



## Interim Financial Information (Un-audited)

For the Six Months ended  
December 31, 2014



**Mari Petroleum Company Limited**

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## BOARD OF DIRECTORS

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|-----|--|----------|
| 1.  | Lt Gen Khalid Nawaz Khan (Retd)<br>Managing Director, Fauji Foundation           | Chairman |
| 2.  | Lt Gen Nadeem Ahmed (Retd)<br>Managing Director, Mari Petroleum Co. Ltd.         |          |
| 3.  | Mr Qaiser Javed<br>Director Finance, Fauji Foundation                            |          |
| 4.  | Dr Nadeem Inayat<br>Director Investment, Fauji Foundation                        |          |
| 5.  | Maj Gen Mumtaz Ahmad Bajwa (Retd)<br>Director Welfare (Health), Fauji Foundation |          |
| 6.  | Brig (R) Dr Gulfam Alam<br>Director P&D, Fauji Foundation                        |          |
| 7.  | Mr Mohammad Naeem Malik<br>Additional Secretary, Ministry of P&NR                |          |
| 8.  | Qazi Mohammad Saleem Siddiqui<br>Director General (Gas), Ministry of P&NR        |          |
| 9.  | Mr Ahmad Hussain<br>Representing Government of Pakistan                          |          |
| 10. | Mr Muhammad Rafi<br>Managing Director, OGDCL                                     |          |
| 11. | Mr Ahmed Hayat Lak<br>GM (Legal Services), OGDCL                                 |          |
| 12. | Mr Shahid Ghaffar<br>Managing Director/CEO, NITL                                 |          |
| 13. | Engr S. H. Mehdi Jamal<br>Member, MPCL Board of Directors                        |          |

Chief Financial Officer  
Mr Muhammad Asif

Company Secretary  
Mr Assad Rabbani

## DIRECTORS' REVIEW

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We are pleased to present to you the directors' review along with financial information for the six months ended December 31, 2014.

### FINANCIAL RESULTS

Gross sales for the second quarter amounted to Rs. 9,025 million whereas gross sales for six months ended December 31, 2014 aggregated to Rs. 31,457 million as against cumulative sales of Rs. 33,312 million for the corresponding period. The decrease is mainly due to non-applicability of Gas Infrastructure Development Cess on sale invoices from October 2014 onwards as a result of stay orders of Courts. The operating results in the financial information for second quarter show profit for the period of Rs. 813.475 million as against Rs. 83.604 million for the corresponding quarter. The cumulative profit for the six months to December 31, 2014 is Rs. 2,619.326 million as against Rs. 1,661.205 million of the corresponding period. The main reason for increase in profit is increase in net sales and other income and decrease in exploration and prospecting expenditure and provision for taxation which is partially offset by increase in royalty, operating expenses, other charges and finance cost.

### REVISION IN GAS PRICE MECHANISUM

Effective July 1, 2014, the cost plus wellhead gas pricing formula is 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 period has been determined in line with the revised formula as approved by the Economic Coordination Committee (ECC). The revised formula provides dividend distribution to be continued for next ten years in line with the previous cost plus formula and any residual profits 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 shall declare a specie dividend against undistributable balance of profit and loss account at June 30, 2014 in the form of non voting, non-cumulative redeemable preference shares amounting to Rs 9,670 million carrying profit rate of one year KIBOR prevailing on the last working day of each financial year + 3% per annum. The preference shares shall be redeemed in 10 years time in the form of cash to the preference shareholders. However, in lieu of consideration for revision in the formula, the major shareholders would surrender their right to receive the specie dividend in favour of Government of Pakistan. Accordingly, preference shares will be issued to the Government and shareholders who would not surrender their right of preference shares in favour of the Government. Government's investment in Mari Seismic unit amounting to Rs 920 million will also be converted into preference shares on the same terms. The ECC of the Cabinet has approved the above arrangement. Requisite approvals by the shareholders, Securities and Exchange Commission of Pakistan and other regulatory bodies and incorporation of the revised framework in the gas pricing agreement are in process.

As per the dismantled Agreement, the guaranteed return to the shareholders of the Company was 30% per annum. The shareholders were entitled to further increase in return on incremental production from the level of 425 MMSCFD (at the rate of 1% for every 20 MMSCFD of gas or equivalent oil produced, prorated for part thereof on annual basis) subject to maximum of 45% per annum. The revised Agreement will provide return to shareholders at the above stated guaranteed level for the next ten years commencing from July 01, 2014 and thereafter will be based on the discretion of the Board of Directors. The total return on the basis of financial results for the half year ended December 31, 2014 works out to 39.66% (Jun 30, 2014: 38.65%).



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## OPERATIONS

The Company continued un-interrupted gas supply from Mari Field for the period from July 01, 2014 to December 31, 2014 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) and Sui Northern Gas Pipelines Limited (SNGPL). A cumulative 109,654 MMSCF of gas at a daily average of 596 MMSCF and 10,449 barrels of condensate (57 barrels per day) were produced from Mari Field during the period as against 110,677 MMSCF of gas at daily average of 602 MMSCF and 12,207 barrels of condensate (66 barrels per day) for the corresponding period as per the requirement/withdrawal of the customers. In addition, 155,756 barrels of crude oil (847 barrels per day), 22,878 barrels of condensate (124 barrels per day), 3,072 MMSCF of gas (17 MMSCF per day) and 161 metric ton of LPG (0.88 metric ton per day) was produced and sold from joint ventures during this period, whereas 56,002 barrels of crude oil (304 barrels per day), 19,637 barrels of condensate (107 barrels per day), 2,575 MMSCF of gas (14 MMSCF per day) and 75 metric ton of LPG (0.41 metric ton per day) was produced and sold from joint ventures in the comparative period to customers namely Attock Refinery Limited, National Refinery Limited, Pakistan Refinery Limited, Pak Arab Refinery Limited, Western Power Company Limited, SSGCL, SNGPL and Foundation Gas.

Regular maintenance of gas gathering network and production facilities was carried out and production optimization plans were followed as per good oil/gas field practices for effective production and reservoir management.

## EXPLORATION / OPERATIONAL ACTIVITIES AND DEVELOPMENTS

### Mari D&P Lease

3D Seismic data acquisition of 1,079 sq. km is in progress by Mari Seismic Unit (MSU) and so far 311 sq. km 3D seismic data has been recorded as of February 10, 2015. Recording production of MSU has significantly enhanced since first week of February 2015 after resolving the land permitting issues.

### Hook up of PKL formation wells

To enhance the reserve base, MPCL drilled two additional wells to the level of Pirkoh Limestone in Mari D&P Lease. Line pipes were procured on fast track immediately after running completion at PKL 7 and 8. Wellhead surface facilities and pipeline were constructed and the gas was tapped in the system on July 09, 2014 and September 10, 2014 respectively. This is worth mentioning that material from the available inventory and in-house expertise were utilized for the aforementioned wells.

### Development of Zarghun South Gas Field (D&P Lease)

By the grace of Allah Almighty, procurement, construction and commissioning of production and processing facilities at Zarghun South gas field have been completed by MPCL while on other hand M/s SSGCL laid 64 km pipe line. Subsequently, first gas from Zarghun field commenced on August 08, 2014. Gas from Zarghun field is being supplied to Quetta city while condensate produced from Zarghun field is being supplied to M/s NRL and M/s PARCO.

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

MPCL's working interests in various exploration licenses 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

### OPERATED BLOCKS

#### Ziarat Block

Multi-disciplinary study for appraisal and development of Khost Field has been completed and based on its recommendations; way forward has been carved-out and is being discussed with the JV Partner for its execution.

Preparations are underway to award the contract for acquisition of 170 line km 2D seismic data over identified leads to evaluate it as drillable prospect or otherwise and also to fulfill the outstanding commitment. Two years extension request has been submitted to DGPC to fulfill the outstanding commitment of 170 line km 2D seismic data acquisition.

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Khost well 3 remained in production intermittently through Jet Pump during last year but after observing the high water cut, operations were suspended in February 2014. Way forward was discussed with Ziarat JV partners; additional zone was identified by MPCL for additional perforation. Resultantly additional intervals (676 M to 680 M) and (665m to 668m) were perforated. Well was put on production again after re-perforation by means of Jet pump but the production trend remained the same.

### **Karak Block**

Crude oil discovery in Karak Block was made in the later part of 2011. To further evaluate / appraise the potential of Block, 3D Seismic Survey was planned and executed in 2013. Based on the processing and interpretation of 3D data, two exploration wells were planned. Civil works for drilling of two exploratory wells have been completed and Kalabagh Well-1 was spudded on January 10, 2015. Currently, drilling operations are on hold due to rig related maintenance. Preparations are underway to spud-in Halini Deep-1 during February 2015. The objectives of Halini Deep-1 and Kalabagh-1 exploratory wells are to test the hydrocarbon potential of multiple reservoirs down to the depth of  $\pm 5600$  M and  $\pm 2750$  M respectively.

Processing /re-processing of newly acquired 337 line km and vintage 2D seismic data of 368 line km has been completed and its interpretation is in progress for delineation of additional prospects in the block for possibly drilling of more wells.

### **Artificial Gas lift at Well Halini X-1 – Karak Block**

EWT operations at well Halini-1 remained in progress. Well produced 92,000 barrels of crude oil with daily average of 508 Barrels of Oil Per Day (BOPD) along with 86 MMSCF gas with a daily average 0.47 MMSCFD from January 01, 2014 to June 15, 2014. Due to drop in production as well as decreasing trend of wellhead pressure, the well remained shut-in from June 16, 2014 to August 11, 2014 in order to perform Rig Workover operation. The Workover mainly comprised of replacing existing 3-1/2" tubing string with 4-1/2" tubing and gas lift mandrels installation along with additional perforations. Resultantly significant increase in well production as well as Wellhead Flowing Pressure (WHFP) was observed and average daily well production after workover operations is 1,300 barrels of oil and 1.11 MMSCF of gas respectively.

### **Sukkur Block**

Sukkur JV has approved the acquisition of 350 line km (330 Line Km firm + 20 Line km contingent) 2D seismic data to evaluate the remaining hydrocarbon potential of the block. Techno-commercial proposal was submitted to JV partner for review and approval, which is awaited.

### **Ghauri Block**

Designing for 3D seismic survey has been completed by M/s Western Geco, Cairo. Subsequently, bids have been invited for acquisition of 380 sq.km 3D data, which would help in placing additional appraisal wells over Ghauri Discovery area and to delineate new drillable prospects for exploring additional hydrocarbon reserves. It is expected that 3D seismic campaign would commence during May 2015.

Re-processing of ~315 line km 2D vintage seismic data of southern part of block has been completed by GT Poland. Interpretation and mapping of re-processed data is in final stages.

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The contract for geochemical studies of ditch cutting samples of Ghauri X-1 and other wells for source rock evaluation and finger printing of oil has been awarded to M/s CGG Services (Robertson), UK.

After the discovery of Ghauri X-1 well, installation of surface production facilities completed in phenomenal record time of 26 days and well was put on production on June 30, 2014. Soon after putting the well on production, gradual decline in production and well head flowing pressure was observed. It became very challenging to sustain the well production. It was judged at a very early stage that well was unable to produce naturally for a longer time. As a remedial action, Artificial Lift system i.e. Jet Pump has been installed in last week of September 2014. Well is in production through Jet pump and has produced 168,434 barrels of crude oil from July 01, 2014 to December 31, 2014.

### **Hanna Block**

In-house post well evaluation of Hanna X-1 is in progress and M/s Weatherford Houston, USA has submitted final report of geochemical analysis of HannaX-1 well ditch cutting samples. Study is being integrated with the available data to decide the way forward. Accordingly, one year extension request is being obtained from DGPC w.e.f February 21, 2015.

### **Harnai Block**

Bids have been invited for acquisition of 150 line km 2D seismic data in order to fulfill the outstanding commitment and also to delineate / find any viable prospect for drilling of exploratory well in the block. Technical and financial evaluation of bids is in progress.

### **Sujawal Block**

In-house interpretation of recently re-processed 200 sq. km 3D seismic data has been completed and location of deep exploratory well over Sujawal prospect has been finalized to be drilled during second quarter of 2015 in order to test the hydrocarbon potential of deeper Sands.

Acquisition of 320 line km 2D seismic data has been completed by M/s BGP which would be followed by processing and interpretation for delineation of additional drillable prospects in western part of block.

The contract for reservoir characterization and sedimentology study of Upper Sands of Lower Goru Formation has been awarded to M/s RPS UK. The said study will help to evaluate the hydrocarbon potential and distribution / modeling of reservoir rocks in the area.

Reprocessing of ~1,000 line km vintage 2D data has been completed by M/s SAGeo, its interpretation has also been completed and accordingly incorporated in lead inventory for designing of 3D seismic survey for upcoming 3D seismic campaign.

### **Development Activities at Sujjal -1 – Sujawal Block**

Sujjal -1 well was discovered in April 2014. As per field development plan, gas from Sujjal-1 well will be treated at Sujawal X-1 proactively planned gas processing facility. In this regard 17 km pipeline from Sujjal-1 to Sujawal X-1 has been installed and gas supply from Sujjal-1 has commenced from January 06, 2015.



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### Enhancement of Process Facilities Sujawal X-1 – Sujawal Block

In first phase of Sujawal field development plan, Gas Dehydration plant was installed and dehydrated gas supply was commenced on March 02, 2013. The un-interrupted gas supply of 9-10 MMSCFD to SSGCL and 65-70 barrels/day condensate to PRL/PARCO was maintained from Sujawal Field. In the second phase of field development, Amine Sweetening Unit and Hydrocarbon Dew Point Units are to be installed.

After the detailed engineering studies, purchase orders for the procurement of Amine Sweetening Unit and Hydrocarbon Dew Point Unit have been placed with Houston based manufacturer and delivery at site is expected in March 2015. After arrival of these processing units, Sujawal-1 well will also be integrated to Sujawal X-1 processing facility.

### Khetwaro Block

Location for an exploratory well has been finalized based on the seismic reservoir characterization study conducted by M/s Beicip Franlab, France in order to de-risk the exploratory well and its integration with in-house seismic interpretation. The well has been designed to test new stratigraphic play concept of Karst features and Basal Ghazij Sand pinch out. In case of success, entirely new fairway areas and play concept would be opened.

The well stacking is pending due to land acquisition issue. One year extension request w.e.f. February 28, 2015 is being submitted to DGPC to fulfill the outstanding commitment of drilling of two exploratory wells in the block.

### Peshawar East Block

Geological Field Work has been completed and based on the geological mapping, few surface structures have been highlighted. MPCL is planning to acquire Stress Field Detection (SFD) Survey over the identified surface structures for further evaluation, which would help to optimise / chalk out 2D seismic data acquisition program for finding viable prospect for drilling of exploratory wells. Contract for reprocessing of about 75 line km vintage 2D seismic data was awarded to M/s MPC (Mari Processing Centre) and its re-processing is at final stages.

## NON-OPERATED BLOCKS

### Hala Block

Based on the interpretation of newly merged reprocessed 3D seismic volume, location for Hala X-4 has been finalized to test the hydrocarbon potential of Basal and Massive Sands of Lower Goru Formation. The well planning is on-going to spud-in the well during second quarter of 2015. In addition, the Operator has submitted a proposal for acquisition of 180 sq.km 3D seismic data over the identified leads for firming up of prospects for drilling of additional wells in the block. MPCL is reviewing the proposal.

Pipeline of 17 km long with 8" diameter from Adam West X-1 to Hala Processing facilities is being laid down to bring the discovery of Adam West on early production through EWT.

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### **Zindan Block**

Preparations for civil works and access road in progress in a very difficult and rugged terrain to spud-in first exploratory well Lakki -1 in the block during second quarter of 2015. The well would be drilled down to a total depth of about 2,500 M with the objectives to test the hydrocarbon potential of Datta, Kingriali and Khewra formations.

### **Kohlu Block**

Exploration activities in the block are suspended due to security reasons.

### **Kalchas Block**

First exploratory well Kup-1 was spud-in on December 25, 2014 in the block to test the hydrocarbon potential of Pab and Chiltan formations. Currently, drilling is in progress down to the depth of 625M into Upper Ranikot Formation as of February 10, 2015.

### **Kohat Block**

Preparations are underway to award the contract to the lowest bidder M/s SENSHE for acquisition of 319 sq km 3D and 256 line km 2D seismic data over identified leads in the block. The said seismic campaign will help to better understand the subsurface trap geometry and to resolve the subsurface structural complications and to delineate the prospects for drilling of exploratory wells.

### **Bannu West Block**

Exploration activities in the block are suspended due to security reasons.

### **New Areas**

MPCL is reviewing the data of five blocks of OGDCL, six blocks of Dewan Petroleum Limited (DPL), three blocks of PEL and six blocks of Paige & Nativus Resources for possible farm-in opportunities.

In addition, MPCL is also evaluating overseas blocks in Tanzania for possible farm-in opportunities.

## **MARI SERVICES DIVISION**

The Services Division consists of several service units like Mari Seismic Services Unit for acquisition of seismic data, Mari Drilling Services Unit (Drilling Rigs) for drilling of wells, Mari Data Processing Services Center for processing of 2D and 3D data and Mari Allied Services Unit to provide other allied services required in different operations.

### **Drilling of Wells**

Rig Mari 1 (1,500 HP) completed work over at Halini X-1 well in Karak block and was mobilized to Kalabagh exploration well during December 2014. Rig Mari 3 (2,500 HP) was mobilized from Karachi to Khour in July 2014 and subsequently mobilized to Halini Deep Exploration well site on December 18, 2014 to drill 6,000 meter well. Rig Mari 2 (Sky Top) drilled two appraisal wells in Pirkoh formation of Mari D&P Lease and is currently stacked at Daharki.

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## Seismic Data Processing

Mari Data Processing Centre re-processed 316 Line Kms 2D seismic data of Peshawar East Block.

## Slick Line and Other Related Services

Slick Line Unit performed different down hole jobs on six wells in Mari D&P Lease area.

## CORPORATE SOCIAL RESPONSIBILITY (CSR)

MPCL is committed to implementing its CSR strategy in all its fields and on a national level. Our CSR program expands from contributing to the educational sector, building of roads, provision of safe drinking water, provision of medical care through its medical dispensaries, etc. The comfort and availability of the basic needs to the marginalized communities, where we operate, is of utmost importance to us. Whenever a social welfare scheme is proposed, the needs and requirements of the locals are taken into consideration.

### Joint Venture Blocks – Mandatory Obligations

- a) Twenty five projects worth Rs. 27.1 million were completed in 2013/14 under MPCL's CSR obligations in JV blocks. In spite of challenges in execution of CSR schemes, MPCL has done commendable job to identify and process new CSR schemes. Twenty projects worth Rs. 72.7 million have been planned. Three projects have already been completed. The work on remaining projects is under progress at various stages.
- b) MPCL is also in the process of engaging well reputed organizations for ensuring better quality of CSR projects and their sustainability for the benefit to the local communities.
- c) Regular medical camps are established at our fields at Halini, Zarghun and Khost due to non-availability of medical facilities in these areas. These medical camps have been highly appreciated by the local communities.

### Mari Field – No Obligation under PCA

- a) Nine projects worth Rs. 12 million have been planned for the year 2014-15. In addition, an annual budget of Rs. 42.5 million has been catered for the following MPCL CSR activities at Mari Field on continued basis:
  - 3X Mobile Dispensaries
  - Maternity Home (Dad Leghari)
  - Dispensary at Well No 8
  - TB Clinic (Well No 8)
  - PCR Test of Hepatitis – B & C positive cases
  - Mari Education & Medical Complex (MEMC)
  - Financial assistance to local district administration for anti-polio campaign
  - Mari Special Education School
  - Operational expenditures of schools (at Well No 8, Lohi Pull and Khirohi)
- b) Mari Education and Medical complex (MEMC), a social welfare project for the benefits of MPCL outsourced workers, was inaugurated in Dec 2013. It is all set to start functioning in the current quarter.

## Other CSR Projects

MPCL has undertaken various projects worth Rs. 57 million during 2014, over and above our mandatory CSR obligations and CSR initiatives at Mari field Daharki.

Sr No	Description	Amount (Rupees)
a)	Pakistan Chemical & Energy Sector Skills Development Company (PCESSDC)	3,000,000
b)	Construction of Boundary Wall at Sajjal (Fatiha Jatt, Taluka Jati)	300,000
c)	Financial Assistance to District Government (Sujawal) during Nilofer Cyclone	65,000
d)	Medicine for Dispensary at Halini	900,000
e)	Supply of Sweet Water for General (utility) Use at Halini	4,752,300
f)	Contribution to IDPs (North Waziristan)	8,289,120
g)	Renovation and Provision of IT Items to Islamabad Girls Model School G-10/1, Islamabad	4,903,210
h)	University of Peshawar	100,000
i)	Sponsorship of World Petroleum Congress (PIP) held in June 2014	435,253
j)	Additional Construction of Police Chowki at Chapper Rift	950,000
k)	Young Rising Stars Women Football Club Islamabad	500,000
l)	Austin Centre for Special Children, Rawalpindi	1,224,000
m)	Construction of Additional Rooms with Septic Tank of Police Chowki at Dad Leghari	867,000
n)	Provision of Extra Parasailing Facility at Army Water Sports Club (AWSC) Mangla Cantt.	450,000
o)	Widening and Repair of Road (Sohawa to Dhamyak) Jhelum	20,500,000
p)	Construction of Additional Block at GGHS, Pail Mirza, Jhelum	10,000,000
Total Amount (Rupees)		57,235,883

## Implementation of ISO 26000 Guidelines

In order to evaluate sustainability strategy and implementation performance of MPCL against ISO 26000 framework, a process has been initiated wherein SGS - the world's leading inspection, verification, testing and certification company would perform gap analysis, appraise current performance and delineate future course of action for the Company in conformity with ISO 26000 Guidelines.

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## FUTURE PROSPECTS

With the dismantling of Mari GPA and its replacement with the crude oil linked formula, the Company has achieved a level playing field viz-e-viz other E&P companies. The new pricing mechanism is expected to gradually increase the profitability of the Company in the coming years and the Company would be operating on commercial lines. This would also help the Company to pursue an extensive exploration strategy to exploit the country's untapped oil and gas resources and diversify its current exploration portfolio, resulting in enhancement of shareholders' value.

For and on behalf of the Board



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

Islamabad  
February 17, 2015

# AUDITORS' REPORT

## TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

### INTRODUCTION

We have reviewed the accompanying condensed interim balance sheet of Mari Petroleum Company Limited as at December 31, 2014 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the interim financial information for the six months period then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for quarters ended December 31, 2014 and 2013 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2014.

### SCOPE OF REVIEW

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

### CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as of and for the six months period ended December 31, 2014 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Islamabad  
February 17, 2015



A. F. Ferguson & Co.  
Chartered Accountants

Islamabad  
Engagement partner: Sohail M Khan



## Condensed Interim Balance Sheet (un-audited)

As at December 31, 2014

	Note	31-12-2014	30-06-2014
---- (Rupees in thousand) ----			
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized capital			
250,000,000 ordinary shares of Rs 10 each		2,500,000	2,500,000
Issued, subscribed and paid up capital	5	1,102,500	918,750
Undistributed percentage return reserve	6	230,264	414,014
Exploration and evaluation reserve	7	4,584,270	4,584,270
Reserve for redemption of redeemable preference shares	8	533,852	-
Reserve for Mari Seismic Unit	9	-	1,155,725
Profit and loss account	10	2,400,670	9,749,472
		8,851,556	16,822,231
<b>NON CURRENT LIABILITIES</b>			
Redeemable preference shares - unsecured	11	9,531,001	-
Long term financing - secured	12	166,252	332,505
Deferred liabilities	13	5,169,046	4,714,598
		14,866,299	5,047,103
<b>CURRENT LIABILITIES</b>			
Trade and other payables	14	39,397,771	36,177,006
Current maturity of redeemable preference shares	11	1,059,000	-
Current maturity of long term financing	12	930,840	1,379,173
Profit accrued on redeemable preference shares		688,669	-
Interest accrued on long term financing		25,938	37,514
		42,102,218	37,593,693
<b>CONTINGENCIES AND COMMITMENTS</b>			
	15	65,820,073	59,463,027

The annexed notes 1 to 32 form an integral part of this condensed interim financial information.




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

# Condensed Interim Balance Sheet (un-audited)

As at December 31, 2014

	Note	31-12-2014	30-06-2014
---- (Rupees in thousand) ----			
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	16	9,743,290	8,671,909
Development and production assets	17	2,493,000	3,621,571
Exploration and evaluation assets	18	7,226,043	4,584,270
Long term loans, advances, deposits and prepayments		42,997	25,958
Deferred income tax asset		1,999,645	1,930,387
		<u>21,504,975</u>	<u>18,834,095</u>
<b>CURRENT ASSETS</b>			
Stores and spares		916,419	835,055
Trade debts	19	37,346,122	31,165,789
Loans, advances, prepayments and other receivables	20	2,531,499	2,685,280
Income tax paid in advance		1,591,169	635,545
Cash and bank balances	21	1,929,889	5,307,263
		<u>44,315,098</u>	<u>40,628,932</u>
		<u>65,820,073</u>	<u>59,463,027</u>



Qaiser Javed  
Director

## Condensed Interim Profit and Loss Account (un-audited)

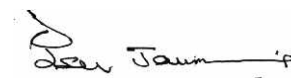
For the Six Months Ended December 31, 2014

	Note	Three months ended		Six months ended	
		31-12-2014	31-12-2013	31-12-2014	31-12-2013
		- - - - (Rupees in thousand) - - - -		- - - - (Rupees in thousand) - - - -	
Gross sales to customers	22	9,024,552	16,495,268	31,456,630	33,311,636
Gas development surcharge		4,725,519	4,904,982	9,517,747	10,265,725
General sales tax		1,175,925	2,322,139	4,315,929	4,694,591
Excise duty		410,025	401,744	811,781	805,467
Gas infrastructure development cess		(2,077,074)	4,895,516	7,452,309	9,678,484
Wind fall levy		339,087	141,391	516,360	278,321
Provisional adjustment as per the Agreement		-	808,959	-	745,212
		4,573,482	13,474,731	22,614,126	26,467,800
Sales - net		4,451,070	3,020,537	8,842,504	6,843,836
Royalty		598,296	394,508	1,168,717	889,537
		3,852,774	2,626,029	7,673,787	5,954,299
Operating expenses	23	1,559,322	905,714	2,782,767	1,778,730
Exploration and prospecting expenditure	24	673,292	990,378	1,104,651	1,500,319
Other charges		51,136	30,761	215,179	184,766
		2,283,750	1,926,853	4,102,597	3,463,815
		1,569,024	699,176	3,571,190	2,490,484
Other income	25	85,753	10,644	198,427	178,774
Operating profit		1,654,777	709,820	3,769,617	2,669,258
Finance income	26	121,684	160,444	335,365	329,675
Finance cost	27	1,082,473	547,095	1,184,694	583,494
Profit before taxation		693,988	323,169	2,920,288	2,415,439
Provision for taxation	28	(119,487)	239,565	300,962	754,234
Profit for the period		813,475	83,604	2,619,326	1,661,205
Earnings per share - basic and diluted					
Earnings per ordinary share (Rupees)	29	7.38	0.76	23.76	15.07
Distributable earnings per ordinary share (Rupees)	29	1.20	1.34	2.40	2.69

The annexed notes 1 to 32 form an integral part of this condensed interim financial information.



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



Qaiser Javed  
Director

## Condensed Interim Statement of Comprehensive Income (un-audited)

For the Six Months Ended December 31, 2014

	Three months ended		Six months ended	
	31-12-2014	31-12-2013	31-12-2014	31-12-2013
	---- (Rupees in thousand) ----		---- (Rupees in thousand) ----	
Profit for the period	813,475	83,604	2,619,326	1,661,205
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	813,475	83,604	2,619,326	1,661,205

The annexed notes 1 to 32 form an integral part of this condensed interim financial information.



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



Qaiser Javed  
Director

# Condensed Interim Cash Flow Statement (un-audited)

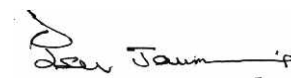
For the Six Months Ended December 31, 2014

	31-12-2014	31-12-2013
	- - - (Rupees in thousand) - - -	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from customers	25,422,748	24,476,032
Cash paid to the Government for Government levies and surplus payable as per the Agreement	(18,642,878)	(16,365,231)
Cash paid to suppliers, employees and others	(5,674,957)	(2,826,555)
Income tax paid	(1,325,844)	(791,047)
Cash flow from operating activities	(220,931)	4,493,199
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditure	(2,541,446)	(3,351,568)
Proceeds from disposal of property, plant and equipment	119	-
Interest received	183,794	249,315
Cash flow from investing activities	(2,357,533)	(3,102,253)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term financing received	150,000	210,590
Long term financing repaid	(764,586)	(314,135)
Finance cost paid	(92,132)	(117,979)
Dividends paid	(92,192)	(91,587)
Cash flow from financing activities	(798,910)	(313,111)
<b>(Decrease) / increase in cash and bank balances</b>	<b>(3,377,374)</b>	<b>1,077,835</b>
Cash and bank balances at beginning of the period	5,307,263	6,508,559
Cash and bank balances at end of the period	<u>1,929,889</u>	<u>7,586,394</u>

The annexed notes 1 to 32 form an integral part of this condensed interim financial information.



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



Qaiser Javed  
Director

# Condensed Interim Statement of Changes in Equity (un-audited)

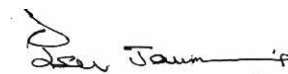
For the Six Months Ended December 31, 2014

	Issued, subscribed and paid up capital	Undistributed percentage return reserve	Explo- ration and evaluation reserve	Reserve for redemption of preference shares	Reserve for Mari Seismic Unit	Profit and loss account	Total
- - - - (Rupees in thousand) - - - -							
<b>Balance as at June 30, 2013</b>	<b>918,750</b>	<b>578,994</b>	<b>4,186,644</b>	<b>-</b>	<b>920,000</b>	<b>6,952,345</b>	<b>13,556,733</b>
Total comprehensive income for the period:							
Profit for the period	-	-	-	-	-	1,661,205	1,661,205
Other comprehensive income	-	-	-	-	-	-	-
	-	-	-	-	-	1,661,205	1,661,205
Transfer from profit and loss account to exploration and evaluation reserve	-	-	744,839	-	-	(744,839)	-
Unappropriated loss on Mari Seismic Unit transferred from profit and loss account to Reserve for Mari Seismic Unit	-	-	-	-	(191,793)	191,793	-
Transfer from undistributed percentage return reserve to reserve for Mari Seismic Unit	-	(392,867)	-	-	392,867	-	-
<b>Balance as at December 31, 2013</b>	<b>918,750</b>	<b>186,127</b>	<b>4,931,483</b>	<b>-</b>	<b>1,121,074</b>	<b>8,060,504</b>	<b>15,217,938</b>
Total comprehensive income for the period:							
Profit for the period	-	-	-	-	-	2,282,098	2,282,098
Other comprehensive loss	-	-	-	-	-	(330,150)	(330,150)
	-	-	-	-	-	1,951,948	1,951,948
Dividends	-	-	-	-	-	(347,655)	(347,655)
Transfer from profit and loss account to undistributed percentage return reserve	-	223,781	-	-	-	(223,781)	-
Transfer from exploration and evaluation reserve to profit and loss account	-	-	(347,213)	-	-	347,213	-
Transfer to undistributed percentage return reserve from reserve for Mari Seismic Unit	-	4,106	-	-	(4,106)	-	-
Net loss of Mari Seismic Unit transferred from reserve for Mari Seismic Unit to profit and loss account	-	-	-	-	38,757	(38,757)	-
<b>Balance as at June 30, 2014</b>	<b>918,750</b>	<b>414,014</b>	<b>4,584,270</b>	<b>-</b>	<b>1,155,725</b>	<b>9,749,472</b>	<b>16,822,231</b>
Total comprehensive income for the period:							
Profit for the period	-	-	-	-	-	2,619,326	2,619,326
Other comprehensive income	-	-	-	-	-	-	-
	-	-	-	-	-	2,619,326	2,619,326
Issuance of bonus shares	183,750	(183,750)	-	-	-	-	-
Transfer to redeemable preference shares - note 11	-	-	-	-	(920,000)	(9,670,001)	(10,590,001)
Transfer from Reserve for Mari Seismic Unit to profit and loss account - note 9	-	-	-	-	(235,725)	235,725	-
Transfer from profit and loss account to reserve for redemption of redeemable preference shares	-	-	-	533,852	-	(533,852)	-
<b>Balance as at December 31, 2014</b>	<b>1,102,500</b>	<b>230,264</b>	<b>4,584,270</b>	<b>533,852</b>	<b>-</b>	<b>2,400,670</b>	<b>8,851,556</b>

The annexed notes 1 to 32 form an integral part of this condensed interim financial information.



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



Qaiser Javed  
Director



## Selected Explanatory Notes to the Condensed Interim Financial Information (un-audited)

For the Six Months Ended December 31, 2014

### 1. LEGAL STATUS AND OPERATIONS

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 Karachi, Lahore and Islamabad stock exchanges in Pakistan. 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.

### 2. STATEMENT OF COMPLIANCE

This condensed interim financial information of the Company for the six months period ended December 31, 2014 has been prepared in accordance with the requirements of the International Accounting Standard 34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives issued under the Companies Ordinance, 1984 shall prevail.

### 3. ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements for the year ended June 30, 2014.

### 4. REVISION IN MARI WELLHEAD GAS PRICING FORMULA

Effective July 1, 2014, the cost plus wellhead gas pricing formula is 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 period has been determined in line with the revised formula as approved by the Economic Coordination Committee (ECC). The revised formula provides dividend distribution to be continued for next ten years in line with the previous cost plus formula and any residual profits 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 shall declare a specie dividend against undistributable balance of profit and loss account at June 30, 2014 in the form of non voting, non-cumulative redeemable preference shares amounting to Rs 9,670 million carrying profit rate of one year KIBOR prevailing on the last working day of each financial year + 3% per annum. The preference shares shall be redeemed in 10 years time in the form of cash to the preference shareholders. However, in lieu of consideration for revision in the formula, the major shareholders would surrender their right to receive the specie dividend in favour of Government of Pakistan. Accordingly, preference shares will be issued to the Government and shareholders who would not surrender their right of preference shares in favour of the Government. Government's investment in Mari Seismic unit amounting to Rs 920 million will also be converted into preference shares on the same terms. The ECC of the Cabinet has approved the above arrangement. Requisite approvals by the shareholders, Securities and Exchange Commission of Pakistan and other regulatory bodies and incorporation of the revised framework in the gas pricing agreement are in process.

Note	31-12-2014	30-06-2014
	- - - (Rupees in thousand) - - -	

## 5. SHARE CAPITAL

Authorized capital 250,000,000 (June 30, 2014: 250,000,000) ordinary shares of Rs 10 each		2,500,000	2,500,000
Issued, subscribed and paid up capital 24,850,007 (June 30, 2014: 24,850,007) ordinary shares of Rs 10 each issued for cash		248,500	248,500
11,899,993 (June 30, 2014: 11,899,993) ordinary shares of Rs 10 each issued for consideration other than cash		119,000	119,000
73,500,000 (June 30, 2014: 55,125,000) ordinary shares of Rs 10 each issued as bonus shares	5.1	735,000	551,250
		<u>1,102,500</u>	<u>918,750</u>

- 5.1 The Board of Directors in its meeting held on September 30, 2014 proposed issuance of 20% bonus shares amounting to Rs 183,750 thousand. The bonus shares were subsequently issued after approval of the shareholders in the Annual General Meeting held on October 31, 2014.

## 6. UNDISTRIBUTED PERCENTAGE RETURN RESERVE

The amount held in this reserve represents the balance of the percentage return reserve on Shareholders' Funds as defined in the Agreement.

Note	Six months ended 31-12-2014	Year ended 30-06-2014
	- - - (Rupees in thousand) - - -	
Opening balance	414,014	578,994
Bonus shares issued	(183,750)	-
Transferred to reserve for Mari Seismic Unit	-	(388,761)
Transferred from profit and loss account	-	223,781
Closing balance	<u>230,264</u>	<u>414,014</u>

## 7. EXPLORATION AND EVALUATION RESERVE

The Company has created this reserve upto June 30, 2014 through the Operation of the Agreement.

## 8. RESERVE FOR REDEMPTION OF REDEEMABLE PREFERENCE SHARES

This reserve has been created to redeem redeemable preference shares amounting to Rs 10,590.001 million in 10 years time starting from July 1, 2014 in the form of cash to the preference shareholders as explained in note 11.

## 9. RESERVE FOR MARI SEISMIC UNIT

Government's investment in Mari Seismic Unit:

	Note	Six months ended 31-12-2014	Year ended 30-06-2014
Opening balance		920,000	920,000
Transferred to redeemable preference shares	9.1	(920,000)	-
Closing balance		-	920,000

Shareholders' investment in Mari Seismic Unit:

Opening balance		235,725	-
Transferred from undistributed percentage return reserve		-	388,761
Transferred to unappropriated profit		(235,725)	-
Shareholders' share of Mari Seismic Unit loss			
Prior period loss transferred from profit and loss account		-	(51,825)
Net loss for the year transferred from profit and loss account		-	(101,211)
		-	(153,036)
Closing balance		-	235,725
		-	1,155,725

- 9.1 As explained in note 11, the Government's investment in Mari Seismic Unit as at June 30, 2014 has been converted into non-voting, non-cumulative, redeemable preference shares.

## 10. PROFIT AND LOSS ACCOUNT

The amount of Rs 2,400,670 thousand (June 30, 2014: Rs 9,749,472 thousand) represents the following:

	Note	Six months ended 31-12-2014	Year ended 30-06-2014
Opening balance		9,670,001	6,932,141
Generated during the year		-	2,737,860
Transferred to redeemable preference shares	10.1.1	(9,670,001)	-
Closing balance		-	9,670,001

- 10.1.1 As explained in note 11, the undistributable balance of profit and loss account as at June 30, 2014 has been converted into non-voting, non-cumulative, redeemable preference shares.

	31-12-2014	30-06-2014
Undistributed guaranteed return	79,471	79,471

This represents the additional guaranteed return of Rs 79.471 million @ 8.65% per annum guaranteed to shareholders on account of increase in hydrocarbons production for the year ended June 30, 2014.

Six months ended	Year ended
31-12-2014	30-06-2014
- - - (Rupees in thousand) - - -	

### 10.3 Unappropriated balance

Profit for the period	2,619,326	-
Transferred from Reserve for Mari Seismic Unit	235,725	-
Transferred to reserve for redemption of redeemable preference shares	(533,852)	-
Closing balance	2,321,199	-
	31-12-2014	30-06-2014
	- - - (Rupees in thousand) - - -	

### 11. REDEEMABLE PREFERENCE SHARES - UNSECURED

Non-voting, non-cumulative redeemable preference shares	10,590,001	-
Current maturity	(1,059,000)	-
	9,531,001	-

- 11.1** As referred to in note 4, the Company has recognized a liability for 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 and the Government's investment in MSU at June 30, 2014 amounting to Rs 9,670 million and Rs 920 million respectively to non-voting, non-cumulative, redeemable preference shares. Profit rate on preference shares is one year KIBOR prevailing on the last working day of each financial year plus 3% per annum. The preference shares shall be redeemed by the Company in 10 years time starting from July 1, 2014 in the form of cash. The Company is in the process of completing certain legal formalities and preference shares will be issued once the same are finalized.

Six months ended	Year ended
31-12-2014	30-06-2014
- - - (Rupees in thousand) - - -	

## 12. LONG TERM FINANCING - SECURED

### Loan for Mari field development

Opening balance	380,000	760,000
Amount repaid during the period / year	(190,000)	(380,000)
	190,000	380,000
Amount repayable within next twelve months shown as current maturity of long term financing	(190,000)	(380,000)
	-	-

### Loan for Zarghun South field development

Opening balance	665,011	744,810
Amount received during the period / year	-	210,590
Amount repaid during the period / year	(166,253)	(290,389)
	498,758	665,011
Amount repayable within next twelve months shown as current maturity of long term financing	(332,506)	(332,506)
	166,252	332,505

### Loan for Mari Seismic Unit

Opening balance	666,667	1,000,000
Amount received during the period / year	150,000	-
Amount repaid during the period / year	(408,333)	(333,333)
	408,334	666,667
Amount repayable within next twelve months shown as current maturity of long term financing	(408,334)	(666,667)
	-	-
Long term financing - secured	166,252	332,505
Amount repayable within next twelve months shown as current maturity of long term financing	930,840	1,379,173

31-12-2014	30-06-2014
- - - (Rupees in thousand) - - -	

## 13. DEFERRED LIABILITIES

Provision for decommissioning cost	4,745,811	4,247,050
Provision for employee benefits - unfunded	337,270	340,341
Provision for compensated leave absences	84,085	125,805
Deferred income	1,880	1,402
	5,169,046	4,714,598

31-12-2014	30-06-2014
- - - - (Rupees in thousand) - - - -	

#### 14. TRADE AND OTHER PAYABLES

Creditors	654,787	879,202
Accrued liabilities	2,243,133	2,413,480
Retention and earnest money deposits	57,072	63,810
Gratuity funds	111,703	801,014
Unclaimed dividend	10,768	9,410
Unpaid dividend	-	93,550
Gas development surcharge	3,376,106	5,895,110
General sales tax	182,080	845,762
Excise duty	143,190	128,884
Gas Infrastructure Development Cess (GIDC)	31,341,669	23,933,942
Workers' Welfare Fund	743,535	685,129
Workers' Profit Participation Fund	156,773	235,010
Joint venture partners	245,022	192,703
Royalty	131,933	-
	<u>39,397,771</u>	<u>36,177,006</u>

#### 15. CONTINGENCIES AND COMMITMENTS

##### 15.1 Contingencies

- The Company has not recognized interest income of Rs 6,849.41 million (June 30, 2014: Rs 6,462.46 million) on amounts due from Pakistan Electric Power Company (PEPCO) and has also not made any provision in this condensed interim financial information for related interest expense of Rs 3,220.83 million (June 30, 2014: Rs 3,220.83 million) on account of late payment of Gas Development Surcharge to the Government of Pakistan.
- Indemnity bonds given to Collector of Customs against duty concessions on import of vehicles amounted to Rs 5.23 million (June 30, 2014: Rs 5.23 million).
- Contractor's claim not acknowledged as debt of Rs 20.35 million (June 30, 2014: Rs 20.35 million).

31-12-2014	30-06-2014
- - - - (Rupees in thousand) - - - -	

##### 15.2 Commitments

(i) Capital expenditure:		
- Share in joint ventures	5,875,539	8,111,269
- Mari field	601,435	800,718
	<u>6,476,974</u>	<u>8,911,987</u>
(ii) Operating lease rentals due:		
- Less than one year	32,558	28,171
- More than one year but less than five years	56,157	57,319
	<u>88,715</u>	<u>85,490</u>



Six months ended	Year ended
31-12-2014	30-06-2014
- - - (Rupees in thousand) - - -	

#### 16. PROPERTY, PLANT AND EQUIPMENT

Opening book value	8,671,909	5,858,512
Movement during the period / year:		
Additions	724,188	3,397,631
Provision for decommissioning cost	12,391	33,377
Tangible assets of Zarghun field transferred from development and production assets	789,757	-
Revision due to change in estimates of decommissioning costs	-	5,799
Written down value of disposals	-	(12,545)
Depreciation charge for the period / year	(454,955)	(610,865)
	1,071,381	2,813,397
Closing book value	9,743,290	8,671,909

#### 17. DEVELOPMENT AND PRODUCTION ASSETS

Opening book value	3,621,571	2,072,821
Movement during the period / year:		
Additions	109,485	1,366,708
Finance cost capitalized	6,530	80,050
Provision for decommissioning cost	80,492	187,322
Tangible assets of Zarghun field transferred to property, plant and equipment	(789,757)	-
Decommissioning cost of wells under evaluation transferred to exploration and evaluation assets	(468,212)	-
Revision due to change in estimates of decommissioning costs	-	29,509
Amortization charge for the period / year	(67,109)	(114,839)
	(1,128,571)	1,548,750
Closing book value	2,493,000	3,621,571

#### 18. EXPLORATION AND EVALUATION ASSETS

Opening book value	4,584,270	4,186,644
Movement during the period / year:		
Additions	1,707,773	2,300,513
Provision for decommissioning cost	50,257	-
Capital expenditure transferred from other receivables - note 20.1	608,960	-
Decommissioning cost of wells under evaluation transferred from development and production assets	468,212	-
Cost of dry and abandoned wells written off	-	(751,396)
Impairment of well cost	(121,284)	(951,985)
Disposal of working interest in concessions	-	(88,711)
Depreciation charge for the period / year	(72,145)	(110,795)
	2,641,773	397,626
Closing book value	7,226,043	4,584,270

## 19. TRADE DEBTS

31-12-2014 30-06-2014  
- - - (Rupees in thousand) - - -

### Due from related parties - considered good

Pakistan Electric Power Company	402,866	402,866
Foundation Power Company Daharki Limited	4,085,983	5,828,668
Fauji Fertilizer Company Limited	19,220,462	16,309,108
Sui Southern Gas Company Limited	471,316	487,582
Sui Northern Gas Pipelines Limited	85,447	48,237
Foundation Gas	4,105	3,874

24,270,179 23,080,335

### Due from others - considered good

Engro Fertilizer Limited	9,677,103	6,763,328
Fatima Fertilizer Company Limited	1,614,207	413,925
Byco Petroleum Pakistan Limited	614,192	614,192
National Refinery Limited	76,700	82,195
Attock Refinery Limited	1,014,175	153,224
Pak Arab Refinery Limited	24,544	-
Pakistan Refinery Limited	37,942	55,811
Western Power Company Limited	17,080	2,779

37,346,122 31,165,789

19.1 Trade debts include Gas Infrastructure Development Cess (GIDC) withheld by customers amounting to Rs 31,341 million (June 30, 2014: Rs 23,911 million). Pursuant to the Sindh High Court order dated October 3, 2014, GIDC has not been billed to customers.

19.2 Trade debts (excluding receivable on account of GIDC) of Rs 2,237 million (June 30, 2014: Rs 4,195 million) were past due but not impaired.

19.3 Trade debts due from related parties are net of provision for doubtful debts amounting to Rs 365 million (June 30, 2014: Rs 345 million).

## 20. LOANS, ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES

Note 31-12-2014 30-06-2014  
- - - (Rupees in thousand) - - -

### Due from related parties

Rig rentals - Sujawal joint venture	-	263,830
Rig rentals - Karak joint venture	82,492	39,500
Interest accrued - Askari Bank Limited	230	720

### Due from others

Loans and advances	998,881	326,771
Advances to joint venture partners	1,167,326	1,130,764
Short term prepayments	273,244	55,857
Interest accrued	8,725	5,104
Royalty paid in advance	-	118,376
Receivable under the Agreement	-	133,949
Unclaimed exploration and evaluation expenditure	-	608,960
Others	601	1,449

20.1

2,531,499 2,685,280

20.1 This represents exploration and evaluation expenditure in excess of the allowed limit under the Cost Plus formula as at June 30, 2014. This has been transferred to exploration and evaluation assets during the period.

## 21. CASH AND BANK BALANCES

Cash and bank balances include Rs 1,288 million (June 30, 2014: Rs 3,273 million) held with Askari Bank Limited, a related party.

Note	Three months ended		Six months ended	
	31-12-2014	31-12-2013	31-12-2014	31-12-2013
	---- (Rupees in thousand) ----		---- (Rupees in thousand) ----	

## 22. GROSS SALES TO CUSTOMERS

Sale of:

Gas	22.1	8,081,285	15,954,655	29,670,058	32,271,654
Crude Oil	22.2	807,973	317,726	1,446,489	653,765
Less: Transportation charges		9,582	6,349	17,812	19,277
		798,391	311,377	1,428,677	634,488
Condensate	22.3	135,550	216,644	333,128	386,430
Less: Transportation charges		6,796	2,923	10,720	6,230
		128,754	213,721	322,408	380,200
LPG	22.4	5,323	8,039	13,058	8,039
Own consumption		10,799	7,476	22,429	17,255
		9,024,552	16,495,268	31,456,630	33,311,636

22.1 This represents sale of gas as per detail below:

Mari Field	7,434,666	15,488,463	28,517,318	31,415,652
Sujawal block	350,571	327,409	723,944	618,359
Hala block	88,950	100,604	187,958	163,048
Sukkur block	26,294	35,296	53,650	71,712
Karak block	17,080	2,883	23,464	2,883
Zarghun block	163,724	-	163,724	-
	8,081,285	15,954,655	29,670,058	32,271,654

22.2 This represents sale of crude oil as per detail below:

Karak block	549,617	315,044	888,948	644,608
Ghauri block	258,356	-	557,541	-
Ziarat block	-	2,682	-	9,157
	807,973	317,726	1,446,489	653,765

Three months ended		Six months ended	
31-12-2014	31-12-2013	31-12-2014	31-12-2013
---- (Rupees in thousand) ----		---- (Rupees in thousand) ----	

**22.3** This represents sale of condensate as per detail below:

Mari Field	42,117	82,180	116,271	154,826
Sujawal block	54,323	78,308	121,731	145,077
Hala block	36,375	56,156	92,391	86,527
Zarghun block	2,735	-	2,735	-
	<u>135,550</u>	<u>216,644</u>	<u>333,128</u>	<u>386,430</u>

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

**22.5** Sale of gas includes sale from Hala and Zarghun blocks invoiced on provisional prices and there may be adjustment in gross sales of these blocks upon issuance of final wellhead prices notification by Oil and Gas Regulatory Authority (OGRA), impact of which cannot be determined at this stage.

Three months ended		Six months ended	
31-12-2014	31-12-2013	31-12-2014	31-12-2013
---- (Rupees in thousand) ----		---- (Rupees in thousand) ----	

### 23. OPERATING EXPENSES

Salaries, wages and benefits	492,226	316,461	935,250	635,559
Employee benefits	67,573	37,054	134,436	76,514
Rent, rates and taxes	3,061	625	6,133	5,102
Legal and professional services	1,835	1,056	3,244	1,794
Fuel, light, power and water	29,465	29,065	63,158	55,063
Maintenance and repairs	48,723	29,325	102,859	64,901
Insurance	12,456	18,990	25,746	34,846
Depreciation	287,397	169,830	527,100	309,918
Amortization	30,219	22,163	67,109	44,546
Employees medical and welfare	56,159	46,897	102,082	86,779
Field and other services	136,726	112,778	268,134	252,439
Travelling	16,163	13,685	24,129	20,598
Communications	3,586	3,398	7,401	4,013
Printing and stationery	7,535	3,245	8,891	3,791
Office supplies	3,926	1,598	6,461	2,971
Technical software	3,101	6,651	3,101	7,421
Auditor's remuneration - Audit	434	360	535	797
- Tax	-	-	2,200	-
Mobile dispensary and social welfare	32,270	22,048	74,892	49,507
Training	30,863	4,914	49,833	8,805
Advertisement	1,117	1,133	1,347	1,293
Books and periodicals	140	94	290	178
Public relations and social activities	300	341	863	1,088
Directors' fee and expenses	1,411	1,803	2,954	3,868
Freight and transportation	908	1,740	1,555	2,270
Subscriptions	(73)	200	2,489	1,500
Rig and allied services	178,284	54,450	343,603	123,578
Research and development	3,147	1,453	21,736	2,845
Mari Seismic Unit	303,104	242,276	511,858	287,037
Sukkur block	10,839	9,421	17,096	15,349
Ghauri block	50,715	-	65,998	-
Hala block	45,659	32,698	70,789	44,585
Kohat block	-	3,910	-	3,910
Karak block	79,706	43,666	96,874	65,607
Ziarat block	22,871	25,888	37,175	48,829
Sujawal block	31,854	35,568	63,560	53,991
Zarghun block	36,501	-	40,691	-
Provision for doubtful debts - related parties	6,597	23,994	20,106	23,994
Miscellaneous	4,509	778	5,496	1,515
	2,041,307	1,319,556	3,717,174	2,346,801
Less: Recoveries from joint ventures	234,776	223,704	423,580	377,933
Mari Seismic Unit expenses recharged to Mari Field exploration and prospecting expenditure	247,209	190,138	510,827	190,138
	1,559,322	905,714	2,782,767	1,778,730

Three months ended		Six months ended	
31-12-2014	31-12-2013	31-12-2014	31-12-2013
---- (Rupees in thousand) ----		---- (Rupees in thousand) ----	

## 24. EXPLORATION AND PROSPECTING EXPENDITURE

### Mari Field

3D seismic data acquisition	250,136	196,771	519,318	197,895
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### Joint Ventures

Cost of dry and abandoned wells written off	-	717,485	-	717,485
Impairment of well cost	121,284	12,831	121,284	12,831
Prospecting expenditure	301,872	63,291	464,049	572,108
	423,156	793,607	585,333	1,302,424
	673,292	990,378	1,104,651	1,500,319

## 25. OTHER INCOME

Rig rental income	70,196	(8,006)	172,529	149,444
Line heaters rental income	9,054	9,627	18,117	18,903
Miscellaneous	6,503	9,023	7,781	10,427
	85,753	10,644	198,427	178,774

## 26. FINANCE INCOME

Income on bank deposits	77,097	134,510	186,925	244,067
Interest income on delayed payments from Foundation Power Company Daharki Limited	44,587	25,934	148,440	85,608
	121,684	160,444	335,365	329,675

## 27. FINANCE COST

Profit on redeemable preference shares	688,669	-	688,669	-
Mark-up on long term financing	47,147	62,168	74,026	81,897
Interest expense on delayed payments to the Government of Pakistan	27,434	59,534	118,403	59,534
Unwinding of discount on provision for decommissioning cost	276,058	197,845	276,058	197,845
Exchange loss	42,772	227,428	10,328	236,113
Interest on Workers' Profit Participation Fund	-	-	16,424	7,870
Bank charges	393	120	786	235
	1,082,473	547,095	1,184,694	583,494



## 28. PROVISION FOR TAXATION

	Three months ended		Six months ended	
	31-12-2014	31-12-2013	31-12-2014	31-12-2013
	---- (Rupees in thousand) ----		---- (Rupees in thousand) ----	
Current	(160,162)	74,047	370,220	798,670
Deferred	40,675	165,518	(69,258)	(44,436)
	<u>(119,487)</u>	<u>239,565</u>	<u>300,962</u>	<u>754,234</u>

## 29. EARNINGS PER ORDINARY SHARE - BASIC AND DILUTED

	Three months ended		Six months ended	
	31-12-2014	31-12-2013	31-12-2014	31-12-2013
Profit for the period (Rupees in thousand)	813,475	83,604	2,619,326	1,661,205
Distributable earnings (Rupees in thousand) - Note 29.1	132,177	148,052	264,287	297,002
Number of ordinary shares outstanding (in thousand)	110,250	110,250	110,250	110,250
Earnings per ordinary share (in Rupees)	7.38	0.76*	23.76	15.07*
Distributable earnings per ordinary share (in Rupees)	1.20	1.34*	2.40	2.69*

\*Earnings and distributable earnings per ordinary share for the period ended December 31, 2013 are restated taking into effect of bonus shares issued during the six months ended December 31, 2014.

29.1 Distributable earnings reflect return to shareholders for the six months ended December 31, 2014 @ 39.66% (June 30, 2014: 38.65%) per annum on shareholders' funds as defined in the Agreement.

## 30. TRANSACTIONS WITH RELATED PARTIES

	Six months ended	
	31-12-2014	31-12-2013
	---- (Rupees in thousand) ----	
Gross sale of gas and LPG to related parties is as follows:		
Pakistan Electric Power Company	-	567,648
Foundation Power Company Daharki Limited (FPCDL)	3,330,876	3,473,066
Fauji Fertilizer Company Limited	11,029,402	14,243,234
Sui Southern Gas Company Limited	1,090,954	792,971
Sui Northern Gas Pipelines Limited	246,907	392,686
Foundation Gas	13,058	8,039
Line heaters rental income - FPCDL	18,117	18,903
Interest income on delayed payments- FPCDL	148,440	85,608
Interest income on bank accounts - Askari bank limited	106,622	121,874
Provision for doubtful debts	20,106	23,994
Remuneration of chief executive and key management personnel	1,036,867	696,329
Cost of funded employee benefit plans	135,533	85,207

## 31. OPERATING SEGMENTS

This condensed interim financial information has been prepared on the basis of a single reportable segment. Revenue from external customers for products of the Company is disclosed in note 22.

Revenue from five major customers of the Company constitutes 95% of the total revenue during the period ended December 31, 2014 (December 31, 2013: 94%).

## 32. GENERAL

### 32.1 Corresponding Figures

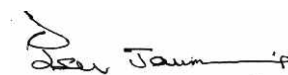
Mari seismic unit expenses recharged to Mari Field exploration and prospecting expenditure have been reclassified from 'other income' to 'operating expenses' amounting to Rs 190,138 thousand for the period ended December 31, 2013.

### 32.2 Date of Authorization For Issue

This condensed interim financial information was authorized for issue by the Board of Directors of the Company on February 17, 2015.



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



Qaiser Javed  
**Director**



**Mari Petroleum Company Limited**

## VISION & MISSION STATEMENT

### VISION

Be the leader in the oil and gas market in Pakistan by expanding and developing the petroleum value chain including exploration, production, transmission, extraction, processing, distribution and marketing such processes, products and services in order to bridge the gap of the increasing demand of petroleum products and the needs of the existing and potential customers.

### MISSION

Mari Petroleum Company Limited will be customer focused and competitive with a view to contributing substantially to the national economy, while ensuring continuous growth and viability of the Company and the payment of profitable dividends to the stakeholders. We will achieve our mission by:

- 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.
- Attaining self-sufficiency in seismic acquisition and drilling operations.

### IMS POLICY

To realize our strategic vision and to achieve professional excellence in petroleum sector, we are committed to meet requirements of Integrated Management System 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 criterion.

ISO 9001 : 2008



ISO 14001 : 2004



OHSAS 18001 : 2007



ISO/IEC 27001 : 2005



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### Head Office

21 Mauva Area, 3rd Road, G-10/4  
Islamabad - 44000, Pakistan  
UAN: +92-51-111 410 410  
[www.mpcl.com.pk](http://www.mpcl.com.pk)

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### Daharki Field Office

Daharki, District Ghotki  
Pakistan  
UAN: +92-723-111 410 410  
Fax +92-723-641038

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### Karachi Liaison Office

D-87, Block-4, Kehkashan,  
Clifton, Karachi-75600, Pakistan  
UAN: +92-21-111 410 410  
Fax: +92-21-35870273

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### Quetta Liaison Office

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

