



**Mari Petroleum Company Limited**

**Interim Financial Information  
(Un-audited)**

**For the Six Months Ended  
December 31, 2015**





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## BOARD OF DIRECTORS

- |     |  |                 |
|-----|--|-----------------|
| 1.  | <b>Lt Gen Khalid Nawaz Khan (Retd)</b><br>Managing Director, Fauji Foundation            | <b>Chairman</b> |
| 2.  | <b>Lt Gen Nadeem Ahmed (Retd)</b><br>Managing Director/CEO, Mari Petroleum Company. Ltd. |                 |
| 3.  | <b>Mr Qaiser Javed</b><br>Director Finance, Fauji Foundation                             |                 |
| 4.  | <b>Dr Nadeem Inayat</b><br>Director Investment, Fauji Foundation                         |                 |
| 5.  | <b>Maj Gen Mumtaz Ahmad Bajwa (Retd)</b><br>Director Welfare (Health), Fauji Foundation  |                 |
| 6.  | <b>Brig Dr Gulfam Alam (Retd)</b><br>Director P&D, Fauji Foundation                      |                 |
| 7.  | <b>Mr Sabino Sikandar Jalal</b><br>Joint Secretary, Ministry of P&NR                     |                 |
| 8.  | <b>Qazi Mohammad Saleem Siddiqui</b><br>Director General (Gas), Ministry of P&NR         |                 |
| 9.  | <b>Mr Shahid Yousaf</b><br>Director General (LG), Ministry of P&NR                       |                 |
| 10. | <b>Mr Zahid Mir</b><br>Managing Director/CEO, OGDCL                                      |                 |
| 11. | <b>Mr Ahmed Hayat Lak</b><br>General Manager (Legal Services), OGDCL                     |                 |
| 12. | <b>Mr Shahid Ghaffar</b><br>Managing Director/CEO, NITL                                  |                 |
| 13. | <b>Engr S. H. Mehdi Jamal</b><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, 2015.

## FINANCIAL RESULTS

Gross sales for the second quarter amounted to Rs. 22,884 million whereas gross sales for six months ended December 31, 2015 aggregated to Rs. 45,454 million as against cumulative sales of Rs. 31,457 million for the corresponding period. Net sales for six months ended December 31, 2015 were Rs. 9,627 million as against Rs. 8,843 million for the comparative period. The operating results in the financial information for second quarter show profit for the period of Rs. 585.111 million as against Rs. 813.475 million for the corresponding quarter. The cumulative profit for the six months to December 31, 2015 is Rs. 2,054.053 million as against Rs. 2,619.326 million of the corresponding period. The main reason for decrease in profit is increase in operating expenses and exploration and prospecting expenditure which is partially offset by increase in net sales and other income and decrease in finance income and cost.

## OPERATIONS

The Company continued un-interrupted gas supply from Mari Field for the period from July 01, 2015 to December 31, 2015 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 109,269 MMSCF of gas at a daily average of 594 MMSCF and 11,948 barrels of condensate (65 barrels per day) were produced from Mari Field during the period as against 109,654 MMSCF of gas at daily average of 596 MMSCF and 10,449 barrels of condensate (57 barrels per day) for the corresponding period as per the requirement / withdrawal of the customers. During the period, production of gas from Mari Field reduced due to shutdown of Fatima Fertilizer's plant for 21 days, Engro fertilizer's plant for 6 days, FPCDL's plant for 5 days and significantly low offtake by GUDU (through SNGPL) during October to December 2015. In addition, 186,260 barrels of crude oil (1,012 barrels per day), 38,295 barrels of condensate (208 barrels per day) and 5,034 MMSCF of gas (27 MMSCF per day) and 17 metric tons of LPG (0.09 metric ton per day) was produced and sold from joint ventures during this period, whereas 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 in the comparative period to customers namely Attock Refinery Limited, National Refinery Limited, Pakistan Refinery Limited, Pak Arab Refinery Limited, Western Power Company (Private) Limited, SSGCL, SNGPL and Foundation Gas.

## OPERATIONAL ACTIVITIES AND DEVELOPMENTS

### Mari D&P Lease

3D seismic data acquisition of 1,079 sq. km was completed on December 6, 2015. Seismic data processing of 730 sq. km (Phase-I) has been completed by Western Geco Cairo, Egypt, whereas processing of complete data set of 1,079 sq. km is in progress. Interpretation of processed 730 sq. km 3D seismic data along with integration of G&G data is in progress on fast track basis and is expected to complete by mid of February 2016. This would help to identify possible locations for drilling of wells at Lower Goru (B-Sand) / SML levels.

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Four new HRL development wells at Habib Rahi Limestone (HRL) level were successfully drilled in Mari Field and were completed as gas producers.

## **Production Enhancement from Mari Field Daharki**

Aiming at the enhancement of gas production from Mari Field Daharki, MPCL has drilled and completed four infill wells (98, 99, 100 and 101) in Habib Rahi Formation. Installation of surface production facilities and gas gathering pipelines has been completed in aforesaid four wells and gas from the wells has been tapped into the existing gas gathering network. The Company is also working on the hook up of an already drilled and completed step out well, E5 (drilled in 1995) with existing pipeline infrastructure. Long lead items have been received and the construction work is in progress. MPCL is in contact with existing downstream customers and has offered additional volumes of gas available during production enhancement at Mari Field Daharki to TPS Guddu. MPCL is also searching and approaching new customers for gas sales.

## **Zarghun South D&P Lease**

### **Development of Zarghun South Gas Field**

Uninterrupted specified gas sales continued from both wells of Zarghun South. Wellhead flowing pressure of both the wells specifically ZS-2 is declining exponentially. Arrangement of booster compressors is in progress for maintaining the sales gas flow according to annual commitment.

Besides addition of compression machines, designing of Zarghun South-3 well is in progress, for which procurement process for long lead items has been initiated. The Company is also looking for an option of utilizing the already available inventory at different locations.

## **OPERATED BLOCKS**

### **Ziarat Block**

Recording of 175 line km 2D seismic data was completed on December 2, 2015 against the commitment of 170 line km. The objectives of 2D seismic data acquisition were to evaluate additional potential of the block and to firm up the identified leads into drillable prospects or otherwise.

Based on the competitive bidding, the contract for processing/reprocessing of approximately 372 line km 2D seismic data was awarded to Mari Seismic Processing Centre (MSPC). Processing/reprocessing of approximately 217 line km newly acquired and vintage seismic data over southern part has been completed, whereas approximately 155 line km over northern part is in progress and expected to be completed during February 2016. Interpretation of seismic data over southern part has been completed and due diligence is in progress to firm-up prospect for drilling of exploratory well or otherwise.

Six months extension w.e.f. February 02, 2016 has been requested to DGPC in order to decide the way forward of the block.

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## Karak Block

M/s Senshe crew has been mobilized on January 12, 2016 for acquisition of 132.2 line km firm, 58 line km contingent and 41 line km wide line 2D seismic data, which would be followed by processing and interpretation to firm up the identified leads as a prospect for drilling of exploratory well. It is expected that seismic data would be completed in July 2016.

## Kalabagh-1A

Kalabagh-1A well was spud-in on March 20, 2015 and was drilled down to a depth of 3,003 meters 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 commercial quantity of crude oil. Being inadequate energy presence, well was unable to produce naturally. Consequently, Lockhart formation was planned to be put on production through Jet Pump installation (Artificial Lift). After necessary Rigless work over operations, production through Jet Pump started on January 09, 2016, but this was not sustainable as there was a continuous decline in production which even reduced to 70 barrels per day.

## Halini Deep

Halini Deep-1 well was spud on February 18, 2015 to test the hydrocarbon potentials of Sakesar, Samanasuk, Datta formations, Triassic and Permian rocks. Drilling with total depth of 5,900 meters was completed on November 22, 2015. Subsequently, wireline logs data was acquired and based on interpretation and its integration with available G&G and drilling data, promising zones in exploratory targets namely; Wargal, Chhidru, Mianwali, Tredian, Kingriali, Shinawari, Datta and Samanasuk have been finalized for testing. In addition, promising zones against appraisal targets in Hangu / Lumshiwal and Lockhart formations have also been selected for testing. After arrangement of relevant material and services, well testing activities started during third week of December 2015. A total of five DSTs were conducted against the exploratory targets. DST No. 5 conducted against Datta, Shinawari and Samanasuk was successful which flowed +/- 750 barrels of crude oil at the choke size of 32/64". In addition, it also flowed 0.65 MMSCFD associated gas (1200 BTU). After wards, PSP survey was carried out which indicated that only Samanasuk is contributing in the production and a smaller quantity of water is noticed in Datta formation.

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

Halini X-1 well remained in production through Artificial Gas lift system.

## Ghauri Block

Ghauri X-1 well remained in production by means of Jet Pump. Well with existing down hole / surface Jet Pump unit could not sustain a certain level of production. In this regard, way forward to produce the well in future is under consideration.

Planned 3D seismic data acquisition of about 380 sq. km has been completed in December 2015. Subsequently, JV Partners agreed to acquire additional 76 sq. km 3D seismic data (14 sq. km already acquired) over East Missa Keswal lead based on the encouraging results of reprocessing. 3D seismic data would help to delineate new prospects for exploring additional

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hydrocarbon reserves and also to evaluate up-dip potential of Ghauri prospect, if any.

Contract for processing of said 3D seismic data in two phases has been awarded to Geofizyka Torun (GT), Poland. First phase data of about 250 sq. km has been dispatched to the contractor for processing. Remaining data would be sent for processing subsequent to completion of entire 3D acquisition.

Geochemical study of ditch cutting samples of Ghauri X-1 is in progress at M/s CGG-Robertson UK. Draft report of study has been received, which is being reviewed.

## **Hanna Block**

Integration of Geological, Geophysical and Geochemical data was completed by the end of November 2015 and accordingly way forward of block is being chalked out.

## **Harnai Block**

Planning is in progress to acquire 150 Line km 2D seismic data for delineation of prospect and also to fulfil the outstanding commitment.

## **Sujawal Block**

Based on the interpretation / mapping of vintage 200 sq. km 3D seismic data, location of Sujawal Deep-1 well (target depth  $\pm 4,250$  meters) at Sujawal prospect has been finalized and stacked on ground. It is expected that Sujawal Deep-1 well would be spud-in in the beginning of second quarter of 2016.

The reservoir characterization and sedimentological study of Upper Sands of Lower Goru Formation is in progress at M/s RPS Energy UK. Draft outcomes / depositional models of study have been received, which were reviewed. The study will help to evaluate the hydrocarbons potential through reservoir modeling.

Contract for acquisition of 415 sq. km 3D seismic data over Sujjal discovery and surrounding areas has been awarded to Mari Seismic Unit (MSU). Currently, survey and drilling is in progress and recording commenced on February 08, 2016.

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

Specified gas supply from Sujawal X-1 and Sujjal-1 wells continued. In order to further increase the specified sales gas flow, Dehydration Unit upgradation is underway. Existing unit would be replaced with enhanced capacity Dehydration Unit of 25 MMSCFD by end of first quarter of 2016.

## **Khetwaro Block**

Technical evaluation of bids for reprocessing for 217 sq. km 3D seismic data has been completed and its financial evaluation is in progress.

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## Drilling of Exploratory Well Khetwaro X-1 –Khetwaro Block

Khetwaro X-1 exploratory well has been spud on 15th February 2016. All the Long Lead Items were arranged and civil work was completed on fast track. The well has been designed to test new stratigraphic play concept of Karst features and Basal Ghazij Sand pinch out.

### Peshawar East Block

Based on technical and financial evaluation of bids, M/s Honghua International Company Limited has been selected for acquisition of 212 Line km 2D seismic data firm and 203 Line km contingent. The seismic data would help to identify / firm-up viable subsurface leads for drilling of exploratory well or otherwise. Re-processing of about 75 Line km vintage 2D seismic data was completed by Mari Seismic Processing Centre, which helped to select optimum parameters for the said seismic data acquisition.

M/s Halcow was awarded contract to conduct EIA study in the area before seismic data acquisition, however; it is pending due to non-issuance of NOC. The same is being pursued.

## NON-OPERATED BLOCKS

### Hala Block

Location of fifth exploratory well (Bashar X-1) has been finalized and stacked on ground. Currently, civil works for Rig site preparation is in progress. The objective of well is to test the hydrocarbons potential of Lower Goru Basal and Massive sands. Currently, rig is being mobilized and well is expected to spud-in during first week of March 2016.

### Zindan Block

Lakki X-1 well was spudded in on November 10, 2015 and drilled down to a total depth of 2,870 meters. The well was planned to test the hydrocarbons potential of Datta, Kingriali and Khewra formations. Based on wireline logs data and its integration with drilling and G&G data, no promising zone worth testing could be selected and accordingly well has been plugged and abandoned (P&A).

### Kohlu Block

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

### Kalchas Block

First exploratory well Kup-1 was spudded in on December 25, 2014 in the block to test the hydrocarbons potential of Pab, Fort Munro, Goru, Sembar and Chiltan Formations down to the depth of  $\pm 4,100$  meters. However, the well could not reach its targeted depth due to operational constraints and drilling was stopped at 3,458 meters in Sembar Formation on December 18, 2015. Based on wireline logs data, three DSTs were planned for testing of Upper Goru, Fort Munro and Pab formations. Currently, Pab Formation is being tested; while testing results of Upper Goru and Fort Munro formations were inconclusive. The well has been plugged and

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abandoned. The casing and wellhead equipment have been recovered.

## **Kohat Block**

Processing of recently acquired 87 sq. km 3D seismic data over Sheikhan discovery area is in progress at OGDCL Processing Centre. Crew has been mobilized to acquire 232 sq. km 3D seismic data in Tanda–Jabbi area. Currently, survey/drilling is in progress and data recording is expected to commence during February 2016 and would be completed in July 2016. After the completion of 3D acquisition campaign, the crew will be mobilized to acquire 256 Line km 2D seismic data over the identified leads in the block. The said seismic will help to understand and resolve the subsurface structural complexities at Sheikhan and Jabbi structures and to delineate additional prospects for drilling of exploratory wells.

## **Bannu West Block**

Considering the high prospectivity of the block, its significance from the Country's energy security perspective and inability of Tullow Pakistan Development Limited (TPDL) to operate in the area since last 10 years; MPCL, being a Pakistani company took initiative to undertake hydrocarbons exploration and commenced negotiations with TPDL for transfer of operatorship and acquisition of additional 20% working interest. Accordingly, a meeting was held on December 08, 2015 at Tullow's Head Office, London, wherein; both the Companies agreed on broad terms for transfer of operatorship and assignment of additional 20% working interest with effect from January 01, 2016.

A meeting was held with Commander 11 Corps, Peshawar on January 15, 2016 to discuss security related issues of the block. Military authorities have expressed full support and cooperation to MPCL for undertaking exploration activities. Accordingly, a team will visit the area for reconnaissance and geological survey shortly.

## **NEW AREAS**

MPCL is continuously reviewing the data of different local and international blocks for possible farm-in opportunities. Accordingly, MPCL is evaluating 12 blocks of OGDCL and 4 blocks of PPL for possible farm-in opportunity.

Few exploration blocks in Myanmar are also being evaluated for possible farm-in opportunities.

## **MARI SERVICES DIVISION**

### **Seismic Acquisition**

The test line to start Sujawal 3D has been successfully conducted on January 11, 2016. Currently, survey and drilling is in progress and recording commenced on February 08, 2016.

### **Drilling of Wells**

Rig Mari 1 (1500 HP) completed drilling of Kalabagh Exploration Well in Karak Block up to the depth of 3,003 meters and mobilization to Daharki was started during first week of October

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2015. Thereafter, the maintenance of core equipment including main engines, top drive system, BOP and mud pumps was performed on a major scale. Hence, Rig Mari 1 is in good condition to perform trouble free operations in years to come. The rig was mobilized from Daharki to Khetwaro block for drilling of an exploration well, which is in progress.

Rig Mari 3 (2500 HP) has completed drilling of Halini Deep exploration well in Karak Block upto the depth of 5,900 meters which is one of the deepest well in the history of MPCL. The well is under production testing which is expected to complete by end of February 2016. Rig Mari 3 would be mobilized to Sujawal block for drilling of Sujawal Deep-1 exploration well.

Rig Mari 2 (ST) has completed drilling of four HRL wells No 98, 99, 100 and 101 in a record period of just two and half months. The rig is currently under Mid-life upgradation and would be utilized in back to back wells planned in case of discovery in Khetwaro exploration well.

### **Mari Allied Services Unit (MASU)**

Slick Line unit was utilized on ten different wells in Mari D&P Lease to carryout Feeler Survey, BHP and Gradient Survey, installation and retrieval of two trips set PX Plug in X profile of Landing Nipple for completing well with hydraulic set packer and different swabbing jobs. Slick Line would be kept busy in the upcoming downhole jobs in Mari D&P Lease.

## **CORPORATE SOCIAL RESPONSIBILITY (CSR)**

Joint Venture Blocks – Mandatory Obligations

### **Completed Projects:**

Following projects were completed in last quarter of 2015:

- a) Reconstruction of BHU Karunta (Ghauri Block) was launched in March 2015 and was successfully completed by October 30, 2015. This project has turned out to be a model healthcare service provider in the area. It is being wholeheartedly acknowledged by district administration and local community. MD/CEO inaugurated the facility on December 17, 2015.
- b) Construction of boundary wall and two toilets at BHU Ghari Syed, Taluka Khanpur (Sukkur Block). The project was inaugurated by RMS and DC Shikarpur on December 14, 2015.
- c) Upgradation of operation theatre at taluka hospital, Pannu Aqil (Sukkur block). Installation of the hematology analyzer and anesthesia machine was completed in December 2015.
- d) Sweet water pipeline length of 1700 ft and installation of seven hand pumps at Ashraf Mandrio and Haji Mandrio (Sujawal Block).
- e) Twelve water bores along with hand pumps in areas around Halini oil field (Karak Block).
- f) Construction of two water wells at village Kacha Bangikhel and village Manjaghundi completed with additional CSR funds (Karak Block).
- g) Rehabilitation of water supply scheme at Ziarat Kutch (Ziarat Block).
- h) Donation of one RO (Water Filtration) plant to Taluka Hospital Pannu Aqil (Sukkur Block).
- i) On October 29, 2015, a Joint Medical Camp of MPCL and FC was organized at Margat (Hanna Block). Six doctors (including lady doctor) treated / provided necessary medicines to 600+ patients.

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## **Ongoing Projects:**

Following projects are in progress at various locations:

### **a) Ghauri Block**

- i. Rehabilitation of Govt Girls High School (GGHS) Pail Mirza initiated in last quarter of 2015. This project is being implemented by MGPO (MPCL implementing partner) in collaboration with USAID. The project will be divided in two components. The hard component will include construction and repair works as well as provision of furniture and equipment. The soft component will cover building capacity of teachers to improve learning outcomes, strengthen systemic functions, increase enrolment and engage school council in playing a productive role in school activities. The cost of construction for new educational block, repair of primary section along with furniture, equipment and water / sanitation needs will be met by the funding provided by USAID. MPCL will provide office equipment (i.e. fax machine, desktop computer, generator, photocopy machine etc.) and school van / bus for transportation of students. MPCL support for rehabilitation of GGHS Pail Mirza will be approximately Rs. 6.5 million.
- ii. Provision of company doctor / medicines, ambulance etc. at BHU Karunta on a continued basis (with additional CSR funds).

### **b) Karak Block**

- i. Drilling of two water bores near Halini oil field.
- ii. Water supply schemes at three locations i.e. Tourgari, Sherdill, Jawala
- iii. Provision of clean drinking water through bowsers to the local community around Halini oil field. Total monthly cost of this initiative is Rs. 320,000 which is being widely appreciated by the locals.
- iv. Daily free medical camps at Halini dispensary (with additional CSR funds). Total monthly cost of free medicines is Rs. 100,000.
- v. Construction of Laboratory worth Rs. 1.3 million at Kamersar (with additional CSR funds).

### **c) Zarghun Block**

- i. Hostel facility for students of Zarghun Ghar at Quetta.
- ii. Provision of three teachers for two schools (Dilwani and Sirki Kutch)
- iii. Construction of water channel at Dilwani
- iv. Free medical camps twice a week at Dilwani dispensary

### **d) Hanna Block**

Rehabilitation / renovation of existing BHU Hanna and provision of one ambulance.

### **e) Harnai Block**

- i. Construction of MPCL Education Block at Govt Boys High School Shahrig
- ii. Establishment of computer lab at Boys High School Harnai.

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**f) Ziarat Block**

Complete renovation of Govt High School Khost.

**g) Sujawal Block**

- i. Construction of two rooms with lavatory at Primary School at Mohammad Siddiq Manganhar
- ii. Renovation / repairing and provision of furniture at five schools in Sujawal
- iii. Construction of sweet water pond at Haji Mandhrio
- iv. Rahabilitation of GBHS school Var, Ghorabari, Thatta
- v. Rehabilitation of Rural Health Centre, Ghorabari, Thatta

**Mari Field – No Obligation under PCA**

An amount of Rs 78.8 million has been earmarked (FY 2015-16) to sustain following social welfare activities in the area:

- Three Mobile Dispensaries
- Maternity Home (Dad Leghari)
- Dispensary at well no 8
- TB clinic (well no 8)
- PCR test of hepatitis – B and C positive cases
- Mari Education and 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)
- Construction of additional health / education facilities for the local community

**POST BALANCE SHEET EVENTS**

The Board of Directors in its meeting held on February 23, 2016 has declared an interim cash dividend @ Rs 3 per share for the year ending June 30, 2016.

**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 period resulting in continued production and supply of hydrocarbons to its customers.

For and on behalf of the Board



Islamabad  
February 23, 2016

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

# AUDITORS' REPORT

## TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

### INTRODUCTION

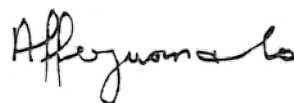
We have reviewed the accompanying condensed interim balance sheet of Mari Petroleum Company Limited as at December 31, 2015 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the interim financial information for the six months 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 three months ended December 31, 2015 and 2014 have not been reviewed, as we are required to review only the cumulative figures for the six months ended December 31, 2015.

### 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 ended December 31, 2015 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.



**A. F. Ferguson & Co.**  
**Chartered Accountants**

Islamabad

Engagement partner: Asim Masood Iqbal

Islamabad

February 23, 2016

# Condensed Interim Balance Sheet (Un-Audited)

As at December 31, 2015

	Note	31.12.2015	30.06.2015
(Rupees in thousand)			
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized capital			
250,000,000 (June 30, 2015: 250,000,000) ordinary shares of Rs 10 each		2,500,000	2,500,000
1,059,000,100 (June 30, 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	5	1,102,500	1,102,500
Undistributed percentage return reserve	6	265,493	395,331
Exploration, evaluation and development reserve	7	8,706,048	8,240,521
Capital redemption reserve fund	8	1,817,657	1,300,000
Reserve for Mari Seismic Unit	9	809,365	422,329
Capital expenditure reserve	10	382,919	-
Profit and loss account	11	300,914	35,537
		13,384,896	11,496,218
<b>NON CURRENT LIABILITIES</b>			
Redeemable preference shares - unsecured	12	8,254,688	9,290,001
Long term financing - secured	13	1,000,000	-
Deferred liabilities	14	6,044,657	5,468,973
		15,299,345	14,758,974
<b>CURRENT LIABILITIES</b>			
Trade and other payables	15	26,418,179	36,656,379
Current maturity of redeemable preference shares	12	1,434,856	1,300,000
Current maturity of long term financing	13	166,253	332,505
Interest accrued on financing		1,534,780	1,109,742
		29,554,068	39,398,626
<b>CONTINGENCIES AND COMMITMENTS</b>			
	16		
		58,238,309	65,653,818

The annexed notes 1 to 35 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, 2015

Note	31.12.2015	30.06.2015
	(Rupees in thousand)	

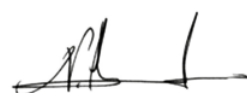
## ASSETS

### NON CURRENT ASSETS

Property, plant and equipment	17	9,890,267	9,774,533
Development and production assets	18	2,474,635	2,187,715
Exploration and evaluation assets	19	11,369,313	9,399,602
Long term loans, advances, deposits and prepayments		57,021	31,128
Deferred income tax asset		2,450,193	2,392,765
		<b>26,241,429</b>	<b>23,785,743</b>

### CURRENT ASSETS

Stores and spares		1,883,191	1,717,945
Trade debts	20	23,944,499	32,355,308
Loans, advances, prepayments and other receivables	21	2,589,885	1,882,828
Income tax paid in advance		1,465,395	1,011,359
Cash and bank balances	22	2,113,910	4,900,635
		<b>31,996,880</b>	<b>41,868,075</b>
		<b>58,238,309</b>	<b>65,653,818</b>

  
 Dr Nadeem Inayat  
 Director

## Condensed Interim Profit and Loss Account (Un-Audited)

For the Six Months Ended December 31, 2015

	Note	Three months ended		Six months ended	
		31.12.2015	31.12.2014	31.12.2015	31.12.2014
		(Rupees in thousand)		(Rupees in thousand)	
Gross sales to customers	23	22,884,347	9,024,552	45,453,906	31,456,630
Gas development surcharge		6,929,857	4,725,519	12,670,369	9,517,747
General sales tax		3,237,022	1,175,925	6,431,336	4,315,929
Excise duty		397,150	410,025	831,988	811,781
Gas infrastructure development cess		7,786,336	(2,077,074)	15,693,322	7,452,309
Wind fall levy		86,232	339,087	200,023	516,360
		18,436,597	4,573,482	35,827,038	22,614,126
Sales - net		4,447,750	4,451,070	9,626,868	8,842,504
Royalty		566,647	598,296	1,228,389	1,168,717
		3,881,103	3,852,774	8,398,479	7,673,787
Operating expenses	24	1,403,688	1,231,998	2,725,087	2,253,511
Exploration and prospecting expenditure	25	1,901,437	673,292	3,344,056	1,104,651
Other charges		45,684	51,136	166,421	215,179
		3,350,809	1,956,426	6,235,564	3,573,341
		530,294	1,896,348	2,162,915	4,100,446
Other income / (expenses)	26	390,399	(251,400)	697,668	(352,436)
Operating profit		920,693	1,644,948	2,860,583	3,748,010
Finance income	27	79,634	113,606	205,103	321,556
Finance cost	28	380,331	1,064,566	807,117	1,149,278
Profit before taxation		619,996	693,988	2,258,569	2,920,288
Provision for taxation	29	34,885	(119,487)	204,516	300,962
Profit for the period		585,111	813,475	2,054,053	2,619,326
<b>Earnings per share - basic and diluted</b>					
Earnings per ordinary share (Rupees)	30	5.31	7.38	18.63	23.76
Distributable earnings per ordinary share (Rupees)	30	1.32	1.20	2.73	2.40

The annexed notes 1 to 35 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



Dr Nadeem Inayat  
Director

## Condensed Interim Statement of Comprehensive Income (Un-Audited)

For the Six Months Ended December 31, 2015

	Three months ended		Six months ended	
	<b>31.12.2015</b>	31.12.2014	<b>31.12.2015</b>	31.12.2014
	<b>(Rupees in thousand)</b>		<b>(Rupees in thousand)</b>	
Profit for the period	<b>585,111</b>	813,475	<b>2,054,053</b>	2,619,326
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<b>585,111</b>	813,475	<b>2,054,053</b>	2,619,326
Total comprehensive income for the period has been apportioned as follows:				
Distributable profits	<b>145,102</b>	132,177	<b>300,914</b>	264,287
Transfer to exploration, evaluation and development reserve	<b>(171,941)</b>	-	<b>465,527</b>	-
Transfer to capital redemption reserve fund	<b>258,060</b>	533,852	<b>517,657</b>	533,852
Transfer to reserve for Mari Seismic Unit	<b>(29,029)</b>	29,054	<b>387,036</b>	-
Transfer to capital expenditure reserve	<b>382,919</b>	-	<b>382,919</b>	-
Transfer to profit and loss account - unappropriated balance	-	118,392	-	1,821,187
	<b>585,111</b>	813,475	<b>2,054,053</b>	2,619,326

The annexed notes 1 to 35 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**



Dr Nadeem Inayat  
**Director**

## Condensed Interim Cash Flow Statement (Un-Audited)

For the Six Months Ended December 31, 2015

	31.12.2015	31.12.2014
	(Rupees in thousand)	
<b>Cash flows from operating activities</b>		
Cash receipts from customers	54,038,505	25,422,748
Cash paid to the Government for Government levies	(46,953,103)	(18,642,878)
Cash paid to suppliers, employees and others	(5,218,295)	(5,674,957)
Income tax paid	(715,980)	(1,325,844)
Cash flow from operating activities	1,151,127	(220,931)
<b>Cash flows from investing activities</b>		
Capital expenditure	(3,358,824)	(2,541,446)
Proceeds from disposal of property, plant and equipment	6,050	119
Interest received	118,703	183,794
Cash flow from investing activities	(3,234,071)	(2,357,533)
<b>Cash flows from financing activities</b>		
Long term financing received	1,000,000	150,000
Long term financing repaid	(166,252)	(764,586)
Redemption of preference shares	(900,457)	-
Finance cost paid	(69,899)	(92,132)
Dividends paid	(567,173)	(92,192)
Cash flow from financing activities	(703,781)	(798,910)
<b>Decrease in cash and bank balances</b>	<b>(2,786,725)</b>	<b>(3,377,374)</b>
Cash and bank balances at beginning of the period	4,900,635	5,307,263
Cash and bank balances at end of the period	2,113,910	1,929,889

The annexed notes 1 to 35 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



Dr Nadeem Inayat  
Director

# Condensed Interim Statement of Changes in Equity (Un-Audited)

## For the Six Months Ended December 31, 2015

	Issued, subscribed and paid up capital	Undistrib- uted percent- age return reserve	Exploration, evaluation and development reserve	Capital redemption reserve fund	Reserve for Mari Seismic Unit	Capital expenditure resrvse	Profit and loss account	Total
	(Rupees in thousand)							
<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>-</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	-	-	-	-	-	-	-	-
Issuance of bonus shares	183,750	(183,750)	-	-	-	-	2,619,326	2,619,326
Transfer to redeemable preference shares - note 12	-	-	-	-	(920,000)	-	(9,670,001)	(10,590,001)
Transfer from profit and loss account to reserve for Mari Seismic Unit	-	-	-	-	(235,725)	-	235,725	-
Transfer from profit and loss account to capital redemption reserve fund	-	-	-	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>-</b>	<b>2,400,670</b>	<b>8,851,556</b>
Total comprehensive income for the period:								
Profit for the period	-	-	-	-	-	-	3,030,987	3,030,987
Other comprehensive income	-	-	-	-	-	-	23,915	23,915
Dividends	-	-	-	-	-	-	3,054,902	3,054,902
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	-	-	-	766,148	-	-	(766,148)	-
Transfer from profit and loss account to exploration, evaluation and development reserve	-	-	3,656,251	-	-	-	(3,656,251)	-
Transfer from profit and loss account to reserve for Mari Seismic Unit	-	-	-	-	422,329	-	(422,329)	-
<b>Balance as at June 30, 2015</b>	<b>1,102,500</b>	<b>395,331</b>	<b>8,240,521</b>	<b>1,300,000</b>	<b>422,329</b>	<b>-</b>	<b>35,537</b>	<b>11,496,218</b>
Total comprehensive income for the period:								
Profit for the period	-	-	-	-	-	-	2,054,053	2,054,053
Other comprehensive income	-	-	-	-	-	-	-	-
Final dividend for the year ended June 30, 2015 - note 6.1	-	(129,838)	-	-	-	-	(35,537)	(165,375)
Transfer from profit and loss account to exploration, evaluation and development reserve	-	-	465,527	-	-	-	(465,527)	-
Transfer from profit and loss account to capital redemption reserve fund	-	-	-	517,657	-	-	(517,657)	-
Transfer from profit and loss account to capital expenditure reserve	-	-	-	-	-	382,919	(382,919)	-
Transfer from profit and loss account to reserve for Mari Seismic Unit	-	-	-	-	387,036	-	(387,036)	-
<b>Balance as at December 31, 2015</b>	<b>1,102,500</b>	<b>265,493</b>	<b>8,706,048</b>	<b>1,817,657</b>	<b>809,365</b>	<b>382,919</b>	<b>300,914</b>	<b>13,384,896</b>

The annexed notes 1 to 35 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**



Dr Nadeem Inayat  
**Director**

## Selected Explanatory Notes to the Condensed Interim Financial Information (Un-Audited)

### For the Six Months Ended December 31, 2015

#### 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 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.

#### 2. STATEMENT OF COMPLIANCE

This condensed interim financial information of the Company for the six months period ended December 31, 2015 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. The condensed interim financial information should be read in conjunction with the financial statements for the year ended June 30, 2015, which have been prepared in accordance with approved accounting standards as applicable in Pakistan.

#### 3. ACCOUNTING POLICIES

The accounting policies, significant judgements made in the application of accounting policies, key sources of estimation 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, 2015, except for the adoption of new and amended standards which became applicable for the current reporting period. The adoption of these standards does not have any material impact on the condensed interim financial information other than in presentation and disclosures related to the annual financial statements for the year ending June 30, 2016.

#### 4. 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 period 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 has 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.

Note	31.12.2015	30.06.2015
	(Rupees in thousand)	

## 5. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

24,850,007 (June 30, 2015: 24,850,007) ordinary shares of Rs 10 each issued for cash		248,500	248,500
11,899,993 (June 30, 2015: 11,899,993) ordinary shares of Rs 10 each issued for consideration other than cash		119,000	119,000
73,500,000 (June 30, 2015: 73,500,000) ordinary shares of Rs 10 each issued as bonus shares	5.1	735,000	735,000
		<b>1,102,500</b>	<b>1,102,500</b>

- 5.1 As at December 31, 2015, 608,364 (June 30, 2015: 608,364) bonus shares have not been issued pending resolution of issue relating to deduction of withholding tax on issuance of bonus shares.

## 6. UNDISTRIBUTED PERCENTAGE RETURN RESERVE

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

Note	Six months ended 31.12.2015	Year ended 30.06.2015
	(Rupees in thousand)	

Opening balance	395,331	414,014
Bonus shares issued	-	(183,750)
Final dividend for the year ended June 30, 2015	(129,838)	-
Transferred from profit and loss account	-	165,067
Closing balance	<b>265,493</b>	<b>395,331</b>

- 6.1 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 shareholders 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.

Six months ended 31.12.2015	Year ended 30.06.2015
(Rupees in thousand)	

## 7. EXPLORATION, EVALUATION AND DEVELOPMENT RESERVE

Opening balance	8,240,521	4,584,270
Transferred from profit and loss account	465,527	3,656,251
Closing balance	<b>8,706,048</b>	<b>8,240,521</b>

- 7.1 This includes Rs 4,584.27 million created by the Company upto June 30, 2014 through the operation of the Agreement.

## 8. CAPITAL REDEMPTION RESERVE FUND

This reserve has been created to redeem redeemable preference shares in the form of cash to the preference shareholders as explained in note 12.

## 9. RESERVE FOR MARI SEISMIC UNIT

	Six months ended 31.12.2015	Year ended 30.06.2015
	(Rupees in thousand)	
Opening balance	422,329	235,725
Transferred from profit and loss account	387,036	186,604
Closing balance	809,365	422,329

- 9.1 The Company has established its own state of the art Mari Seismic Unit (MSU) for the acquisition of 3D and 2D seismic data.

## 10. CAPITAL EXPENDITURE RESERVE

This reserve has been created to meet the capital expenditure requirements of the Company.

## 11. PROFIT AND LOSS ACCOUNT

	31.12.2015	30.06.2015
	(Rupees in thousand)	
<b>Distributable balance</b>		
Undistributed return	300,914	35,537

Balance at December 31, 2015 represents distributable return @ 40.18% per annum on shareholders' funds for six months ended December 31, 2015. The additional return of Rs 35.537 million distributable to shareholders on account of increased oil and gas production for the year ended June 30, 2015 has been paid in the current period.

## 12. REDEEMABLE PREFERENCE SHARES - UNSECURED

	31.12.2015	30.06.2015
	(Rupees in thousand)	
Non-voting, non-cumulative redeemable preference shares	9,689,544	10,590,001
Current maturity	(1,434,856)	(1,300,000)
	8,254,688	9,290,001

- 12.1 As referred to in note 4, 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 is one year KIBOR prevailing on the last working day of each financial year plus 3% per annum. The preference shares are redeemable by the Company in 10 years time in the form of cash to preference shareholders through a sinking fund created out of the profits of the Company. As at December 31, 2015: 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.

The shareholders in the Annual General Meeting held on September 18, 2015 have approved redemption of preference shares relating to minority shareholders of the Company at par value along with payment of profit accrued upto redemption date. Accordingly, preference shares of Rs 900.46 million have been redeemed till December 31, 2015. Book closure date was September 11, 2015.

		<b>Six months ended 31.12.2015</b>	<b>Year ended 30.06.2015</b>
	Note	<b>(Rupees in thousand)</b>	
<b>13. LONG TERM FINANCING - SECURED</b>			
<b>Loan for infill wells</b>	13.1		
Opening balance		-	-
Amount received during the period / year		<b>1,000,000</b>	-
		<b>1,000,000</b>	-
<b>Loan for Mari field development</b>			
Opening balance		-	380,000
Amount repaid during the period / year		-	(380,000)
		-	-
<b>Loan for Zarghun South field development</b>			
Opening balance		<b>332,505</b>	665,011
Amount repaid during the period / year		<b>(166,252)</b>	(332,506)
		<b>166,253</b>	332,505
Amount repayable within next twelve months shown as current maturity of long term financing		<b>(166,253)</b>	(332,505)
		-	-
<b>Loan for Mari Seismic Unit</b>			
Opening balance		-	666,667
Amount received during the period / year		-	150,000
Amount repaid during the period / year		-	(816,667)
		-	-
Long term financing - secured		<b>1,000,000</b>	-
Amount repayable within next twelve months shown as current maturity of long term financing		<b>166,253</b>	332,505

- 13.1** 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 six months ended December 31, 2015 was 6.67% (2014: 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 has been disbursed against a ranking hypothecation charge 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. This charge is to be converted to a first Pari Passu hypothecation charge within 60 days from the date of signing of the hypothecation agreement, i.e. December 29, 2015.

**31.12.2015**                      **30.06.2015**

**(Rupees in thousand)**

**14. DEFERRED LIABILITIES**

Provision for decommissioning cost	<b>5,471,627</b>	4,944,791
Provision for employee benefits - unfunded	<b>409,570</b>	388,642
Provision for compensated leave absences	<b>150,559</b>	126,739
Deferred income	<b>12,901</b>	8,801
	<b>6,044,657</b>	5,468,973

**15. TRADE AND OTHER PAYABLES**

Creditors	<b>366,456</b>	717,249
Accrued liabilities	<b>3,053,672</b>	2,304,597
Joint venture partners	<b>420,178</b>	303,732
Retention and earnest money deposits	<b>46,183</b>	69,531
Gratuity funds	<b>80,406</b>	159,452
Gas development surcharge	<b>4,991,453</b>	3,962,933
General sales tax	<b>2,395,094</b>	2,895,516
Excise duty	<b>143,863</b>	165,491
Gas Infrastructure Development Cess (GIDC)	<b>13,907,100</b>	23,976,978
Royalty	-	496,473
Workers' Welfare Fund	<b>873,748</b>	828,577
Workers' Profit Participation Fund	<b>121,250</b>	355,276
Unclaimed dividend	<b>10,217</b>	10,333
Unpaid dividend	<b>8,559</b>	410,241
	<b>26,418,179</b>	36,656,379

## 16. CONTINGENCIES AND COMMITMENTS

### 16.1 Contingencies

- (i) The Company has not recognized interest income of Rs 7,546.88 million (June 30, 2015: Rs 7,197.19 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, 2015: Rs 3,220.83 million) payable to the Government of Pakistan on account of late payment of Gas Development Surcharge.
- (ii) Indemnity bonds given to Collector of Customs against duty concessions on import of vehicles amounted to Rs 5.23 million (June 30, 2015: Rs 5.23 million).
- (iii) Contractor's claim not acknowledged as debt of Rs 20.35 million (June 30, 2015: Rs 20.35 million).

31.12.2015	30.06.2015
(Rupees in thousand)	

### 16.2 Commitments

Capital expenditure:

- Share in joint ventures
- Mari field

5,380,113	7,507,467
263,054	596,127
<b>5,643,167</b>	<b>8,103,594</b>

Six months ended	Year ended
31.12.2015	30.06.2015
(Rupees in thousand)	

## 17. PROPERTY, PLANT AND EQUIPMENT

Opening book value

9,178,521	6,439,570
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Movement during the period / year:

Additions

672,636	2,728,590
-	1,038,926
-	179,346
(94,825)	(212,383)
(584,939)	(995,528)
(7,128)	2,738,951
<b>9,171,393</b>	<b>9,178,521</b>

Tangible assets of Zarghun field transferred from development and production assets

Revision due to change in estimates of decommissioning cost

Written down value of disposals

Depreciation

Add: Capital work in progress

718,874	596,012
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Closing book value

<b>9,890,267</b>	<b>9,774,533</b>
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Six months ended 31.12.2015	Year ended 30.06.2015
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(Rupees in thousand)

#### 18. DEVELOPMENT AND PRODUCTION ASSETS

Opening book value	2,187,715	3,621,571
Movement during the period / year:		
Additions	359,091	353,205
Tangible assets of Zarghun field transferred to property, plant and equipment	-	(1,038,926)
Transferred to exploration and evaluation assets	-	(443,505)
Revision due to change in estimates of provision for decommissioning cost	-	(153,788)
Amortization	(72,171)	(150,842)
	286,920	(1,433,856)
Closing book value	2,474,635	2,187,715

#### 19. EXPLORATION AND EVALUATION ASSETS

Opening book value	9,399,602	4,584,270
Movement during the period / year:		
Additions	2,465,290	4,473,202
Capital expenditure transferred from other receivables	-	608,960
Left over inventory transferred to stores and spares	-	(349,711)
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	-	(27,838)
Cost of dry and abandoned well written off	(373,579)	-
Impairment of well and decommissioning cost	-	(179,581)
Depreciation	(122,000)	(153,205)
	1,969,711	4,815,332
Closing book value	11,369,313	9,399,602

	31.12.2015	30.06.2015
Note	(Rupees in thousand)	

## 20. TRADE DEBTS

### Due from related parties - considered good

Pakistan Electric Power Company	-	402,866
Foundation Power Company Daharki Limited	3,361,318	5,451,270
Fauji Fertilizer Company Limited	1,957,927	1,516,236
Sui Southern Gas Company Limited	4,134,723	2,533,801
Sui Northern Gas Pipelines Limited	156,731	467,583
Foundation Gas	477	4,932
	<b>9,611,176</b>	<b>10,376,688</b>

### Due from others - considered good

Engro Fertilizer Limited	761,278	12,361,567
Fatima Fertilizer Company Limited	20.2 12,562,722	8,527,670
Byco Petroleum Pakistan Limited	614,192	614,192
National Refinery Limited	49,417	89,789
Attock Refinery Limited	261,716	314,781
Pakistan Refinery Limited	58,105	46,853
Western Power Company (Private) Limited	14,846	9,017
Pak Arab Refinery Limited	11,047	14,751
	<b>23,944,499</b>	<b>32,355,308</b>

**20.1** Trade debts due from related parties and trade debts due from others are net of provision for doubtful debts amounting to Rs 309.73 million (June 30, 2015: Rs 384.45 million) and Rs 17.38 million (June 30, 2015: Rs 17.38 million) respectively.

**20.2** This includes receivable on account of GIDC amounting to Rs 10,275 million (June 30, 2015: Rs 7,103 million) in respect of which corresponding GIDC payable has been recorded in trade and other payables.

31.12.2015	30.06.2015
(Rupees in thousand)	

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

### Due from related parties

Interest accrued - Askari Bank Limited	-	412
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### Due from others

Loans and advances	333,725	569,544
Receivables from joint venture partners	2,038,369	1,185,739
Short term prepayments	164,672	122,341
Interest accrued	2,419	1,510
Royalty paid in advance	37,818	-
Others	12,882	3,282
	<b>2,589,885</b>	<b>1,882,828</b>

## 22. CASH AND BANK BALANCES

Cash and bank balances include Rs 740 million (June 30, 2015: Rs 4,185 million) held with Askari Bank Limited, a related party.

A running finance facility of Rs 2,000 million has been arranged with MCB Bank Limited for meeting working capital requirements and operating expenses. No amount has been drawn against the facility yet. 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 entire amount of the availed loan is to be adjusted from time to time, atleast once in a year for three consecutive days. The facility is secured against a ranking hypothecation charge 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. This charge is to be converted to a first Pari Passu hypothecation charge within 60 days from the date of signing of the hypothecation agreement, i.e. December 29, 2015.

## 23. GROSS SALES TO CUSTOMERS

Sale of:					
Gas	23.1	22,270,738	8,081,285	44,249,948	29,670,058
Crude Oil	23.2	468,516	807,973	973,479	1,446,489
Less: Transportation charges		10,623	9,582	31,166	17,812
		457,893	798,391	942,313	1,428,677
Condensate	23.3	159,220	135,550	261,471	333,128
Less: Transportation charges		13,173	6,796	19,323	10,720
		146,047	128,754	242,148	322,408
LPG	23.4	941	5,323	941	13,058
Own consumption		8,728	10,799	18,556	22,429
		22,884,347	9,024,552	45,453,906	31,456,630
23.1 This represents sale of gas as per detail below:					
Mari Field		21,289,059	7,434,666	41,685,822	28,517,318
Sujawal block		565,239	350,571	1,614,795	723,944
Hala block		232,926	88,950	493,812	187,958
Sukkur block		17,537	26,294	35,862	53,650
Karak block		15,325	17,080	28,412	23,464
Zarghun block		150,652	163,724	391,245	163,724
		22,270,738	8,081,285	44,249,948	29,670,058
23.2 This represents sale of crude oil as per detail below:					
Karak block		334,121	549,617	702,640	888,948
Ghauri block		134,395	258,356	270,839	557,541
		468,516	807,973	973,479	1,446,489
23.3 This represents sale of condensate as per detail below:					
Mari Field		30,031	42,117	55,163	116,271
Sujawal block		106,695	54,323	166,416	121,731
Hala block		19,775	36,375	36,389	92,391
Zarghun block		2,719	2,735	3,503	2,735
		159,220	135,550	261,471	333,128
23.4 This represents sale of LPG from Hala block.					
23.5 Sale of gas includes sale from 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.					

	Three months ended		Six months ended	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	(Rupees in thousand)		(Rupees in thousand)	
<b>24. OPERATING EXPENSES</b>				
Salaries, wages and benefits	674,136	492,226	1,342,192	935,250
Employee benefits	50,558	67,573	102,384	134,436
Rent, rates and taxes	9,442	3,061	18,998	6,133
Legal and professional services	105,510	1,582	166,963	2,991
Fuel, light, power and water	28,433	29,465	58,266	63,158
Maintenance and repairs	64,096	48,723	95,967	102,859
Insurance	12,543	12,456	25,015	25,746
Depreciation	182,146	182,951	402,814	326,696
Amortization	28,170	30,219	73,072	67,109
Employees medical and welfare	64,724	56,159	123,341	102,082
Field and other services	206,650	136,726	326,944	268,134
Travelling	12,230	16,163	19,783	24,129
Communications	4,696	3,586	9,379	7,401
Printing and stationery	8,379	7,535	9,974	8,891
Office supplies	3,728	3,926	4,655	6,461
Technical software	10,252	3,101	11,087	3,101
Auditor's remuneration - Audit	874	434	874	535
- Tax	3,169	-	3,169	2,200
Mobile dispensary and social welfare	19,047	32,270	54,310	74,892
Training	22,837	30,863	35,047	49,833
Advertisement	483	1,117	5,042	1,347
Books and periodicals	204	140	496	290
Public relations and social activities	2,289	300	3,928	863
Directors' fee and expenses	1,984	1,411	5,082	2,954
Freight and transportation	2,707	908	3,325	1,555
Subscriptions	204	(73)	1,521	2,489
Allied services	10,036	11,554	19,677	16,035
Research and development	-	3,147	-	21,736
Sukkur block	8,089	10,839	17,150	17,096
Ghauri block	33,494	50,715	62,390	65,998
Hala block	56,773	45,659	93,085	70,789
Kohat block	368	-	571	-
Karak block	55,899	79,706	78,914	96,874
Ziarat block	3,574	22,871	-	37,175
Sujawal block	36,399	31,854	96,717	63,560
Zarghun block	40,775	36,501	74,133	40,691
(Reversal) / provision for doubtful debts - related parties	(74,718)	6,597	(74,718)	20,106
Miscellaneous	4,760	4,509	5,488	5,496
	1,694,940	1,466,774	3,277,035	2,677,091
Less: Recoveries from joint ventures	291,252	234,776	551,948	423,580
	1,403,688	1,231,998	2,725,087	2,253,511

		Three months ended		Six months ended	
		31.12.2015	31.12.2014	31.12.2015	31.12.2014
	Note	(Rupees in thousand)		(Rupees in thousand)	
<b>25. EXPLORATION AND PROSPECTING EXPENDITURE</b>					
<b>Mari Field</b>					
3D seismic data acquisition		796,553	250,136	1,577,011	519,318
<b>Joint Ventures</b>					
Cost of dry and abandoned wells written off		373,579	-	373,579	-
Impairment of well cost		-	121,284	-	121,284
Prospecting expenditure		731,305	301,872	1,393,466	464,049
		1,104,884	423,156	1,767,045	585,333
		1,901,437	673,292	3,344,056	1,104,651
<b>26. OTHER INCOME / (EXPENSES)</b>					
Mari Seismic Unit income / (loss) - Net of related expenses	26.1	153,106	(138,665)	569,171	(167,714)
Rig income / (loss) - Net of related expenses	26.2	242,207	(120,358)	121,696	(202,686)
Mari Seismic Data Processing Unit loss - Net of related expenses	26.3	(14,433)	(7,934)	(14,433)	(7,934)
Line heaters rental income		1,572	9,054	10,866	18,117
Gain on disposal of property and equipment		5,769	-	5,769	-
Miscellaneous		2,178	6,503	4,599	7,781
		390,399	(251,400)	697,668	(352,436)
<b>26.1 Break-up of Mari Seismic Unit income / (loss) - net is as follows:</b>					
<u>Income:</u>					
Mari Seismic Unit income		796,552	247,209	1,571,746	510,827
Income on bank deposits		1,263	8,078	2,303	13,809
		797,815	255,287	1,574,049	524,636
<u>Less: Expenses</u>					
Operating expenses		476,037	303,104	766,363	511,858
Depreciation of property and equipment		74,105	72,941	143,948	145,076
Loss on disposal of fixed assets		94,544	-	94,544	-
Mark-up on long term financing - secured		-	17,907	-	35,416
Bank charges		23	-	23	-
		644,709	393,952	1,004,878	692,350
		153,106	(138,665)	569,171	(167,714)

	Three months ended		Six months ended	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	(Rupees in thousand)		(Rupees in thousand)	
<b>26.2 Break-up of Rig income / (loss) - net is as follows:</b>				
Income:				
Rig rental income	663,957	70,196	927,723	172,529
Less: Expenses				
Operating expenses	345,318	166,731	655,043	327,569
Depreciation of property and equipment	76,432	23,823	150,984	47,646
	421,750	190,554	806,027	375,215
	242,207	(120,358)	121,696	(202,686)
<b>26.3 Break-up of Mari Seismic Data Processing Unit loss - net is as follows:</b>				
Income:				
Mari Seismic Data Processing Unit income	6,269	-	6,269	-
Less: Expenses				
Operating expenses	12,410	252	12,410	252
Depreciation of property and equipment	8,292	7,682	8,292	7,682
	20,702	7,934	20,702	7,934
	(14,433)	(7,934)	(14,433)	(7,934)
<b>27. FINANCE INCOME</b>				
Income on bank deposits	42,208	69,019	116,897	173,116
Interest income on delayed payments from Foundation Power Company Daharki Limited	37,426	44,587	88,206	148,440
	79,634	113,606	205,103	321,556
<b>28. FINANCE COST</b>				
Profit on redeemable preference shares - unsecured	215,007	688,669	485,491	688,669
Mark-up on long term financing - secured	3,460	29,240	9,446	38,610
Interest expense on delayed payments to the Government of Pakistan	-	27,434	-	118,403
Unwinding of discount on provision for decommissioning cost	132,891	276,058	265,782	276,058
Interest on Workers' Profit Participation Fund	-	-	18,295	16,424
Bank charges	867	393	1,071	786
Exchange loss	28,106	42,772	27,032	10,328
	380,331	1,064,566	807,117	1,149,278

	Three months ended		Six months ended	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	(Rupees in thousand)		(Rupees in thousand)	
<b>29. PROVISION FOR TAXATION</b>				
Current	(69,552)	(160,162)	261,944	370,220
Deferred	104,437	40,675	(57,428)	(69,258)
	<b>34,885</b>	<b>(119,487)</b>	<b>204,516</b>	<b>300,962</b>

<b>30. EARNINGS PER SHARE - BASIC AND DILUTED</b>				
Profit for the period (Rupees in thousand)	585,111	813,475	2,054,053	2,619,326
Distributable earnings (Rupees in thousand)	145,102	132,177	300,914	264,287
Number of shares outstanding (in thousand)	110,250	110,250	110,250	110,250
Earnings per ordinary share (in Rupees)	5.31	7.38	18.63	23.76
Distributable earnings per ordinary share (in Rupees)	1.32	1.20	2.73	2.40

<b>31. TRANSACTIONS WITH RELATED PARTIES</b>	Six months ended	
	31.12.2015	31.12.2014
	(Rupees in thousand)	
<b>Gross sale of gas and LPG to related parties is as follows:</b>		
Foundation Power Company Daharki Limited (FPCDL)	4,171,842	3,330,876
Fauji Fertilizer Company Limited	21,518,612	11,029,402
Sui Southern Gas Company Limited	2,515,051	1,090,954
Sui Northern Gas Pipelines Limited	1,477,822	246,907
Foundation Gas	941	13,058
<b>Line heaters rental income - FPCDL</b>	<b>10,866</b>	<b>18,117</b>
<b>Interest income on delayed payments - FPCDL</b>	<b>88,206</b>	<b>148,440</b>
<b>Interest income on bank accounts - Askari bank limited</b>	<b>103,788</b>	<b>106,622</b>
<b>(Reversal of provision in) / Provision for doubtful debts - FPCDL</b>	<b>(74,718)</b>	<b>20,106</b>
<b>Remuneration of chief executive and key management personnel</b>	<b>1,425,899</b>	<b>1,036,867</b>
<b>Contribution to funded employee benefit plans</b>	<b>107,950</b>	<b>135,533</b>

### 32. 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 88% of the total revenue during the period ended December 31, 2015 (December 31, 2014: 90%).

### 33. CORRESPONDING FIGURES

Following changes have been made in corresponding figures to conform to current period's presentation:

**Rupees in  
thousand**

#### **Profit and loss account**

Following amounts have been reclassified to Mari Seismic Unit income / (loss) - net in "Other income" from:

- Mari Seismic Unit in "Operating expenses"	511,858
- Depreciation in "Operating expenses"	145,076
- Mari Seismic Unit expenses recharged to Mari Field exploration and prospecting expenditure in "Operating expenses"	510,827
- Mark-up on long term financing - secured in "Finance cost"	35,416
- Income on bank deposits in "Finance income"	13,809

Following amounts have been reclassified to rig rental income / (loss) - net in "Other income" from:

- Rig in "Operating expenses"	327,569
- Depreciation in "Operating expenses"	47,646

Following amounts have been reclassified to Mari Seismic Data Processing Unit loss - net in "Other income" from:

- Legal and professional services in "Operating expenses"	252
- Depreciation in "Operating expenses"	7,682

### 34. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The board of Directors in its meeting held on February 23, 2016 has declared an interim cash dividend @Rs.3 per share for the year ending June 30, 2016.

### 35. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue by the Board of Directors of the Company on February 23, 2016.



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



Dr Nadeem Inayat  
**Director**

## **MARI PETROLEUM COMPANY LIMITED**

### **VISION AND MISSION STATEMENT**

#### **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.

#### **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.





ISO 9001 : 2008



ISO 14001 : 2004



OHSAS 18001 : 2007



ISO/IEC 27001:2005



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