

# Interim Financial Information (Un-audited)

For the 3rd Quarter Ended  
March 31, 2014



**Mari Petroleum Company Limited**

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## BOARD OF DIRECTORS

- |  |   |
|--|---|
| <ol style="list-style-type: none"> <li>1. <b>LT GEN MUHAMMAD MUSTAFA KHAN (RETD)</b><br/>Managing Director, Fauji Foundation</li> <li>2. <b>LT GEN NADEEM AHMED (RETD)</b><br/>Managing Director/CEO, Mari Petroleum Co Ltd</li> <li>3. <b>MR QAISER JAVED</b><br/>Director Finance, Fauji Foundation</li> <li>4. <b>DR NADEEM INAYAT</b><br/>Director Investment, Fauji Foundation</li> <li>5. <b>BRIG (R) DR GULFAM ALAM</b><br/>Director P&amp;D, Fauji Foundation</li> <li>6. <b>MAJ GEN (R) NASIR MAHMOOD</b><br/>Director Welfare Education, Fauji Foundation</li> <li>7. <b>MR MOHAMMAD NAEEM MALIK</b><br/>Additional Secretary, Ministry of P&amp;NR</li> <li>8. <b>QAZI MOHAMMAD SALEEM SIDDIQUI</b><br/>DG (GAS) Ministry of P&amp;NR</li> <li>9. <b>MR AHMAD HUSSAIN</b><br/>Financial Advisor, Ministry of P&amp;NR</li> <li>10. <b>MR MUHAMMAD RIAZ KHAN</b><br/>Managing Director/CEO, OGDCL</li> <li>11. <b>MR MUHAMMAD RAFI</b><br/>Executive Dir (Fin)/CFO, OGDCL</li> <li>12. <b>MR MANZOOR AHMED</b><br/>Managing Director, NITL</li> <li>13. <b>ENGR S. H. MEHDI JAMAL</b><br/>Member, MPCL Board of Directors</li> </ol> | <p><b>Chairman</b></p><br><p><b>Chief Executive</b></p> |
|--|---|

**CHIEF FINANCIAL OFFICER**  
MR MUHAMMAD ASIF

**COMPANY SECRETARY**  
MR ASSAD RABBANI

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

## **FINANCIAL RESULTS**

Gross sales for the third quarter amounted to Rs. 18,693 million whereas gross sales for nine months ended March 31, 2014 aggregated to Rs. 52,005 million as against cumulative sales of Rs. 46,876 million for the corresponding period. The increase is mainly due to increase in gas sale volume and increase in average selling price. The operating results in the financial information for third quarter show profit for the period of Rs. 1,130.182 million as against Rs. 1,207.927 million for the corresponding quarter. The cumulative profit for the nine months to March 31, 2014 is Rs. 2,791.387 million as against Rs. 1,990.578 million of the corresponding period. The main reason for increase in profit is due to increase in well head value, other income and finance income and decrease in provision for taxation which is partially offset by increase in royalty, operating expenses, exploration and prospecting expenditure and finance cost.

Presently the shareholders are entitled to guaranteed return of 30% per annum. The return to shareholders is escalated in the event of increase in the Company's production beyond the level of 425 MMSCFD at the rate of 1% for each additional 20 MMSCFD of gas or equivalent oil produced, prorated for part thereof on annual basis, subject to a maximum of 45% per annum. Accordingly, based on this arrangement under Gas Price Agreement, return @ 39.22% per annum has been provisionally accounted for in the financial information for the nine months ended March 31, 2014. Any adjustment/variance does not affect the minimum guaranteed rate of return to the shareholders.

## **OPERATIONS**

The Company continued un-interrupted gas supply from July 01, 2013 to March 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), Sui Northern Gas Pipelines Limited (SNGPL) and Western Power Company Limited (WPCL). The cumulative gas of 162,433 MMSCF at a daily average of 593 MMSCF and 17,259 barrels of condensate (63 barrels per day) were produced from Mari Field during the period as against 157,702 MMSCF of gas at a daily average of 576 MMSCF and 21,670 barrels of condensate (79 barrels per day) for the corresponding period as per the requirement/withdrawal of the customers. In addition, 84,240 barrels of crude oil (307 barrels per day), 30,747 barrels of condensate (112 barrels per day), 3,772 MMSCF of gas (14 MMSCF per day) and 187 metric ton of LPG (0.68 metric ton per day) was produced and sold from joint ventures during this period, whereas 112,618 barrels of crude oil (411 barrels per day), 12,234 barrels of condensate (45 barrels per day), 819 MMSCF of gas (3 MMSCF per day) and 477 metric ton of LPG (2 metric ton per day) was produced and sold from joint ventures in the comparative period.

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.

## **OPERATIONAL ACTIVITIES AND DEVELOPMENTS**

### **Mari D&P Lease**

#### **Drilling of Two Pirkoh Wells**

MPCL is persistently striving to enhance its reserve base. For this purpose, two additional wells are planned to be drilled in Mari D&P Daharki. Purchase orders have been initiated for the procurement of Long Lead Items (LLI's) in this regard.

#### **Tapping in Additional Gas Volume**

After completion of necessary surface production facilities, MPCL is waiting for GoP formal approval for gas allocation of three wells of Pirkoh Limestone formation. MPCL has requested GoP to allocate this gas to Power or Fertilizer Sector at Fuel Price. Subsequent to GoP approval, gas will be injected in existing gas gathering network.

#### **Acquisition / Recording of 3D Seismic Data**

Currently, survey for acquisition / recording of 1,000 sq. km 3D seismic data is in progress by Mari Seismic Unit (MSU). So far recording of 80 sq. km 3D seismic data has been completed as of April 28, 2014.

Acquired data will be processed subsequently, followed by in-house interpretation / mapping to place additional wells at SML/SUL and Lower Goru levels to drain the reservoirs optimally. Further, 3D seismic data would also help to identify the prospects at Pirkoh / SML Limestone levels, up-side potential in Lower Goru Sands and potential in Sembar Sands and Chiltan Limestone.

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

MPCL, despite all odds is actively pursuing gas field development activities at its Zarghun South D&P lease. Foregoing activities on completion would help in supplying initially 18-20 MMSCFD gas exclusively to Quetta city; a unique feature where gas produced and consumed is in the same area. SSGCL has so far constructed 50 km, 12" dia, out of a total of 64 km pipeline.

All the development activities are well planned and progressing in accordance with the planned schedule. The manufacturer has supplied Dehydration unit and Metering Skid. Hydrocarbon Dew Point Unit has been shipped while Amine Sweetening Unit shipment is still pending.

#### **Purchase of 2,500 HP VFD Land Drilling Rig**

In order to overcome the drilling of challenging depths, MPCL's 2,500 HP VFD AC land drilling rig is under assembly at manufacturer's facility. The phase is being monitored by MPCL's personnel on site. The Quality Assurance / Quality Control (QA / QC) of the entire fabrication, function testing and commissioning will be moderated in line with the API established industry standards with the help of inspection of Drilling Consultant firm. The rig is expected to be delivered by June 2014.

#### **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:

<b>S. No</b>	<b>Name of Block</b>	<b>MPCL's Working Interest</b>	<b>Name of Operator</b>
1	Ziarat Exploration License	60%	MPCL
2	Karak Exploration License	60%	MPCL
3	Sukkur Exploration License	58.8%	MPCL
4	Hanna Exploration License	100%	MPCL
5	Harnai Exploration License	40%	MPCL
6	Sujawal Exploration License	100%	MPCL
7	Ghauri Exploration License	35%	MPCL
8	Khetwaro Exploration License	51%	MPCL
9	Peshawar East Exploration License	100%	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**

A multi-disciplinary subsurface study for appraisal and development of Khost Oil and Gas Field is in progress by the consultant, which would help to chalk out way forward of field and the block. The study is expected to be completed by the end of April 2014.

MPCL has invited fresh bids for 2D seismic data acquisition of 170 line km in the block. The last date for submission of bids was April 24, 2014.

##### **Karak Block**

2D seismic data acquisition of 287 line km has been completed to evaluate the remaining / additional hydrocarbon potential of the block, which is being processed by the consultant.

Processing of 332 sq. km 3D seismic data has been completed by the consultant. The processed 3D seismic data is being interpreted in-house followed by mapping for placing appraisal well over Halini discovery area and exploratory well in the block, subject to firming-up of a viable prospect.

Extended Well Testing (EWT) operations at well Halini-1 are underway. In order to enhance the capacity of surface production facilities, various activities were completed and the field crude oil handling capacity was increased from 3000 barrels to 6000 barrels. This was the main bottleneck for enhancement of the crude oil production. The foregoing development work was completed in record time without shutting down the production from the field. Production choke size was increased from 24/64" to 28/64" on January 08, 2014.

Instead of flaring 0.4 MMSCFD low pressure natural gas, MPCL has commenced gas sale to WPCL on November 18, 2013.

Rig work-over is also planned in May 2014 for the installation of Artificial Gas Lift facility in order to enhance the production of Halini X-1 well. On the basis of Gas Lift facility Installation study by the consultant, quotations have been received for purchase as well as rental with buy back option of Gas Lift Compressor, which are under technical evaluation.

##### **Sukkur Block**

JV Partners agreed to carry out Sequence Stratigraphy study in order to evaluate the hydrocarbons' potential of the deeper prospects, especially Lower Goru Mound feature. Contractor has completed the Phase-1 of the project. Accordingly a meeting was held on April 01, 2014 with Sukkur JV at MPCL Head Office in which the phase-1 findings were shared by the contractor. Phase-II of the project is

expected to be completed by July, 2014.

#### **Hanna Block**

A geochemical study of ditch cutting samples of Hanna X-1 to conclude the reasons of failure and accordingly to decide way forward of the block is in progress by the consultant. The said study will evaluate / understand the source rock potential in the area.

#### **Harnai Block**

During technical workshop held on March 03, 2014, it was agreed by Harnai JV Partners to carry out processing of acquired seismic lines before deciding the way forward of the block. It was also agreed during the meeting to hold a technical workshop during second quarter of 2014 to discuss/deliberate the prospects of south eastern part of the Block.

#### **Sujawal Block**

After having encouraging results at Sujawal exploration well, the Company embarked upon the drilling of another exploratory well namely Sujjal-1. The preceding well is located at a distance of 20 km from Sujawal X-1. Drilling activity started on January 25, 2014 and gas / condensate discovery was made on March 29, 2014. Based on the wireline logs and drilling data, five DSTs were planned to test the most promising zones. Lower Goru C-Sand has been tested successfully. It flowed over 13.1 MMSCF gas and 75 barrels of condensate per day with wellhead flowing pressure of approximately 2,477 Psi at 32/64 inch choke size. It is good quality of gas with good calorific value. In addition to Lower Goru Upper C-Sand, the well flowed 2.1 MMSCFD gas and 3.5 barrels per day of condensate from Lower Goru Upper A-Sand interval @ 48/64 inch choke size.

With the discovery of Sujjal-1 in Lower Goru C-Sand, MPCL has achieved another milestone in the hydrocarbons exploration history of Pakistan and has opened up new vistas for E&P sector of Pakistan to look into this new reservoir in the area for un-tapping its hydrocarbons' potential. MPCL is pleased to announce that it is the first ever gas discovery of such type from Lower Goru C-Sands in the area.

Contract for re-processing of vintage 3D seismic data of ~200 sq. km has been awarded to the consultant, which will be followed by in-house interpretation / mapping for evaluation of remaining hydrocarbon potential. In addition, 2D seismic data re-interpretation is also in progress to prepare lead inventory before commencing 3D / 2D seismic data acquisition.

The un-interrupted gas supply of 9-10 MMSCFD to SSGCL and 65-70 barrels per day condensate to PRL/PARCO is maintained from Sujawal Field in accordance with the Gas Sale and Purchase Agreement. Development activities for installation of Amine Sweetening unit and hydrocarbon Dew point are underway.

#### **Ghauri Block**

MPCL is striving to boost its exploration activities every coming day. In pursuance thereof, exploratory well Ghauri X-1 was spud-in on November 04, 2013 and target depth was achieved on March 02, 2014. The drilling and associated operation were completed in a record time of 117 days; half of the time planned initially.

Based on the interpretation of wireline logs, drilling and geological data, four DSTs are planned to test the most promising zones which are currently in progress. Kussak formation flowed crude oil of 136 barrels per day in surges with nitrogen kickoff.

Sakessar formation flowed crude oil of 1,200 barrels per day naturally without acidization @ 28/64 inch choke size. Testing of Chorgali formation is in progress.

Contract for 2D seismic data re-processing of 320 line km. has been awarded to the consultant. Field data has been sent to the contractor. Processing is expected to commence by May 2014.

In-house interpretation / mapping of 2D seismic data is in progress to evaluate the remaining potential of the block.

#### **Khetwaro Block**

MPCL has acquired 51% working interest in Khetwaro Block from Saif Energy Limited. The block was assigned to MPCL as an Operator on February 01, 2014. Currently, contract is being awarded to the consultant for carrying out a study for optimization of well location and reservoir characterization.

#### **Peshawar East Block**

The block was awarded to MPCL on February 21, 2014 as an Operator. Currently, existing data is being reviewed for purchase. TOR is also being prepared for conducting geological field work.

#### **NON-OPERATED BLOCKS**

#### **Hala Block**

Preparations are continued to spud-in third exploratory well over Hala West Prospect during second quarter of 2014 to test the hydrocarbons' potential of Lower Goru sands.



### **Zindan Block**

Re-processing of 445 line km in order to get better image using CRS technology for placing first exploratory well at optimum location over Marwat Prospect is in progress by the consultant.

### **Kohlu Block**

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

### **Kalchas Block**

Efforts are in progress to carry out civil works for drilling of Kup Well -1 over the Kup Structure and Kalchas-1 over Mari structure. Both well locations have already been marked on the ground. It is expected that Kalchas Well-1 would be spud-in during second quarter of 2014.

### **Kohat Block**

Kohat Joint Venture intends to acquire ~317 sq. km 3D seismic data (87 sq. km on Sheikhan area and 230 sq. km on Tanda-Jabbi area) and 256 line km 2D seismic data in remaining parts of the block over identified leads during second quarter of 2014 to delineate the prospects for drilling of exploratory well(s).

### **Bannu West Block**

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

### **New Areas**

The Company continues to pursue its evaluation of potential sedimentary basins of the country to identify new exploration areas as well as assessing prospects and negotiating terms for Company's participation in the already awarded blocks through farm-in agreements with other companies.

### **MARI SERVICES DEPARTMENT**

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

MSU is currently engaged in acquiring 3D seismic data of 1,000 sq. km in Mari D&P Lease area. So far 80 sq. km data has been acquired with special emphasis on high quality of acquired data.

Mari Rig#1 (1,500 HP) of MDU has successfully drilled Exploration Well Sujjal-1 at Sujjawal Block. Mari Rig 2 (2,500 HP) is expected to be part of MDU fleet of Rigs with drilling capacity in the range of 6,000-8,000 meters. Sky Top Rig is under repair to undertake drilling of two wells in Pirkoh formation in Mari D&P Lease Area.

Mari Slickline Unit has been recently added in its fleet of allied services. It has capacity to operate up to the depth of 6,000 meters and the unit would start its operations by May 2014.

### **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.

#### **i. Education**

Education being an important facet of corporate social activity, the Company is spending a substantial amount on construction, renovation and maintenance of various schools at all JV blocks as well as its own operating areas.

#### **Mari Education and Medical Complex, Daharki**

In addition to existing education facilities provided by MPCL at Mari Field Daharki, Mari Education and Health Complex has been completed at the cost of Rs. 180 million.

#### **ii. Health**

MPCL spent more than Rs. 190 million in the last five years in promoting health care projects which is the testimony of our commitment to provide quality health care services to our work force and the community.

The recent highlights of MPCL's health projects include construction of additional rooms, purchase of laboratory and therapy equipment at Kamerser dispensary (Karak Block).

The other major CSR projects in the area of health include:

- Field dispensaries operating in different MPCL blocks on daily basis and providing treatment to thousands of poor patients at their door steps.

- Construction of Health Center at Urak Hanna District Quetta.
- Renovation of Basic Health Unit (BHU) at Village Ghari Sayed near Koonj well District Shikarpur.
- Construction of Dispensary at Jati chowk District Thatta.
- Free medical camps twice a week at BHU Khost and Dilwani Dispensary.

### iii. Water Supply Schemes

Provision of safe drinking water to the local community is part of MPCL's CSR projects. MPCL is providing clean drinking water to the far flung areas.

Currently, water supply scheme at village Kot Dhameek (Ghauri block) is under development.

### iv. Communication Network

MPCL is committed to provide better means of communication for easier access to far flung villages. A huge amount has been spent on different communication network projects in various blocks located in different parts of the country. Some of these projects are:

- In Mianwali District, road from Kamerser to Alimahi village has been constructed.
- Repair / widening of track "Karkan - Dilwani - Sarki Kutch" in Zarghun Block, District Harnai.

### v. Future Projects

Following projects will be implemented in near future:

- Hanna Block:** Construction of MPCL Education / Health Center at Urak, construction of Perimeter Wall / additional two rooms with veranda and repair / renovation of existing Girls Primary School building at Killi Malik Abdul Samad, Hanna and Provision of Ambulance and required medicines at BHU Hanna at a cost of Rs. 18.3 million.
- Harnai Block:** Construction of MPCL Education / Health Center at Harnai, construction of four additional rooms with veranda/ toilets at Boys High School at Shahrig, construction of Perimeter wall / renovation of existing building of Rural Health Center Shahrig at a cost of Rs 13.5 million.
- Ziarat Block:** Construction of Community bathrooms / toilets at Primary School Killi Maulvi Abdul Sattar at Khost, construction of waiting shed / Repair of Washrooms and brick work at BHU Khost, extension of water supply scheme at Ziarat Kutch and additional construction of two rooms with veranda at Boys Primary School Karimabad Ziarat Kutch, Khost at a cost of Rs. 6.8 million.
- Zarghun Block:** Construction of Water Channel at Dilwani, construction of flood bund along with Nullah at Dilwani, construction of flood bund along Karkan nullah and construction of water channel source to irrigation land at Karkan at a cost of Rs. 8.5 million.
- Sukkur Block:** Repair / renovation of Government Boys Primary school at village Laung Brohi, renovation of BHU at Village Ghari Sayed near Koonj well and construction of two rooms at Government Boys Primary School village Arbab Ali Soomro, Rahimabad, UC at the cost of Rs. 2.2 million.
- Sujawal Block:** Construction of four class rooms with veranda at Government Higher Secondary School Taluka Jati, renovation of Government Girls High School Taluka Jati and construction of Dispensary at Jati chowk at a cost of Rs. 10 million.
- Karak Block:** Construction of two rooms along with veranda and washroom at Boys Elementary school Kamerser and boundary wall, boring of six water tube wells in the surrounding villages of Halini Well No.1, supply of water at Hout Primary School, construction of bathroom at Boys High School Tola Bangi Khel and Field Medical camps at the cost of Rs. 3.1 million.
- Ghauri Block:** Construction of New Building for BHU at Karunta, installation of Hand pump at Government Primary School Killi Chohan, water supply scheme at Jand Mera, renovation of Girls Primary school at Bevel (Tehsil Gujar Khan Distt Rawalpindi) and adoption of Dispensary at village Thoha Khalsa Tehsil Kahuta Distt Rawalpindi at the cost of Rs. 5.5 million.

### Joint Bank Accounts for CSR

Based on the orders of Supreme Court of Pakistan, DGPC had instructed all the E&P companies to open a Joint Bank Account with the DCO(s) in their respective concessions in order to discharge social welfare obligations. In this regard, concerned DCO(s) were engaged through Chief Secretaries for opening of bank accounts in MPCL Operated concessions. MPCL has opened the Joint Bank Accounts in its Operated Concessions namely Karak, Hanna, Harnai, Zarghun, Ziarat, Ghauri, Sukkur and Sujawal and a cumulative amount of Rs. 51 million has been transferred for discharge of Social Welfare Obligations to the respective joint accounts.

For and on behalf of the Board

**Lt Gen Muhammad Mustafa Khan (Retd)**  
Chairman

Islamabad  
April 30, 2014



# MARI PETROLEUM COMPANY LIMITED CONDENSED INTERIM BALANCE SHEET (UN-AUDITED) AS AT MARCH 31, 2014

Note	31.03.2014	Restated 30.06.2013	Restated 01.07.2012
(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	<u>2,500,000</u>	2,500,000	<u>2,500,000</u>
Issued, subscribed and paid up capital	<b>918,750</b>	918,750	918,750
Undistributed percentage return reserve	5 <b>185,538</b>	578,994	420,048
Exploration and evaluation reserve	<b>5,202,925</b>	4,186,644	4,150,409
Reserve for Mari Seismic Unit	6 <b>889,617</b>	920,000	-
Profit and loss account	7 <b>8,895,510</b>	6,952,345	5,986,939
	<u><b>16,092,340</b></u>	13,556,733	11,476,146
<b>NON CURRENT LIABILITIES</b>			
Long term financing - secured	8 <b>665,839</b>	1,543,207	946,667
Deferred liabilities	9 <b>4,237,333</b>	3,816,104	4,416,048
	<u><b>4,903,172</b></u>	5,359,311	5,362,715
<b>CURRENT LIABILITIES</b>			
Trade and other payables	10 <b>28,927,698</b>	13,993,723	16,170,566
Current maturity of long term financing	8 <b>1,379,172</b>	961,603	442,222
Interest accrued on long term financing	<b>9,758</b>	42,039	56,273
Provision for income tax	<b>99,210</b>	403,360	-
	<u><b>30,415,838</b></u>	15,400,725	16,669,061
<b>CONTINGENCIES AND COMMITMENTS</b>			
	11		
	<u><b>51,411,350</b></u>	<u>34,316,769</u>	<u>33,507,922</u>

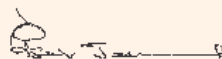
The annexed notes 1 to 28 form an integral part of this condensed interim financial information.



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

**MARI PETROLEUM COMPANY LIMITED**  
**CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)**  
**AS AT MARCH 31, 2014**

	Note	31.03.2014	Restated 30.06.2013	Restated 01.07.2012
(Rupees in thousand)				
<b>ASSETS</b>				
<b>NON CURRENT ASSETS</b>				
Property, plant and equipment	12	8,172,096	5,858,512	4,472,186
Development and production assets	13	2,624,898	2,072,821	3,424,616
Exploration and evaluation assets	14	5,202,925	4,186,644	4,150,409
		<b>15,999,919</b>	<b>12,117,977</b>	<b>12,047,211</b>
Long term loans, advances, deposits and prepayments		25,665	21,383	16,641
Deferred income tax asset		1,869,451	1,705,124	567,644
		<b>17,895,035</b>	<b>13,844,484</b>	<b>12,631,496</b>
<b>CURRENT ASSETS</b>				
Stores and spares		845,524	820,648	806,905
Trade debts	15	23,400,525	11,878,669	15,606,293
Loans, advances, prepayments and other receivables	16	2,371,570	1,264,409	1,318,196
Income tax paid in advance		-	-	194,216
Cash and bank balances	17	6,898,696	6,508,559	2,950,816
		<b>33,516,315</b>	<b>20,472,285</b>	<b>20,876,426</b>
		<b>51,411,350</b>	<b>34,316,769</b>	<b>33,507,922</b>



**Qaiser Javed**  
Director

# MARI PETROLEUM COMPANY LIMITED

## CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

### FOR THE NINE MONTHS ENDED MARCH 31, 2014

	Note	Three months ended		Nine months ended	
		31.03.2014	31.03.2013	31.03.2014	31.03.2013
		(Rupees in thousand)		(Rupees in thousand)	
Gross sales to customers	18	18,693,333	15,958,392	52,004,969	46,876,378
Gas development surcharge		4,841,652	4,475,282	15,107,377	15,496,234
General sales tax		2,643,715	2,125,835	7,338,306	6,250,605
Excise duty		377,784	374,575	1,183,251	1,120,076
Gas infrastructure development cess		7,128,609	4,410,620	16,807,093	13,569,360
Wind fall levy		143,147	85,614	421,468	383,431
Provisional adjustment as per the Agreement		116,679	561,242	861,891	1,383,432
		15,251,586	12,033,168	41,719,386	38,203,138
Sales - net		3,441,747	3,925,224	10,285,583	8,673,240
Royalty		447,197	500,206	1,336,734	1,127,702
		2,994,550	3,425,018	8,948,849	7,545,538
Operating expenses	19	1,449,474	952,634	3,418,342	2,732,951
Exploration and prospecting expenditure	20	432,920	448,393	1,933,239	1,246,291
Other charges		102,196	164,210	286,962	289,752
		1,984,590	1,565,237	5,638,543	4,268,994
		1,009,960	1,859,781	3,310,306	3,276,544
Other income	21	279,015	118,285	647,927	182,835
Operating profit		1,288,975	1,978,066	3,958,233	3,459,379
Finance income	22	248,089	128,033	577,764	353,283
Finance cost	23	146,201	41,856	729,695	424,199
Profit before taxation		1,390,863	2,064,243	3,806,302	3,388,463
Provision for taxation	24	260,681	856,316	1,014,915	1,397,885
Profit for the period		1,130,182	1,207,927	2,791,387	1,990,578
Profit for the period represents the following:					
Distributable profits		143,559	128,290	440,561	379,850
Exploration and evaluation reserve		271,442	210,957	1,016,281	370,253
Reserve for Mari Seismic Unit		(232,046)	353,675	(372,014)	353,675
Profit and loss account - undistributable balance		947,227	515,005	1,706,559	886,800
		1,130,182	1,207,927	2,791,387	1,990,578
<b>Earnings per share - basic and diluted</b>					
Earnings per share on the basis of distributable profits (Rupees)		1.56	1.40	4.80	4.13
Earnings per share on the basis of profit and loss account (Rupees)		12.30	13.15	30.38	21.67

The annexed notes 1 to 28 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



**Kaiser Javed**  
Director

**MARI PETROLEUM COMPANY LIMITED**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2014**

	<b>Three months ended</b>		<b>Nine months ended</b>	
	<b>31.03.2014</b>	<b>31.03.2013</b>	<b>31.03.2014</b>	<b>31.03.2013</b>
	<b>(Rupees in thousand)</b>		<b>(Rupees in thousand)</b>	
Profit for the period	<b>1,130,182</b>	1,207,927	<b>2,791,387</b>	1,990,578
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<b>1,130,182</b>	1,207,927	<b>2,791,387</b>	1,990,578

The annexed notes 1 to 28 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

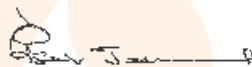
# MARI PETROLEUM COMPANY LIMITED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2014

	Nine months ended	
	31.03.2014	31.03.2013
	(Rupees in thousand)	
<b>Cash flows from operating activities</b>		
Cash receipts from customers	40,654,310	40,399,720
Cash paid to the Government for government levies and surplus payable as per the Agreement	(28,177,930)	(32,289,210)
Cash paid to suppliers, employees and others	(4,898,582)	(3,325,167)
Income tax paid	(1,483,392)	(1,104,354)
Cash flow from operating activities	6,094,406	3,680,989
<b>Cash flows from investing activities</b>		
Capital expenditure	(5,147,494)	(1,686,821)
Proceeds from disposal of property, plant and equipment	9,520	20
Interest received	419,662	347,044
Cash flow from investing activities	(4,718,312)	(1,339,757)
<b>Cash flows from financing activities</b>		
Long term financing received	210,590	300,000
Long term financing repaid	(670,389)	(485,079)
Finance cost paid	(214,833)	(172,949)
Dividends paid	(311,325)	(286,367)
Cash flow from financing activities	(985,957)	(644,395)
<b>Increase in cash and bank balances</b>	390,137	1,696,837
Cash and bank balances at beginning of the period	6,508,559	2,950,816
Cash and bank balances at end of the period	6,898,696	4,647,653

The annexed notes 1 to 28 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



**Kaiser Javed**  
Director

# MARI PETROLEUM COMPANY LIMITED

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

### FOR THE NINE MONTHS ENDED MARCH 31, 2014

#### Balance as at June 30, 2012, as previously reported

Remeasurement loss on employees retirement benefit plans - net of tax (note 3)  
 Receivable from the Government under Mari Gas Well Head Price Agreement

#### Balance as at June 30, 2012, as restated

Total comprehensive income for the period:

Profit for the period  
 Other comprehensive income

Dividends

Transfer from profit and loss account to exploration and evaluation reserve  
 Transfer from profit and loss account to reserve for Mari Seismic Unit

#### Balance as at March 31, 2013

Total comprehensive income for the period:

Profit for the period  
 Other comprehensive income / (loss):

Remeasurement loss on employees retirement benefit plans - net of tax  
 Receivable from the Government under Mari Gas Well Head Price Agreement

Dividends

Transfer from profit and loss account to undistributed percentage return reserve  
 Transfer from exploration and evaluation reserve to profit and loss account  
 Transfer from profit and loss account to reserve for Mari Seismic Unit

#### Balance as at June 30, 2013

Total comprehensive income for the period:

Profit for the period  
 Other comprehensive income

Dividends

Transfer from profit and loss account to exploration and evaluation reserve  
 Transfer from undistributed percentage return reserve to reserve for Mari Seismic Unit  
 Prior period loss transferred from profit and loss account to reserve for Mari Seismic Unit  
 Net loss for the period transferred from profit and loss account to reserve for Mari Seismic Unit

#### Balance as at March 31, 2014

The annexed notes 1 to 28 form an integral part of this condensed interim financial information.

Issued, subscribed and paid up capital	Undistributed percentage return reserve	Exploration and evaluation reserve	Reserve for Mari Seismic Unit	Profit and loss account	Total
(Rupees in thousand)					
918,750	420,048	4,150,409	-	5,986,939	11,476,146
-	-	-	-	(143,216)	(143,216)
-	-	-	-	143,216	143,216
918,750	420,048	4,150,409	-	5,986,939	11,476,146
-	-	-	-	1,990,578	1,990,578
-	-	-	-	-	-
-	-	-	-	1,990,578	1,990,578
-	-	-	-	(248,614)	(248,614)
-	-	370,253	-	(370,253)	-
-	-	-	353,675	(353,675)	-
918,750	420,048	4,520,662	353,675	7,004,975	13,218,110
-	-	-	-	430,498	430,498
-	-	-	-	(87,686)	(87,686)
-	-	-	-	87,686	87,686
-	-	-	-	430,498	430,498
-	-	-	-	(91,875)	(91,875)
-	158,946	-	-	(158,946)	-
-	-	(334,018)	-	334,018	-
-	-	-	566,325	(566,325)	-
918,750	578,994	4,186,644	920,000	6,952,345	13,556,733
-	-	-	-	2,791,387	2,791,387
-	-	-	-	-	-
-	-	-	-	2,791,387	2,791,387
-	-	-	-	(255,780)	(255,780)
-	-	1,016,281	-	(1,016,281)	-
-	(393,456)	-	393,456	-	-
-	-	-	(51,825)	51,825	-
-	-	-	(372,014)	372,014	-
918,750	185,538	5,202,925	889,617	8,895,510	16,092,340

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

**Kaiser Javed**  
 Director

# MARI PETROLEUM COMPANY LIMITED

## SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 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 gas price mechanism is 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. 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 nine months ended March 31, 2014 has been prepared in accordance with the requirements of the International Accounting Standard 34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case 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, 2013 except for the change as follows:

Consequent to the revision of IAS 19 "Employee Benefits" which is effective for annual periods beginning on or after January 1, 2013, the Company has changed its accounting policy wherein, the remeasurement gains/losses on employees' retirement benefit plans are recognized immediately in other comprehensive income. Previously, these gains/losses in excess of the corridor limit were recognized in the profit and loss account over the expected remaining working lives of the employees. The change in accounting policy has been accounted for retrospectively and the comparative figures have been restated. The effect of restatement is summarized below:

#### Profit and loss account

The restatement does not affect the current period or prior periods' profit and the guaranteed return to the shareholders under the Agreement due to the gas price mechanism.

#### Statement of comprehensive income

There is no impact on statement of comprehensive income for the nine months ended March 31, 2014 since actuarial valuation is carried out on annual basis.

#### Statement of changes in equity

Remeasurement loss on employees retirement benefit plans - net of tax	(87,686)	(230,902)
Receivable from the Government under Mari Gas Well Head Price Agreement	<b>87,686</b>	230,902
<b>Net effect</b>	<b>-</b>	<b>-</b>

#### Balance sheet

Increase in trade and other payables - Gratuity funds	(137,417)	(357,309)
Decrease in deferred liabilities - Provision for employee benefits (unfunded)	<b>2,516</b>	2,076
Increase in deferred income tax asset	<b>47,215</b>	124,331
Decrease in payable under Mari Gas Well Head Price Agreement	<b>87,686</b>	230,902
<b>Net effect</b>	<b>-</b>	<b>-</b>

#### Cash flow statement

There is no impact on cash flow statement.

Effect for the year ended June 30, 2013	Cumulative effect upto June 30, 2013
(Rupees in thousand)	
(87,686)	(230,902)
<b>87,686</b>	<b>230,902</b>
-	-
(137,417)	(357,309)
<b>2,516</b>	<b>2,076</b>
<b>47,215</b>	<b>124,331</b>
<b>87,686</b>	<b>230,902</b>
-	-



#### 4. GAS PRICE MECHANISM

In terms of the Mari Gas Well Head Price Agreement, well head gas price for each ensuing year is determined in accordance with the principles of gas price formula set out in Article II of the Agreement. The Agreement states that the gas price will be at the minimum level to ensure that total revenues generated from sale of gas and other income are sufficient to provide a minimum return of 30%, net of all taxes, on Shareholders' Funds (as defined in the Agreement) after maintaining specified ratios and deductibles. The return to shareholders 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 Shareholders' 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%.

Effective July 1, 2001, the Government of Pakistan (GoP) authorized the Company to incur expenditure equivalent of US\$ 20 million per annum or 30% of the Company's annual gross sales revenue as disclosed in the last audited financial statements, whichever is less, in connection with exploration and development in any concession area other than Mari Field, provided that if such exploration and development results in additional gas or equivalent oil production, the revenues generated from such additional gas or equivalent oil production shall be credited to and treated as revenue under the Agreement. The revenues from sale of gas and crude / condensate from fields other than Mari Field are determined as per the applicable Petroleum Policy / Petroleum Concession Agreement. Effective January 1, 2012, the GoP gave its approval for enhancing the limit of US\$ 20 million per annum by US\$ 5 million each year upto US\$ 40 million per annum over a period of four years.

#### 5. 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.

		<b>Nine months ended 31.03.2014</b>	<b>Year ended 30.06.2013</b>
	<b>Note</b>	<b>(Rupees in thousand)</b>	
Opening balance		<b>578,994</b>	420,048
Transferred to reserve for Mari Seismic Unit	5.1	<b>(393,456)</b>	-
Transferred from profit and loss account		-	158,946
Closing balance		<b>185,538</b>	578,994

- 5.1 This represents the amount that has been utilized from this reserve for Mari Seismic Unit as per the approval of the Board of Directors and shareholders.

#### 6. RESERVE FOR MARI SEISMIC UNIT

	<b>31.03.2014</b>	<b>30.06.2013</b>
	<b>(Rupees in thousand)</b>	
Government's investment in Mari Seismic Unit	<b>920,000</b>	920,000
Shareholders' investment in Mari Seismic Unit (transferred from undistributed percentage return reserve)	<b>393,456</b>	-
Unappropriated loss on Mari Seismic Unit		-
Prior period loss transferred from profit and loss account	<b>(51,825)</b>	-
Net loss for the period transferred from profit and loss account	<b>(372,014)</b>	-
Balance carried forward	<b>(423,839)</b>	-
	<b>889,617</b>	920,000

## 7. PROFIT AND LOSS ACCOUNT

The amount of Rs 8,895.510 million (June 30, 2013: Rs 6,952.345 million) represents the following:

### 7.1 Undistributable balance

The amount of Rs 8,638.700 million (June 30, 2013: Rs 6,932.141 million), which is not distributable, has been provided through the operation of Article II of the Agreement to meet the obligations and to the extent indicated for the following:

	Generated upto 30.06.2013	Generated during nine months ended March 31, 2014	Generated upto March 31, 2014
	(Rupees in thousand)		
a) Rupee element of capital expenditure (net of depreciation/ amortization) and repayment of borrowings	6,667,370	1,706,559	8,373,929
b) Maintenance of debt service ratio	90,234	-	90,234
c) Maintenance of current ratio - note 7.1.1	174,537	-	174,537
Total	6,932,141	1,706,559	8,638,700
Year ended June 30, 2013	5,922,076	1,010,065	6,932,141

- 7.1.1** Gas Infrastructure Development Cess (GIDC) will be paid to the Government as and when related amounts are received from customers. Accordingly, Rs 17,199 million receivable from the customers and the amount of Rs 18,225 million payable to the Government on account of GIDC as at March 31, 2014 have not been taken into account for the purpose of maintenance of current ratio.

	31.03.2014	30.06.2013
	(Rupees in thousand)	

### 7.2 Mari Seismic Unit

Pre-operating expenses charged to profit and loss account	-	(51,825)
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This loss has been transferred to Reserve for Mari Seismic Unit during the period.

### 7.3 Distributable balance

Undistributed guaranteed return	256,810	72,029
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This represents guaranteed return of Rs 256.810 million @ 39.22% per annum on Shareholders' Funds for nine months ended March 31, 2014. The additional return of Rs 72.029 million @ 7.84% per annum guaranteed to shareholders on account of increase in hydrocarbons production for the year ended June 30, 2013 has been paid in the current period.

	Note	Nine months ended 31.03.2014	Year ended 30.06.2013
		(Rupees in thousand)	
<b>8. LONG TERM FINANCING - SECURED</b>			
<b>Loan for Mari field development</b>	8.1		
Opening balance		760,000	1,140,000
Amount repaid during the period / year		(380,000)	(380,000)
		380,000	760,000
Amount repayable within next twelve months shown as current maturity of long term financing		(380,000)	(380,000)
		-	380,000
<b>Loan for Zarghun South field development</b>	8.2		
Opening balance		744,810	248,889
Amount received during the period / year		210,590	601,000
Amount repaid during the period / year		(290,389)	(105,079)
		665,011	744,810
Amount repayable within next twelve months shown as current maturity of long term financing		(332,506)	(248,270)
		332,505	496,540
<b>Loan for Mari Seismic Unit</b>	8.3		
Opening balance		1,000,000	-
Amount received during the period / year		-	1,000,000
		1,000,000	1,000,000
Amount repayable within next twelve months shown as current maturity of long term financing		(666,666)	(333,333)
		333,334	666,667
Long term financing - secured		665,839	1,543,207
Amount repayable within next twelve months shown as current maturity of long term financing		1,379,172	961,603

- 8.1** The Company arranged a Syndicated Term Finance Loan amounting to Rs 1,900 million from a consortium of banks led by Bank Alfalah Limited for financing of drilling of three wells in Mari Deep, Goru B reservoirs. The mark-up is payable semi-annually in arrears on the outstanding facility amount at six months KIBOR + 1.35% per annum. The mark-up rate is revised downward to six months KIBOR + 0.75% per annum from December 1, 2013. The effective mark-up rate for the period ended March 31, 2014 was 10.36% per annum (June 30, 2013: 12.00% per annum). The loan is repayable in ten equal semi-annual installments after a grace period of 24 months from the date of first disbursement. Eight installments amounting to Rs 1,520 million have been paid upto March 31, 2014 (June 30, 2013: Rs 1,140 million). Loan is secured by a first pari passu charge by way of hypothecation over all present and future fixed and current assets and businesses, and first pari passu equitable mortgage over Company's all existing and future immovable properties of an amount of Rs 4.67 billion.

**8.2** In order to finance Zarghun South Field, the Company arranged another Term Finance Loan of Rs 1,112 million from Habib Bank Limited. Entire amount of the facility has been drawn upto March 31, 2014 (June 30, 2013: Rs 901 million). The mark-up is payable semi-annually in arrears on the outstanding facility amount at the average of the six months KIBOR + 1.35% per annum. The effective mark-up rate for the period ended March 31, 2014 was 10.53% per annum (June 30, 2013: 11.62% per annum). The loan is repayable in ten equal semi-annual installments after a grace period of 24 months from the date of first disbursement. Six installments amounting to Rs 446 million have been paid upto March 31, 2014 (June 30, 2013: Rs 156 million). Loan is secured by a first pari passu charge over present and future assets of the Company by way of hypothecation, equitable mortgage and floating charge of an amount of Rs 2.12 billion.

**8.3** A long term finance facility amounting to Rs 1,000 million has been availed from Allied Bank Limited for financing of Seismic Data Acquisition Equipment. The entire amount of the facility was drawn on June 28, 2013. Mark-up for the said loan is to be paid quarterly in arrears on the outstanding facility amount at the six months KIBOR + 0.25% per annum. The effective mark-up rate for the period ended March 31, 2014 was 9.70% per annum (June 30, 2013: 9.34% per annum). The loan is repayable in three equal semi-annual installments after 12 months from the date of first disbursement. The loan is secured by an exclusive charge of Rs 1,333.33 million over Seismic Data Acquisition Equipment and exclusive hypothecation charge by way of assignment of receivables of Rs 200 million under the services rendered by the Seismic Data Acquisition Equipment. The loan was disbursed against a ranking hypothecation charge, which has now been converted to an exclusive charge after obtaining NOCs from existing charge holders.

	Note	31.03.2014	30.06.2013
		(Rupees in thousand)	
<b>9. DEFERRED LIABILITIES</b>			
Provision for decommissioning cost		4,053,945	3,597,174
Provision for employee benefits - unfunded		126,900	125,467
Provision for compensated leave absences		55,307	84,529
Deferred income		1,181	8,934
		<b>4,237,333</b>	<b>3,816,104</b>
<b>10. TRADE AND OTHER PAYABLES</b>			
Creditors		654,139	758,963
Accrued liabilities		1,593,056	924,456
Retention and earnest money deposits		65,291	42,070
Gratuity funds		460,015	536,018
Unclaimed dividend		9,444	7,091
Unpaid dividend		36,118	94,016
Gas development surcharge		5,074,530	3,096,471
General sales tax		732,258	742,894
Excise duty		127,570	131,704
Gas infrastructure development cess	10.1	18,224,654	4,744,065
Workers' Welfare Fund		679,875	597,576
Workers' Profit Participation Fund		204,663	190,965
Joint venture partners		435,096	623,936
Payable to the President of Pakistan as per the Agreement	10.2	630,989	1,503,498
		<b>28,927,698</b>	<b>13,993,723</b>

- 10.1** Gas infrastructure development cess includes an amount of Rs 17,199 million (June 30, 2013: Rs 4,464 million) which is being withheld by the customers from April 2013 to March 2014 due to stay orders/decisions issued by various courts resulting in a corresponding payable to the Government on account of GIDC. The subject case is pending before the Supreme Court of Pakistan.

	<b>31.03.2014</b>
	<b>(Rupees in thousand)</b>
<b>10.2 Payable to the President of Pakistan as per the Agreement</b>	
Payable as at June 30, 2013, as previously reported	1,734,400
Receivable on account of remeasurement loss on employees' retirement benefit plans - note 3	(230,902)
Payable as at June 30, 2013, as restated	1,503,498
Amount paid during the period	(1,734,400)
Surplus for the current period as per profit and loss account	861,891
Payable as at March 31, 2014	<b>630,989</b>

## **11. CONTINGENCIES AND COMMITMENTS**

### **11.1 Contingencies**

- (i) The Company has not recognized interest income of Rs 6,272.30 million (June 30, 2013: Rs 5,695.09 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, 2013: Rs 3,154.62 million) payable to the Government of Pakistan (GoP) on account of late payment of Gas Development Surcharge. However, such non-recognition does not affect the current period or future years' profit after taxation which includes the guaranteed return to shareholders under the Agreement due to the gas price mechanism.
- (ii) Indemnity bonds given to Collector of Customs against duty concessions on import of vehicles amounted to Rs 5.23 million (June 30, 2013: Rs 5.23 million).
- (iii) Contractor's claim not acknowledged as debt of Rs 33.92 million (June 30, 2013: Rs 33.92 million).

	<b>31.03.2014</b>	<b>30.06.2013</b>
	<b>(Rupees in thousand)</b>	
<b>11.2 Commitments</b>		
(i) Capital expenditure:		
- Share in joint ventures	3,550,231	5,857,811
- Mari field	2,423,974	434,197
- Mari Seismic Unit	11,231	1,738,336
	<b>5,985,436</b>	<b>8,030,344</b>
(ii) Operating lease rentals due:		
- Less than one year	27,534	20,724
- More than one year but less than five years	59,450	41,871
	<b>86,984</b>	<b>62,595</b>

## 12. PROPERTY, PLANT AND EQUIPMENT

	Nine months ended 31.03.2014	Year ended 30.06.2013
	(Rupees in thousand)	
Opening book value	5,858,512	4,472,186
Movement during the period / year:		
Additions	2,757,092	2,041,556
Revision due to change in estimates of decommissioning costs	-	(100,374)
Written down value of disposals	(9,080)	(58,572)
Depreciation charge	(434,428)	(496,284)
	2,313,584	1,386,326
Closing book value	8,172,096	5,858,512

## 13. DEVELOPMENT AND PRODUCTION ASSETS

Opening book value	2,072,821	3,424,616
Movement during the period / year:		
Additions	618,531	263,457
Revision due to change in estimates of decommissioning costs	-	(1,456,304)
Amortization charge	(66,454)	(158,948)
	552,077	(1,351,795)
Closing book value	2,624,898	2,072,821

## 14. EXPLORATION AND EVALUATION ASSETS

Opening book value	4,186,644	4,150,409
Movement during the period / year:		
Additions	1,859,826	855,971
Cost of dry and abandoned wells written off	(745,745)	(13,727)
Impairment of well cost	(28,961)	(732,401)
Depreciation charge	(68,839)	(73,608)
	1,016,281	36,235
Closing book value	5,202,925	4,186,644

	31.03.2014	30.06.2013
	(Rupees in thousand)	
<b>15. TRADE DEBTS</b>		
<b>Due from related parties - considered good</b>		
Pakistan Electric Power Company	402,866	2,559,640
Foundation Power Company Daharki Limited	4,930,688	2,796,177
Fauji Fertilizer Company Limited	11,401,309	3,576,763
Sui Southern Gas Company Limited	221,962	399,481
Sui Northern Gas Pipelines Limited	63,425	100,231
Foundation Gas	6,886	-
	17,027,136	9,432,292
<b>Due from others - considered good</b>		
Engro Fertilizer Limited	5,041,833	1,322,643
Fatima Fertilizer Company Limited	415,977	227,264
Byco Petroleum Pakistan Limited	614,192	614,192
National Refinery Limited	110,280	97,949
Attock Refinery Limited	142,892	139,855
Pak Arab Refinery Limited	8,727	44,474
Pakistan Refinery Limited	37,223	-
Western Power Company Limited	2,265	-
	23,400,525	11,878,669

**15.1** Trade debts include Rs 17,199 million (June 30, 2013: Rs 4,464 million) on account of GIDC withheld by customers as explained in note 10.1.

**15.2** Trade debts (excluding receivable on account of GIDC) of Rs 2,942 million (June 30, 2013: Rs 4,280 million) were past due but not impaired.

**15.3** Trade debts due from related parties are net of provision for doubtful debts amounting to Rs 335 million (June 30, 2013: Rs 309 million).

	31.03.2014	30.06.2013
	(Rupees in thousand)	
<b>16. LOANS, ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES</b>		
<b>Due from related parties</b>		
Rig rentals - Hanna joint venture	-	59,280
Rig rentals - Sujawal joint venture	179,852	-
Rig rentals - Zarghun South joint venture	-	62,584
<b>Due from others</b>		
Loans and advances	1,220,341	509,128
Advances to joint venture partners	445,356	204,660
Short term prepayments	172,130	66,871
Interest accrued	17,572	28,750
Royalty paid in advance	256,730	142,083
Unclaimed exploration and evaluation expenditure	79,267	188,320
Other receivables	322	2,733
	2,371,570	1,264,409

**16.1** Interest accrued include Rs 0.80 million (June 30, 2013: Nil) from Askari Bank Limited, a related party.



17. Cash and bank balances include Rs 2,839 million (June 30, 2013: Rs 2,935 million) held with Askari Bank Limited, a related party.

	Note	Three months ended		Nine months ended	
		31.03.2014	31.03.2013	31.03.2014	31.03.2013
		(Rupees in thousand)		(Rupees in thousand)	
<b>18. GROSS SALES TO CUSTOMERS</b>					
<b>Sale of:</b>					
<b>Gas</b>	18.1	<b>18,174,445</b>	15,393,086	<b>50,446,099</b>	45,252,636
<b>Crude Oil</b>	18.2	<b>322,764</b>	382,942	<b>976,529</b>	1,199,304
<b>Less: Transportation charges</b>		<b>9,038</b>	9,711	<b>28,315</b>	33,283
		<b>313,726</b>	373,231	<b>948,214</b>	1,166,021
<b>Condensate</b>	18.3	<b>191,827</b>	174,285	<b>578,257</b>	399,993
<b>Less: Transportation charges</b>		<b>3,724</b>	1,905	<b>9,954</b>	8,934
		<b>188,103</b>	172,380	<b>568,303</b>	391,059
<b>LPG</b>	18.4	<b>10,286</b>	12,190	<b>18,325</b>	47,305
<b>Own consumption</b>		<b>6,773</b>	7,505	<b>24,028</b>	19,357
		<b>18,693,333</b>	15,958,392	<b>52,004,969</b>	46,876,378
<b>18.1 This represents sale of gas as per detail below:</b>					
Mari Field		<b>17,813,398</b>	15,259,651	<b>49,229,050</b>	44,995,160
Sujawal block		<b>215,617</b>	85,478	<b>833,976</b>	85,478
Hala block		<b>108,104</b>	11,062	<b>271,152</b>	57,665
Sukkur block		<b>30,189</b>	36,487	<b>101,901</b>	109,234
Karak block		<b>7,137</b>	-	<b>10,020</b>	-
Kohat block		<b>-</b>	408	<b>-</b>	5,099
		<b>18,174,445</b>	15,393,086	<b>50,446,099</b>	45,252,636
<b>18.2 This represents sale of crude oil as per detail below:</b>					
Karak block		<b>320,194</b>	382,942	<b>964,802</b>	1,199,304
Ziarat block		<b>2,570</b>	-	<b>11,727</b>	-
		<b>322,764</b>	382,942	<b>976,529</b>	1,199,304
<b>18.3 This represents sale of condensate as per detail below:</b>					
Mari Field		<b>63,304</b>	120,531	<b>218,130</b>	270,788
Sujawal block		<b>69,571</b>	11,905	<b>214,648</b>	11,905
Hala block		<b>58,952</b>	41,499	<b>145,479</b>	116,714
Kohat block		<b>-</b>	350	<b>-</b>	586
		<b>191,827</b>	174,285	<b>578,257</b>	399,993
<b>18.4 This represents sale of LPG from Hala block.</b>					
<b>18.5 Sale of gas includes sale from Sujawal, Sukkur, Hala and Karak blocks 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.</b>					

## 19. OPERATING EXPENSES

	Three months ended		Nine months ended	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013
	(Rupees in thousand)		(Rupees in thousand)	
Salaries, wages and benefits	575,042	394,983	1,210,601	1,007,719
Employee benefits	43,282	69,513	119,796	146,978
Rent, rates and taxes	1,525	3,503	6,627	7,276
Legal and professional services	1,497	476	3,291	2,319
Fuel, light, power and water	24,748	20,304	79,811	63,943
Maintenance and repairs	33,914	57,369	98,815	156,755
Insurance	19,070	11,612	53,916	34,140
Depreciation	193,349	148,345	503,267	425,758
Amortization	21,908	37,610	66,454	112,818
Employees medical and welfare	46,331	49,591	133,110	120,847
Field and other services	145,766	94,921	398,205	297,192
Travelling	2,706	3,466	23,304	17,249
Communications	5,673	2,578	9,686	8,196
Printing and stationery	4,182	1,547	7,973	7,124
Office supplies	1,587	1,424	4,558	4,243
Technical software	10,705	1,898	18,126	12,681
Auditor's remuneration	1,874	490	2,671	2,436
Mobile dispensary and social welfare	43,913	24,722	93,420	60,928
Training	9,773	9,546	18,578	24,262
Seismic re-processing	-	390	-	25,836
Advertisement	-	5,305	1,293	6,157
Books and periodicals	217	467	395	766
Public relations and social activities	6,306	2,444	7,394	4,266
Directors' fee and expenses	3,023	2,663	6,891	5,734
Freight and transportation	1,309	2,405	3,579	4,434
Subscription	880	104	2,380	1,875
Rig	105,160	83,282	228,738	193,626
Research and development	15,706	5,701	18,551	42,625
Mari Seismic Unit	243,464	-	530,501	-
Sukkur block	8,402	9,137	23,751	34,147
Hala block	31,197	30,299	75,782	98,618
Kohat block	-	5,529	3,910	11,142
Karak block	24,695	4,631	90,302	165,667
Ziarat block	17,434	-	66,263	-
Sujawal block	26,295	-	80,286	-
Provision for doubtful debts - related parties	1,791	-	25,785	-
Miscellaneous	405	934	1,920	4,566
	1,673,129	1,087,189	4,019,930	3,112,323
Less: Recoveries from joint ventures	223,655	134,555	601,588	379,372
	1,449,474	952,634	3,418,342	2,732,951

	Three months ended		Nine months ended	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013
	(Rupees in thousand)		(Rupees in thousand)	
<b>20. EXPLORATION AND PROSPECTING EXPENDITURE</b>				
<b>Mari Field</b>				
3D Seismic data acquisition	83,797	-	281,692	-
<b>Joint Ventures</b>				
Cost of dry and abandoned wells written off	28,260	-	745,745	-
Impairment of well cost	16,130	3,672	28,961	126,157
Prospecting expenditure	304,733	444,721	876,841	1,120,134
	349,123	448,393	1,651,547	1,246,291
	432,920	448,393	1,933,239	1,246,291
<b>21. OTHER INCOME</b>				
Mari Seismic Unit Income	77,402	-	267,540	-
Rig rental income	188,584	44,149	338,028	69,916
Line heaters rental income	8,799	10,152	27,702	27,342
Miscellaneous	4,230	63,984	14,657	85,577
	279,015	118,285	647,927	182,835
<b>22. FINANCE INCOME</b>				
Income on bank deposits	164,417	128,033	408,484	353,283
Interest income on delayed payments from Foundation Power Company Daharki Limited	83,672	-	169,280	-
	248,089	128,033	577,764	353,283
<b>23. FINANCE COST</b>				
Mark-up on long term financing - secured	38,611	40,238	120,508	119,896
Interest expense on delayed payments to the Government of Pakistan	70,338	-	129,872	-
Unwinding of discount on provision for decommissioning cost	-	-	197,845	289,754
Exchange loss	37,077	1,567	273,190	9,396
Interest on Workers' Profit Participation Fund	-	-	7,870	4,973
Bank charges	175	51	410	180
	146,201	41,856	729,695	424,199
<b>24. PROVISION FOR TAXATION</b>				
Current	380,572	1,043,178	1,179,242	2,029,255
Deferred	(119,891)	(186,862)	(164,327)	(631,370)
	260,681	856,316	1,014,915	1,397,885

## 25. TRANSACTIONS WITH RELATED PARTIES

Gross sale of gas and LPG to related parties is as follows:

	Nine months ended	
	31.03.2014	31.03.2013
	(Rupees in thousand)	
Pakistan Electric Power Company	567,648	7,979,334
Foundation Power Company Daharki Limited (FPCDL)	5,345,022	5,375,871
Fauji Fertilizer Company Limited	22,908,945	20,345,453
Sui Southern Gas Company Limited	1,123,261	160,395
Sui Northern Gas Pipelines Limited	500,259	650,057
Foundation Gas	18,325	47,305
Line heaters rental income - FPCDL	27,702	27,342
Interest income on delayed payments- FPCDL	169,280	-
Deferred interest income on delayed payments- FPCDL	-	582,299
Interest income on bank accounts - Askari bank limited	208,912	153,527
Remuneration of chief executive and key management personnel	1,029,566	823,154
Contribution to employee benefit funds	130,515	157,845

## 26. 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 18.

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

## 27. CORRESPONDING FIGURES

- 27.1 Comparative figures have been restated as a result of restatement of prior year financial statements as referred in note 3.
- 27.2 Comparative figures of finance income, finance cost and other income have been changed due to reclassification of exchange loss of Rs 9.396 million.
- 27.3 Cash flow statement presentation has been changed from indirect method to direct method.

## 28. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue by the Board of Directors of the Company on April 30, 2014.

**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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