<b>Earnings per share - basic and diluted</b>			
Earnings per ordinary share (Rupees)	35	54.89	51.25
<b>Distributable earnings per ordinary share (Rupees)</b>			
	35	5.55	4.82

The annexed notes 1 to 48 form an integral part of these financial statements.



Lt Gen Nadeem Ahmed, HI (M), SE, T Bt, (Hon D Univ), (Retd)  
Managing Director / CEO



Kaiser Javed  
Director

## Statement of Comprehensive Income

for the year ended June 30, 2016

	Note	2016 (Rupees in thousand)	2015
Profit for the year		6,051,455	5,650,313
Other comprehensive income / (loss):			
Items that will not be reclassified to profit or loss:			
Remeasurement gains / (losses) on defined benefit plans		(173,096)	54,921
Tax effect related to remeasurement on defined benefit plans			
- Current tax (charge) / credit		80,964	(33,897)
- Deferred tax credit		6,507	2,891
		(85,625)	23,915
<b>Total comprehensive income for the year</b>		<b>5,965,830</b>	<b>5,674,228</b>
Total comprehensive income for the year is apportioned as follows:			
Distributable profits		611,415	531,373
Transfer to exploration, evaluation and development reserve	7.1	272,995	3,656,251
Transfer to capital redemption reserve fund	6	776,485	1,300,000
Transfer to reserve for Mari Seismic Unit	7.2	-	186,604
Profit and loss account - unappropriated balance		4,304,935	-
		5,965,830	5,674,228

The annexed notes 1 to 48 form an integral part of these financial statements.



Lt Gen Nadeem Ahmed, HI (M), SE, T Bt, (Hon D Univ), (Retd)  
Managing Director / CEO



Kaiser Javed  
Director

## Cash Flow Statement

for the year ended June 30, 2016

Note	2016	2015
	(Rupees in thousand)	
<b>Cash flows from operating activities</b>		
Cash receipts from customers	100,620,099	87,251,571
Cash paid to the Government for Government levies	(79,569,668)	(69,642,020)
Cash paid to suppliers and employees	(7,209,690)	(9,229,784)
Income tax paid	(1,202,412)	(1,770,757)
Cash flow from operating activities	12,638,329	6,609,010
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(1,137,938)	(1,077,379)
Development and production assets	(181,983)	(265,090)
Exploration and evaluation assets	(4,317,661)	(4,421,766)
Proceeds from disposal of property, plant and equipment	6,061	53,451
Interest received	343,942	316,890
Cash flow from investing activities	(5,287,579)	(5,393,894)
<b>Cash flows from financing activities</b>		
Long term financing received	1,000,000	150,000
Long term financing repaid	(10,770,732)	(1,529,173)
Finance cost paid	(959,448)	(149,945)
Dividends paid	(895,051)	(92,626)
Cash flow from financing activities	(11,625,231)	(1,621,744)
<b>Decrease in cash and cash equivalents</b>	(4,274,481)	(406,628)
<b>Cash and cash equivalents at beginning of year</b>	4,900,635	5,307,263
<b>Cash and cash equivalents at end of year</b>	26	626,154
	4,900,635	

The annexed notes 1 to 48 form an integral part of these financial statements.



Lt Gen Nadeem Ahmed, HI (M), SE, T Bt, (Hon D Univ), (Retd)  
Managing Director / CEO



Kaiser Javed  
Director

## Statement of Changes in Equity

for the year ended June 30, 2016

	Other Reserves							
	Issued, subscribed and paid up capital	Undistributed percentage return reserve	Capital redemption reserve fund	Exploration, evaluation and development reserve	Reserve for Mari Seismic Unit	Self insurance reserve	Profit and loss account	Total
	(Rupees in thousand)							
Balance as at July 1, 2014	918,750	414,014	-	4,584,270	1,155,725	-	9,749,472	16,822,231
Total comprehensive income for the year:								
Profit for the year	-	-	-	-	-	-	5,650,313	5,650,313
Other comprehensive income	-	-	-	-	-	-	23,915	23,915
	-	-	-	-	-	-	5,674,228	5,674,228
Issuance of bonus shares	183,750	(183,750)	-	-	-	-	-	-
First interim cash dividend for the year ended								
June 30, 2015 @ Rs 3.721 per share	-	-	-	-	-	-	(410,240)	(410,240)
Transfer to redeemable preference shares								
- note 8.1	-	-	-	-	(920,000)	-	(9,670,001)	(10,590,001)
Transfer from profit and loss account to								
undistributed percentage return reserve	-	165,067	-	-	-	-	(165,067)	-
Transfer from profit and loss account to								
capital redemption reserve fund	-	-	1,300,000	-	-	-	(1,300,000)	-
Transfer from profit and loss account to exploration,								
evaluation and development reserve	-	-	-	3,656,251	-	-	(3,656,251)	-
Net profit of Mari Seismic Unit transferred from								
profit and loss account to reserve for								
Mari Seismic Unit	-	-	-	-	186,604	-	(186,604)	-
Balance as at June 30, 2015	1,102,500	395,331	1,300,000	8,240,521	422,329	-	35,537	11,496,218
Total comprehensive income for the year:								
Profit for the year	-	-	-	-	-	-	6,051,455	6,051,455
Other comprehensive loss	-	-	-	-	-	-	(85,625)	(85,625)
	-	-	-	-	-	-	5,965,830	5,965,830
Final cash dividend for the year ended								
June 30, 2015 - note 5.2	-	(129,838)	-	-	-	-	(35,537)	(165,375)
First interim cash dividend for the year ended								
June 30, 2016 @ Rs 3 per share	-	-	-	-	-	-	(330,750)	(330,750)
Transfer from profit and loss account to exploration,								
evaluation and development reserve	-	-	-	272,995	-	-	(272,995)	-
Transfer from exploration, evaluation and								
development reserve to capital redemption								
reserve fund	-	-	8,513,516	(8,513,516)	-	-	-	-
Transfer from profit and loss account to								
undistributed percentage return reserve	-	161,374	-	-	-	-	(161,374)	-
Transfer from profit and loss account to								
capital redemption reserve fund	-	-	776,485	-	-	-	(776,485)	-
Transfer from profit and loss account to								
self insurance reserve	-	-	-	-	-	100,000	(100,000)	-
Transfer from reserve for Mari Seismic Unit								
to profit and loss account	-	-	-	-	(422,329)	-	422,329	-
Balance as at June 30, 2016	1,102,500	426,867	10,590,001	-	-	100,000	4,746,555	16,965,923

The annexed notes 1 to 48 form an integral part of these financial statements.



Lt Gen Nadeem Ahmed, HI (M), SE, T Bt, (Hon D Univ), (Retd)  
Managing Director / CEO



Kaiser Javed  
Director

# Notes to and Forming Part of the Financial Statements

for the year ended June 30, 2016

1. LEGAL STATUS AND OPERATIONS

1.1 Mari Petroleum Company Limited (“the Company”) is a public limited company incorporated in Pakistan on December 4, 1984 under the Companies Ordinance, 1984. The shares of the Company are listed on the Pakistan Stock Exchange Limited. The Company is principally engaged in exploration, production and sale of hydrocarbons. The registered office of the Company is situated at 21 Mauve Area, 3rd Road, G-10/4, Islamabad.

1.2 Revision in Mari Wellhead Gas Price formula

The previous gas price mechanism for Mari field was governed by Mari Gas Well Head Price Agreement (“the Agreement”) dated December 22, 1985 between the President of Islamic Republic of Pakistan and the Company. Effective July 1, 2014, the Agreement has been replaced with revised Mari Wellhead Gas Price Agreement (2015) (“Revised Agreement”) dated July 29, 2015 in line with the Economic Coordination Committee (ECC) decision explained below:

Effective July 1, 2014, the cost plus wellhead gas pricing formula was replaced with a crude oil price linked formula which provides a discounted wellhead gas price to be gradually achieved in five years from July 1, 2014. Mari field wellhead gas price for the year has been determined in line with the revised formula as approved by ECC. The revised formula provides dividend distribution to be continued for next ten years in line with the previous cost plus formula. Accordingly, the shareholders are entitled to a minimum return of 30%, net of all taxes, on shareholders’ funds which is to be escalated in the event of increase in the Company’s gas or equivalent oil production beyond the level of 425 MMSCFD at the rate of 1%, net of all taxes, on shareholder’s funds for each additional 20 MMSCFD of gas or equivalent oil produced, prorated for part thereof on annual basis, subject to a maximum of 45%. Any residual profits for the next ten years are to be reinvested for exploration and development activities in Mari as well as outside Mari field. Under the revised formula, the Government of Pakistan will no more provide exploration funds to the Company. The Company issued non voting, non-cumulative redeemable preference shares during the year ended June 30, 2015, against undistributable balance of profit and loss account at June 30, 2014 and Government’s investment in Mari Seismic Unit amounting to Rs 10,590 million, out of which Rs 10,438 million have been redeemed by the Company during the year as explained in note 8.1.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

2.2 Adoption of new and revised standards and interpretations

2.2.1 Following new standards issued by IASB have been adopted by the Company during the year ended June 30, 2016:

IFRS 10	‘Consolidated financial statements’
IFRS 11	‘Joint Arrangements’
IFRS 12	‘Disclosure of Interests in Other Entities’
IFRS 13	‘Fair value measurement’
IAS 27	‘Separate financial statements (Revised 2011)’
IAS 28	‘Investment in associated and Joint ventures (Revised 2011)’

IFRS 10 ‘Consolidated Financial Statements’

The standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The adoption of the standard does not have any impact on the Company’s financial statements.

IFRS 11 ‘Joint Arrangements’

The standard focuses on the rights and obligations of the parties to the arrangement rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where the investors have rights to the assets and obligations for the liabilities of an arrangement. A joint operator accounts for its share of the assets, liabilities, revenue and expenses. Joint ventures arise where the investors have rights to the net assets of the arrangement; joint ventures are accounted for under the equity method. Proportionate consolidation of joint venture is no longer permitted. The company has assessed the classification of its joint arrangement on July 1, 2015 and concluded that the adoption of IFRS 11 did not result in any change in the accounting for its joint arrangements.

IFRS 12 ‘Disclosure of Interests in Other Entities’

The standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities and other off balance sheet vehicles. The adoption of the standard does not have any impact on the Company’s financial statements except for certain additional disclosures.

IFRS 13 ‘Fair Value Measurement’

The standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The adoption of the standard does not have any impact on the Company’s financial statements.

IAS 27 ‘Separate financial statements (Revised 2011)’

The standard deals only with accounting for subsidiaries, associates and Joint ventures in separate financial statements of the parent company. Adoption of this standard does not have any impact on the Company’s financial statements.

# Notes to and Forming Part of the Financial Statements

for the year ended June 30, 2016

**IAS 28 ‘Investment in associated and Joint ventures (Revised 2011)’**

The standard set out the requirements of application of equity method of accounting when accounting for investment in associates and Joint ventures. Adoption of this standard does not have any impact on the Company’s financial statements.

**2.2.2** Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company:

		Effective date (annual reporting periods beginning on or after)
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations (Amendments)	July 1, 2016
IFRS 7	Financial Instruments: Disclosures (Amendments)	July 1, 2016
IFRS 11	Joint Arrangements (Amendments)	January 1, 2017
IFRS 14	Regulatory Deferral Accounts	January 1, 2016
IFRS 15	Revenue from Contracts with Customers	January 1, 2018
IFRS 16	Leases	January 1, 2019
IAS 1	Presentation of Financial Statements (Amendments)	January 1, 2016
IAS 7	Statement of Cash Flows (Amendments)	January 1, 2017
IAS 12	Income Taxes (Amendments)	January 1, 2017
IAS 16	Property, Plant and Equipment (Amendments)	January 1, 2016
IAS 19	Employee Benefits (Amendments)	January 1, 2016
IAS 27	Separate Financial Statements (Amendments)	January 1, 2016
IAS 28	Investment in Associates and Joint Ventures (Amendments)	January 1, 2016
IAS 34	Interim Financial Reporting (Amendments)	January 1, 2016
IAS 38	Intangible Assets (Amendments)	January 1, 2016
IAS 41	Agriculture (Amendments)	January 1, 2016

The management anticipates that, adoption of above standards, amendments and interpretations in future periods, will have no material impact on the financial statements other than in presentation / disclosures.

Further, the following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP), for the purpose of their applicability in Pakistan:

IFRS 1	First-time Adoption of International Financial Reporting Standards
IFRS 9	Financial Instruments

The following interpretations issued by the IASB have been waived off by SECP:

IFRIC 4	Determining Whether an Arrangement Contains Lease
IFRIC 12	Service Concession Arrangements

**2.3 Critical accounting estimates and judgements**

The preparation of financial statements in conformity with the approved accounting standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances,

the results of which form the basis of making judgment about carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

In the process of applying the Company’s accounting policies, the management has made the following estimates, assumptions and judgements which are significant to these financial statements:

**a) Estimation of natural gas reserves used for amortization / impairment**

Gas reserves are an important element in impairment testing for development and production assets of the Company. Estimates of these reserves are inherently imprecise, require the application of judgement and are subject to future revision. Proved reserves are estimated by reference to available reservoir and well information, including production and pressure trends for producing reservoirs and, in some cases, subject to definitional limits, to similar data from other producing reservoirs. All proved reserve estimates are subject to revision, either upward or downward, based on new information, such as from development drilling and production activities or from changes in economic factors, including contract terms or development plans. Changes to the Company’s estimates of proved reserves, particularly proved developed reserves, also affect the amount of depreciation, impairment and amortization recorded in the financial statements for fixed assets related to hydrocarbon production activities.

**b) Provision for decommissioning cost**

Provision is recognized for the future decommissioning and restoration of oil and gas wells, production facilities and pipelines at the end of their economic lives. The timing of recognition requires the application of judgement to existing facts and circumstances, which can be subject to changes. Estimates of the amounts of provision are based on current legal and constructive requirements, technology and price levels. Because actual outflows can differ from estimates due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amount of provision is regularly reviewed and adjusted to take account of such changes.

**c) Property, plant and equipment**

The Company reviews the useful lives of property, plant and equipment on regular basis. Any change in the estimates may affect the carrying amounts of respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment, if any.

**d) Exploration and evaluation assets / expenditure**

The Company’s accounting policy for exploration and evaluation expenditure results in certain items of expenditure being capitalized for an area of interest where it is considered likely to be recoverable by future exploration or sale or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. This policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. If, after having capitalized the expenditure under the policy, a judgement is made that recovery of the expenditure is unlikely, the relevant capitalized amount is written off to the profit and loss account.

# Notes to and Forming Part of the Financial Statements

for the year ended June 30, 2016

**e) Development and production expenditure**

Development and production activities commence after sanctioning by the approving authority. Judgement is applied by the management in determining when a project is economically viable before obtaining project sanction approval. In exercising this judgement, management is required to make certain estimates and assumptions similar to those described above for capitalized exploration and evaluation expenditure. Any such estimates and assumptions may change as new information becomes available. If, after having commenced development activity, a judgement is made that a development and production asset is impaired, the appropriate amount is written off to the profit and loss account.

**f) Employee benefits**

Certain actuarial assumptions have been adopted as disclosed in note 36 to the financial statements for determination of present value of defined benefit obligations and fair value of plan assets.

**g) Income taxes**

In making the estimates of income taxes currently payable by the Company, the management takes into account the income tax law applicable to the Company and the decisions of appellate authorities on certain issues in the past. This involves judgement on the future tax treatment of certain transactions. Deferred tax is recognized based on the expectation of the tax treatment of these transactions.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented in these financial statements.

**3.1 Basis of measurement**

These financial statements have been prepared under the historical cost convention except provision for decommissioning cost that has been measured at present value and the obligation under employee defined benefit plans that is carried at present value of defined benefit obligations net of fair value of plan assets.

**3.2 Functional and presentation currency**

These financial statements are presented in Pakistan Rupees (Rupees) which is the functional currency of the Company. All figures are rounded off to the nearest thousands of Rupees.

**3.3 Taxation**

**Current**

Provision for current taxation is based on taxable income at the applicable tax rates after taking into account tax credits and tax rebates, if any.

**Deferred**

The Company accounts for deferred taxation on all timing differences, using the 'liability method' in respect of all major temporary differences between carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent, it is probable that taxable profits will be available against which deductible temporary differences, unused tax

losses and tax credits can be utilized. Deferred taxation has been calculated at the estimated effective tax rate of 32% after taking into account the availability of depletion allowance and royalty.

**3.4 Provisions**

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events and, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

**3.5 Provision for decommissioning cost**

Estimated decommissioning and restoration costs, which are primarily in respect of abandonment and removal of wells and production facilities at Mari Field and the Company's proportionate share in joint operating fields, are based on current requirements, technology and price levels and are stated at present value. The associated asset retirement costs are capitalized as part of property, plant and equipment, development and production assets and exploration and evaluation assets and amortized on unit of production basis over the total proved reserves of the relevant field. The liability is recognized once an obligation (whether legal or constructive) crystallizes in the period when a reasonable estimate of the fair value can be made; and a corresponding amount is recognized in property, plant and equipment, development and production assets and exploration and evaluation assets.

The present value is calculated using amounts discounted over the useful economic life of the reserves. Any change in the present value of the estimated expenditure is dealt with prospectively and reflected as an adjustment to the provision and a corresponding adjustment to property, plant and equipment, development and production assets and exploration and evaluation assets. The unwinding of discount on decommissioning provision is recognized as finance cost.

The provision has been discounted using discount rate of 10.75% per annum (2015: 10.75% per annum).

**3.6 Employee benefits**

**The Company operates:**

- i) Defined benefit funded and unfunded plans for its management and non-management employees. The amounts arising as a result of remeasurements on employee retirement benefits are recognized immediately in other comprehensive income. Past service cost and curtailments are recognized in profit and loss account, in the period in which change takes place.  
  
Actuarial valuation is conducted periodically using the "Projected Unit Credit Method" and the latest valuation was carried out as at June 30, 2016. The results of the valuation are summarized in note 36 to these financial statements.
- ii) Defined contribution provident fund for its employees for which contributions of Rs 56.85 million (2015: Rs 49.76 million) are charged to income for the year. The contributions to the fund are made by the Company at the rate of 10% per annum of the basic salary.
- iii) The Company has the policy to provide for compensated absences of its employees in accordance with respective entitlement on cessation of service; related expected cost thereof has been included in the financial statements.

# Notes to and Forming Part of the Financial Statements

for the year ended June 30, 2016

## 3.7 Property, plant and equipment

Property, plant and equipment except freehold land are stated at cost less accumulated depreciation and impairment loss, if any. Freehold land is stated at cost. Cost in relation to property, plant and equipment comprises acquisition and other directly attributable costs and decommissioning cost as referred in note 3.5 to these financial statements.

Depreciation on property, plant and equipment is charged to income using the straight line method at rates specified in note 14 to these financial statements so as to write off the cost of property, plant and equipment over their estimated useful lives.

Depreciation on additions to property, plant and equipment is charged from the month in which an asset is available for use while no depreciation is charged for the month in which the asset is derecognized.

Subsequent costs are included in the assets' carrying amounts when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Carrying amount of parts so replaced, if any, is derecognized. All other repairs and maintenance are charged to income as and when incurred. Gains and losses on disposals are credited or charged to income in the year of disposal.

Capital work in progress is stated at cost less impairment loss, if any, and transferred to respective item of property, plant and equipment when available for intended use.

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If any such indication exists, the recoverable amount of such assets is estimated and impairment losses are recognized in the profit and loss account. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset in prior years. A reversal of the impairment loss is recognized as income in the profit and loss account.

## 3.8 Exploration and evaluation assets

The Company applies the "successful efforts" method of accounting for Exploration and Evaluation (E&E) expenditures. Under this method of accounting, exploratory/evaluation drilling expenditures are initially capitalized as intangible E&E assets in cost centers by well, field or exploration area, as appropriate, till such time that technical feasibility and commercial viability of extracting gas and oil are demonstrated.

Major costs capitalized include material, chemical, fuel, well services, rig costs, cost of recognizing provisions for future site restoration and decommissioning and any other cost directly attributable to a particular well. All other exploration costs including cost of technical studies, seismic acquisition and processing, geological and geophysical activities are charged currently against income as exploration and prospecting expenditure. Costs incurred prior to having obtained the legal rights to explore an area are charged directly to the profit and loss account as and when incurred.

Tangible assets used in E&E activities, other than stores held, including the Company's vehicles, drilling rigs and other property, plant and equipment used by the Company's exploration function are classified as

property, plant and equipment. However, to the extent that such a tangible asset is consumed in developing an intangible E & E asset, the amount reflecting that consumption is recorded as part of the cost of the intangible E&E asset. Such intangible costs include directly attributable overheads, together with the cost of other materials consumed during the exploration and evaluation phases.

Intangible E&E assets relating to each exploration license/field are carried forward, until the existence or otherwise of commercial reserves have been determined subject to certain limitations including review for indications of impairment. If commercial reserves have been discovered and development activities have been sanctioned by the appropriate level of authority, the carrying value after any impairment loss of the relevant E&E assets is then reclassified as development and production assets. Otherwise, the capitalized costs are written off as dry hole costs.

Intangible E&E assets are not amortized.

Intangible E&E assets are assessed for impairment when facts and circumstances indicate that carrying amounts may exceed the recoverable amounts of these assets. Such indicators include, the point at which a determination is made as to whether or not commercial reserves exist, the period for which the Company has right to explore has either expired or will expire in the near future and is not expected to be renewed, substantive expenditure on further exploration and evaluation activities is not planned or budgeted and any other event, that may give rise to indication that such assets are impaired.

Where an impairment loss subsequently reverses, the carrying amount of the Intangible E&E asset is increased due to the revised recoverable amount but limited to the extent of the carrying amount that would have been determined had no impairment loss being recognized for the Intangible E&E asset in prior years. A reversal of the impairment loss is recognized as income in the profit and loss account.

## 3.9 Development and production assets

Development and production assets represent the cost of developing the discovered commercial reserves, together with the capitalized E&E expenditures transferred from intangible E&E assets as outlined in note 3.8 above. The cost of development and production assets also includes the cost of acquisitions of such assets, directly attributable overheads, and the cost of recognizing provisions for future site restoration and decommissioning. Development and production assets are amortized on a unit of production basis, which is the ratio of oil and gas production in the year to the estimated quantities of commercial reserves at the end of the year plus the production during the year.

Changes in the estimates of commercial reserves or future field development costs are dealt with prospectively. Acquisition cost of leases, where commercial reserves have been discovered, are capitalized and amortized on unit of production basis.

Impairment test of development and production assets is also performed whenever events and circumstances arising during the development and production phase indicate that carrying amounts of the development and production assets may exceed their recoverable amount. Such circumstances depend on the interaction of a number of variables, such as the recoverable quantities of hydrocarbons, the production profile of the hydrocarbons, the cost of the development of the infrastructure necessary to recover the hydrocarbons, the production costs, the contractual duration of the production concession and the net selling price of the hydrocarbons produced.

The carrying amounts are compared against expected recoverable amounts of the oil and gas assets, generally by reference to the present value of the future net cash flows expected to be derived from such assets.

# Notes to and Forming Part of the Financial Statements

for the year ended June 30, 2016

## 3.10 Stores and spares

These are valued at the lower of cost and net realizable value less allowance for obsolete and slow moving items. Material in transit is valued at cost. Cost is determined on the moving average basis and comprises cost of purchases and other costs incurred in bringing the items to their present location and condition. Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred in order to make a sale.

## 3.11 Foreign currencies

Pakistan Rupees is the functional as well as reporting currency of the Company. Transactions in foreign currencies are recorded at the rate of exchange prevailing on the date of the transaction. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rate of exchange prevailing at the balance sheet date. All exchange differences are taken to the profit and loss account.

## 3.12 Revenue recognition

Revenue from sale of gas, oil and LPG is recognized on delivery of the same to customers. Effect of adjustment, if any, arising from revision in sale price is reflected as and when the prices are finalized with the customers and/or approved by the Government. Finance income is recognized when it is probable that economic benefits associated with the transaction will flow to the Company and the amount can be measured reliably on proportionate basis with reference to the principal outstanding and the applicable rate of return. Revenue from services is recognised when the related services are rendered.

## 3.13 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost using the effective interest method.

Preference shares, which are mandatorily redeemable by the Company are classified as liabilities. The profit on these preference shares is recognized in the profit and loss account as finance cost.

## 3.14 Borrowing cost

Borrowing costs which are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. The Company suspends capitalization of borrowing costs during extended period when active development of a qualifying asset is suspended. All other borrowing costs are charged to profit and loss account.

## 3.15 Interest in joint arrangements

A joint arrangement is one in which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exist only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Investments in joint arrangements are classified as either joint operations or joint ventures, depending on the contractual rights and obligations that each investor has, rather than the legal structure of the joint arrangement. The Company has assessed the nature of its joint arrangements and determined them to be joint operations.

## 3.16 Joint operations

The Company reports its interests in joint operations using proportionate consolidation - the Company's share of the assets, liabilities, income and expenses of the joint operations are combined with the equivalent

items in the financial statements on a line-by-line basis. These are accounted for on the basis of latest audited financial statements and where applicable, the cost statements received from the operator of the joint operations, for the intervening period upto the balance sheet date.

## 3.17 Impairment of non-financial assets

Assets that have an indefinite useful life, for example land, are not subject to depreciation and are tested annually for impairment. Assets that are subject to depreciation are reviewed for impairment at each balance sheet date, or wherever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount for which the asset's carrying amount exceeds its recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each balance sheet date. Reversals of the impairment loss are restricted to the extent that asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no new impairment loss had been recognised. An impairment loss or reversal of impairment loss is recognised in income for the year.

## 3.18 Financial instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument and de-recognised when the Company loses control of the contractual rights that comprise the financial assets and in case of financial liabilities when the obligation specified in the contract is charged, cancelled or expired. All financial assets and liabilities, other than at fair value through profit or loss assets and liabilities, are initially recognised at fair value. Financial assets and liabilities carried at fair value through profit or loss are initially recognised at fair value and transaction costs are charged to income for the year. These are subsequently measured at fair value, amortized cost or cost, as the case may be. Any gain or loss on derecognition of financial assets and financial liabilities is included in income for the year.

## 3.19 Financial assets

The Company classifies its financial assets in the following categories: investments at fair value through profit or loss, held-to-maturity investments, loans and receivables, and available for sale investments. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. Regular purchases and sales of financial assets are recognized on the trade-date - the date on which the company commits to purchase or sell the asset.

### (i) Held-to-maturity investments

Investments with fixed payments and maturity that the Company has the intent and ability to hold to maturity are classified as held-to-maturity investments and are carried at amortized cost less impairment losses.

### (ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The Company's loans and receivables comprise 'Trade debts', 'Loans and advances', 'Interest accrued', 'Other receivables',

# Notes to and Forming Part of the Financial Statements

for the year ended June 30, 2016

'Deposits' and 'Cash and bank balances' in the balance sheet. Loans and receivables are carried at amortized cost using the effective interest method less allowance for any uncollectible amounts.

An allowance for uncollectible amounts is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms. Significant financial difficulties of the counter party, probability that the counter party will enter bankruptcy or financial reorganization, and default or delinquency in payments (more than the credit period specified in sales agreements) are considered indicators that the amount is uncollectible. When the amount is uncollectible, it is written off against the allowance.

## 3.20 Impairment of financial assets

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

## 3.21 Trade and other payables

Liabilities for trade and other payables are carried at their amortized cost which approximates the fair value of the consideration to be paid in the future for goods and services received.

## 3.22 Trade debts and other receivables

Trade debts and other receivables are recognised and carried at their amortized cost less an allowance for any uncollectible amounts. Carrying amounts of trade and other receivables are assessed on a regular basis and if there is any doubt about the realizability of these receivables, appropriate amount of provision is made.

## 3.23 Off-setting of financial assets and liabilities

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet if the Company has a legally enforceable right to set-off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

## 3.24 Cash and cash equivalents

Cash and cash equivalents, for the purposes of cash flow statement, comprise cash in hand and at bank and include short term highly liquid investments that are readily convertible to the known amounts of cash and are subject to an insignificant risk of change in value.

## 3.25 Dividend distribution

Dividend is recognized as a liability in the financial statements in the period in which it is declared.

## 3.26 Research and development costs

Research and development costs are charged to income as and when incurred.

## 3.27 Operating leases

Rentals payable for vehicles under operating leases are charged to profit and loss account over the term of the relevant lease.

## 3.28 Operating segments

Segment reporting is based on the operating (business) segments of the Company. An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. An operating segment's operating results are reviewed regularly by the Chief Executive Officer / Board of Directors to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The business segments are engaged in providing products or services which are subject to risks and rewards which differ from the risk and rewards of other segments. Segments reported are exploration and production, Mari Seismic Unit and Mari Drilling Unit. Previously, the Board of Directors viewed the Company's operations as one reportable segment. From the current year, keeping in view the increase in activities relating to Seismic Data Acquisition and Drilling, the Company has identified that it has three reportable segments.

	Note	2016 (Rupees in thousand)	2015
<b>4. ISSUED, SUBSCRIBED AND PAID UP CAPITAL</b>			
24,850,007 (2015: 24,850,007) ordinary shares of Rs 10 each issued for cash		248,500	248,500
11,899,993 (2015: 11,899,993) ordinary shares of Rs 10 each issued for consideration other than cash	4.1	119,000	119,000
73,500,000 (2015: 73,500,000) ordinary shares of Rs 10 each issued as bonus shares	4.2	735,000	735,000
		1,102,500	1,102,500

**4.1** This represents shares allotted to the Government of Pakistan and Fauji Foundation in consideration for transfer of assets and liabilities of Pak Stanvec Petroleum Project.

**4.2** As at June 30, 2016, 608,364 (2015: 608,364) bonus shares have not been issued pending resolution of issue relating to deduction of withholding tax on issuance of bonus shares.

	2016 (Percentage)	2015
<b>4.3 Major shareholding of the Company is as follows:</b>		
Fauji Foundation	40.00*	40.00*
Oil and Gas Development Company Limited (OGDCL)	20.00*	20.00*
Government of Pakistan	18.39	18.39

\* Pattern of shareholding includes 367,500 and 183,750 bonus shares of Fauji Foundation and OGDCL respectively, which have not been issued as at year end as referred to in note 4.2.

# Notes to and Forming Part of the Financial Statements

for the year ended June 30, 2016

## 4.4 Application of IFRS 2 - Share Based Payment

On August 14, 2009, the Government of Pakistan (GoP) launched Benazir Employees' Stock Option Scheme (the "Scheme") for employees of certain State Owned Enterprises (SOEs) and non-State Owned Enterprises (non-SOEs) where GoP holds significant investments. The Scheme is applicable to permanent and contractual employees who were in employment of these entities on the date of launch of the Scheme, subject to completion of five years vesting period by all contractual employees and by permanent employees in certain instances.

The Scheme provides for a cash payment to employees on retirement or termination based on the price of shares of respective entities. To administer this Scheme, GoP shall transfer 12% of its investment in such SOEs and non-SOEs to a Trust Fund to be created for the purpose by each of such entities. The eligible employees would be allotted units by each Trust Fund in proportion to their respective length of service and on retirement or termination such employees would be entitled to receive such amounts from Trust Funds in exchange for the surrendered units as would be determined based on market price for listed entities or breakup value for non-listed entities. The shares relating to the surrendered units would be transferred back to GoP.

The Scheme also provides that 50% of dividend related to shares transferred to the respective Trust Fund would be distributed amongst the unit-holder employees. The balance 50% dividend would be transferred by the respective Trust Fund to the Central Revolving Fund managed by the Privatization Commission of Pakistan for the payment to employees against surrendered units. The deficit, if any, in Trust Funds to meet the re-purchase commitment would be met by GoP.

The Scheme, developed in compliance with the stated GoP policy of empowerment of employees of the State Owned Enterprises, needs to be accounted for by the covered entities, including the Company, under the provisions of the amended International Financial Reporting Standard to share based payment (IFRS 2). However, keeping in view the difficulties that may be faced by the entities covered under the Scheme, the Securities and Exchange Commission of Pakistan on receiving representation from some of the entities covered under the scheme and after having consulted the Institute of Chartered Accountants of Pakistan vide their letter number CAIDTS/PS& TAC/2011-2036 dated February 2, 2011 has granted exemption to such entities from the application of IFRS 2 to the Scheme vide SRO 587 (I)/2011 dated June 7, 2011.

Had the exemption not been granted, the staff costs of the Company for the year would have been higher by Rs 595.80 million, profit for the year would have been lower by Rs 280.03 million, earnings per share would have been lower by Rs 2.54 per share and reserves would have been higher by Rs 660.54 million.

The Company understands that the Scheme is currently under review by the GoP, the impact of which cannot be determined as of June 30, 2016.

		2016	2015
	Note	(Rupees in thousand)	
<b>5. UNDISTRIBUTED PERCENTAGE RETURN RESERVE</b>			
Balance at beginning of the year		395,331	414,014
Bonus shares issued during the year		-	(183,750)
Transferred from profit and loss account	5.1	161,374	165,067
Final dividend for the year ended June 30, 2015	5.2	(129,838)	-
Balance at end of the year		426,867	395,331

5.1 This represents the amount of distributable profits for the year related to undistributable percentage return reserve.

5.2 The Board of Directors in its meeting held on August 12, 2015 had proposed a final cash dividend for the year ended June 30, 2015 @ Rs 1.50 per share amounting to Rs 165.375 million which was subsequently approved by the members in Annual General Meeting held on September 18, 2015. Out of this, Rs 129.838 million has been appropriated out of undistributed percentage return reserve while the balance amount of Rs 35.537 million represents undistributed return for the year ended June 30, 2015.

5.3 The amount held in this reserve represents the balance of the percentage return reserve on Shareholders' Funds as referred to in the Revised Agreement.

		2016	2015
	Note	(Rupees in thousand)	
<b>6. CAPITAL REDEMPTION RESERVE FUND</b>			
Balance at beginning of the year		1,300,000	-
Transferred from profit and loss account		776,485	1,300,000
Transferred from exploration, evaluation and development reserve	7.1.1	8,513,516	-
Balance at end of the year		10,590,001	1,300,000

6.1 This reserve has been created for redemption of redeemable preference shares in the form of cash to the preference shareholders as explained in note 8.1.

		2016	2015
	Note	(Rupees in thousand)	
<b>7. OTHER RESERVES</b>			
Exploration, evaluation and development reserve	7.1	-	8,240,521
Reserve for Mari Seismic Unit	7.2	-	422,329
Self insurance reserve	7.3	100,000	-
Profit and loss account	7.4	4,746,555	35,537
		4,846,555	8,698,387

## 7.1 Exploration, evaluation and development reserve

Balance at beginning of the year		8,240,521	4,584,270
Transferred from profit and loss account		272,995	3,656,251
Transferred to capital redemption reserve fund	7.1.1	(8,513,516)	-
Balance at end of the year		-	8,240,521

7.1.1 The Board of Directors in its meeting held on June 23, 2016 re-appropriated Rs 8,513.516 million from exploration, evaluation and development reserve to capital redemption reserve fund for redemption of all outstanding preference shares held by GoP/others. The re-appropriation was approved by the members in Extra Ordinary General Meeting held on June 23, 2016.

# Notes to and Forming Part of the Financial Statements

for the year ended June 30, 2016

	Note	2016 (Rupees in thousand)	2015
<b>7.2 Reserve for Mari Seismic Unit</b>			
Balance at beginning of the year		422,329	235,725
Transferred (to) / from profit and loss account		(422,329)	186,604
Balance at end of the year		-	422,329
<b>7.3 Self insurance reserve</b>	7.3.1	100,000	-

**7.3.1** The Company has set aside a specific reserve for self insurance of general assets, vehicles and personal accident for security personnel.

## 7.4 Profit and loss account

The amount of Rs 4,746.56 million (2015: Rs 35.54 million) represents the following:

	Note	2016 (Rupees in thousand)	2015
<b>7.4.1 Undistributable balance</b>			
Balance at beginning of the year		-	9,670,001
Transferred to redeemable preference shares	7.4.1.1	-	(9,670,001)
Balance at end of the year		-	-

**7.4.1.1** As explained in note 1.2 and 8.1, the undistributable balance of profit and loss account as at June 30, 2014 had been converted into non-voting, non-cumulative, redeemable preference shares.

	2016 (Rupees in thousand)	2015
<b>7.4.2 Distributable balance</b>		
Undistributed return	119,291	35,537

This represents the balance amount of distributable return to shareholders on account of increase in hydrocarbons production.

	2016 (Rupees in thousand)	2015
<b>7.4.3 Unappropriated balance</b>	4,627,264	-

**7.4.3.1** As explained note 1.2, dividend distribution is to be continued for next ten years' from July 1, 2014 in line with the previous cost plus formula. Any residual profits are to be reinvested for exploration and development activities in Mari Field as well as outside Mari Field.

	Note	2016 (Rupees in thousand)	2015
<b>8. LONG TERM FINANCING</b>			
Redeemable preference shares - unsecured	8.1	-	9,290,001
Long term loans - secured	8.2	1,000,000	-
		1,000,000	9,290,001
<b>8.1 Redeemable preference shares - unsecured</b>			
Non-voting, non-cumulative redeemable preference shares		151,774	10,590,001
Current maturity		(151,774)	(1,300,000)
		-	9,290,001

As referred to in note 1.2, during the year ended June 30, 2015, the Company issued non-voting, non-cumulative, redeemable preference shares in line with the approval of the ECC of the Cabinet to transfer the undistributable balance of profit and loss account at June 30, 2014 amounting to Rs 9,670 million in the ratio of Rs 87.70 for every ordinary share held in favour of the Government of Pakistan and minority shareholders at the par value of Rs 10 each. Further, the Company also issued non-voting, non-cumulative, redeemable preference shares in respect of Government's investment in MSU at June 30, 2014 amounting to Rs 920 million at par value of Rs 10 each to the Government of Pakistan exclusively. These preference shares rank pari passu inter se each other. Profit rate on preference shares was one year KIBOR prevailing on the last working day of each financial year plus 3% per annum. The preference shares were redeemable by the Company in 10 years' time in the form of cash to preference shareholders through a sinking fund created for this purpose. 43,488,148 shares held by Government of Pakistan were transferred to NITL during the year ended June 30, 2016.

During the year ended June 30, 2016, the Company approved redemption of all preference shares in cash after obtaining requisite approvals of Board of Directors, members and GoP as follows:

- In the Annual General Meeting held on September 18, 2015, the members approved redemption of preference shares relating to minority shareholders of the Company at par value along with payment of profit accrued up to redemption date i.e. September 11, 2015.
- In the Extra Ordinary General Meeting held on June 23, 2016, the members approved redemption of all outstanding preference shares held by GoP/others at par value along with payment of profit up to June 30, 2016.

All the preference shares have been redeemed as at June 30, 2016 except as stated below:

As at June 30, 2016: 5,335,946 preference shares (June 30, 2015: 5,335,946) have not been issued pending resolution of issue relating to deduction of withholding tax on issuance of bonus shares. Further, 9,841,452 preference shares have not been claimed / redeemed by certain minority shareholders.

# Notes to and Forming Part of the Financial Statements

for the year ended June 30, 2016

	Note	2016 (Rupees in thousand)	2015
<b>8.2 Long term loans - secured</b>			
<b>Loan for infill wells</b>	8.2.1		
Opening balance		-	-
Amount received during the year		1,000,000	-
		1,000,000	-
Current maturity of long term loans		-	-
		1,000,000	-
<b>Loan for Zarghun field development</b>	8.2.2		
Opening balance		332,505	665,011
Amount repaid during the year		(332,505)	(332,506)
		-	332,505
Current maturity of long term loans		-	(332,505)
		-	-
Long term loans - secured		1,000,000	-
Current maturity of long term loans		-	332,505

**8.2.1** A long term finance facility amounting to Rs 1,000 million has been availed from MCB Bank Limited for financing four infill wells in Mari D&P Lease Area (Habib Rahi Limestone Reservoir). The entire amount of facility was drawn on December 31, 2015. Mark-up for the said loan is to be paid semi-annually in arrears on the outstanding facility amount at six months KIBOR + 0.15% per annum. The effective mark-up rate for the year ended June 30, 2016 was 6.67% (2015: Nil) per annum. The loan is repayable in ten equal semi-annual installments after two years grace period from the date of first disbursement. The loan is secured by a pari passu charge by way of hypothecation over all present and future assets (excluding land and building, petroleum reconnaissance and exploration licenses and development leases) of the Company amounting to Rs 1.334 billion.

**8.2.2** In order to finance Zarghun South Field, the Company arranged Term Finance Loan of Rs 1,112 million from Habib Bank Limited. Entire amount of the facility was drawn upto June 30, 2014. The mark-up was payable semi-annually in arrears on the outstanding facility amount at the average of six months KIBOR + 1.35% per annum. The mark-up rate was revised downward to six months KIBOR + 0.75% per annum from January 1, 2014. The effective mark-up rate for the year ended June 30, 2016 was 8.35% (2015: 10.49%) per annum. The loan was repayable in ten equal semi-annual instalments after a grace period of 24 months from the date of first disbursement. All ten instalments amounting to Rs 1,112 million have been fully paid by February 26, 2016.

**8.2.3** The Company is also in the process of obtaining Rs. 9.0 billion loan from HBL for financing its exploration and development activities and has signed an Expression of Interest in this respect. The loan agreement is expected to be finalized within the first quarter of FY 2016-17.

	Note	2016 (Rupees in thousand)	2015
<b>9. DEFERRED LIABILITIES</b>			
Provision for decommissioning cost	9.1	5,955,235	4,944,791
Provision for employee benefits - unfunded	9.2	447,409	388,642
Provision for compensated leave absences		149,059	126,739
Deferred income		24,872	8,801
		6,576,575	5,468,973

<b>9.1 Provision for decommissioning cost</b>			
Balance at beginning of the year		4,944,791	4,247,050
Provision made during the year		540,704	147,905
Revision due to change in estimates		(61,825)	(2,280)
Unwinding of discount		531,565	552,116
Balance at end of the year		5,955,235	4,944,791
The above provision is analysed as follows:			
Wells		5,273,950	4,460,346
Production facilities including gathering lines		681,285	484,445
		5,955,235	4,944,791

It is expected that cash outflows resulting from decommissioning will occur between 2018 to 2050.

	Note	2016 (Rupees in thousand)	2015
<b>9.2 Provision for employee benefits - unfunded</b>			
Post retirement leave benefits for management employees	36.2	323,012	294,486
Post retirement medical benefits for management employees	36.2	61,619	55,998
Pension plan for non-management employees	36.2	62,778	38,158
		447,409	388,642

<b>10. TRADE AND OTHER PAYABLES</b>			
Creditors		907,989	717,249
Accrued liabilities		2,491,103	2,304,597
Joint operating partners		680,531	303,732
Retention and earnest money deposits		49,261	69,531
Gratuity funds		1,513,578	159,452
Gas development surcharge		5,823,126	3,962,933
General sales tax		3,105,435	2,895,516
Excise duty		151,447	165,491
Gas Infrastructure Development Cess (GIDC)		18,570,635	23,976,978
Royalty		23,947	496,473
Workers' Welfare Fund		977,351	828,577
Workers' Profit Participation Fund	10.1	353,170	355,276
Unclaimed dividend		10,140	10,333
Unpaid dividend		11,508	410,241
		34,669,221	36,656,379

Notes to and Forming Part of the Financial Statements
for the year ended June 30, 2016

	Note	2016	2015
		(Rupees in thousand)	
<b>10.1 Workers' Profit Participation Fund</b>			
Balance at beginning of the year		355,276	235,010
Allocation for the year		353,170	355,276
Interest on delayed payments @ 39.16% (2015: 28.99%) per annum		18,295	16,424
		371,465	371,700
		726,741	606,710
Amount paid to the Fund		(373,571)	(251,434)
Balance at end of the year		353,170	355,276
<b>11. CURRENT MATURITY OF LONG TERM FINANCING</b>			
Redeemable preference shares - unsecured	8.1	151,774	1,300,000
Long term loans - secured	8.2	-	332,505
		151,774	1,632,505
<b>12. INTEREST ACCRUED ON LONG TERM FINANCING</b>			
Profit accrued on redeemable preference shares		195,084	1,099,242
Interest accrued on long term loans		1,070	10,500
		196,154	1,109,742
<b>13. CONTINGENCIES AND COMMITMENTS</b>			
<b>13.1 Contingencies</b>			
Indemnity bonds given to Collector of Customs against duty concessions on import of vehicles amounted to Rs 5.23 million (2015: Rs 5.23 million).			
		2016	2015
		(Rupees in thousand)	
<b>13.2 Commitments</b>			
Capital expenditure:			
Share in joint operations		6,091,496	7,507,467
Mari field / Mari Seismic Unit / Rigs		212,269	596,127
		6,303,765	8,103,594

14. PROPERTY, PLANT AND EQUIPMENT

DESCRIPTION	Freehold land	Leasehold land	Buildings on freehold land	Buildings on leasehold land	Roads and bridges	Drilling rig, tools and equipment	Equipment and general plant	Computers and allied equipment	Gathering lines	Furniture and fixtures	Vehicles- heavy	Vehicles- light	Decommissioning Cost-Mari field and Joint Operations' production facilities including gathering lines	Capital work in progress (note 14.1)	Total
As at July 1, 2014															
Cost	622,476	102,224	956,323	683,445	170,514	1,272,772	3,354,140	199,264	2,056,681	91,594	451,803	312,599	92,441	2,232,339	12,798,635
Accumulated depreciation	-	11,490	340,783	53,504	107,907	848,607	758,806	101,138	1,278,949	50,199	350,194	188,028	37,121	-	4,126,726
Net book value	622,476	90,734	615,540	629,941	62,607	424,165	2,595,354	98,126	777,732	41,395	301,609	124,571	55,320	2,232,339	8,671,909
Year ended June 30, 2015															
Opening net book value	622,476	90,734	615,540	629,941	62,607	424,165	2,595,354	98,126	777,732	41,395	301,609	124,571	55,320	2,232,339	8,671,909
Additions	-	-	72,742	27,005	22,048	2,133,465	318,351	24,352	33,788	5,674	34,942	41,079	14,884	1,250,386	3,978,976
Revision due to change in estimates of provision for decommissioning cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cost	-	-	-	-	-	-	(250,365)	(1,192)	-	-	-	-	-	-	(251,557)
Accumulated depreciation	-	-	-	-	-	-	37,982	1,192	-	-	-	-	-	-	39,174
Transfers	-	-	-	-	-	-	(212,383)	-	-	-	-	-	-	-	(212,383)
Tangible assets of Zarghun field transferred from development and production assets	-	-	-	-	-	-	789,585	838	238,736	-	-	9,767	-	-	1,038,926
Depreciation / amortization charge	-	(1,487)	(46,088)	(34,975)	(11,238)	(173,992)	(403,283)	(31,811)	(137,036)	(6,404)	(106,723)	(40,176)	(2,315)	-	(995,528)
Net book value	622,476	89,247	642,214	621,971	73,417	2,383,858	3,087,624	91,505	913,220	40,645	229,848	135,241	247,235	596,012	9,774,533
As at July 1, 2015															
Cost	622,476	102,224	1,029,085	710,450	192,542	3,406,457	4,211,731	223,262	2,329,205	97,248	486,745	363,445	286,671	596,012	14,857,613
Accumulated depreciation	-	12,977	386,871	88,479	119,145	1,022,599	1,124,107	131,757	1,415,985	56,603	456,717	228,204	39,436	-	5,083,080
Net book value	622,476	89,247	642,214	621,971	73,417	2,383,858	3,087,624	91,505	913,220	40,645	229,848	135,241	247,235	596,012	9,774,533
Year ended June 30, 2016															
Opening net book value	622,476	89,247	642,214	621,971	73,417	2,383,858	3,087,624	91,505	913,220	40,645	229,848	135,241	247,235	596,012	9,774,533
Additions	-	-	11,653	26,658	-	121,729	548,098	194,432	54,699	6,368	-	56,408	146,911	1,846,210	3,013,166
Revision due to change in estimates of provision for decommissioning cost	-	-	-	-	-	-	-	-	-	-	-	-	(1,743)	-	(1,743)
Disposals	-	-	-	-	-	-	(221,505)	(4,200)	-	(644)	(2,700)	(4,980)	-	-	(234,029)
Cost	-	-	-	-	-	-	51,858	3,973	-	518	2,700	4,980	-	-	64,029
Accumulated depreciation	-	-	-	-	-	-	(169,647)	(227)	-	(126)	-	-	-	-	(170,000)
Tangible assets of Sujawal field transferred from exploration and evaluation assets	-	-	6,910	-	-	-	1,111,579	1,160	185,123	85	-	6,183	-	-	1,311,040
Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,728,317)
Depreciation / amortization charge	-	(1,487)	(46,409)	(35,287)	(10,577)	(295,118)	(404,388)	(40,363)	(159,531)	(6,419)	(111,846)	(48,400)	(15,402)	-	(1,175,227)
Net book value	622,476	87,760	614,368	613,342	62,840	2,210,469	4,173,266	246,507	993,511	40,573	118,002	149,432	377,001	713,905	11,023,452
As at June 30, 2016															
Cost	622,476	102,224	1,047,648	737,108	192,562	3,528,186	5,649,903	414,654	2,569,027	103,077	684,065	421,056	431,839	713,905	17,217,730
Accumulated depreciation	-	14,464	433,280	123,766	129,722	1,317,717	1,476,637	168,147	1,575,516	62,504	566,063	271,624	54,838	-	6,194,278
Net book value	622,476	87,760	614,368	613,342	62,840	2,210,469	4,173,266	246,507	993,511	40,573	118,002	149,432	377,001	713,905	11,023,452
Annual rates of depreciation (%)	-	1-3	5	5	10	5-33.33	10	25	10	10	30	20	Note 3.5	-	-

Property, plant and equipment includes Rs 27.64 million (2015: Rs 35.74 million), which represents the net book value of line heaters rented to an associated company, Foundation Power Company Daharki Limited.

# Notes to and Forming Part of the Financial Statements

for the year ended June 30, 2016

	2016	2015
	(Rupees in thousand)	
<b>14.1 Capital work in progress</b>		
<b>Mari Field</b>		
Infill and Pirkoh wells		
Land	33,505	15,892
Stores and spares	82,139	46,277
Plant and equipment	7,900	9,841
	123,544	72,010
Up front wells and production facilities		
Land	15,636	15,636
Stores and spares	6,649	6,960
Plant and equipment	10,813	10,813
	33,098	33,409
Others	10,950	3,161
	167,592	108,580
<b>Support of production</b>		
Land, buildings, roads and bridges	171,313	171,546
Plant, machinery and others	375,000	315,886
	546,313	487,432
	713,905	596,012
<b>14.2 The depreciation charge has been allocated as follows:</b>		
Operating expenses	570,322	513,232
Other income		
Mari Seismic Unit - Net	292,488	292,863
Rig - Net	131,500	173,993
Mari Seismic Data Processing Unit - Net	16,664	15,440
Exploration and evaluation assets	164,019	-
Development and production assets	234	-
	1,175,227	995,528

**14.3** Detail of property and equipment as at June 30, 2016 relating to Mari Seismic Unit is as follows:

Description	Cost	Accumulated Depreciation	Net Book value
(Rupees in thousand)			
Buildings on freehold land	21,901	2,892	19,009
Equipment	1,958,721	434,421	1,524,300
Computers and allied equipment	3,439	1,731	1,708
Furniture and fixture	80	8	72
Vehicles	301,273	204,724	96,549
Capital work in progress	6,841	-	6,841
	2,292,255	643,776	1,648,479

**14.4** Detail of property, plant and equipment disposed off during the year is as follows:

Description	Cost	Accumulated depreciation	Net Book value	Sale proceeds	Mode of disposal	Particulars of purchaser
(Rupees in thousand)						
Plant and equipment	2,265	2,265	-	1,266	Through auction	Mr. Raza Khan
Plant and equipment	17	14	3	-	Destroyed	Not applicable
Plant and equipment	219,223	49,579	169,644	-	Stolen	Not applicable
Computers	2,972	2,971	1	32	Through auction	Mr. Ahmed Ali
Computers	1,006	856	150	150	Company policy	Various employees
Computers	222	146	76	-	Stolen	Not applicable
Vehicles	2,700	2,700	-	-	Donation	PCESSDC, Daharki, District Ghotki
Vehicles	446	446	-	515	Through auction	Mr. Ghulam Mustafa
Vehicles	495	495	-	542	Through auction	Ms. Nadia Kausar
Vehicles	115	115	-	871	Through auction	Mr. Muhammad Ijaz
Vehicles	1,387	1,387	-	755	Through auction	Mr. Nadeem Akram
Vehicles	245	245	-	84	Through auction	Mr. Sikandar Khan
Vehicles	2,292	2,292	-	1,740	Through auction	Mr. Wajid Khan
Furniture and fixtures	644	518	126	106	Through auction	Mr. Abdul Karim
	234,029	64,029	170,000	6,061		

# Notes to and Forming Part of the Financial Statements

for the year ended June 30, 2016

## 15. DEVELOPMENT AND PRODUCTION ASSETS

Description	Producing fields		Sub total	Decommissioning cost	Total
	Wholly owned	Joint operations			
(Rupees in thousand)					
As at July 1, 2014					
Cost	4,505,398	1,264,278	5,769,676	1,340,187	7,109,863
Accumulated amortization	(2,904,751)	-	(2,904,751)	(583,541)	(3,488,292)
Net book value	1,600,647	1,264,278	2,864,925	756,646	3,621,571
Year ended June 30, 2015					
Opening net book value	1,600,647	1,264,278	2,864,925	756,646	3,621,571
Additions	109,493	162,127	271,620	81,585	353,205
Tangible assets of Zarghun field transferred to property, plant and equipment	-	(1,038,926)	(1,038,926)	-	(1,038,926)
Transferred to exploration and evaluation assets	-	-	-	(443,505)	(443,505)
Revision due to change in estimates of provision for decommissioning cost	-	-	-	(153,788)	(153,788)
Amortization for the year	(102,141)	(23,899)	(126,040)	(24,802)	(150,842)
Net book value	1,607,999	363,580	1,971,579	216,136	2,187,715
As at July 1, 2015					
Cost	4,614,891	387,479	5,002,370	824,479	5,826,849
Accumulated amortization	(3,006,892)	(23,899)	(3,030,791)	(608,343)	(3,639,134)
Net book value	1,607,999	363,580	1,971,579	216,136	2,187,715
Year ended June 30, 2016					
Opening net book value	1,607,999	363,580	1,971,579	216,136	2,187,715
Additions	182,217	-	182,217	123,078	305,295
Leftover inventory transferred to stores and spares	-	(39,381)	(39,381)	-	(39,381)
Well cost transferred from exploration and evaluation assets	-	767,509	767,509	67,058	834,567
Revision due to change in estimates of provision for decommissioning cost	-	-	-	(28,419)	(28,419)
Amortization for the year	(104,881)	(121,623)	(226,504)	(31,210)	(257,714)
Net book value	1,685,335	970,085	2,655,420	346,643	3,002,063
As at June 30, 2016					
Cost	4,797,108	1,115,607	5,912,715	986,196	6,898,911
Accumulated amortization	(3,111,773)	(145,522)	(3,257,295)	(639,553)	(3,896,848)
Net book value	1,685,335	970,085	2,655,420	346,643	3,002,063

	Note	2016 (Rupees in thousand)	2015
<b>16. EXPLORATION AND EVALUATION ASSETS</b>			
Balance at beginning of the year		9,399,602	4,584,270
Additions during the year	16.2	4,752,802	4,473,202
Left over inventory transferred to stores and spares		(259,934)	(349,711)
Well cost transferred to development and production assets		(834,567)	-
Tangible assets of Sujawal field transferred to property, plant and equipment		(1,311,040)	-
Decommissioning cost of wells under evaluation transferred from development and production assets		-	443,505
Revision due to change in estimates of provision for decommissioning cost		(31,664)	(27,838)
Impairment of wells and decommissioning cost		(968,835)	(179,581)
Cost of dry and abandoned wells written off		(417,461)	-
Capital expenditure transferred from other receivables	16.3	-	608,960
Depreciation for the year		(244,848)	(153,205)
		684,453	4,815,332
Balance at end of the year		10,084,055	9,399,602

**16.1** Exploration and evaluation assets include Company's share of net book value of tangible assets amounting to Rs 683.52 million (2015: Rs 2,192.44 million). This includes assets amounting to Rs 211.80 million (2015: Rs 265.51 million), being Company's share in joint operations operated by others (assets not in the possession of the Company).

**16.2** It includes additions amounting to Rs 271.122 million (2015: Rs 51.436 million) on account of provision for decommissioning cost.

**16.3** This represents exploration and evaluation expenditure in excess of the allowed limit under the Cost Plus formula of the Agreement as at June 30, 2014. This had been transferred to exploration and evaluation assets during the year ended June 30, 2015.

	Note	2016	2015
		(Rupees in thousand)	
<b>17. LONG TERM LOANS AND ADVANCES</b>			
<b>Considered good - secured</b>			
Executives	17.1	28,858	22,748
Other employees	17.1	20,397	14,046
		49,255	36,794
Less: amount due within twelve months shown under current loans and advances	22		
Executives		16,310	11,550
Other employees		5,876	4,755
		22,186	16,305
		27,069	20,489

# Notes to and Forming Part of the Financial Statements

for the year ended June 30, 2016

17.1 Reconciliation of carrying amount of loans and advances to executives and other employees is as follows:

	Balance as at July 1, 2015	Disbursements during the year	Repayments during the year	Balance as at June 30, 2016
(Rupees in thousand)				
Executives	22,748	35,778	29,668	28,858
Other employees	14,046	14,068	7,717	20,397
<b>Total</b>	<b>36,794</b>	<b>49,846</b>	<b>37,385</b>	<b>49,255</b>
Year ended June 30, 2015	16,102	47,347	26,655	36,794

17.2 The maximum amount due from executives at the end of any month during the year was Rs 41.62 million (2015: Rs 29.10 million).

17.3 Loans and advances to employees are for general purpose and for house rent advance which are recoverable in 12 to 60 equal monthly instalments respectively and are secured by an amount due to the employee against provident fund. These loans and advances are interest free. These do not include any amount receivable from the Chief Executive and Directors.

	2016	2015
(Rupees in thousand)		
<b>18. LONG TERM DEPOSITS AND PREPAYMENTS</b>		
Deposits	15,084	10,639
Prepayments	20	-
	15,104	10,639
<b>19. DEFERRED INCOME TAX ASSET</b>		
Balance at beginning of the year	2,392,765	1,930,387
Credit for the year:		
Profit and loss account	281,350	459,487
Statement of comprehensive income	6,507	2,891
	287,857	462,378
Balance at end of the year	2,680,622	2,392,765

19.1 The balance of deferred tax is in respect of following temporary differences:

	2016	2015
(Rupees in thousand)		
Exploration expenditure charged to profit and loss account but to be claimed in tax return in future years	3,678,114	2,952,198
Accounting and tax depreciation / amortization	(1,224,381)	(812,561)
Provision for employee benefits - unfunded	143,171	124,365
Provision for doubtful debts	83,718	128,763
	2,680,622	2,392,765

	Note	2016	2015
(Rupees in thousand)			
<b>20. STORES AND SPARES</b>			
Stores	20.1	1,761,601	1,545,835
Spares		405,727	172,110
		2,167,328	1,717,945

20.1 Stores include share in joint operations operated by the Company

## 21. TRADE DEBTS

### Due from related parties - considered good

Central Power Generation Company Limited	2,548,887	-
Foundation Power Company Daharki Limited	2,952,921	5,451,270
Fauji Fertilizer Company Limited	1,566,979	1,516,236
Sui Southern Gas Company Limited	1,152,835	2,533,801
Sui Northern Gas Pipelines Limited	197,590	467,583
Pakistan Electric Power Company	-	402,866
Foundation Gas	-	4,932

8,419,212 10,376,688

### Due from others - considered good

Engro Fertilizer Limited	719,451	12,361,567
Fatima Fertilizer Company Limited	16,678,152	8,527,670
Byco Petroleum Pakistan Limited	614,192	614,192
National Refinery Limited	25,962	89,789
Attock Refinery Limited	352,795	314,781
Pakistan Refinery Limited	17,363	46,853
Western Power Company (Private) Limited	19,869	9,017
Pak Arab Refinery Limited	40,473	14,751

26,887,469 32,355,308

21.1 Trade debts due from related parties and trade debts due from others are net of provision for doubtful debts amounting to Rs 238.00 million (2015: Rs 384.45 million) and Rs 23.61 million (2015: Rs 17.38 million) respectively.

# Notes to and Forming Part of the Financial Statements

for the year ended June 30, 2016

	Note	2016 (Rupees in thousand)	2015
<b>22. LOANS AND ADVANCES</b>			
<b>Considered good</b>			
Current portion of long term loans and advances	17		
Executives		16,310	11,550
Other employees		5,876	4,755
		22,186	16,305
Advances to employees against expenses		18,120	42,945
Advances to suppliers and others		474,808	510,294
Receivables from joint operating partners		922,342	1,185,739
		1,437,456	1,755,283
<b>23. SHORT TERM PREPAYMENTS</b>			
Prepaid insurance		36,509	49,703
Mining lease		-	3,631
Others		43,684	69,007
		80,193	122,341
<b>24. INTEREST ACCRUED</b>			
Interest accrued includes Rs 0.07 million (2015: Rs 0.41 million) from Askari Bank Limited, a related party.			
	Note	2016 (Rupees in thousand)	2015
<b>25. INCOME TAX PAID IN ADVANCE</b>			
Balance at beginning of the year		1,011,359	635,545
(Provision) / credit for the year:			
Profit and loss account		(791,347)	(1,361,046)
Statement of comprehensive income		80,964	(33,897)
		(710,383)	(1,394,943)
Income tax paid during the year		1,202,412	1,770,757
Balance at end of the year		1,503,388	1,011,359
<b>26. CASH AND BANK BALANCES</b>			
Cash in hand		1,273	1,202
Balances with banks on:			
Deposit accounts	26.1	505,233	4,884,220
Current accounts		119,648	15,213
		624,881	4,899,433
		626,154	4,900,635

**26.1** These include foreign currency accounts amounting to US\$ 0.90 million (2015: US\$ 8.38 million) having mark-up rate of 0.5% (2015: 0.5%) per annum. The mark-up rate for local currency accounts ranges from 3.78% to 6.50% (2015: 3.25% to 9.65%) per annum.

**26.2** Balances with banks include Rs 99.81 million (2015: Rs 101.63 million) held in joint bank account with respective DCO(s) of the operated concessions in line with the instructions of Directorate General of Petroleum Concessions (DGPC) related to unspent social welfare obligation of the operated concessions.

**26.3** Cash and bank balances include Rs 271.35 million (2015: Rs 4,185.23 million) held with Askari Bank Limited, a related party.

## **26.4 Running finance facility**

A running finance facility of Rs 2,000 million has been arranged with MCB Bank Limited for meeting working capital requirements and operating expenses. The facility was utilized for a period of 7 days during the year ended June 30, 2016 and remained unutilized as at year end. Mark-up for the said loan is to be paid quarterly on the outstanding balance availed at one month KIBOR + 0.10% per annum. The effective mark-up rate for the year ended June 30, 2016 was 6.59% (2015: Nil) per annum. The entire amount of the availed loan is to be adjusted from time to time, atleast once in a year for three consecutive days. The loan is secured by a pari passu charge by way of hypothecation over all present and future assets (excluding land and building, petroleum reconnaissance and exploration licenses and development leases) of the Company amounting to Rs 2.667 billion.

	Note	2016 (Rupees in thousand)	2015
<b>27. GROSS SALES TO CUSTOMERS</b>			
<b>Sale of:</b>			
<b>Gas</b>	27.1	92,845,166	85,020,981
<b>Crude Oil</b>	27.2	1,745,840	2,565,936
<b>Less: Transportation charges</b>		60,081	60,671
		1,685,759	2,505,265
<b>Condensate</b>	27.3	454,907	601,755
<b>Less: Transportation charges</b>		22,561	22,113
		432,346	579,642
<b>Liquefied Petroleum Gas (LPG)</b>	27.4	218	26,809
<b>Own consumption</b>		34,230	106,840
		94,997,719	88,239,537
<b>27.1 This represents sale of gas as per details below:</b>			
Mari Field		87,574,724	81,373,351
Sujawal block		3,407,381	2,557,648
Zarghun block		696,131	620,344
Hala block		1,032,652	384,068
Sukkur block		66,292	34,867
Karak block		67,986	50,703
		92,845,166	85,020,981

## Notes to and Forming Part of the Financial Statements

for the year ended June 30, 2016

	2016	2015
	(Rupees in thousand)	
<b>27.2 This represents sale of crude oil as per details below:</b>		
Karak block	1,351,886	1,713,063
Ghauri block	393,954	849,674
Ziarat block	-	3,199
	1,745,840	2,565,936
<b>27.3 This represents sale of condensate as per details below:</b>		
Mari Field	88,102	205,277
Sujawal block	309,116	238,148
Hala block	52,207	147,418
Zarghun block	5,482	10,912
	454,907	601,755

**27.4** This represents sale of LPG from Hala block.

**27.5** Sale of gas includes sale from Mari field, Sukkur, Sujawal, Zarghun and Hala block invoiced on provisional prices. There may be adjustment in gross sales upon issuance of final wellhead prices notification by Oil and Gas Regulatory Authority (OGRA), impact of which cannot be determined at this stage.

		2016	2015
	Note	(Rupees in thousand)	
<b>28. OPERATING EXPENSES</b>			
Salaries, wages and benefits	28.1	2,676,946	2,201,650
Employee benefits		211,252	293,418
Rent, rates and taxes		37,696	41,339
Legal and professional services		189,430	107,531
Fuel, light, power and water		106,520	186,474
Maintenance and repairs	28.2	312,474	299,884
Insurance		48,395	52,609
Depreciation of property, plant and equipment		570,322	513,232
Depreciation on exploration and evaluation assets		244,848	153,205
Amortization of development and production assets and decommissioning cost		257,714	150,842
Employees medical and welfare		258,025	217,468
Field and other services		781,047	752,405
Travelling		63,769	46,419
Communications		19,118	16,498
Printing and stationery		14,066	11,888
Office supplies		13,284	13,270
Technical software		43,811	26,863
Auditor's remuneration and tax services	28.3	11,496	5,634
Mobile dispensary and social welfare		118,324	143,572
Training		71,256	88,362
Advertisement		7,984	5,418
Books and periodicals		490	1,133
Public relations and social activities		11,885	6,346
Directors' fee and expenses		14,664	9,007
Freight and transportation		6,353	5,142
Subscriptions		3,762	11,793
Allied services		33,887	39,057
Reservoir study and production logging		5,431	40,072
Research and development		-	22,849
Sukkur block		35,198	37,649
Hala block		211,392	141,436
Kohat block		957	1,484
Karak block		218,972	150,154
Ziarat block		-	58,190
Sujawal block		271,178	158,403
Zarghun block		165,275	109,976
Ghauri block		110,122	124,562
(Reversal) / provision for doubtful debts	28.4	(140,217)	57,181
Miscellaneous		33,734	12,830
		7,040,860	6,315,245
Less: Recoveries from joint operating partners	28.5	1,249,956	939,001
		5,790,904	5,376,244

# Notes to and Forming Part of the Financial Statements

for the year ended June 30, 2016

**28.1** Salaries, wages and benefits include operating lease rentals amounting to Rs 34.31 million (2015: Rs 42.23 million) in respect of company leased vehicles.

	2016	2015
	(Rupees in thousand)	
<b>28.2 These represent:</b>		
Maintenance and repairs - Plant and equipment	201,819	194,583
- Others	110,655	105,301
	312,474	299,884
<b>28.3 Auditor's remuneration and tax services</b>		
Statutory audit	1,455	1,325
Review of half yearly accounts, special reports and other certifications	1,285	996
Tax services	8,169	2,787
Out of pocket expenses	587	526
	11,496	5,634

**28.4** It includes Rs 146.45 million reversal of provision (2015: Rs 39.80 million provision) related to doubtful debts of related parties.

	2016	2015
Note	(Rupees in thousand)	
<b>28.5 Recoveries from joint operating partners</b>		
Time write cost	889,764	684,678
Overheads	344,993	247,496
Computer and equipment support cost	15,199	6,827
	1,249,956	939,001

## 29. EXPLORATION AND PROSPECTING EXPENDITURE

<b>Mari Field</b>			
3D seismic data acquisition	29.2	1,589,509	1,776,889
<b>Joint operations</b>			
Cost of dry and abandoned wells written off		417,461	-
Impairment of well and decommissioning cost		968,835	179,581
Prospecting expenditure	29.3	3,486,321	1,237,913
		4,872,617	1,417,494
		6,462,126	3,194,383

	2016	2015	2016	2015
	Working Interest (%)		(Rupees in thousand)	
<b>OPERATED BLOCKS</b>				
Zarghun South Field	35.00	35.00	70,922	84,742
Ziarat Block	60.00	60.00	360,272	195,190
Karak Block	60.00	60.00	368,477	206,606
Hanna Block	100.00	100.00	12,065	45,100
Harnai Block	40.00	40.00	5,479	16,323
Sujawal Block	100.00	100.00	1,662,844	527,966
Sukkur Block	58.82	58.82	127,833	34,866
Ghauri Block	35.00	35.00	496,070	49,993
Peshawar East Block *	98.19	98.19	20,861	44,708
Khetwaro Block	51.00	51.00	183,000	155
			3,307,823	1,205,649
<b>NON - OPERATED BLOCKS</b>				
Hala Block	35.00	35.00	201,301	163,795
Kohat Block	20.00	20.00	163,404	11,517
Bannu West Block	10.00	10.00	2,735	1,355
Kohlu Block	30.00	30.00	7,488	3,895
Kalchas Block	20.00	20.00	743,979	9,998
Zindan Block	35.00	35.00	445,887	21,285
			1,564,794	211,845
			4,872,617	1,417,494

\* Deed of assignment for 1.81% favoring KPOGCL is under approval.

**29.1** Exploration and prospecting expenditure represents cost other than drilling expenditure directly charged to profit and loss account as referred in note 3.8 to these financial statements.

**29.2** This includes services rendered and invoiced by Mari Seismic Unit amounting to Rs 1,563.266 million (2015: Rs 1,758.651 million)

**29.3** This includes services rendered and invoiced by Mari Seismic Unit amounting to Rs 1,205.730 million (2015: Rs Nil).

	2016	2015
	(Rupees in thousand)	
<b>30. OTHER CHARGES</b>		
Workers' Profit Participation Fund	353,170	355,276
Workers' Welfare Fund	148,773	143,449
	501,943	498,725

# Notes to and Forming Part of the Financial Statements

for the year ended June 30, 2016

		2016	2015
	Note	(Rupees in thousand)	
<b>31. OTHER INCOME</b>			
Mari Seismic Unit income - Net of related expenses	31.1	1,009,318	186,604
Rig loss - Net of related income	31.2	(421,742)	(189,412)
Mari Seismic Data Processing Unit loss - Net of related income		(46,516)	(19,946)
Line heaters rental income		14,324	36,390
Gain on disposal of property and equipment		5,705	120
Miscellaneous		25,995	21,326
		587,084	35,082

## 31.1 Break-up of Mari Seismic Unit income - net is as follows:

		2016	2015
		(Rupees in thousand)	
<b>Income:</b>			
Mari Seismic Unit income		2,768,996	1,758,651
Insurance claim		-	53,331
Interest income on bank deposits		5,251	18,093
		2,774,247	1,830,075
<b>Less: Expenses</b>			
Operating expenses		1,302,711	1,083,322
Depreciation of property and equipment		292,488	292,863
Loss on disposal of property and equipment		169,644	212,383
Mark-up on long term financing - secured		-	54,879
Bank charges		86	24
		1,764,929	1,643,471
		1,009,318	186,604

## 31.2 Break-up of Rig loss - net is as follows:

<b>Income:</b>			
Rig rental income		479,884	763,312
<b>Less: Expenses</b>			
Operating expenses		770,126	778,731
Depreciation on property and equipment		131,500	173,993
		901,626	952,724
		(421,742)	(189,412)

		2016	2015
		(Rupees in thousand)	
<b>32. FINANCE INCOME</b>			
Interest income on bank deposits		236,730	294,895
Interest income on delayed payments from a joint operating partner		104,000	-
Interest income on delayed payments from Foundation Power Company Daharki Limited		-	222,344
		340,730	517,239

## 33. FINANCE COST

Interest on long term financing	45,860	1,160,764
Interest expense on delayed payments to the Government of Pakistan	-	118,403
Unwinding of discount on provision for decommissioning cost	531,565	552,116
Exchange gain	(23,841)	(61,328)
Interest on Workers' Profit Participation Fund	18,295	16,424
Bank charges	2,179	1,713
	574,058	1,788,092

## 34. PROVISION FOR TAXATION

Current	791,347	1,361,046
Deferred	(281,350)	(459,487)
	509,997	901,559

	(Percentage)	
<b>34.1 Reconciliation of effective tax rate</b>		
* Applicable tax rate	46.81	50.00
Tax effect of depletion allowance and royalty payments	(38.00)	(39.24)
Others	(1.04)	3.00
Effective tax rate	7.77	13.76

\* The applicable tax rate is the weighted average of tax rates applicable to income from oil and gas concessions and income from other activities.

	2016	2015
	(Rupees in thousand)	
<b>35. EARNINGS PER SHARE - BASIC AND DILUTED</b>		
Profit for the year (Rupees in thousand)	6,051,455	5,650,313
Distributable earnings (Rupees in thousand)	611,415	531,373
Number of ordinary shares outstanding (in thousand)	110,250	110,250
Earnings per ordinary share (in Rupees)	54.89	51.25
Distributable earnings per ordinary share (in Rupees)	5.55	4.82

There is no dilutive effect on the basic earnings per ordinary share of the Company.

**35.1** Distributable earnings reflect return to shareholders for the year ended June 30, 2016 @ 40.82% (2015: 39.87%) per annum on shareholders' funds as referred to in the "Revised Agreement".

# Notes to and Forming Part of the Financial Statements

for the year ended June 30, 2016

## 36. EMPLOYEE BENEFITS

The results of the actuarial valuation carried out as at June 30, 2016 and June 30, 2015 are as follows:

	2016		2015	
	Management Gratuity	Non- Management Gratuity	Management Gratuity	Non- Management Gratuity
	(Rupees in thousand)			
<b>36.1 Funded benefits</b>				
<b>Reconciliation of payable to defined benefit plan</b>				
Present value of defined benefit obligations	1,232,879	684,778	1,165,045	476,989
Fair value of plan assets	(379,591)	(24,488)	(1,050,493)	(432,089)
Liability recognized in balance sheet	853,288	660,290	114,552	44,900
<b>Movement in payable to defined benefit plan</b>				
Balance as at beginning of year	114,552	44,900	604,615	196,400
Expense for the year	83,288	230,290	114,552	44,900
Funds advanced to the Company by the Fund	770,000	430,000	-	-
	967,840	705,190	719,167	241,300
Contribution to fund during the year	(114,552)	(44,900)	(604,615)	(196,400)
Balance as at end of year	853,288	660,290	114,552	44,900
<b>Movements in the present value of defined benefit obligation</b>				
Present value of defined benefit obligation at beginning of the year	1,165,045	476,989	1,116,966	420,433
Service cost	130,420	15,441	99,644	11,658
Interest cost on defined benefit obligation	112,728	45,287	151,572	55,038
Actual benefits paid during the year	(69,612)	(44,825)	(143,516)	(19,302)
Re-measurements: Actuarial (gain) / loss on obligation	(105,702)	191,886	(59,621)	9,162
Present value of defined benefit obligation at end of the year	1,232,879	684,778	1,165,045	476,989
<b>Movement in fair value of plan assets</b>				
Balance as at beginning of year	1,050,493	432,089	512,351	224,033
Contributions during the year	114,552	44,900	604,615	196,400
Interest income on plan assets	101,953	41,108	65,671	28,833
Funds advanced to the Company by the Fund	(770,000)	(430,000)	-	-
Remeasurement gain / (loss) on plan assets	(47,795)	(18,784)	11,372	2,125
Benefits paid during the year	(69,612)	(44,825)	(143,516)	(19,302)
Balance as at end of year	379,591	24,488	1,050,493	432,089
<b>Plan assets comprise of:</b>				
Deposit with banks	379,591	24,488	1,050,493	432,089

	2016		2015	
	Management Gratuity	Non- Management Gratuity	Management Gratuity	Non- Management Gratuity
	(Rupees in thousand)			
<b>Expense for the year:</b>				
Recognized in profit and loss account				
Current service cost	130,420	15,441	99,644	11,658
Interest cost	112,728	45,287	151,572	55,038
Interest income on plan assets	(101,953)	(41,108)	(65,671)	(28,833)
	141,195	19,620	185,545	37,863
Recognized in statement of comprehensive income				
Remeasurement loss / (gain) on obligations				
- effect of experience adjustment	(105,702)	191,886	(59,621)	9,162
Remeasurement loss / (gain) on plan assets	47,795	18,784	(11,372)	(2,125)
	(57,907)	210,670	(70,993)	7,037
Total expense for the year	83,288	230,290	114,552	44,900
Actual return on plan assets	54,158	22,324	77,043	30,958
<b>Projected benefit payments from gratuity fund are as follows:</b>				
For the year 2017			55,833	49,511
For the year 2018			99,254	113,114
For the year 2019			208,818	35,178
For the year 2020			253,153	62,086
For the year 2021			176,925	143,832
For the years 2022-26			992,671	509,391

# Notes to and Forming Part of the Financial Statements

for the year ended June 30, 2016

## 36.2 Un-funded benefits

	2016			2015		
	Management		Non-Management	Management		Non-Management
	Post Retirement Leaves	Post Retirement Medical	Pension	Post Retirement Leaves	Post Retirement Medical	Pension
	(Rupees in thousand)					
<b>Reconciliation of payable to defined benefit plan</b>						
Present value of defined benefit obligations	323,012	61,619	62,778	294,486	55,998	38,158
<b>Movement in payable to defined benefit plan</b>						
Balance at beginning of the year	294,486	55,998	38,158	263,171	49,958	27,212
Expense for the year	40,113	8,544	24,620	57,811	11,370	10,946
	334,599	64,542	62,778	320,982	61,328	38,158
Payments during the year	(11,587)	(2,923)	-	(26,496)	(5,330)	-
Balance at end of the year	323,012	61,619	62,778	294,486	55,998	38,158
<b>Expense for the year:</b>						
Recognized in profit and loss account						
Current service cost	34,378	1,978	1,610	26,257	1,847	1,032
Interest cost	28,712	5,457	3,786	34,870	6,670	3,732
Immediate recognition of actuarial gain	(22,977)	-	-	(3,316)	-	-
	40,113	7,435	5,396	57,811	8,517	4,764
<b>Recognized in statement of comprehensive income</b>						
Remeasurement loss / (gain) on obligations:						
Effect of experience adjustment	-	1,109	9,298	-	2,853	1,676
Effect of changes in financial assumptions	-	-	9,926	-	-	4,506
	-	1,109	19,224	-	2,853	6,182
<b>Total expense for the year</b>	40,113	8,544	24,620	57,811	11,370	10,946

## 36.3 The principal actuarial assumptions used in the actuarial valuation of the defined benefit plans are as follows:

	2016	2015
	(Per annum)	
- Discount rate	7.25%	9.75%
- Expected rate of salary increase	7.25%	9.75%
- Expected rate of pension increase	3.00%	5.00%
- Increase in cost of medical benefits	7.25%	9.75%

## 36.4 Sensitivity analysis and weighted average number of years

	Weighted average number of years as at June 30, 2016	Effect on payable to defined benefit plan of			
		Discount rate		Salary/Medical rate	
		0.5% point increase	0.5% point decrease	0.5% point increase	0.5% point decrease
		(Rupees in thousand)		(Rupees in thousand)	
Management Gratuity	7.04	(45,844)	49,012	48,777	(46,052)
Non-Management Gratuity	6.23	(20,775)	21,927	21,823	(20,869)
Management Post Retirement Medical	8.10	(2,497)	2,685	25	(25)

## 36.5 The employee benefit expenses (funded and unfunded) are recognized in profit and loss account for the year as per following details:

Description	2016	2015
	(Rupees in thousand)	
Employee benefits - Operating expenses	159,949	248,860
Employees medical and welfare - Operating expenses	7,913	11,585
Mobile dispensary and social welfare - Operating expenses	3,167	9,472
Public relations and social activities - Operating expenses	-	165
Allied services - Operating expenses	1,810	373
Rig - Other income	34,796	14,119
Mari Seismic Unit - Other income	5,497	9,806
Mari Seismic Data Processing Unit - Other income	627	120
	213,759	294,500

## 37. OPERATING SEGMENTS

### 37.1 Basis of segmentation

As explained in note 3.28, the Company has three strategic divisions based on the main types of activities, which are considered its reportable segments from the current year. The following summary describes the operations of each reportable segment:

Reportable segments	Operations
Exploration and Production	includes all upstream business activities
Mari Seismic Unit	includes 2D/3D seismic data acquisition
Mari Drilling Unit	includes onshore drilling services

The Chief Executive officer and Board of Directors review the internal management reports of each division quarterly.

### 37.2 Information about reportable segments

Information related to each reportable segment is set below. Segment profit / (loss) before tax is used to measure performance because management believes that this information is the most relevant in evaluating the results of the respective segment. Accordingly, information about segment assets and liabilities is not presented.

# Notes to and Forming Part of the Financial Statements

for the year ended June 30, 2016

	Exploration and Production	Mari Seismic Unit	Mari Drilling Unit	Total
(Rupees in thousand)				
<b>Year ended June 30, 2016</b>				
Revenue from external customers	94,997,719	-	479,884	95,477,603
Inter-segment revenue	-	2,768,996	1,018,988	3,787,984
	94,997,719	2,768,996	1,498,872	99,265,587
Operating expenses	4,718,020	1,302,711	1,251,361	7,272,092
Depreciation and amortization	1,072,884	292,488	295,754	1,661,126
Impairment of well	968,835	-	-	968,835
Cost of dry and abandoned wells written off	417,461	-	-	417,461
Other income / (expenses)	(492)	(169,644)	-	(170,136)
Finance income	340,730	5,251	-	345,981
Finance cost	574,058	86	-	574,144
<b>Profit / (loss) before taxation</b>	<b>5,973,876</b>	<b>1,009,318</b>	<b>(48,243)</b>	<b>6,934,951</b>
<b>Year ended June 30, 2015</b>				
Revenue from external customers	88,239,537	-	305,325	88,544,862
Inter-segment revenue	-	1,758,651	457,987	2,216,638
	88,239,537	1,758,651	763,312	90,761,500
Operating expenses	4,558,965	1,083,322	778,731	6,421,018
Depreciation and amortization	817,279	292,863	173,993	1,284,135
Impairment of well and decommissioning cost	179,581	-	-	179,581
Other income / (expenses)	37,890	(159,052)	-	(121,162)
Finance income	517,239	18,093	-	535,332
Finance cost	1,788,092	54,903	-	1,842,995
<b>Profit / (loss) before taxation</b>	<b>6,554,680</b>	<b>186,604</b>	<b>(189,412)</b>	<b>6,551,872</b>

## 37.3 Reconciliation of segments' revenue and profit before taxation

	2016	2015
	(Rupees in thousand)	
i) Revenue from reportable segments	99,265,587	90,761,500
Elimination of inter-segment revenue - Mari Drilling Unit	(1,018,988)	-
Revenue of the Company	98,246,599	90,761,500
<b>37.3.1 Revenue of the Company comprises:</b>		
- Gross sales to customers	94,997,719	88,239,537
- MSU - other income	2,768,996	1,758,651
- Rig - other income	479,884	763,312
	98,246,599	90,761,500
ii) Profit before taxation from reportable segments	6,934,951	6,551,872
Elimination of inter-segment profit - Mari Drilling Unit	(373,499)	-
Profit before taxation of the Company	6,561,452	6,551,872

## Other information

Revenue from external customers for products of the Company is disclosed in note 27.

Revenue from major customers of the Company constitutes 98% of the total revenue during the year ended June 30, 2016 (2015: 91%).

## 38. FINANCIAL INSTRUMENTS

	Loans and receivables	
	2016	2015
	(Rupees in thousand)	
<b>38.1 Financial assets and liabilities</b>		
<b>Financial assets</b>		
<b>Maturity up to one year</b>		
Trade debts	26,887,469	32,355,308
Loans and advances	944,528	1,202,044
Interest accrued	3,961	1,922
Other receivables	-	3,282
Cash and bank balances	626,154	4,900,635
<b>Maturity after one year</b>		
Long term loans and advances	27,069	20,489
Long term deposits	15,084	10,639
	28,504,265	38,494,319
<b>Other financial liabilities</b>		
	2016	2015
	(Rupees in thousand)	
<b>Financial liabilities</b>		
<b>Maturity up to one year</b>		
Trade and other payables	34,669,221	36,656,379
Current maturity of long term financing	151,774	1,632,505
Interest accrued on long term financing	196,154	1,109,742
<b>Maturity after one year</b>		
Provision for decommissioning cost	5,955,235	4,944,791
Deferred income	24,872	8,801
Long term financing	1,000,000	9,290,001
Provision for employee benefits - unfunded	447,409	388,642
Provision compensated leave absences	149,059	126,739
	42,593,724	54,157,600

## 38.2 Credit quality of financial assets

The credit quality of Company's financial assets have been assessed below by reference to external credit ratings of counterparties determined by the Pakistan Credit Rating Agency Limited (PACRA), JCR - VIS Credit Rating Company Limited (JCR-VIS) and Moody's. The counterparties for which external credit ratings were not available have been assessed by reference to internal credit ratings determined based on their historical information for any defaults in meeting obligations.

# Notes to and Forming Part of the Financial Statements

for the year ended June 30, 2016

		2016	2015
	Rating	(Rupees in thousand)	
Trade debts			
Counterparties with external credit rating	A1+	17,816,833	8,946,991
	A1	4,303,346	20,814,221
	A2	17,363	46,853
Counterparties without external credit rating		4,749,927	2,547,243
		26,887,469	32,355,308
Loans and advances			
Counterparties without external credit rating			
Joint operating partners and employees with no default in the past		944,528	1,202,044
Interest accrued			
Counterparties with external credit rating	A1+	3,961	1,922
Other receivables			
Counterparties without external credit rating		-	3,282
Bank balances			
Counterparties with external credit rating	A1+	624,499	4,898,514
	A1	366	904
	A2	16	15
		624,881	4,899,433
Long term loans and advances			
Counterparties without external credit rating			
Receivable from employees		27,069	20,489
Long term deposits			
Counterparties without external credit rating		15,084	10,639

## 38.3 Financial risk management

### 38.3.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk, interest rate risk and price risk). The Company's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

#### a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. To manage credit risk, the Company maintains procedures covering the function for credit approvals, granting and renewal of counterparty limits and monitoring of exposures against these limits. As part of these processes, the financial viability of all counterparties is regularly monitored and assessed.

The Company's credit risk exposures are categorised under the following headings:

## Counter parties

The Company conducts transactions with the following major types of counterparties:

### Trade Debts

Trade debts are essentially due from fertilizer, power generation and distribution companies and the Company does not expect these companies to fail to meet their obligations. The sales to the Company's customers are made under gas purchase and sale agreements signed between the Company and its customers with the prior approval of Oil and Gas Regulatory Authority (OGRA), the Government of Pakistan.

As of June 30, 2016, trade debts of Rs 20,020 million (2015: Rs 25,211 million), withheld by customers, were past due but not impaired. The ageing analysis of past due trade debts is as follows:

	2016				2015			
	(Rupees in thousand)							
	Gross		Impairment		Gross		Impairment	
Due from related parties								
Past due 0-30 days	1,577,506		-		959,301		-	
Past due 30-60 days	238,561		-		340,711		-	
Past due 60-90 days	-		-		1,918,818		-	
Over 90 days	1,505,851		238,000		2,013,534		384,448	
	3,321,918		238,000		5,232,364		384,448	
Due from others								
Past due 0-30 days	941,099		23,614		959,018		17,383	
Past due 30-60 days	757,290		-		18,805,806		-	
Past due 60-90 days	766,324		-		1,619		-	
Over 90 days	14,494,646		-		614,192		-	
	20,281,277		261,614		25,612,999		401,831	

## Cash and investments

The Company limits its exposure to credit risk by investing in liquid securities and maintaining bank accounts only with counterparties that have a credit rating of at least A2. Given these high credit ratings, management does not expect any counterparty to fail to meet its obligations.

## b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquidity to meet its liability when due under both normal and stress conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company maintains sufficient cash and bank balances. At June 30, 2015, the Company had financial assets of Rs 28,504,265 thousand (2015: Rs 38,494,319 thousand).

# Notes to and Forming Part of the Financial Statements

for the year ended June 30, 2016

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the maturity date. The amounts disclosed in the table are undiscounted cash flows:

	Less than 1 year	Between 1 to 5 years	Over 5 years
	(Rupees in thousand)		
<b>As at June 30, 2016</b>			
Trade and other payables	34,669,221	-	-
Interest accrued on financing	196,154	-	-
Provision for decommissioning cost	-	722,583	7,421,858
Long term financing	151,774	1,000,000	-
Provision for employee benefits - unfunded	-	-	447,409
Provision for compensated leave absences	-	-	149,059
Deferred credits	-	24,872	-
<b>As at June 30, 2015</b>			
Trade and other payables	36,656,379	-	-
Interest accrued on financing	1,109,742	-	-
Provision for decommissioning cost	-	584,851	6,586,316
Long term financing	1,632,505	4,645,000	4,645,001
Provision for employee benefits - unfunded	-	-	388,642
Provision for compensated leave absences	-	-	126,739
Deferred credits	-	8,801	-

## c) Market risk

Market risk is the risk that changes in market prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on financial instruments.

## i) Currency risk

Currency risk is the risk that changes in foreign exchange rates will affect the Company's income or the value of its holdings of financial instruments. The objective of currency risk management is to manage and control currency risk exposures within acceptable parameters, while optimizing the return on financial instruments.

### Exposure to foreign currency risk

The Company's exposure to currency risk is as follows:

	2016 (Rupees in thousand)	2015	2016 (US\$ in thousand)	2015
Cash and bank balances	94,514	853,000	903	8,387
Trade debts	522	146,448	5	1,440
Loans and advances	922,342	1,185,739	8,809	11,659
Trade and other payables	(1,518,805)	(987,932)	(14,506)	(9,714)
	(501,427)	1,197,255	(4,789)	11,772

The following significant exchange rates applied during the year:

	Average rate		Closing rate	
	2016 (Rupees)	2015	2016 (Rupees)	2015
US\$ 1	104.48	101.51	104.70	101.70

## Foreign currency sensitivity analysis

A 10 percent variation of the Pak Rupee against the US\$ at June 30, would have affected profit or loss after tax by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Change in foreign exchange rates	Effect on profit after tax	Effect on equity
	(Rupees in thousand)		
<b>2016</b>			
US\$	+10%	(23,567)	(23,567)
	-10%	23,567	23,567
<b>2015</b>			
US\$	+10%	56,271	56,271
	-10%	(56,271)	(56,271)

## ii) Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

At the reporting date, the interest rate profile of the Company's interest-bearing financial instruments was:

	2016 (Rupees in thousand)	2015
<b>Financial assets</b>		
Cash and bank balances	505,233	4,884,220
Trade debts	231,431	937,179
	736,664	5,821,399
<b>Financial liabilities</b>		
Long term financing	1,151,774	10,922,506

The effective interest rates for the financial assets and liabilities are mentioned in respective notes to the financial statements.

# Notes to and Forming Part of the Financial Statements

for the year ended June 30, 2016

## Interest rate sensitivity analysis

At June 30, 2016 if interest rates had been 50 basis points higher/ lower and all other variables were held constant, the Company's profit after tax for the year ended June 30, 2016 would increase/ decrease by Rs 10 million (2015: increase/ decrease by Rs 120 million). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

### iii) Price risk

Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Company does not have financial assets and liabilities whose fair value or future cash flows will fluctuate because of changes in market prices.

### 38.3.2 Capital management

The Company's objective when managing capital is to safeguard the Company's ability to remain as a going concern and continue to provide returns to shareholders and benefits to other stakeholders.

### 38.4 Fair value of financial instruments

All financial assets and financial liabilities are initially recognised at the fair value of consideration paid or received, net of transactions cost as appropriate and subsequently carried at amortized cost. The carrying values of financial assets and liabilities approximate their fair values.

## 39. INTEREST IN JOINT OPERATIONS

The Company has working interests in the following operated and non operated fields / blocks in Pakistan:

	2016	2015
	Working interest (%)	
Field / block		
Operated by MPCL		
Zarghun South Field	35.00	35.00
Ziarat Block	60.00	60.00
Karak Block	60.00	60.00
Hanna Block	100.00	100.00
Harnai Block	40.00	40.00
Sujawal Block	100.00	100.00
Sukkur Block	58.82	58.82
Ghauri Block	35.00	35.00
Peshawar East Block *	98.19	98.19
Khetwaro Block	51.00	51.00
Non-Operated		
Hala Block	35.00	35.00
Kohat Block	20.00	20.00
Bannu West Block	10.00	10.00
Kohlu Block	30.00	30.00
Kalchas Block	20.00	20.00
Zindan Block	35.00	35.00

\* Deed of assignment for 1.81% favoring KPOGCL is under approval.

## 40. INFORMATION ABOUT JOINT OPERATIONS

	Non current assets	Current assets	Non current liabilities	Current liabilities
	(Rupees in thousand)			
<b>As at June 30, 2016</b>				
<b>Share in joint operations operated by the Company</b>				
Zarghun South Field	1,440,531	174,864	81,559	105,718
Ziarat Block	33,407	258,527	168,706	56,254
Karak Block	5,033,603	699,540	347,027	513,538
Hanna Block	-	99,301	-	16,938
Harnai Block	-	36,848	-	16,651
Sujawal Block	3,892,622	210,058	251,039	150,990
Sukkur Block	340,716	45,220	122,202	3,616
Ghauri Block	728,865	248,731	76,024	66,460
Peshawar East Block	-	10,186	-	8,505
Khetwaro Block	-	90,675	-	17,463
<b>Share in joint operations operated by others</b>				
Hala Block	2,057,140	432	297,756	464,877
Kohat Block	-	47,529	35,138	-
Bannu West Block	-	24	-	10,134
Kohlu Block	-	1,301	-	5,968
Kalchas Block	29,180	283	-	65,430
Zindan Block	-	608	-	48,007
	13,556,064	1,924,127	1,379,451	1,550,549

<b>As at June 30, 2015</b>				
<b>Share in joint operations operated by the Company</b>				
Zarghun South Field	1,601,092	889,213	82,404	75,023
Ziarat Block	40,171	311,640	152,331	175,166
Karak Block	3,181,038	651,663	100,721	726,533
Hanna Block	344	101,200	-	27,232
Harnai Block	-	47,530	-	22,148
Sujawal Block	3,483,482	55,206	257,020	60,179
Sukkur Block	452,540	62,672	117,154	6,700
Ghauri Block	728,064	156,159	72,387	70,239
Peshawar East Block	-	4,992	-	5,719
Khetwaro Block	43,304	81,816	-	4,678
<b>Share in joint operations operated by others</b>				
Hala Block	1,014,261	1,165	111,993	172,899
Kohat Block	-	5,840	31,884	-
Bannu West Block	-	198	-	292
Kohlu Block	-	20	-	2,454
Kalchas Block	355,999	1,995	-	14,748
Zindan Block	100,399	314	-	21,163
	11,000,694	2,371,623	925,894	1,385,173

# Notes to and Forming Part of the Financial Statements

for the year ended June 30, 2016

## 41. DISCLOSURE REQUIREMENTS FOR ALL SHARES ISLAMIC INDEX

Following information has been disclosed with reference to circular no. 14 of 2016 dated April 21, 2016, issued by the Securities and Exchange Commission of Pakistan relating to "All Shares Islamic Index".

Description	Explanation
i) Loans and advances - Asset	Non-interest bearing
ii) Deposits - Asset	Non-interest bearing
iii) Long term financing - Liability	Interest bearing
iv) Segment revenue	Disclosed in note 37
v) Relationship with banks having Islamic windows	Following is the list of banks with which the Company has a relationship with Islamic window of operations:
	1. Al Baraka Bank (Pakistan) Limited
	2. Askari Bank Limited (Islamic & Conventional both)
	3. Bank Alfalah Limited (Islamic & Conventional both)
	4. Burj Bank Limited
	5. Meezan Bank Limited

	Rupees in thousand
vi) Bank balances as at June 30, 2016	
Placed under interest arrangement	497,612
Placed under Shariah permissible arrangement	7,621
	505,233

Description	Explanation
	Rupees in thousand
vii) Interest income on bank deposits for the year ended June 30, 2016	Placed under interest arrangement Placed under Shariah permissible arrangement
	236,451 5,530
	241,981
viii) All sources of other income	Disclosed in note 31
ix) Exchange gain	Earned from actual currency fluctuations

Disclosures other than above are not applicable to the Company.

## 42. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in these financial statements as remuneration and allowances including all benefits, to chief executive, directors and executives of the Company is as follows:

	2016		2015	
	Chief Executive	Executives	Chief Executive	Executives
	(Rupees in thousand)			
Managerial remuneration	5,885	602,657	5,118	505,694
Company's contribution to provident fund	588	48,865	512	41,692
Company's contribution to gratuity fund	1,527	135,546	1,363	169,188
Housing and utilities	7,700	575,888	7,486	491,472
Other allowances and benefits	7,154	724,710	5,145	583,111
Bonuses	10,199	884,804	4,835	423,508
	33,053	2,972,470	24,459	2,214,665
Number of persons including those who worked part of the year	1	363	1	299

The above were also provided with medical facilities, gratuity and post retirement leave benefits. The chief executive and certain executives were provided with free use of Company maintained cars, residential telephones and use of club facilities. Executives based at plant site, Daharki, are also provided with schooling and subsidized club facilities.

In addition 13 (2015: 13) directors were paid aggregate fee of Rs 13,893 thousand (2015: Rs 8,555 thousand).

	2016	2015
43. NUMBER OF EMPLOYEES		
Total number of employees as at the year end	1,380	1,362
Average number of employees during the year	1,381	1,209

# Notes to and Forming Part of the Financial Statements

for the year ended June 30, 2016

## 44. TRANSACTIONS WITH RELATED PARTIES

Fauji Foundation holds 40% shares of the Company, therefore, all subsidiaries and associated undertakings of Fauji Foundation are related parties of the Company. Other related parties comprise of associated companies, directors, major shareholders, key management personnel and employees' retirement benefit funds as disclosed in note 42 to the financial statements. Transactions with related parties, other than remuneration and benefits to directors and key management personnel, are as follows:

	2016 (Rupees in thousand)	2015
<b>Sale of gas and LPG to related parties is as follows:</b>		
Fauji Fertilizer Company Limited	41,858,340	36,048,706
Foundation Power Company Daharki Limited	7,613,180	7,172,259
Foundation Gas	217	26,809
Central Power Generation Company Limited	5,480,208	-
Sui Southern Gas Company Limited	5,165,771	3,593,935
Sui Northern Gas Pipelines Limited	2,803,757	1,318,339
<b>Line heaters rental income</b>	14,324	36,390
<b>Interest income on delayed payments</b>	-	222,344
<b>Interest income on bank accounts</b>	200,533	203,208
<b>(Reversal) / provision for doubtful debts</b>	(146,448)	39,798
<b>Contribution to funded employee benefit plans</b>	159,452	801,015

## 45. INFORMATION RELATING TO PROVIDENT FUND

Mari Petroleum Company Limited (MPCL) Employees' Provident Fund is a defined contribution plan for benefit of employees of the Company. The details are as follows:

	2016	2015
Net assets (Rupees in thousand)	681,377	655,409
Cost of investments made (Rupees in thousand)	624,657	564,479
Percentage of investments made (Percentage)	92%	86%
Fair value of investments (Rupees in thousand)	624,657	564,479
<b>Break-up of investments:</b>		
Bank and term deposits (Rupees in thousand)	624,657	564,479

All investments out of Provident Fund have been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

## 46. CORRESPONDING FIGURES

Corresponding figures have been rearranged in balance sheet to conform to current year's presentation. Further, following changes have been made in corresponding figures to conform to current year's presentation:

	Rupees in thousand
<b>Profit and loss account</b>	
Following amounts have been reclassified to "Mari Seismic Data Processing Unit loss - net of related income" in "Other income" from:	
- Salaries, wages and benefits in "Operating expenses"	3,352
- Employee benefits in "Operating expenses"	181
- Legal and professional services in "Operating expenses"	280
- Depreciation on property, plant and equipment in "Operating expenses"	15,440
- Office supplies in "Operating expenses"	693

## 47. NON - ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on August 11, 2016 has proposed a final cash dividend for the year ended June 30, 2016 @ Rs 2.10 per share for approval of the members in Annual General Meeting.

## 48. GENERAL

- 48.1 Information about the capacity is not relevant to the business operations of the Company.
- 48.2 These financial statements have been authorized for issue by the Board of Directors of the Company on August 11, 2016.



Lt Gen Nadeem Ahmed, HI (M), SE, T Bt, (Hon D Univ), (Retd)  
Managing Director / CEO



Qaiser Javed  
Director

## Definition and Glossary of Terms

### 2D Seismic

Exploration method of sending energy waves or sound waves into the earth and recording the wave reflections to indicate the type, size, shape, and depth of subsurface rock formations. 3-D seismic provides two dimensional information.

### 3D Seismic

Exploration method of sending energy waves or sound waves into the earth and recording the wave reflections to indicate the type, size, shape, and depth of subsurface rock formations. 3-D seismic provides three dimensional information.

<b>AGM</b>	Annual General Meeting
<b>BBLs</b>	Barrels
<b>BOE</b>	Barrels of Oil Equivalent
<b>BSCF</b>	Billion Standard Cubic Feet
<b>CCG</b>	Code of Corporate Governance
<b>CDC</b>	Central Depository Company of Pakistan Limited
<b>CFO</b>	Chief Financial Officer
<b>COO</b>	Chief Operating Officer
<b>CSR</b>	Corporate Social Responsibility
<b>D&amp;P</b>	Development and Production
<b>DGPC</b>	Director General Petroleum Concessions
<b>DST</b>	Drill Stem Test
<b>E&amp;P</b>	Exploration and Production
<b>EBITDA</b>	Earnings Before Interest Taxes Depreciation and Amortization
<b>ECM</b>	Enterprise Content Management
<b>EOGM</b>	Extra Ordinary General Meeting
<b>EPS</b>	Earnings Per Share
<b>EWI</b>	Extended Well Test
<b>G&amp;G</b>	Geological and Geophysical
<b>GDS</b>	Gas Development Surcharge
<b>GIDC</b>	Gas Infrastructure Development Cess
<b>GoP</b>	Government of Pakistan
<b>GPA</b>	Gas Price Agreement
<b>HR&amp;R</b>	Human Resource and Remuneration
<b>HRL</b>	Habib Rahi Limestone
<b>HSEMS</b>	Health, Safety & Environment Management Systems
<b>HSEQ</b>	Health, Safety, Environment & Quality

<b>IEE/EIA</b>	Initial Environmental Examination/ Environmental Impact Assessment
<b>IMS</b>	Integrated Management System
<b>ISMS</b>	Information Security Management System
<b>ISO</b>	International Standards Organization
<b>JV</b>	Joint Venture
<b>KPIs</b>	Key Performance Indicators
<b>LPG</b>	Liquefied Petroleum Gas
<b>MD/CEO</b>	Managing Director/Chief Executive Officer
<b>MDU</b>	Mari Drilling Services Unit
<b>MMSCF</b>	Million Standard Cubic Feet
<b>MSD</b>	Mari Services Division
<b>MSPC</b>	Mari Seismic Processing Centre
<b>MSU</b>	Mari Seismic Services Unit
	Price to Earnings Ratio
<b>PAT</b>	Profit After Tax
<b>ROE</b>	Return on Equity
<b>SECP</b>	Securities and Exchange Commission of Pakistan
<b>SML</b>	Sui Main Lime
<b>SRO</b>	Statutory Regulatory Order
<b>TRCF</b>	Total Recordable Case Frequency

## ڈائریکٹر رپورٹ

### مابعد میلنس شیٹ واقعات

بورڈ آف ڈائریکٹرز نے 11 اگست 2016 کو منعقدہ اپنے سالانہ اجلاس عام میں ارکان کی منظوری کے لیے 30 جون، 2016 کو ختم ہونے والے سال کے لیے 2.10 روپے فی شیئر کی شرح سے ایک حتمی کیش ڈیویڈنڈ کی تجویز دی ہے۔

کمپنی ٹیل وگیس کی تلاش اور اپنی ترقیاتی سرگرمیوں کے لیے HBL سے 9.0 ملین روپے کا قرض حاصل کرنے کی کوشش میں بھی ہے اور اس ضمن میں اظہار دلچسپی (Expression of Interest) کی دستاویز پر دستخط کیے ہیں۔ توقع ہے کہ مالی سال 2016-17 کی پہلی سہ ماہی میں قرض کے معاہدے کو حتمی شکل دے دی جائے گی۔

### اظہار تشکر

بورڈ آف ڈائریکٹرز کمپنی کے تمام ملازمین کی کوششوں اور محنت و لگن کی تعریف کرتا ہے جنہوں نے انتظامیہ کو اس قابل بنایا کہ وہ کمپنی کو موثر طور پر چلائے اور اپنے صارفین کو ہائیڈروکاربن کی مسلسل پیداوار اور فراہمی کو سارا سال جاری رکھے۔ بورڈ نے ڈہری کی مقامی انتظامیہ کے ساتھ ساتھ دیگر مقامات کی انتظامیہ، صوبائی حکومتوں، وفاقی حکومت کے مختلف محکموں خاص طور پر پٹرولیم و قدرتی وسائل کی وزارت، وزارت خزانہ، ٹیل اینڈ گیس کی ریگولیٹری اتھارٹی، ڈائریکٹریٹس پٹرولیم کنسیشنز، آئل اینڈ گیس کے ڈائریکٹریٹ، فوجی فاؤنڈیشن اور آئل اینڈ گیس ڈویلپمنٹ کمپنی لمیٹڈ کی انتظامیہ کے تعاون اور مسلسل امداد فراہم کرنے پر ان کا شکریہ ادا کیا۔



لیفٹیننٹ جنرل خالد نواز خان (ر)  
ایچ آئی (ایم)، ایس ای  
چیئر مین

اسلام آباد  
11 اگست 2016

# ڈائریکٹرز رپورٹ

## اجلاسوں میں شرکت

مالی سال 2015-16 کے دوران تکنیکی کمیٹی کے تین اجلاس منعقد ہوئے۔ ان اجلاسوں میں ڈائریکٹرز کی شرکت درج ذیل ہے:-

ڈائریکٹر	اجلاسوں میں شرکت
بریگیڈیئر راشد ولی جنجوعہ (ر)	01
بریگیڈیئر ڈاکٹر نگہام عالم (ر)	02
ڈاکٹر ندیم عنایت 2	02
میجر جنرل ممتاز احمد باجوہ (ر)	02
جناب سائینو سکندر جلال	03
قاضی محمد سلیم صدیقی	03
جناب زاہد میر 3	01

1-31 مارچ 2016 کو مستعفی ہو گئے۔

2-23 جون 2016 کو نامزدگی واپس لے لی۔

3-20 جون 2016 کو منعقدہ اجلاس میں دعوت پر آئے۔

## HR اور معاوضے کی کمیٹی

### تشکیل و ترتیب

بورڈ کی HR اور معاوضے کی کمیٹی میں فی الحال مندرجہ ذیل ڈائریکٹرز شامل ہیں:-

ڈائریکٹر	عہدہ
ڈاکٹر ندیم عنایت	صدر
جناب زاہد میر	رکن
انجینئر ایس ایچ مہدی جمال 1	رکن

1- انجینئر ایس ایچ مہدی جمال ایک آزادانہ ایگزیکٹو ڈائریکٹر ہیں۔

کمیٹی کا بنیادی کام کمپنی کے HR سے متعلق معاملات کا جائزہ لینا اور اپنی سفارشات کو بورڈ کے غور اور منظوری کے لیے پیش کرنا ہے۔

## اجلاسوں میں شرکت

مالی سال 2015-16 کے دوران HR&R کمیٹی تین اجلاس منعقد ہوئے۔ ان اجلاسوں میں ڈائریکٹرز کی شرکت درج ذیل ہے:-

ڈائریکٹر	اجلاسوں میں شرکت
ڈاکٹر ندیم عنایت	03
جناب زاہد میر	03
انجینئر ایس ایچ مہدی جمال	03
لیفٹیننٹ جنرل ندیم احمد (ر)	01

1- شریک آپٹ رکن کے طور پر 15 جون 2016 کو منعقدہ اجلاس میں شرکت کی۔

## حصص کے تازہ ترین انداز

30 جون 2016 تک حصص کے انداز دکھانے والا گوشوارہ صفحہ نمبر 73 پیفلسک ہے۔

## کوڈ آف کارپوریٹ گورننس (CCG)

سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) نے کوڈ آف کارپوریٹ گورننس (CCG) جاری کیا ہے تاکہ بہتر کارپوریٹ گورننس کا لائحہ عمل اختیار کیا جائے اور ہر ایک لسٹڈ کمپنی بہترین طریقوں پر عمل کرے۔ CCG میں سٹاک ایکسچینج (اب پاکستان اسٹاک ایکسچینج) کے قواعد و ضوابط شامل ہیں جن کی لسٹڈ کمپنیاں تعمیل کرتی ہیں۔

کمپنی CCG کے بہترین طریقوں پر مکمل عمل کرنے کی ہر ممکن کوشش کرتی ہے۔ کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے تیار کردہ CCG کے بہترین طریقوں کی تعمیل کے بیان کا جائزہ لیا گیا اور کمپنی کے بیرونی آڈیٹرز نے ان کی تصدیق کی۔

## ڈائریکٹرز کا بیان

کمپنی کے ڈائریکٹرز مندرجہ ذیل کی توثیق کرتے ہیں:-

- کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالیاتی گوشوارے تمام معاملات کو واضح طور پر پیش کرتے ہیں جن میں آپریشنز/مضویوں کے نتائج، نقدی بہاؤ اور کاروباری سرمایہ میں تبدیلیاں شامل ہیں۔
- کمپنی کے اکاؤنٹس صحیح طریقے سے رکھے گئے ہیں۔
- مالیاتی گوشواروں کی تیاری کے لیے ہمیشہ مناسب اکاؤنٹنگ پالیسیز اختیار کی جاتی ہیں اور یہ ہمیشہ انتہائی منطقی اور محتاط اندازوں پر مشتمل ہوتے ہیں۔
- پاکستان میں لاگو "انٹرنیشنل فنانشل رپورٹنگ سٹینڈرڈز" کو مالیاتی گوشواروں کی تیاری کے لیے بروئے کار لایا جاتا ہے۔
- انڈل کنٹرول/اندرونی نگہداری کا نظام مضبوط بنیادوں پر استوار ہے اور موثر طریقے سے رو بہ عمل ہے جس پر مسلسل نظر بھی رکھی جاتی ہے۔
- کمپنی کے قائم نہ رہنے کے حوالے سے کسی بھی قسم کو کوئی خدشہ نہیں پایا جاتا۔
- ڈائریکٹرز کی رپورٹ میں گذشتہ برس کے آپریٹنگ نتائج سے واضح انحراف کی وجہ کو اس رپورٹ میں پیش کیا گیا ہے۔
- مذکورہ ضوابط میں بیان کردہ کارپوریٹ گورننس کے بہترین طریقوں کی کسی بھی قسم کی خلاف ورزی نہیں کی گئی۔
- گزشتہ دس سال کا بنیادی آپریٹنگ مالی ڈیٹا صفحہ نمبر 71 پیفلسک ہے۔
- متعلقہ آڈٹ شدہ اکاؤنٹس کی بنیاد پر 30 جون 2015 تک کی سرمایہ کاری کی مالیت بشمول بینک ڈیپازٹس اور مختلف فنڈز سے حاصل شدہ آمدن درج ذیل ہے:-

کارکنوں کا پراویڈنٹ فنڈ (Contributory provident fund)	566.60 ملین روپے
انتظامی عملے کا گرانجیوٹی فنڈ (Management staff gratuity fund)	1,049.15 ملین روپے
غیر انتظامی عملے کا گرانجیوٹی فنڈ (Non-management staff gratuity fund)	431.95 ملین روپے

- تمام اہم سرکاری لیویز جیسا کہ مالیاتی گوشوارے کے نوٹ 10 میں مذکور ہے، 30 جون 2016 تک جمع کرادی گئی ہیں اسوائے گیس ڈولپمنٹ سرچارج اور گیس انفراسٹرکچر ڈولپمنٹ سیس جو وصولی کی بنیاد پر ادا کی جارہی ہیں۔

## آڈیٹرز

بورڈ کو بتایا گیا تھا کہ 27 ستمبر 2016 کو منعقد ہونے والے 32 ویں سالانہ اجلاس عام کے اختتام پر میسرز ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس اپنی خدمات سے سبکدوش ہو جائیں گے۔ ان کی اہلیت کو مد نظر رکھتے ہوئے انھیں اگلے سال یعنی 17-2016 کے لیے دوبارہ تفری کی پیش کش کی گئی ہے۔ آڈٹ کمیٹی نے اگلے سال کے لیے میسرز ایف فرگوسن اینڈ کمپنی کی تفری کی سفارش کی ہے۔

بورڈ نے کہا کہ میسرز ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، گزشتہ پانچ سال سے کمپنی کے آڈیٹرز کی حیثیت سے کام کر رہی ہے۔ اگرچہ وہ دو سال پہلے انھوں نے اپنے مصروف عمل پارٹنر کو تبدیل کر دیا ہے لیکن آڈیٹرز کے طور پر وہ دوبارہ تفری کے لیے اہل ہیں۔ تاہم کارپوریٹ گورننس کے نقطہ نظر سے یہ بہتر ہوگا کہ کمپنی کے آڈیٹرز کے طور پر ایک نئی فرم کی خدمات حاصل کی جائیں۔

بورڈ نے آڈٹ کمیٹی کو یہ ذمہ داری تفویض کی کہ وہ اس معاملے کا جائزہ لے اور مالی سال 17-2016 کے لیے کمپنی کی بیرونی آڈیٹرز کے طور پر بین الاقوامی شہرت کی حامل چارٹرڈ اکاؤنٹنٹس کی ایک نئی فرم کی تفری کے لیے سفارش کی۔

## ڈائریکٹرز رپورٹ

### رہمی تعارف اور ڈائریکٹرز ٹینگ پروگرام

بورڈ میں شمولیت کے بعد ہر ایک ڈائریکٹر کو MPCL میورنڈم اینڈ آرٹیکلز ایسوسی ایشن، MPCL کی اہم پالیسیوں، شرکت اور حصص مالکان کے معاہدے (Participation and Shareholders Agreement)، ماڈی گیس ویل ہیڈ معاہدہ، ٹینگ ڈائریکٹر کے مختار عام/ پاور آف اٹارنی، پیٹرولیم کی تلاش اور پیداوار پالیسی 2012، کوڈ آف کارپوریٹ گورننس اور MPCL کی تازہ ترین سالانہ رپورٹ پر مشتمل تعارف پیش کیا جاتا ہے۔ کمپنی کے جناب سیکرٹری نے ڈائریکٹر کو کارپوریٹ ڈھانچے، بورڈ اور ڈائریکٹر کا انفرادی کردار اور ذمہ داریاں، مجموعی ڈھانچہ، کمپنی کی تاریخ اور آپریشنز/ منصوبوں کی نمایاں خصوصیات پر بریفنگ دیتے ہیں۔

MPCL ڈائریکٹرز ٹینگ پروگرام سے متعلق ضابطہ کے جملہ تقاضوں سے آگاہ ہے اور اس ضابطے پر عمل کرنے کی کوششیں کر رہا ہے۔ اس سال کے دوران بریگیڈیئر راشد ولی جمجوہ (ر) نے کراچی میں 3 تا 1 جون 2016 کو PICG زیر اہتمام منعقدہ ڈائریکٹرز ٹینگ پروگرام میں شرکت کی اور ایک مصدقہ اور سند یافتہ ڈائریکٹر بن گئے۔

### بورڈ کے اجلاس

مالی سال 2015-16 کے دوران بورڈ آف ڈائریکٹرز کے پانچ اجلاس ہوئے۔ ان اجلاس میں ڈائریکٹرز کی شرکت حسب ذیل ہے:-

ڈائریکٹر	اجلاسوں میں شرکت
لیفٹیننٹ جنرل خالد نواز خان (ر)	05
لیفٹیننٹ جنرل ندیم احمد (ر)	05
جناب قیصر جاوید	04
ڈاکٹر ندیم عنایت	04
میجر جنرل ممتاز احمد باجوہ (ر)	05
بریگیڈیئر راشد ولی جمجوہ (ر)	02
بریگیڈیئر ڈاکٹر کفاح عالم (ر)	03
جناب سائینو سکندر جلال	04
قاضی محمد سلیم صدیقی	05
جناب شاہد یوسف	03
جناب زاہد میر	04
جناب احمد حیات لک	04
جناب شاہد غفار	05
انجینئر ایس ایچ مہدی جمال	05

### بورڈ آف ڈائریکٹرز کی کمیٹیاں

کمپنی کے بورڈ آف ڈائریکٹرز کمپنی کے آپریشنز/منصوبوں اور معاملات کا نہایت موثر طریقے سے جائزہ لیتے ہیں۔ جملہ امور کی موثر انجام دہی کے لیے بورڈ نے تین کمیٹیاں تشکیل دی ہیں۔ ان کمیٹیوں کو ان کے متعلقہ شعبوں سے متعلق فوری انتظامی فیصلوں کو یقینی بنانے کے لیے کا ذمہ داری سونپی گئی ہے۔

### آڈٹ کمیٹی

### تشکیل و ترتیب

کمپنی کے بورڈ آف ڈائریکٹرز نے کارپوریٹ گورننس کے ضابطے پر عمل کرتے ہوئے ایک آڈٹ کمیٹی تشکیل دی ہے جو فی الحال مندرجہ ذیل ڈائریکٹرز پر مشتمل ہے:-

ڈائریکٹر	عہدہ
جناب قیصر جاوید	صدر
جناب شاہد یوسف	رکن
جناب احمد حیات لک	رکن
جناب شاہد غفار	رکن
انجینئر ایس ایچ مہدی جمال	رکن

1۔ انجینئر ایس ایچ مہدی جمال ایک آزادانہ-ایگزیکٹو ڈائریکٹر ہیں۔

### اجلاسوں میں شرکت

مالی سال 2015-16 کے دوران آڈٹ کمیٹی کے پانچ اجلاس منعقد ہوئے تھے۔ ان اجلاسوں میں ڈائریکٹرز کی شرکت درج ذیل ہے:-

ڈائریکٹر	اجلاسوں میں شرکت
جناب قیصر جاوید	04
ڈاکٹر ندیم عنایت	01
جناب شاہد یوسف	03
جناب احمد حیات لک	05
جناب شاہد غفار	05
انجینئر ایس ایچ مہدی جمال	04

1۔ جناب قیصر جاوید کی غیر موجودگی میں ڈاکٹر ندیم عنایت نے شریک کو آپٹ رکن اور آڈٹ کمیٹی کے صدر کے طور پر ایک اجلاس میں شرکت کی۔

### کنٹینکی کمیٹی

### تشکیل و ترتیب

بورڈ کی کنٹینکی کمیٹی فی الحال مندرجہ ذیل ڈائریکٹرز پر مشتمل ہے:-

ڈائریکٹر	عہدہ
بریگیڈیئر راشد ولی جمجوہ (ر)	صدر
میجر جنرل ممتاز احمد باجوہ (ر)	رکن
جناب سائینو سکندر جلال	رکن
قاضی محمد سلیم صدیقی	رکن
جناب زاہد میر	رکن

## ڈائریکٹر رپورٹ

### ماڈی سیمک پروسیسنگ سروسز سینٹر (MSPC)

MSPC کا قیام 2014 میں عمل میں لایا گیا تھا اور بعد ازاں اس نے مختلف بلاکس کے 2D اور 3D سیمک ڈیٹا کے کئی پروسیسنگ/ری پروسیسنگ کے منصوبوں پر کام کیا۔ کنواں کے محل وقوع کو حتمی شکل دینے سے پہلے اور تیسرے فریق کے وینڈرز (Third Party Vendors) کے مذکورہ تقاضے سے اجتناب کرنے کے لیے اس پروسیسنگ سینٹر کو حاصل کردہ ڈیٹا کے کوالٹی کنٹرول (QC) کے ساتھ ساتھ فوری پروسیسنگ/ری پروسیسنگ کے لیے بھی استعمال کیا جا رہا ہے۔ یہ اقدام لاگت میں کمی اور آپریشنل وقت کی بچت میں MPCL کی مدد کرتی ہیں۔

اس سال کے دوران مندرجہ ذیل منصوبے مکمل کیے گئے:-

- سجاوٹ پروسیسنگ/ری پروسیسنگ 2D
- زیارت فیلڈ پروسیسنگ 2D
- زیارت پروسیسنگ/ری پروسیسنگ 2D
- زرغون ساؤتھ ری پروسیسنگ 2D
- کرک پروسیسنگ 2D
- کرک وائیڈ لائن پروسیسنگ
- ماڈی پروسیسنگ 3D
- سجاوٹ پروسیسنگ 3D
- شیٹان ری پروسیسنگ 3D
- ڈیٹا مینجمنٹ سسٹم (ٹیپ کا پیکنگ)

### صنعتی تعلقات

کام کا ماحول اور مجموعی طور پر صنعتی تعلقات کی فضا ماڈی فیلڈ سمیت کمپنی کے تمام مقامات پر خوشگوار رہی۔ ان مقامات پر تفریحی اور ترقیبی سرگرمیوں نے کام کے ماحول میں ہم آہنگی کو بہتر بنانے میں مدد کی اور مختلف شعبوں/مقامات پر ملازمین کی طرف سے اس کا بخوشی خیر مقدم کیا گیا۔

### صحت، سلامتی اور ماحول (HSE)

MPCL کا صحت، سلامتی اور ماحول HSE کیا نظامی سسٹم کی وجہ سے تمام آپریشنز/منصوبے نہایت موثر اور مسلسل انداز میں چلانے کے ساتھ ساتھ صحت، سلامتی اور ماحول کے تمام شعبوں میں بہتر لانے میں بہت مددگار ثابت ہوئے ہیں جن سے حادثات میں کمی بھی واقع ہوئی ہے۔

### IRCCI اچیومنٹ ایوارڈز 2016ء

MPCL کو سال کی بہترین کمپنی (برائے پٹرولیم مصنوعات) کی کیٹیگری میں راولپنڈی ایوان صنعت و تجارت (RCCL) کے 29 ویں اچیومنٹ ایوارڈ 2016ء کے لیے منتخب کیا گیا ہے۔ یہ ایوارڈ 25 ستمبر 2016ء کو دہلی میں ایک تقریب کے دوران دیا جائے گا۔

### IOSH&E ایوارڈ

ایسپلائز فیڈریشن آف پاکستان (EFP) کے ذریعے HSE انتظامی سسٹم کی تشخیص کے بعد MPCL کو تیل، گیس اور انرجی کے شعبے میں 11 واں EFP-OSH&E ایوارڈ کا پہلا انعام جیتنے والی کمپنی کا اعلان کیا گیا۔

### کارپوریٹ سماجی ذمہ داری (CSR)

ہماری CSR کی حکمت عملی کمپنی کے کلچر کا ایک لازمی حصہ میں ہماری کمپنی کے پختہ عزم کا اظہار ہے جس کا مقصد اپنی افرادی قوت، مقامی کمیونٹی اور معاشرے کی خوشحالی اور معیار زندگی کو بہتر بنانا ہے۔ اپنے سماجی بہبود کے پروگراموں میں تسلسل اور پائیداری کے عنصر کو یقینی بنانے کے لیے ہماری CSR کا فلسفہ ترقی کے تین طریقوں سے مربوط ہے جن میں کمیونٹی، مقامی حکومت اور MPCL کی انتظامیہ کی شمولیت شامل ہے۔

ہمیں معاشرے سے اپنے شرکاتی تعلقات بخوبی اگاہی ہے۔ اور تعلیم، صحت، پانی کی فراہمی کی اسکیموں، عطیات اور بلاغ کے اقدامات کے لیے سرمایہ کاری بھی کرتے رہتے ہیں۔

### کارپوریٹ گورننس

#### بورڈ کا ڈھانچہ (Structure)

نمبر شمار	ڈائریکٹر	کمپنیگری
1-	لیفٹیننٹ جنرل خالد نواز خان (ر)	نان ایگزیکٹو ڈائریکٹر
2-	لیفٹیننٹ جنرل ندیم احمد (ر)	ایگزیکٹو ڈائریکٹر
3-	جناب قیصر جاوید	نان ایگزیکٹو ڈائریکٹر
4-	ڈاکٹر ندیم عنایت	نان ایگزیکٹو ڈائریکٹر
5-	میجر جنرل ممتاز احمد باجوہ (ر)	نان ایگزیکٹو ڈائریکٹر
6-	بریگیڈیئر راشد ولی جنجوعہ (ر)	نان ایگزیکٹو ڈائریکٹر
7-	جناب سائمن سکندر جلال	نان ایگزیکٹو ڈائریکٹر
8-	قاضی محمد سلیم صدیقی	نان ایگزیکٹو ڈائریکٹر
9-	جناب شاہد یوسف	نان ایگزیکٹو ڈائریکٹر
10-	جناب زاہد میر	نان ایگزیکٹو ڈائریکٹر
11-	جناب احمد حیات لک	نان ایگزیکٹو ڈائریکٹر
12-	جناب شاہد غفار	نان ایگزیکٹو ڈائریکٹر
13-	انجینئر ایس ایچ مہدی جمال	آزاد نان-ایگزیکٹو ڈائریکٹر

مندرجہ ذیل ڈائریکٹرز نے خالی اسامیوں پر اس سال کے دوران بورڈ میں شمولیت اختیار کی:-

1-	جناب شاہد یوسف
2-	بریگیڈیئر راشد ولی جنجوعہ (ر)

بریگیڈیئر ڈاکٹر کفاح عالم (ر) اور جناب احمد حسین نے سال کے دوران بورڈ کو چھوڑ دیا۔

مندرجہ ذیل ڈائریکٹرز کو 23 جون 2016 کو منعقدہ غیر معمولی اجلاس عام میں حصص مالکان کی طرف سے تین سال کی مدت کے لیے دوبارہ منتخب کر لیا گیا:-

نمبر شمار	ڈائریکٹر	کمپنیگری
1-	لیفٹیننٹ جنرل خالد نواز خان (ر)	نان ایگزیکٹو ڈائریکٹر
2-	لیفٹیننٹ جنرل ندیم احمد (ر)	ایگزیکٹو ڈائریکٹر
3-	جناب قیصر جاوید	نان ایگزیکٹو ڈائریکٹر
4-	ڈاکٹر ندیم عنایت	نان ایگزیکٹو ڈائریکٹر
5-	میجر جنرل ممتاز احمد باجوہ (ر)	نان ایگزیکٹو ڈائریکٹر
6-	بریگیڈیئر راشد ولی جنجوعہ (ر)	نان ایگزیکٹو ڈائریکٹر
7-	جناب شاہد غفار	نان ایگزیکٹو ڈائریکٹر
8-	انجینئر ایس ایچ مہدی جمال	آزاد نان-ایگزیکٹو ڈائریکٹر

لیفٹیننٹ جنرل خالد نواز خان (ر) بورڈ کے چیئرمین ہیں اور لیفٹیننٹ جنرل ندیم احمد (ر) کمپنی کے سی ای او ہیں۔ اس لیے بورڈ کے چیئرمین کمپنی کے سی ای او کے علاوہ ہیں۔

## ڈائریکٹرز رپورٹ

### سجاول ڈیپ

لوئر گوروارمیشن کی بالائی، درمیانی اور اساسی اور کثیر مقدار ریت (Sands) کی ہائیڈروکاربن صلاحیت کو جانچنے کے لیے 7 مئی 2016ء کو سجاول ڈیپ-1 کھودا گیا۔ اپرٹیل (ShaleSuper) فارمیشن میں ڈرلنگ جاری ہے۔ یکم اگست 2016ء کو اس کی پینٹس شدہ گہرائی 3,003 میٹر (MD) ہوگی ہے۔ سجاول-1 سمتی کنواں ہے جس ہڈی گہرائی 4145 میٹر MD ہے۔ 45 ڈگری میلان حاصل کر لیا گیا ہے اور ہم لوئر گوروارمیشن کے بنیادی اہداف تک پہنچ گئے ہیں ہم اگلے اہداف کے لیے عمومی کھدائی کریں گے۔ فی الوقت (Run in Hole) کا عمل جاری ہے۔

### کھٹوارو بلاک

پیرکوہ کے (Karst Fractures) اور پٹسل غزرتج سینڈ (BCG) کے ہائیڈروکاربن کی استعداد جانچنے کے لیے 15 فروری 2016ء کو آزمائی کنواں کھواڑو 1- کھودا گیا۔ 9 دنوں میں 940 میٹر گہرائی تک (Dry Hole Scenario) کھدائی کی گئی وائر لائن لاگنگ اور MDT کے بعد مذکورہ لاگنگ کی تھیمات سے ہائیڈروکاربن کی موجودگی ظاہر نہیں ہوئی اور اس کی بنیاد پر کنواں بند کرنے اور ترک کر دینے کا فیصلہ کیا۔ 29 فروری 2016ء کو فارغ کر دیا گیا۔

میسرز ویسٹرن، جیکو، قاہرہ، مصر میں 212 مربع کلومیٹر 3D سیمک ڈیٹا کی ری پراسنگ کا کام جاری ہے۔ شیڈول کے مطابق یہ کام یکم اگست 2016ء تک مکمل ہو جائے گا۔ اس پراسنگ کی بنیادی توجہ ذخائر کی گہری سطح پر ڈیٹا کے تصویری معیار کو بہتر بنانا ہے۔ اس پراسنگ کے بعد یہ فیصلہ کرنا ہے کہ تیسرے آزمائشی کنویں کی کھدائی کا کام کیا جائے یا نہیں۔

### نان آپریٹڈ (Non-Operated) بلاکس

#### بالہ بلاک

بشر X-1 ہدف ذخائر کی سطح کا معائنہ/ٹیسٹ کرنے کے لیے شمال مشرقی سمت میں سائیڈ ٹریک (Side Track) کیا گیا۔ اس کنویں کی کھدائی کا آغاز 4 جولائی 2016ء میں 1,684 میٹر MD (Kop) سے ہوا۔ فی الوقت یکم اگست 2016ء تک اس کنویں کی کھدائی 3,850 میٹر MD/3,708.94 میٹر TVD تک کی گئی ہے۔

وائر لائن لاگنگ تفریح کے بعد ممکنہ زون کے ٹائٹ (Tight) ذخائر کی خصوصیات کی وجہ سے غیر تجارتی ہائیڈروکاربن بہاؤ کا ٹیسٹ کیا گیا۔ اس کے مطابق ذخائر کی Fracture job کا کام کیا گیا تھا۔

### زندان بلاک

JV شرکائے کار نے لاخعمل کا فیصلہ کرنے کے لیے 16 اگست 2016ء سے مزید تین ماہ کی توسیع کی درخواست دینے سے اتفاق کر لیا ہے۔

### کلچاس بلاک

2D سیمک ڈیٹا کے حصول کی بولی کے لیے منصوبہ بندی جاری ہے۔ JV شرکائے کار نے امکانات یا دیگر توثیق کرنے کے لیے تقریباً 306 لائن کلومیٹر اضافی حتمی اور 127.5 لائن کلومیٹر عارضی 2D سیمک ڈیٹا کے حصول کے فیصلہ کیا ہے۔

### کوہاٹ بلاک

OGDCL کے سیمک ڈیٹا پراسیسنگ سنٹر میں شیخان سے متعلق 87 مربع کلومیٹر 3D سیمک ڈیٹا کی پراسیسنگ کا کام جاری ہے۔ ٹنڈہ رجبہ سلسلہ سے متعلق 232 مربع کلومیٹر 3D سیمک ڈیٹا کا حصول جاری ہے اور 31 جولائی 2016ء تک 127.7~ مربع کلومیٹر سے زائد کا ڈیٹا ریکارڈ کر لیا گیا ہے۔ مذکورہ سیمک ڈیٹا شیخان اور جی ڈھانچوں میں زیر سطح ساختیاتی پیچیدگیوں کو سمجھنے اور ان کا ازالہ کرنے میں مدد ملے گی اور آزمائشی کنویں کھودنے یا بصورت دیگر کے امکانات کے اظہار میں مدد ملے گی۔

### بنوں ویسٹ بلاک

بلاک میں زیادہ امکانات اور ملک کی توانائی کے تناظر کی نسبت سے اس کی اہمیت اور پچھلے 10 سالوں میں علاقہ میں کام نہ کرنے کی آپریٹر عدم اہلیت کو پیش نظر رکھتے ہوئے MPCL نے ہائیڈروکاربن کی تلاش کے لیے علاقہ کو دوبارہ کھگانے کا اقدام کیا۔ اس سلسلے میں کمپنی نے آپریٹر شپ بشمول 20 فیصد اضافی زیر کار مفاد (Working Interest) نیز OGDCL سے 5 فیصد اضافی زیر کار مفاد (Working Interest) کی منتقلی کے لیے آپریٹر سے گفت و شنید کی۔ فی الوقت، تقویمی (Assignment Agreement) سمجھوتا منظوری کے لیے DGPC کو پیش کیا گیا ہے۔

### نئی کاروباری مہمات

MPCL آپریٹر اور جوائنٹ وینچر پارٹنر (مشترکہ کاروباری مہم شریک کار) کے طور پر ممکنہ فارم ان مواقع کے لیے مختلف مقامی اور بین الاقوامی بلاکس کے ڈیٹا کا مسلسل جائزہ لے رہا ہے۔ MPCL نے اب تک مختلف مقامی اور بین الاقوامی E&P کمپنیز کے 52 بلاکس کا جائزہ لیا ہے۔

### شاہ بندر اور کوٹری نارتھ

ڈیٹا کا جائزہ لینے کے بعد شاہ بندر اور کوٹری نارتھ بلاکس کو فارم ان کے لیے منتخب کر لیا تھا۔ PPL نے شاہ بندر بلاک میں اپنے 32 فیصد زیر کار مفاد (Working interest) پر اتفاق کر لیا۔ فی الحال اس معاہدے کی تیاری پر کام جاری ہے جبکہ کوٹری نارتھ بلاک کے بارے میں فیصلہ زیر غور ہے۔

کھراج اور جھنگارا مغربی بلاک میں تیل و گیس کی تلاش کے لیے لائسنس کی درخواستیں آئندہ ہونے والی بولی کے مرحلے کے لیے DGPC کو پیش کر دی گئی ہیں۔

ڈیرہ غازی خان بلاک کے امکانات کا جائزہ لینے کے لیے ڈیٹا پر غور کیا جا رہا ہے۔

تتڑا دیہ اور میانمار کے تین بین الاقوامی بلاکس میں تیل و گیس کے امکانات کا جائزہ لیا جا رہا ہے۔

### ماڑی سرومز ڈیپارٹمنٹ (MSD)

#### ماڑی سیمک سرومز یونٹ (MSU)

MSU نے اس سال کے دوران ماڑی ترقیاتی اور پیداواری لیز کے علاقے میں 1,079 مربع کلومیٹر 3D ڈیٹا اور سجاول بلاک میں 528 مربع کلومیٹر 3D ڈیٹا کا حصول کامیابی سے مکمل کر لیا ہے۔ MSU نے بہترین آلات اور اعلیٰ انسانی وسائل کے ذریعے ڈیٹا کے حصول کے انتہائی اعلیٰ معیارات مقرر کیے ہیں۔ اب تک حاصل کردہ ڈیٹا کے معیاری نہ صرف کوالٹی کنٹرول کے محکمہ بلکہ کلائنٹ نے بھی بے حد تحریف کی ہے۔

### ماڑی ڈرلنگ سرومز یونٹ (MDU)

MPCL نے سال 2015-16 کے دوران اپنے ڈرلنگ رگز کو بروئے کار لا کر آٹھ کنویں کھودے ہیں اور اس سلسلے میں دیگر ڈرلنگ سرومز فراہم کرنے والوں سے کوئی بھی خدمات حاصل نہیں کی گئیں۔

### رِگ ماڑی 1 (HP1500)

2007 کے دوران اسے چین سے خریدا گیا تھا اور اب تک اس سے تیرہ کنویں کھودے جا چکے ہیں۔ MDU نے امریکی پیٹرولیم انشٹی ٹیوٹ کے منظور کردہ مقامی ورکشاپوں اور اپنے عملے کے ذریعے سات سال بعد رِگ ماڑی 1 کی اور ہالنگ کی جس کے نتیجے میں 1 ملین ڈالر کی خطرہ رقم اور چھ ماہ کے وقت کی بچت ہوئی۔

### رِگ ماڑی 3 (2500HP)

اسے بھی چین سے 2014 کے دوران خریدا گیا تھا اور سخت موسمی حالات ہونے کے باعث پاکستان کے سب سے مشکل علاقے میں فوری طور پر کام کا آغاز کیا گیا تھا۔ MPCL نے کمپنی کی تاریخ میں سب سے گہرا کنواں (ہالینی ڈیپ 5,900 میٹر) کھودنے کے لیے مارکیٹ سے نئی رِگ کے لیے مارکیٹ سے نئے عملے کی خدمات حاصل کیں۔ فی الوقت رِگ ماڑی 3 سجاول بلاک میں سجاول ڈیپ 1 کی کھدائی کا کام کر رہی ہے جس کا آغاز 07 مئی 2016ء میں کیا گیا تھا۔

### رِگ ماڑی 2 (ST)

بنیادی مرمت و دیکھ بھال ہونے کے بعد اس نے صرف اڑھائی ماہ کی ریکارڈ مدت میں چار HRL کنویں کی ڈرلنگ کا کام نہایت کامیابی کے ساتھ مکمل کیا۔ اس مقصد کے لیے رِگ ماڑی 1 کے عملے کی ڈرلنگ خدمات سے استفادہ کیا گیا اور انھوں نے چاروں کنویں کا کام مقررہ مدت سے پہلے مکمل کر دیا۔ یہ رِگ اب تجدید (آپ گریڈیشن) کے مرحلے میں ہے اور اسے آنے والے کنویں کی ڈرلنگ و دیگر کام کے لیے استعمال کیا جائے گا۔

## ڈائریکٹر رپورٹ

نمبر شمار	بلاک کا نام	MPCL کا مفاد	آپریٹر کا نام
6۔	ہرنائی ایکسپلوریشن لائسنس	40 فیصد	MPCL
7۔	سجادول ایکسپلوریشن لائسنس	100 فیصد	MPCL
8۔	کھنڈی ارو ایکسپلوریشن لائسنس	51 فیصد	MPCL
9۔	پشاور ایسٹ ایکسپلوریشن لائسنس	98.19* فیصد	MPCL
10۔	ہالہ ایکسپلوریشن لائسنس	35 فیصد	PPL
11۔	زندان ایکسپلوریشن لائسنس	35 فیصد	PPL
12۔	کوہلو ایکسپلوریشن لائسنس	30 فیصد	OGDCL
13۔	کچاس ایکسپلوریشن لائسنس	20 فیصد	OGDCL
14۔	کوہاٹ ایکسپلوریشن لائسنس	20 فیصد	OGDCL
15۔	بنوں ویسٹ ایکسپلوریشن لائسنس	10** فیصد	تلو پاکستان

\* KPOGCL کے لیے 1.81 فیصد کی دستاویز منظوری کے لیے زیر غور ہے۔

\*\* تلو پاکستان سے 20% حصہ داری بمعہ Operatorship اور OGDCL سے 5% حصہ داری کے حصول کیلئے Assignment Agreement تکمیل کے مراحل میں ہے۔

### آپریٹڈ (Operated) بلاکس

#### زیارت بلاک

نئے حاصل کردہ سیمک ڈیٹا کی تفہیم کی بنیاد پر آزمائشی کنویں کی ڈرلنگ کا امکان پیدا ہو گیا ہے اور 2 اگست 2016 سے فیر 11 کی پہلی تجدید میں داخل ہو جائے گا۔ مذکورہ کنویں کی کھدائی 2018-19 کی پہلی سرمایہ میں شروع ہو جائے گی۔

### کرک بلاک

میسرز سیشہ کریو (Crew Senshe) کو 12 جنوری 2016 کو 148.3 لائن کلومیٹر حتیٰ، 42 کلومیٹر احتمالی اور 37.5 لائن کلومیٹر کشادہ لائن 2D سیمک ڈیٹا کے حصول کے لیے متحرک کر دیا گیا تھا جس کے بعد معلومہ علامات کی تصدیق کرنے کے لیے کر آیا کوئی آچار ہیں یا صورت حال مختلف ہے، پراسیڈنگ اور تفہیم کا کام شروع کیا جائے گا۔ فی الوقت ریکارڈنگ جاری ہے اور 66.7 لائن کلومیٹر 2D اور 37.5 کشادہ لائن کلومیٹر ڈیٹا 31 جولائی 2016 تک حاصل کر لیا گیا ہے۔ توقع ہے کہ سیمک ڈیٹا کے حصول کی مہم ستمبر 2016 تک مکمل ہو جائے گی۔ وقت بچانے کے لیے مذکورہ ڈیٹا کی پراسیڈنگ کا کام میسرز GRI چائے کرے گی۔

#### کالا باغ۔ 1A

کالا باغ 1A کی کھدائی دتہ فارمیشن پر 3,003 میٹر کی گہرائی تک کی گئی تھی۔ ٹیمٹ کے دوران کنویں نے دتہ اور سائٹنگ فارمیشن سے گیس اور کنڈینسیٹ کا اخراج کیا جبکہ لاک ہارٹ فارمیشن کے نتیجے میں خام تیل نکلا۔ DST کے نتائج کی بنیاد پر لاک ہارٹ فارمیشن سے تیل کی پیداوار کے لیے مصنوعی لفٹ کا نظام لگایا گیا۔ کالا باغ 1A پر ابتدائی پیداواری تنصیبات قائم کی گئیں اور سطحی تنصیبات کی تیاری سمیت انجینئرنگ، پروکیورمنٹ، سائٹ پر آلات کی تنصیب کا کام 45 دنوں میں مکمل کیا گیا۔ اس کنویں نے 2015-16 کی دوسری سرمایہ کے دوران جیٹ پمپ (مصنوعی لفٹ کا نظام) کے ذریعے EWT کی پیداوار شروع کر دی۔ تاہم تیل کا حجم تجارتی لحاظ سے قابل عمل نہیں تھا، اس لیے اس آئل زون کو غیر تجارتی قرار دیا گیا۔

دتہ اور سائٹنگ فارمیشن سے گیس اور کنڈینسیٹ نکالنے کے لیے پیداواری حکمت عملی گئی۔ تاہم ان ہائیڈروکاربن کی زون کی استعداد کی ٹیسٹنگ کے لیے حکومت پاکستان نے چھ ماہ کی ٹیسٹنگ کے کینی منصوبہ کی منظوری دے دی۔ کنویں کی ٹیسٹنگ کے دوران محفوظ مقام پر گیس فیلٹر کی گئی اور پیدا کیے جانے والے تیل کی سپلائی ARL کو ہونے لگی۔ کنویں کی ٹیسٹنگ سے پیداواری اور ٹیمٹ ڈیٹا تیل و گیس کے ذخائر کی استعداد کو جانچنے اور ایک جامع ترقیاتی منصوبہ بنانے میں مدد دے گا۔ یہ کنواں MMSCFD 6.4 گیس دے رہا ہے جس کا کنویں کے ویل ہیڈ پرفلو پر پشیر 1320 psi ہے اور 320 بیرل کنڈینسیٹ کے ساتھ 34 بیرل پانی دے رہا ہے۔ 5-4 psi پر پشیر کی یومیہ کی ہے جبکہ دیگر خصوصیات عمومی طور پر مستحکم ہیں۔

#### ہالینی ڈیپ۔ 1

ہالینی ڈیپ 1۔ کنواں 5900 میٹر کی گہرائی تک کھودا گیا تھا۔ مختلف زونز میں سات IDSTs انجام دی گئیں اور شنوار ایسا ماسک اور ہنگولم شوال فارمیشن میں ہائیڈروکاربن دریافت کیا گیا۔ ٹیمٹ کے نتائج

اور پیداواری حکمت عملی کی بنیاد پر سطح کے پیداواری سیٹ اپ کا ڈیزائن تشکیل دیا گیا تھا۔ ترقیاتی پراجیکٹ کی پیش رفت پراجیکٹ کو خود چلانے کے طریقہ کار کے ذریعے حاصل کی گئی۔ سطحی تنصیبات کی سہولیات میں ہالینی ڈیپ۔ 1 سے ہالینی کنواں X-1 تک 2.8 کلومیٹر کی خام تیل کی ترسیلی لائن بچھانے اور الگ بیٹری اور اس کے سنورنچ کی سہولیات کی تنصیب کا کام شامل ہے۔ سطحی تنصیبات پر سہولیات کی فراہمی کے کام کو 22 دنوں میں مکمل کیا گیا تھا۔ تیل کی پیداوار 12 مئی 2016 کو شروع ہوئی تھی۔ یہ کنواں قدرتی پیداوار پر چل رہا ہے اور پیداواری شرح میں شدید کمی کے بعد اب یہ اپنے فلو پر پشیر کے ساتھ مستقل کام کر رہا ہے۔

ہالینی ڈیپ۔ 1۔ کنواں کے ذخائر اور پیداواری نگرانی کی اسٹڈیز کی جارہی ہیں تاکہ پیداوار کے اضافے اور اسے برقرار رکھنے کے لیے گیس لفٹ سسٹم کی تنصیب کی حکمت عملی اور مقررہ وقت کا تعین کیا جاسکے۔

#### ہالینی X-1 کنویں میں مصنوعی گیس لفٹ

اگست 2015 میں ہالینی X-1 کنویں پر گیس لفٹ پر مبنی مصنوعی گیس لفٹ سسٹم لگایا گیا تھا۔ اس کنواں پر دو کمپریشن یونٹس لگائے گئے جس میں سے ایک یونٹ ہمہ وقت تیار رہتا ہے جس کے نتیجے میں مصنوعی گیس لفٹ سسٹم کی 100 فیصد دستیابی ممکن ہو جاتی ہے۔ مصنوعی گیس لفٹ سسٹم کی تنصیب کے ذریعے ہالینی X-1 کنویں کی پیداواری اوسط شرح 950 BOPD پر برقرار رہتی ہے اور اس سے پیدا ہونے والی گیس ویسٹرن پاور کمپنی (پرائیویٹ) لمیٹڈ کو فراہم کی جاتی ہے۔

### غوری بلاک

غوری X-1 کنویں سے ابتدائی طور پر پیداوار قدرتی طریقے سے حاصل کی جاتی تھی۔ تاہم پیداوار میں مستقل اور تیز کمی دیکھی گئی جس کے نتیجے میں غوری X-1 کنویں پر جیٹ پمپ کی شکل میں مصنوعی لفٹ سسٹم نصب کیا گیا تاکہ سیکس فارمیشن سے خام تیل کی زیادہ سے زیادہ پیداواری جاسکے۔ یہ کنواں ہائڈرالک لفٹ ٹیکنالوجی کے ذریعے باقاعدہ طور پر پیداوار دے رہا ہے۔ پیداواری نمو اور اضافے کے لیے دیگر طریقوں پر بھی غور کیا جا رہا ہے۔

فیر 11 کے نتیجے میں نتائج کی بنیاد پر ایکسپلوریشن لائسنس کے فیر 11 میں داخل ہونے کے لیے آزمائشی کنویں کے امکان کے آثار پیدا ہوتے ہیں۔ حال ہی میں مکمل کردہ فیر 11 کے ڈیٹا کی تفہیم پر کام جاری ہے اور اس کی بعض حوصلہ افزاء علامات دکھائی دیتی ہیں۔ فیر 11 کی تفہیم کی تکمیل پر کنویں کی جگہ کو حتیٰ شکل دی جائے گی ہے اور دوسرا آزمائشی کنواں 2017-18 میں کھودا جائے گا۔

### ہرنائی بلاک

MPCL نے 20 جون 2016 سے ایک سال کی توسیع کے لیے درخواست پیش کی ہے تاکہ باقی رہ جانے والی کسٹمنٹس کو پورا کیا جاسکے۔ OMV 20 کا فیصد زیر کار مفاد (Working Interest) MPCL کو منتقل کرنے کے لیے فارم آؤٹ سمجھوتا اور Deed of Assignment (DOA) کی دستاویز حتیٰ مرحلے میں ہے۔

### سجادول بلاک

ماڈی سیمک یونٹ (MSU) نے سجادول کی دریافت پر مشتمل 528 مربع کلومیٹر 3D ڈیٹا کے حصول، میر پور بٹارو کی ساخت اور دیگر لیڈز پر کام مکمل کیا ہے۔ پراسیڈنگ اور ری پراسیڈنگ کا کام GRI چائے کر رہی ہے اور توقع ہے کہ یہ کام اکتوبر 2016 تک پایہ تکمیل تک پہنچ جائے گا۔ مذکورہ پراسیڈنگ کے بعد تفہیم کا مرحلہ آئے گا تاکہ اضافی امکانات یا بصورت دیگر کا تعین کیا جاسکے۔

#### سجادول X-1 اور سجادول 1۔ کی ترقیاتی سرگرمیاں

جولائی 2015ء میں، امانت سوئیٹنگ یونٹ (ASU) اور ہائیڈروکاربن ڈیو پوائنٹ کنٹرول یونٹ (DCDP) کی تنصیب اور ان کے آپریٹڈ ہونے سے کینی فیلڈ سے گیس کی سپلائی پر وہ ڈسکاوینٹس (رعایتیں) ختم کرنے کے قابل ہو گئی جو زیادہ CO<sub>2</sub> (کاربن ڈائی آکسائیڈ) اور ڈیو پوائنٹ جزو کی موجودگی کی وجہ سے دیئے گئے تھے۔ کینی نے مارچ 2016ء میں موجودہ پراسیڈنگ ٹریز کے درمیان نئے ڈی ہائیڈریشن یونٹ کی تنصیب کے ذریعے فیلڈ کی پراسیڈنگ صلاحیت کو 18 MMSCFD سے 25 MMSCFD تک بڑھانے کے لیے فیلڈ کو وسعت دینے کا اہم پراجیکٹ بھی سرانجام دیا ہے۔ آخر کار 2016ء کی پہلی سرمایہ سے دونوں کنووں سے پیداواری کی شرح میں 25 MMSCFD (28 فیصد) اوسط اضافہ ہو گیا ہے۔

سجادول X-1 کے کنواں کے ویل ہیڈ پریشرز میں ہونے والی کمی کی وجہ سے یکساں شرحیں برقرار رکھنے کی غرض سے اپ فرنٹ کمپریشن سسٹم کی تنصیب پر غور کیا جا رہا ہے۔ توقع ہے کہ کمپریشن سسٹم 2016-17 کی چوتھی سرمایہ میں کام رن شروع کریں گے۔

# ڈائریکٹر رپورٹ

## کیش فلو (Cash flow) کی حکمت عملی

گزشتہ سال کے 4,901 ملین روپے کے مقابلے میں اس سال کیش اور بینک بقیات جات 626 ملین روپے تھے۔ اس سال کے دوران کمپنی کی آپریٹنگ سرگرمیوں سے 12,638 ملین روپے کمائے گئے جنہیں تلاش کی سرگرمیوں، سرمایہ اخراجات، شیئر ہولڈرز کو منافع کی ادائیگی، طویل المدت قرض کی ادائیگی، ترقیاتی حصص (شیئر) کی واپسی اور بینکوں اور ترقیاتی حصص ہولڈرز (شیئر مالکان) کو مالی لاگت کی ادائیگی کے لیے استعمال کیا گیا تھا۔

## ڈیویڈنڈ (Dividend)

کمپنی نے 30 جون 2016 کو ختم ہونے والے سال کے لیے 3 روپے فی عمومی شیئر (30 فیصد) 3.721:2015 روپے فی عمومی شیئر (37.21 فیصد) کے لحاظ سے عبوری ڈیویڈنڈ کا اعلان کیا۔ علاوہ ازیں 30 جون 2015 کو ختم ہونے والے سال کے لیے حتمی کیش ڈیویڈنڈ/منافع 1.5 فی شیئر (15 فیصد) کا اعلان بھی رواں سال کے دوران کیا گیا۔

## غیر ملکی زرمبادلہ کی بچت اور حکومتی محاصل/ریونیو

MPCL قومی معیشت میں ایک اہم کردار ادا کرتی ہے۔ کمپنی کے اپنے ماڑی فیلڈ اور دیگر مشترکہ منصوبوں سے نکلنے والی قدرتی گیس، کنڈنسیٹ، خام تیل اور ایل بی جی کی پیداوار کا حصہ مالی سال 2015-16 میں 30,480,222 بیرل (2015: 29,205,262 بیرل) تھا۔ اس کے نتیجے میں رواں سال کے دوران غیر ملکی زرمبادلہ کی بچت تقریباً 142 ملین روپے (2015: 225 ملین روپے) ہوئی۔ اس عرصے میں خام تیل کی اوسط قیمت 44.45 ڈالر فی بیرل تھی جبکہ ڈالر کے مقابلے میں روپے کی اوسط شرح 104.48 روپے تھی۔ (2015: 75.99 ڈالر فی بیرل اور ڈالر کے مقابلے میں روپے کی اوسط شرح 101.51 روپے)۔

اس کے علاوہ MPCL نے سال کے دوران سرکاری خزانے میں 77,328 ملین روپے (2015: 73,242 ملین روپے) کا اضافہ کیا۔ یہ رقم گیس ڈولپمنٹ سرچارج، گیس انفراسٹرکچر ڈولپمنٹ سس، سیلز ٹیکس، ایکسائز ڈیوٹی، رانٹ، انکم ٹیکس اور دیگر ایسے ٹیکسوں کی مدد دی گئی۔

## آپریٹرز

کمپنی نے ماڑی فیلڈ سے اپنے تمام صارفین (کسٹمرز) کو گیس کی فراہمی بلا قطل جاری رکھی۔ ان صارفین میں اینگرو فریلائیڈز کمپنی لمیٹڈ (EFL)، فوجی فریلائیڈز کمپنی لمیٹڈ (FFC)، فاطمہ فریلائیڈز کمپنی لمیٹڈ (FFCL)، سوئی سدرن گیس کمپنی لمیٹڈ (SSGCL)، فاؤنڈیشن پاور کمپنی ڈہری لمیٹڈ (FPCDL)، سوئی ناردرن گیس پائپ لائنز کمپنی لمیٹڈ (SNGPL) اور سنٹرل پاور جنریشن کمپنی لمیٹڈ (CPGCL) شامل ہیں۔ صارفین کی ضروریات کے مطابق اس مدت کے دوران ماڑی فیلڈ سے روزانہ MMSCF605 کی اوسط سے مجموعی طور پر 221,383 MMSCF گیس اور 19,361 بیرل کنڈنسیٹ (53 بیرل روزانہ) نکالے گئے جبکہ مماثل مدت کے دوران اس کے مقابلے میں MMSCF596 یومیہ کی اوسط سے 217,688 MMSCF گیس اور 23,167 بیرل کنڈنسیٹ (63 بیرل یومیہ) نکالے گئے۔ علاوہ ازیں اس مدت کے دوران 379,894 بیرل خام تیل (1,038 بیرل یومیہ)، 73,158 بیرل کنڈنسیٹ (200 بیرل یومیہ) اور 10,640 MMSCF گیس (29 MMSCF یومیہ) اور 25 میٹرک ٹن ایل بی جی (0.07 میٹرک ٹن یومیہ) کی پیداوار ہوئی اور مشترکہ کاروباری معاہدہ جات کے ذریعے فروخت کی گئی جبکہ اس کی مماثل مدت کے دوران اس کے مقابلے میں 339,322 بیرل خام تیل (930 بیرل یومیہ)، 51,944 بیرل کنڈنسیٹ (142 بیرل یومیہ)، 7,058 MMSCF (19 MMSCF یومیہ) گیس اور 362 میٹرک ٹن (1 میٹرک ٹن یومیہ) ایل بی جی پیدا ہوئی اور صارفین/کسٹمر یعنی انک آئل ریفرنسری لمیٹڈ، پاکستان ریفرنسری لمیٹڈ، پاک عرب ریفرنسری لمیٹڈ، ویسٹرن پاور کمپنی (پرائیویٹ) لمیٹڈ، SSGCL، SNGPL اور فاؤنڈیشن گیس کو فروخت کی گئی۔

MPCL کے تحت چلنے والی تمام فیلڈز کی آپریشنل سرگرمیاں متعلقہ معیاری آپریٹنگ طریقہ ہائے کار اور آئل و گیس فیلڈز کے بہترین الاقوامی طریقوں کے مطابق انجام دی گئیں۔ اہم پیداواری آلات کے لیے دیکھ بھال کی انسدادی حکمت عملیوں کو اپنایا گیا۔ گیس اکٹھے کرنے والے لمیٹ ورس اور پیداواری عمل کے تمام مراکز پر معمول اور شیڈول کے مطابق باقاعدہ دیکھ بھال و مرمت کی گئی تاکہ ان کی افادیت اور آپریشنل اعتماد کو یقینی بنایا جاسکے۔ پیداواری عمل کے منصوبے آپریشنل استعداد کار بڑھانے اور تیل کی عالمی قیمتوں میں کمی کے مسئلے کے دوران کسی بھی سنگین نقصان سے بچنے کے لیے تشکیل دیئے گئے۔ فیلڈ آپریشنز کا مسلسل جائزہ لیا گیا تاکہ بلا قطل پیداوار اور سیلز کو برقرار رکھنے کے لیے بہتر طریقے وضع کیا جاسیں نیز آپریٹنگ اخراجات کے ساتھ ساتھ ذخائر کا بہتر انتظام و انصرام بھی کیا جائے۔

## آپریٹل سرگرمیاں اور پیش رفت

### ماڑی D&P لیز

1079 مربع کلومیٹر فیلڈ II کے سبسک جیم کی حال ہی مکمل کردہ تفہیم پر کام جاری ہے۔ مرحلہ II کے G&G کی تفہیم (Interpretation) کے نتائج سے ماڑی D&P لیز کی بقیہ استعداد کا پتہ چلے گا۔

### پیداوار میں اضافہ

ماڑی فیلڈ پاکستان میں گیس پیدا کرنے والی سب سے بڑی فیلڈ ہے اور تقریباً 700 MMSCFD گیس پیدا کرنے کی صلاحیت رکھتی ہے اور یہ چار بڑے پیداواری زونز پر مشتمل ہے۔ ان تمام زونز میں سب سے حوصلہ افزا HRL ہے۔ HRL کی پیداواری صلاحیت کا ادراک کرتے ہوئے پٹرولیم پالیسی 2012ء کی روشنی میں پیداوار میں اضافے کی مہم کا آغاز کیا گیا جس سے موجودہ فیلڈز کی اضافی پیداوار کے نتیجے میں زیادہ قیمت حاصل ہوئی ہے۔ معیاری پیداوار (525 MMSCFD) بچ مارک سے 10 فیصد اضافے کے ہدف کے ساتھ پیداواری اضافے کے پہلے مرحلے میں چار اضافی کنوئیں کھودے گئے اور موجودہ پائپنگ نیٹ ورک کی راہ میں حائل رکاوٹیں دور کی گئیں اور موجودہ نیٹ ورک پر اضافی حجم منتقل کرنے کے لیے پریشر لاسز کم کرنے کے ضمن میں سروس ایکوپمنٹ بروئے کار لایا گیا۔

بالآخر، اللہ تعالیٰ کے فضل و کرم سے 9 فروری 2016ء کو موجودہ کسٹرز کو متاثر کیے بغیر کمپنی نے تھریل پاور اسٹیشن (TPS) گلد کو اضافی گیس سپلائی کرنے کا آغاز کر دیا ہے۔ حکومت پاکستان نے TPS گلد کو اضافی حجم کی تفویض کی منظوری دے دی ہے۔ پیداواری اضافے کے لیے فیلڈ II پر کام جاری ہے جس سے TPS گلد کو 45 MMSCFD اضافی گیس کی فراہمی کا ہدف حاصل ہو جائے گا۔

### SML4 کنوئیں کی ڈرلنگ/کھدائی

فیلڈ کا G&G ڈیٹا کی تفہیم و انتظام مکمل کر لیا گیا ہے اور اس کی بنیاد پر مختلف سطحوں پر کئی امکانات وضع کیے گئے ہیں۔ اسی لحاظ سے چار کنوئیں (ایک آزمائشی اور تین تشخیصی) کی ڈرلنگ/کھدائی کے لیے کنوئیں کی ڈیزائننگ، منصوبہ بندی اور بجٹ سازی کا کام کیا گیا۔ کنوئیں کی زمین کے حصول کے کام کے بعد مذکورہ جگہ کی تیاری کا کام مکمل کیا گیا اور ورگ ماڑی-1 کو بروئے کار لایا گیا۔ شہباز XI کو سولکس میں 26 جولائی 2016 کو کھودا گیا اور یکم اگست 2016 تک 518 میٹر MD تک کھدائی کی گئی۔ فی الحال ڈرلنگ کا کام جاری ہے۔

تین تشخیصی کنوئیں بھنائی حصے کی تشخیص کرنے اور اس کی پیداواری صلاحیت کو دریافت کرنے میں بھی مدد دیں گے۔

### زرغون ساؤتھ D&P لیز

### زرغون ساؤتھ گیس فیلڈ کی تیاری

ZS-2 کنوئیں کی پیداوار کا آغاز اگست 2014 سے شروع ہوا لیکن اس کنوئیں سے نکلنے والے پریشر میں کمی آئی جس سے گیس کے معاہدہ جاتی پیداواری حجم میں بھی کمی آگئی۔ 2016 کی تیسری سہ ماہی میں ایک حکمت عملی تیار کی گئی اور اس پر عمل درآمد کیا گیا تاکہ آزمائشی بنیادوں پر کمپریسرز کی تنصیب اور تیسرے کنوئیں کی ڈرلنگ کے ذریعے پیداوار کو برقرار رکھا جاسکے۔ فی الوقت کمپریسرز کو ضرورت کے تحت استعمال کے لیے تیار رکھا گیا ہے۔ اس کا زیادہ سے زیادہ مفید استعمال اس وقت ہوگا جب کنوئیں کا موجودہ پریشر 510 PSIG سے 400-425 PSIG تک جانے گا۔

### ZS-3 ترقیاتی کنوئیں کی ڈرلنگ

JV شراکت کاروں نے GSA کے مطابق سالانہ معاہدہ جاتی مقداروں کی کمینٹ کو برقرار رکھنے کے لیے تیسرے کنوئیں کی ڈرلنگ کی منظوری دی ہے۔ ZS-3 کے سطحی اور بدنی رابطہ JV شرکائے کار کے ساتھ مل کر حتمی شکل دینے کے بعد کنوئیں کے ڈیزائننگ، منصوبہ بندی اور بجٹ سازی کے کام کو مکمل کیا گیا۔ اضافی میٹرل اور متفرق ڈرلنگ سروسز کے لیے کنٹریکٹ کو حتمی شکل دی جا رہی ہے۔ فی الوقت سول کنٹریکٹر کو سائٹ پر لگایا گیا ہے اور سائٹ کی تیاری کا کام جاری ہے۔ سائٹ کی منظوری کے بعد ZS-3 کی ڈرلنگ کے لیے Mari Rig کا استعمال کیا جائے گا جس کی کھدائی کی ستمبر 2016 تک توقع ہے۔

## ماڑی D&P لیز/زرغون ساؤتھ D&P لیز کے علاوہ تلاش و ترقیاتی سرگرمیاں

پاکستان میں تیل و گیس کی تلاش کے لائسنس کے حصول میں کمپنی کے زیر کار مفادات درج ذیل ہیں:-

نمبر شمار	بلاک کا نام	MPCL کا شاخہ	آپریٹر کا نام
1-	زیارت ایکسپلوریشن لائسنس	60 فیصد	MPCL
2-	کرک ایکسپلوریشن لائسنس	60 فیصد	MPCL
3-	سکھرا ایکسپلوریشن لائسنس	58.8 فیصد	MPCL
4-	غوری ایکسپلوریشن لائسنس	35 فیصد	MPCL
5-	ہٹا ایکسپلوریشن لائسنس	100 فیصد	MPCL

## ڈائریکٹرز رپورٹ

ڈائریکٹرز اپنی رپورٹ کے ساتھ کمپنی کے آڈٹ شدہ مالیاتی گوشوارے اور 30 جون 2016ء کو ختم ہونے والے سال کی آڈیٹڈ رپورٹ پیش کرنے پر خوش محسوس کر رہے ہیں۔

### مالیاتی نتائج

مذکورہ سال کے لیے منافع اور اس کی تقسیم درج ذیل ہے:-

منافع		"000" روپے
نیکس کی ادائیگی کے بعد سال کا منافع	6,051,455	
Other comprehensive loss	( 85,625 )	
گزشتہ سال کا غیر صرف شدہ منافع	35,537	
	6,001,367	
منتقلی (تقسیم)		
30 جون 2015 کو ختم ہونے والے سال کے لیے حتمی منقسم منافع	( 35,537 )	
30 جون 2016 کو ختم ہونے والے سال کے لیے پہلا عبوری نقد منافع 30 فیصد کی شرح سے	( 330,750 )	
Undistributed Percentage Return Reserve	( 161,374 )	
Exploration, evaluation and development reserve	( 272,995 )	
Capital redemption reserve fund	( 776,485 )	
سیلف انشورنس ریزرو (Self insurance reserve)	( 100,000 )	
ماڈی سیمک یونٹ کے لیے ریزرو (Reserve for Mari Seismic Unit)	422,329	
سال کے لیے میزبان	( 1,254,812 )	
	4,746,555	

زیر جائزہ سال کے لیے مجموعی سیلز کی رقم گزشتہ سال کی رقم  $= 88,240$  ملین روپے سے بڑھ کر  $= 94,998$  ملین روپے ہو گئی۔ اس طرح 7.66 فیصد اضافہ ہوا۔ یہ اضافہ زیادہ تر سیلز کے حجم اور فروخت کی اوسط قیمتوں میں اضافے کی وجہ سے ہوا۔ کمپنی نے گزشتہ سال میں  $= 73,242$  ملین روپے کے مقابلے میں اس سال سرکاری خزانہ میں  $= 77,328$  ملین روپے کا اضافہ کیا۔ اس سال ہونے والے آپریٹنگ اخراجات  $= 5,791$  ملین تھے جبکہ گزشتہ سال یہ اخراجات  $= 5,376$  ملین روپے تھے۔

رواں سال کے لیے مالیاتی گوشواروں کے آپریٹنگ نتائج گزشتہ سال کے  $= 5,650$  ملین روپے کے مقابلے میں اس سال میں  $= 6,051$  ملین روپے منافع ظاہر کرتے ہیں۔ اس منافع میں اضافے کی اہم وجوہ میں سیلز اور دیگر آمدن میں ہونے والا اضافہ اور مالی لاگت میں ہونے والی کمی ہے۔ یہ اضافہ تلاش اور اس کے متوقع اخراجات، آپریٹنگ اخراجات، رائٹائی کے اضافے اور مالی آمدن میں کمی سے جزوی طور پر کم ہوا۔

گزشتہ سال کے 51.25 روپے فی شیئر آمدن (EPS) کے مقابلے میں اس سال فی شیئر آمدن بڑھ کر 54.89 روپے فی شیئر ہو گئی۔ قابل تقسیم منافع کی بنیاد پر EPS گزشتہ سال 4.82 روپے فی شیئر سے بڑھ کر 5.55 روپے فی شیئر ہو گئی۔

اس سال حصص ماکان (شیئر ہولڈرز) کے منافع کی شرح گزشتہ سال کی شرح 39.87 فیصد سے بڑھ کر 40.82 فیصد ہو گئی جس کی وجہ پیداواری سطح میں ہونے والا اضافہ ہے۔

## Form of Proxy / E-Voting

### Mari Petroleum Company Limited

21 – Mauve Area, 3rd Road, G-10/4, Islamabad

Tel: 051-111-410-410, Fax: 051-2352859

#### Option 1

##### Appointing other person as Proxy

I/We \_\_\_\_\_ of \_\_\_\_\_, being member(s) of Mari Petroleum Company Limited, holder of \_\_\_\_\_ Ordinary Share(s) as per Register Folio No. \_\_\_\_\_, hereby appoint Mr. \_\_\_\_\_ Folio No. \_\_\_\_\_ (if member) of \_\_\_\_\_ or failing him, Mr. \_\_\_\_\_ Folio No. \_\_\_\_\_ (if member) of \_\_\_\_\_, as my / our Proxy in my / our absence to attend and vote for me/us, and on my/our behalf at the 32nd Annual General Meeting of the Company to be held on Septmber 27, 2016 and at any adjournment thereof.

Signed under my / our hand(s) this \_\_\_\_\_ day of \_\_\_\_\_ 2016.

#### Option 2

##### E-voting as per the Companies (E-Voting) Regulations, 2016

I/We \_\_\_\_\_ of \_\_\_\_\_, being member(s) of Mari Petroleum Company Limited, holder of \_\_\_\_\_ Ordinary Share(s) as per Register Folio No. \_\_\_\_\_, hereby opt for e-voting through Intermediary and hereby consent the appointment of Execution Officer \_\_\_\_\_ as Proxy and will exercise e-voting as per the Companies (e-voting) Regulations, 2016 and hereby demand for poll for resolutions.

My secured email address is \_\_\_\_\_. Please send login details, password and electronic signature through email.

Signature of Proxy

#### Witnesses:

Signature of Witnesses \_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_

CNIC No. \_\_\_\_\_

Signature of Member  
(Signature should agree with specimen signature registered with the Company)

#### Witnesses:

Signature of Witnesses \_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_

CNIC No. \_\_\_\_\_

#### NOTES FOR APPOINTING PROXY:

This instrument appointing a proxy under option 1 shall be in writing under the hand of the appointer or his attorney duly authorized in writing, or if the appointer is a corporation either under the common seal or under the hand of an official or attorney so authorized.

The instrument appointing a proxy under option 1 and the power of attorney or other authority (if any), under which it is signed or a notanally certified copy of that power of authority, shall be deposited at the office of the Company not less than 48 (forty eight) hours before the time for holding the meeting at which the person named in the instrument proposes to vote, and in default the instrument of a proxy shall not be treated as valid.

The instrument of e-voting under option 2 shall be deposited in advance in writing at least ten days before holding of general meeting, at the registered office of the company at 21-Mauve Area, Sector G-10/4, Islamabad or through email at info@mpcl.com.pk.

The Company will arrange for e-voting if the company receives demand for poll from atleast five members or by any member or members having not less than one tenth of the voting power.

#### FORM FOR VIDO CONFERENCE FACILITY

I/We \_\_\_\_\_ of \_\_\_\_\_, being member(s) of Mari Petroleum Company Limited, holder of \_\_\_\_\_ Share(s) as per Register Folio/CDC A/c No. \_\_\_\_\_, hereby opt for Video Conference facility at \_\_\_\_\_

Signature of member(s)

The Company Secretary  
**MARI PETROLEUM COMPANY LIMITED**  
21-Mauve Area, 3rd Road,  
Sector G-10/4,  
ISLAMABAD.

AFFIX  
CORRECT  
POSTAGE





**HEAD OFFICE:**

21-Mauve Area, 3rd Road, Sector G-10/4, Islamabad-44000  
**UAN:** +92 51 111 410 410 | **Fax:** +92 51 2352859

**KARACHI LIAISON OFFICE:**

D-87, Block-4, Kehkashan Clifton, Karachi- 75600, P.O. Box: 3887  
**UAN:** +92 21 111 410 410 | **Fax:** +92 21 35870273

**DAHARKI FIELD OFFICE:**

Daharki, District Ghotki  
**UAN:** +92 723 111 410 410 | **Fax:** +92 723 660402

**QUETTA LIAISON OFFICE:**

26, Survey-31, Defence Officers Housing Scheme, Airport Road, Quetta  
**Tel:** +92 81 2821052, 2864085, 2839790 | **Fax:** +92 81 2834465

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