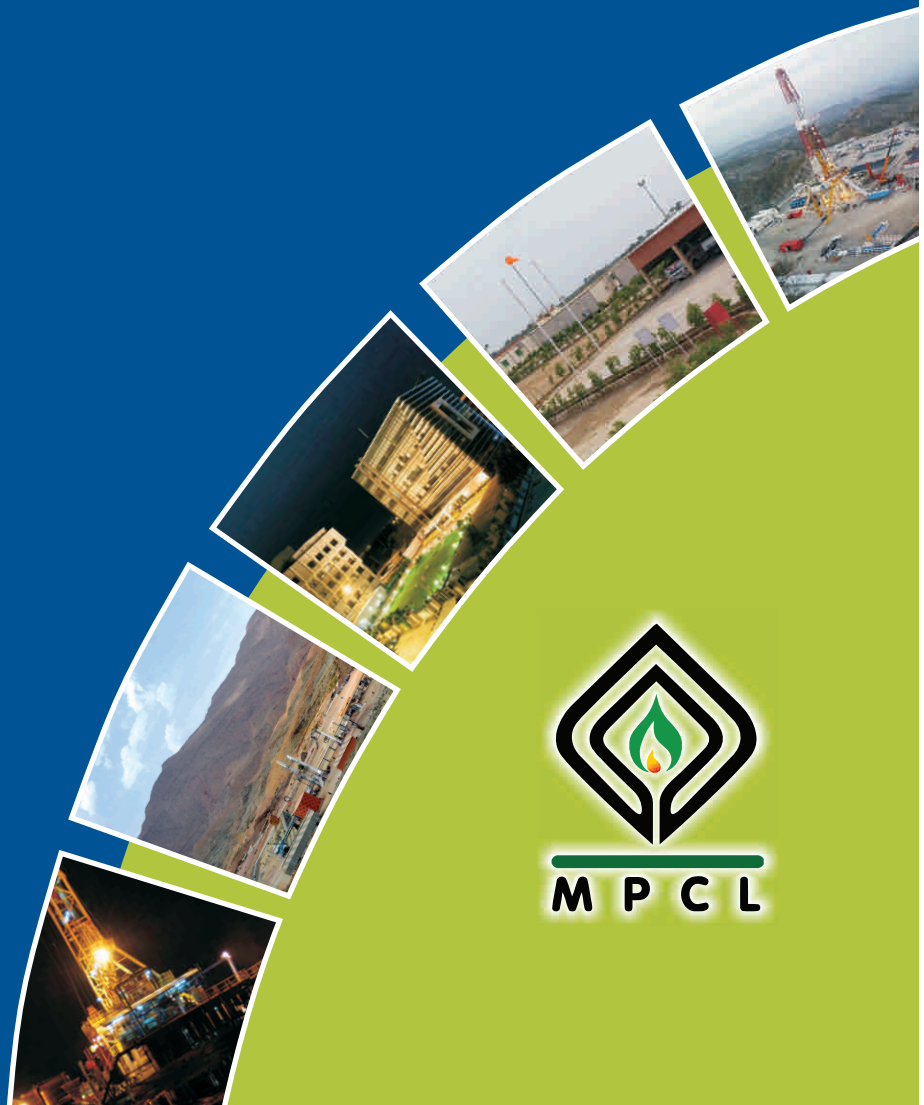


Mari Petroleum Company Limited

Interim Financial Information

(Un-audited)

For the 3rd Quarter Ended
March 31, 2015



M P C L

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BOARD OF DIRECTORS

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

Chief Financial Officer
Mr Muhammad Asif

Company Secretary
Mr Assad Rabbani

DIRECTORS' REVIEW

We are pleased to present to you the directors' review along with financial information for the nine months ended March 31, 2015.

FINANCIAL RESULTS

Gross sales for the third quarter amounted to Rs. 22,242 million whereas gross sales for nine months ended March 31, 2015 aggregated to Rs. 53,699 million as against cumulative sales of Rs. 52,005 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. 1,287.711 million as against Rs. 1,130.182 million for the corresponding quarter. The cumulative profit for the nine months to March 31, 2015 is Rs. 3,907.037 million as against Rs. 2,791.387 million of the corresponding period. The main reason for increase in profit is increase in net sales and decrease in provision for taxation which is partially offset by increase in royalty, operating expenses, exploration and prospecting expenditure and finance cost and decrease in other income and finance income.

REVISION IN GAS PRICE MECHANISM

Effective July 1, 2014, the cost plus wellhead gas pricing formula is replaced with a crude oil price linked formula which provides a discounted wellhead gas price to be gradually achieved in five years from July 1, 2014. Mari field wellhead gas price for the period has been determined in line with the revised formula as approved by the Economic Coordination Committee (ECC). The revised formula provides dividend distribution to be continued for next ten years in line with the previous cost plus formula and any residual profits are to be reinvested for exploration and development activities in Mari as well as outside Mari field. Under the revised formula, the Government of Pakistan will no more provide exploration funds to the Company. The Company shall declare a specie dividend against undistributable balance of profit and loss account at June 30, 2014 in the form of non voting, non-cumulative redeemable preference shares amounting to Rs 9,670 million carrying profit rate of one year KIBOR prevailing on the last working day of each financial year + 3% per annum. The preference shares shall be redeemed in 10 years time in the form of cash to the preference shareholders. However, in lieu of consideration for revision in the formula, the major shareholders would surrender their right to receive the specie dividend in favour of Government of Pakistan. Accordingly, preference shares will be issued to the Government of Pakistan and minority shareholders. Government's investment in Mari Seismic unit amounting to Rs 920 million will also be converted into preference shares in favour of GOP on the same terms. The ECC of the Cabinet has approved the above arrangement. Requisite approvals by the shareholders, Securities and Exchange Commission of Pakistan and other regulatory bodies and incorporation of the revised framework in the gas pricing agreement are in process.

As per the dismantled Agreement, the guaranteed return to the shareholders of the Company was 30% per annum. The shareholders were entitled to further increase in return on incremental production from the level of 425 MMSCFD (at the rate of 1% for every 20 MMSCFD of gas or equivalent oil produced, prorated for part thereof on annual basis) subject to maximum of 45% per annum. The revised Agreement will provide return to shareholders at the above stated guaranteed level for the next ten years commencing from July 01, 2014 and thereafter will be based on the discretion of the Board of Directors. The total return on the basis of financial results for the nine months ended March 31, 2015 works out to 39.71% (March 31, 2014:39.22%).

OPERATIONS

The Company continued un-interrupted gas supply from Mari Field for the period from July 01, 2014 to March 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 163,281 MMSCF of gas at a daily average of 596 MMSCF and 15,683 barrels of condensate (57 barrels per day) were produced from Mari Field during the period as against 162,433 MMSCF of gas at daily average of 593 MMSCF and 17,259 barrels of condensate (63 barrels per day) for the corresponding period as per the requirement/ withdrawal of the customers. In addition, 248,576 barrels of crude oil (907 barrels per day), 34,655 barrels of condensate (126 barrels per day), 4,633 MMSCF of gas (17 MMSCF per day) and 234 metric ton of LPG (0.85 metric ton per day) was produced and sold from joint ventures during this period, whereas 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 in the comparative period to customers namely Attock Refinery Limited, National Refinery Limited, Pakistan Refinery Limited, Pak Arab Refinery Limited, Western Power Company (Pvt) Limited, SSGCL, SNGPL and Foundation Gas.

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

EXPLORATION / OPERATIONAL ACTIVITIES AND DEVELOPMENTS

Mari D&P Lease

3D Seismic data acquisition of 1,079 sq. km is in progress by Mari Seismic Unit (MSU) and so far 461.3 sq. km 3D seismic data has been recorded as of April 23, 2015. Recording production of MSU has significantly enhanced since early February 2015 after resolving the land permitting issues.

Four new development well locations at Habib Rahi Limestone (HRL) level have been surveyed for drilling of wells to enhance gas production from Mari Field in order to get good gas price incentive under 2012 Policy. Further, evaluation of G&G data is in progress to identify more locations for drilling of wells at HRL level to enhance gas production.

Production Enhancement from Mari Field Daharki

44 MMSCFD gas from Goru B reservoir was allocated to M/s SNGPL for TPS Guddu but a daily average of about 18 MMSCFD gas remained unutilized by SNGPL for the last three years. Owing to the fact that country needs every molecule of gas, we at MPCL have undertaken a detailed analysis for commingling gas from deeper horizon having higher CO₂ contents with HRL wells. As a result, tapping gas from Mari Deep 15 appeared to be a workable option. To realize the foregoing, a 10 inches diameter pipeline was laid to connect Mari Deep 15 with HRL gas gathering pipeline network. Production separator and condensate storage facility was also established at the site. An inventory of over one million US dollars was utilized to produce 20-25 MMSCFD of gas over and

above the existing daily plateau. The same is now being offered to downstream customers on fuel price.

Installation of Hydrocarbon Dew Point Unit (HCDPU) at MDCPF

Based on the engineering study, technical and commercial proposals were sought from interested bidders through media advertisement. The technical evaluation of submitted bids has already been carried out. Commercial evaluations of technically qualified bids are underway. In parallel, process has been initiated for the procurement of pipes and allied fittings for the integration of HCDPU with existing process facility. In the meantime we have reviewed the GSA with particular reference to the installation of HCDPU. A few suggestions concerning the schedule outages and for emergency shutdown of power plant are sent to FPCDL for their concurrence.

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

Zarghun South Gas Field is producing over 16 MMSCFD gas. This includes both the conventional and tight gas. The produced gas is being processed through four different process skids to obtain the product of specification gas prior to delivering the same to SSGCL for Quetta City. Cumulative sales gas production of both wells upto March 31, 2015 is 933.26 MMSCFD.

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

MPCL's working interests in various exploration licenses are as follows:

| S. No | Name of Block | MPCL's Working Interest | Name of Operator |
|-------|-----------------------------------|-------------------------|------------------|
| 1 | Ziarat Exploration License | 60% | MPCL |
| 2 | Karak Exploration License | 60% | MPCL |
| 3 | Sukkur Exploration License | 58.8% | MPCL |
| 4 | Ghauri Exploration License | 35% | MPCL |
| 5 | Hanna Exploration License | 100% | MPCL |
| 6 | Harnai Exploration License | 40% | MPCL |
| 7 | Sujawal Exploration License | 100% | MPCL |
| 8 | Khetwaro Exploration License | 51% | MPCL |
| 9 | Peshawar East Exploration License | 98.19% | MPCL |
| 10 | Hala Exploration License | 35% | PPL |

(Continue)

| S. No | Name of Block | MPCL's Working Interest | Name of Operator |
|-------|--------------------------------|-------------------------|------------------|
| 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

Contract for acquisition of 170 line km 2D seismic data over identified leads have been awarded to M/s SENSHE to evaluate the remaining hydrocarbons potential and also to fulfill the outstanding commitment of the block. The Contractor will start mobilizing its crew to the area by the end of April 2015 and it is expected to be completed by August-September 2015.

Khost well no 3 Ziarat Block

Owing to the fact that the intermittent production from Khost-3 is far less than the breakeven threshold, Ziarat JV Partners agreed to declare Khost as a significant discovery to retain it for next five years. Documents are being prepared for DGPC for the same. Pursuant to this, production facilities including Jet Pump pumping unit, vessel cleaning unit, pumping line spool, 3 phase production separator, storage tanks etc. have been removed for safe and secure stacking at Baleli, Quetta. The FC troops have been released. The well was properly secured prior to releasing FC troops. The well chowkidars shall continue securing the well area.

Karak Block

Interpretation of newly acquired 337 Line km 2D seismic data has been completed and based on that, additional 2D seismic data acquisition is being planned to firm up the identified leads as a prospect for drilling of exploratory wells.

Drilling of Halini Deep and Kalabagh-1A Wells – Karak Block

Second exploratory well Halini Deep-1 in the block was spudded on February 18, 2015 to test the hydrocarbon potential of Sakesar, Datta, Triassic and Permian reservoirs down to the depth of $\pm 5,600$ M. In addition, the well will also tap the attic potential of Lockhart, Hangu and Lumshiwai reservoirs, which are producing at Halini Well -1. Currently, the well has been drilled down to the depth of 2486 M as of April 23, 2015. 20" casing has been placed and cemented. Drilling of 17-1/2" hole is in progress.

Third Exploratory well Kalabagh-1A was spudded on March 20, 2015 to test the hydrocarbon potential of Sakessar, Lockhart, Hangu and Lumshiwai formations down to the depth of ± 2750 M. Currently, the well has been drilled down to the depth of 1824 M as of April 23, 2015. Surface hole

of 24 inches was drilled down to 410 M and 20 inches casing was landed and cemented successfully. Subsequently, 17-1/2" hole was drilled down to 1,321 M and 13-3/8 inches casing was lowered and cemented successfully.

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

The EWT operations at Halini-1 are in progress. Enhanced production is being supported through Gas Lift Injection.

MPCLs own Gas Lift Compressor is likely to be shipped from Houston USA by the end of this month and is expected to be put in place on operation by end June, 2015.

Sukkur Block

Planning is in progress to conduct committed 200 Line km 2D seismic data for delineation of leads at SML level.

Ghauri Block

EWT operations at Ghauri X-1 are being continued through Jet pump. Optimized production extraction strategy adopted by maintaining crude oil production rate in the range of 800-810 barrels per day. Measures are taken in order to curtail the operating expenditures.

Contract has been awarded for acquisition of 380 sq.km 3D data based on competitive bidding. 3D seismic data would help to evaluate up dip potential of Ghauri, if any, and to delineate new prospects for chasing additional hydrocarbon reserves. It is expected that 3D seismic campaign would commence during May 2015.

Geochemical and quantitative analysis study of ditch cutting samples of Ghauri X-1 is in progress at M/s CGG-Robertson, UK.

Hanna Block

Geochemical analysis of HannaX-1, Ziarat-1 and Khost - 3 wells ditch cutting samples study is being integrated with the available G&G data to decide the way forward on the block.

Harnai Block

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

Sujawal Block

Processing of newly acquired 465 line km 2D seismic data (320 new and 145 vintage data) is in progress at Mari Seismic Processing Centre, which would be followed by interpretation for delineation of additional prospects in western part of the block or otherwise.

Based on the interpretation of 200 sq.km 3D seismic data, location of Sujawal Deep-1 well at Sujawal Structure has been finalized to test the hydrocarbon potential of Basal and massive sands

down to the depth of $\pm 4,000$ M. It is expected that well would be spud-in during fourth quarter of 2015.

The reservoir characterization and sedimentology study of Upper Sands of Lower Goru Formation is in progress at M/s RPS Energy UK. The study will help to evaluate the hydrocarbons potential through the reservoir modeling by highlighting the areas having potential for the existence of reservoir rocks.

Designing for acquisition of about 550 Sq. Km 3D seismic over Sujjal discovery and surrounding areas has been completed.

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

The un-interrupted gas supply from Sujawal X-1 and Sujjal-1 well was maintained as per M/s SSGCL requirement. Sujjal -1 well came into production on January 06, 2015. Sujawal X-1 is temporarily on shut down because of the installation of Amine Sweetening Unit and HCDPU.

Enhancement of Process Facilities Sujawal X-1 – Sujawal Block

Detailed Engineering study for Installation of Wellhead Facilities at Sujjal-1 and Revamping of Sujawal Gas Field has been completed. Well Sujjal-1 has been integrated with Sujawal Gas Processing Facility through laying of 17km gas transport pipeline. Major components and skids pertaining to the revamping project have been received at site. These skids constitute Raw Gas Metering Skid, Three Phase Separator for Sujjal X-1, Amine Sweetening Unit and HCDPU. Integration of these skids with the existing facilities is underway. An integrated commissioning has been planned in the last week of April 2015 to commission the new components of revamp project thereby increasing the field gas deliverability capacity to 20-22 MMSCFD with sales of specifications gas to the downstream customer.

Khetwaro Block

The company has acquired operatorship with 51% interest in Khetwaro Block from Saif Energy. Location for an exploratory well has been finalized based on the seismic reservoir characterization study conducted by M/s Beicip Franlab, France. The well has been designed to test new stratigraphic play concept of Karst features and Basal Ghazij Sand pinch out. In case of success entirely new play concept would be established leading to an opening of new fairway areas. Long lead items have been received and drilling services have been finalized. Plans for land acquisition and pre spud activities are underway. The well is expected to be spud-in during third quarter of 2015.

Peshawar East Block

Contract for 2D seismic data acquisition of 200 line km firm and 200 Line km contingent is in progress. Re-processing of about 75 Line km vintage 2D seismic data has been completed by M/s MSPC (Mari Seismic Processing Centre).

MPCL is planning to acquire Stress Field Detection (SFD) Survey over the identified surface structures for further evaluation, which would help to optimise / chalk out 2D seismic data acquisition program for finding viable prospect for drilling of exploratory wells.

NON-OPERATED BLOCKS

Hala Block

Preparations are in hand to start civil works for drilling of Hala X-4 to test the hydrocarbon potential of Basal and Massive Sands of Lower Goru Formation. The well planning is in process to spud-in the well during second quarter of 2015.

JV partners agreed to acquire 180 sq. km 3D seismic data to firm up additional leads and to explore the remaining hydrocarbon potential of the block area.

17 km 8" diameter pipeline from Adam West X-1 to Adam Field is being laid down to bring the discovery of Adam West on early production through EWT.

Zindan Block

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

Kohlu Block

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

Kalchas Block

First exploratory well Kup-1 was spud-in on December 25, 2014 in the block to test the hydrocarbons potential of Pab and Chiltan Formations. Currently, drilling is in progress in Ranikot Formation.

Kohat Block

Contract has been awarded to M/s SENSHE for acquisition of 319 sq. km 3D and 256 L.km 2D seismic data over identified leads in the block. Acquisition is expected from May 2015. The said seismic campaign will help to resolve the subsurface structural complications and to delineate the prospects for drilling of exploratory wells or otherwise.

The said seismic campaign will help to better understand the subsurface trap geometry and to resolve the subsurface structural complications for delineation of drillable prospects.

Bannu West Block

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

New Areas

MPCL is consistently reviewing the data of different local and international blocks for possible farm-in opportunities.

MARI SERVICES DIVISION

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

Drilling of Wells

Rig Mari 1 (1,500 HP) is currently drilling Kalabagh Exploration Well in Karak Block and has so far drilled 1824 meters until April 23, 2015. The target depth of the Kalabagh Exploration well is ± 2750 meters.

Rig Mari 3 (2,500 HP) is currently drilling Halini Deep Exploration Well in Karak Block and has drilled 2486 meters until April 23, 2015. The target depth of the Halini Deep well is ± 5600 meters.

Rig Mari 2 (Sky Top) drilled two appraisal wells in Pirkoh formation of Mari D&P Lease and is currently stacked at Daharki.

Seismic Data Processing

Re-processed 75 Line Kms 2D seismic data of Peshawar East Block and 241 Line Kms 2D vintage seismic data of Hasan Abdal Block. Processing of 465 Line Kms 2D Seismic data of Sujawal Exploration Licence has just commenced.

Slick Line and Other Related Services

Slick Line Unit performed different down hole jobs on six wells in Mari D&P Lease area and is currently carrying out its operations in Mari D&P Lease.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

Joint Venture Blocks – Mandatory Obligations

- a) Eleven projects worth Rs 75 million have been planned for 2015. Following six projects worth Rs. 5.8 million have been completed in first quarter of 2015.
 - i. Water supply scheme at Jharna, Tehsil Sohawa, District Jhelum (Ghauri Block)
 - ii. Additional construction of Police Chowki at Chappar Rift, District Harnai (Ziarat Block)
 - iii. Provision of furniture / stationary etc. at Primary Schools in Sirki Kuch and Dilwani. Furniture/medical equipment for dispensary at Dilwani (Bolan Block)
 - iv. Hostel facility for students of Zarghun Ghar at Quetta (Bolan Block)
 - v. Upgradation of health facilities at Taluka Hospital, Pano Aqil (Sukkur Block)

-
- vi. Rehabilitation of Taluka Library, Pano Aqil (Sukkur Block)
- b) Regular medical camps are established at our fields at Halini, Zarghun and Khost due to non-availability of medical facilities in these areas. At each location, 60-70 patients are treated on daily basis. These medical camps have been highly appreciated by the local communities.
- c) In order to deliver optimum healthcare to the local community, MPCL has recently outsourced health facility of Mari Education and Medical Complex (MEMC) at Daharki to Pakistan Red Crescent Society (PRCS) where about 140 patients are treated free of cost on daily basis.
- d) To improve health delivery system at Mari Field Daharki, MPCL has collaborated with Agha Khan University (AKU) to develop a quality assurance program in healthcare management system, continuous professional development of healthcare providers/clientele and to conduct Hepatitis C pilot project in the area.
- e) Following projects worth Rs 22 million are in progress at various locations:
- i. Construction of Perimeter Wall/additional 2 x rooms with veranda and repair/renovation of existing GPS building at Killi Malik Abdul Samad, Hanna, district Quetta (Hanna Block)
 - ii. Construction of 2 x Class Rooms at Ghodo Sher near Ghari Syed, Shikarpur (Sukkur Block)
 - iii. 50x Hand Pumps Installation in different Villages of Jati, Sujawal (Sujawal Block) Drilling of 18x water bores at various locations near Halini Oilfield, Mianwali (Karak Block)
 - iv. Demolition / Reconstruction of BHU Karunta, district Jhelum (Ghauri Block) Provision of clean drinking water to locals at Halini through water bowsers (Karak Block)
 - v. Rehabilitation of Mother and Child Care Centre at Mirpur Mathelo, Ghotki (Mari Field)
- f) MPCL has signed an MOU with Mountain and Glacier Protection Organization (MGPO) on 23rd January 2015, to implement its CSR interventions at Ghauri Block. Work on one of the interventions i.e. Reconstruction of BHU Karunta worth Rs 7.8 million has already started on 2nd March 2015. Whereas, another project to support and facilitate girls' education at GGHS Pail Mirza has been initiated on 18th March 2015.

Mari Field – No Obligation under PCA

Nine projects worth Rs 8.3 million are under implementation at Mari Field, Daharki. In addition, an annual budget of Rs 42.5 million has been earmarked to sustain following CSR activities at Mari Field on continued basis:

- 3X Mobile Dispensaries
- Maternity Home (Dad Leghari)
- Dispensary at Well No 8
- TB Clinic (Well No 8)
- PCR Test of Hepatitis - B & C positive cases
- Mari Education 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)

FUTURE PROSPECTS

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

For and on behalf of the Board



Islamabad
April 24, 2015

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

Condensed Interim Balance Sheet (un-audited)

As at March 31, 2015

| | Note | 31-03-2015 | 30-06-2014 |
|---|------|------------|------------|
| ---- (Rupees in thousand) ---- | | | |
| EQUITY AND LIABILITIES | | | |
| SHARE CAPITAL AND RESERVES | | | |
| Authorized capital 250,000,000 ordinary shares of Rs 10 each | | 2,500,000 | 2,500,000 |
| Issued, subscribed and paid up capital | 5 | 1,102,500 | 918,750 |
| Undistributed percentage return reserve | 6 | 230,264 | 414,014 |
| Exploration and evaluation reserve | 7 | 4,584,270 | 4,584,270 |
| Reserve for redemption of redeemable preference shares | 8 | 794,975 | - |
| Reserve for Mari Seismic Unit | 9 | - | 1,155,725 |
| Profit and loss account | 10 | 3,427,258 | 9,749,472 |
| | | 10,139,267 | 16,822,231 |
| NON CURRENT LIABILITIES | | | |
| Redeemable preference shares - unsecured | 11 | 9,531,001 | - |
| Long term financing - secured | 12 | - | 332,505 |
| Deferred liabilities | 13 | 5,188,927 | 4,714,598 |
| | | 14,719,928 | 5,047,103 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 14 | 45,258,883 | 36,177,006 |
| Current maturity of redeemable preference shares | 11 | 1,059,000 | - |
| Current maturity of long term financing | 12 | 740,839 | 1,379,173 |
| Profit accrued on redeemable preference shares | | 895,142 | - |
| Interest accrued on long term financing | | 3,409 | 37,514 |
| | | 47,957,273 | 37,593,693 |
| CONTINGENCIES AND COMMITMENTS | | | |
| | 15 | 72,816,468 | 59,463,027 |

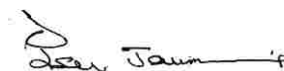
The annexed notes 1 to 32 form an integral part of this condensed interim financial information.



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

Condensed Interim Balance Sheet (un-audited)
As at March 31, 2015

| | Note | 31-03-2015 | 30-06-2014 |
|---|------|-------------------|-------------------|
| ---- (Rupees in thousand) ---- | | | |
| ASSETS | | | |
| NON CURRENT ASSETS | | | |
| Property, plant and equipment | 16 | 9,794,645 | 8,671,909 |
| Development and production assets | 17 | 2,460,570 | 3,621,571 |
| Exploration and evaluation assets | 18 | 8,114,077 | 4,584,270 |
| Long term loans, advances, deposits and prepayments | | 29,717 | 25,958 |
| Deferred income tax asset | | 2,193,908 | 1,930,387 |
| | | <u>22,592,917</u> | <u>18,834,095</u> |
| CURRENT ASSETS | | | |
| Stores and spares | | 1,286,829 | 835,055 |
| Trade debts | 19 | 43,601,242 | 31,165,789 |
| Loans, advances, prepayments and other receivables | 20 | 2,412,631 | 2,685,280 |
| Income tax paid in advance | | 1,371,954 | 635,545 |
| Cash and bank balances | 21 | 1,550,895 | 5,307,263 |
| | | <u>50,223,551</u> | <u>40,628,932</u> |
| | | <u>72,816,468</u> | <u>59,463,027</u> |



Qaiser Javed
Director

Condensed Interim Profit and Loss Account (un-audited)

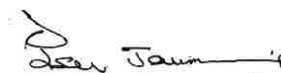
For the Nine Months Ended March 31, 2015

| | Note | Three months ended | | Nine months ended | |
|--|------|--------------------------------|------------|--------------------------------|------------|
| | | 31-03-2015 | 31-03-2014 | 31-03-2015 | 31-03-2014 |
| | | ---- (Rupees in thousand) ---- | | ---- (Rupees in thousand) ---- | |
| Gross sales to customers | 22 | 22,242,026 | 18,693,333 | 53,698,656 | 52,004,969 |
| Gas development surcharge | | 4,595,424 | 4,841,652 | 14,113,171 | 15,107,377 |
| General sales tax | | 3,148,187 | 2,643,715 | 7,464,116 | 7,338,306 |
| Excise duty | | 401,261 | 377,784 | 1,213,042 | 1,183,251 |
| Gas infrastructure development cess | | 9,371,197 | 7,128,609 | 16,823,506 | 16,807,093 |
| Wind fall levy | | 111,539 | 143,147 | 627,899 | 421,468 |
| Provisional adjustment as per the Agreement | | - | 116,679 | - | 861,891 |
| | | 17,627,608 | 15,251,586 | 40,241,734 | 41,719,386 |
| Sales - net | | 4,614,418 | 3,441,747 | 13,456,922 | 10,285,583 |
| Royalty | | 590,233 | 447,197 | 1,758,950 | 1,336,734 |
| | | 4,024,185 | 2,994,550 | 11,697,972 | 8,948,849 |
| Operating expenses | 23 | 1,202,370 | 1,372,072 | 3,985,137 | 3,150,802 |
| Exploration and prospecting expenditure | 24 | 1,021,560 | 432,920 | 2,126,211 | 1,933,239 |
| Other charges | | 115,729 | 102,196 | 330,908 | 286,962 |
| | | 2,339,659 | 1,907,188 | 6,442,256 | 5,371,003 |
| | | 1,684,526 | 1,087,362 | 5,255,716 | 3,577,846 |
| Other income | 25 | 39,959 | 201,613 | 238,386 | 380,387 |
| Operating profit | | 1,724,485 | 1,288,975 | 5,494,102 | 3,958,233 |
| Finance income | 26 | 85,651 | 248,089 | 421,016 | 577,764 |
| Finance cost | 27 | 239,527 | 146,201 | 1,424,221 | 729,695 |
| Profit before taxation | | 1,570,609 | 1,390,863 | 4,490,897 | 3,806,302 |
| Provision for taxation | 28 | 282,898 | 260,681 | 583,860 | 1,014,915 |
| Profit for the period | | 1,287,711 | 1,130,182 | 3,907,037 | 2,791,387 |
| Earnings per share - basic and diluted | | | | | |
| Earnings per ordinary share (Rupees) | 29 | 11.68 | 10.25 | 35.44 | 25.32 |
| Distributable earnings per ordinary share (Rupees) | 29 | 1.20 | 1.30 | 3.60 | 4.00 |

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



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



Qaiser Javed
Director

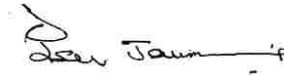
Condensed Interim Statement of Comprehensive Income (un-audited)
For the Nine Months Ended March 31, 2015

| | Three months ended | | Nine months ended | |
|---|--------------------------------|------------------|--------------------------------|------------------|
| | 31-03-2015 | 31-03-2014 | 31-03-2015 | 31-03-2014 |
| | ---- (Rupees in thousand) ---- | | ---- (Rupees in thousand) ---- | |
| Profit for the period | 1,287,711 | 1,130,182 | 3,907,037 | 2,791,387 |
| Other comprehensive income | - | - | - | - |
| Total comprehensive income for the period | <u>1,287,711</u> | <u>1,130,182</u> | <u>3,907,037</u> | <u>2,791,387</u> |

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



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



Qaiser Javed
Director

Condensed Interim Cash Flow Statement (un-audited)

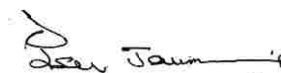
For the Nine Months Ended March 31, 2015

| | 31-03-2015 | 31-03-2014 |
|---|----------------------------------|----------------|
| | - - - (Rupees in thousand) - - - | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Cash receipts from customers | 41,441,640 | 40,654,310 |
| Cash paid to the Government for Government levies | (30,891,387) | (28,177,930) |
| Cash paid to suppliers, employees and others | (8,014,475) | (4,898,582) |
| Income tax paid | (1,583,790) | (1,483,392) |
| Cash flow from operating activities | 951,988 | 6,094,406 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Capital expenditure | (3,749,502) | (5,147,494) |
| Proceeds from disposal of property, plant and equipment | 119 | 9,520 |
| Interest received | 244,052 | 419,662 |
| Cash flow from investing activities | (3,505,331) | (4,718,312) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Long term financing received | 150,000 | 210,590 |
| Long term financing repaid | (1,120,839) | (670,389) |
| Finance cost paid | (139,878) | (214,833) |
| Dividends paid | (92,308) | (311,325) |
| Cash flow from financing activities | (1,203,025) | (985,957) |
| (Decrease) / increase in cash and bank balances | (3,756,368) | 390,137 |
| Cash and bank balances at beginning of the period | 5,307,263 | 6,508,559 |
| Cash and bank balances at end of the period | 1,550,895 | 6,898,696 |

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



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



Qaiser Javed
Director

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

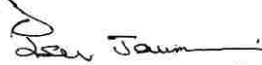
For the Nine Months Ended March 31, 2015

| | Issued, subscribed and paid up capital | Undistributed percentage return reserve | Explo- ration and evaluation reserve | Reserve for redemption of preference shares | Reserve for Mari Seismic Unit | Profit and loss account | Total |
|--|---|--|---|--|--|----------------------------------|------------------------|
| --- (Rupees in thousand) --- | | | | | | | |
| Balance as at June 30, 2013 | 918,750 | 578,994 | 4,186,644 | - | 920,000 | 6,952,345 | 13,556,733 |
| Total comprehensive income for the period: | | | | | | | |
| Profit for the period | - | - | - | - | - | 2,791,387 | 2,791,387 |
| Other comprehensive income | - | - | - | - | - | - | - |
| Dividends | - | - | - | - | - | 2,791,387 (255,780) | 2,791,387 (255,780) |
| Transfer from profit and loss account to exploration and evaluation reserve | - | - | 1,016,281 | - | - | (1,016,281) | - |
| Unappropriated loss on Mari Seismic Unit transferred from profit and loss account to Reserve for Mari Seismic Unit | - | - | - | - | (423,839) | 423,839 | - |
| Transfer from undistributed percentage return reserve to reserve for Mari Seismic Unit | - | (393,456) | - | - | 393,456 | - | - |
| Balance as at March 31, 2015 | 918,750 | 185,538 | 5,202,925 | - | 889,617 | 8,895,510 | 16,092,340 |
| Total comprehensive income for the period: | | | | | | | |
| Profit for the period | - | - | - | - | - | 1,151,916 | 1,151,916 |
| Other comprehensive loss | - | - | - | - | - | (330,150) | (330,150) |
| Dividends | - | - | - | - | - | 821,766 (91,875) | 821,766 (91,875) |
| Transfer from profit and loss account to undistributed percentage return reserve | - | 223,781 | - | - | - | (223,781) | - |
| Transfer from exploration and evaluation reserve to profit and loss account | - | - | (618,655) | - | - | 618,655 | - |
| Transfer to undistributed percentage return reserve from reserve for Mari Seismic Unit | - | 4,695 | - | - | (4,695) | - | - |
| Net loss of Mari Seismic Unit transferred from reserve for Mari Seismic Unit to profit and loss account | - | - | - | - | 270,803 | (270,803) | - |
| Balance as at June 30, 2014 | 918,750 | 414,014 | 4,584,270 | - | 1,155,725 | 9,749,472 | 16,822,231 |
| Total comprehensive income for the period: | | | | | | | |
| Profit for the period | - | - | - | - | - | 3,907,037 | 3,907,037 |
| Other comprehensive income | - | - | - | - | - | - | - |
| Issuance of bonus shares | 183,750 | (183,750) | - | - | - | - | - |
| Transfer to redeemable preference shares - note 11 | - | - | - | - | (920,000) | (9,670,001) | (10,590,001) |
| Transfer from Reserve for Mari Seismic Unit to profit and loss account - note 9 | - | - | - | - | (235,725) | 235,725 | - |
| Transfer from profit and loss account to reserve for redemption of redeemable preference shares | - | - | - | 794,975 | - | (794,975) | - |
| Balance as at March 31, 2015 | 1,102,500 | 230,264 | 4,584,270 | 794,975 | - | 3,427,258 | 10,139,267 |

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



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



Qaiser Javed
Director

For the 3rd Quarter Ended March 31, 2015

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Selected Explanatory Notes to the Condensed Interim Financial Information (un-audited) For the Nine Months Ended March 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 Karachi, Lahore and Islamabad stock exchanges in Pakistan. The Company is principally engaged in exploration, production and sale of hydrocarbons. The registered office of the Company is situated at 21 Mauve Area, 3rd Road, G-10/4, Islamabad.

2. STATEMENT OF COMPLIANCE

This condensed interim financial information of the Company for the nine months period ended March 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.

3. ACCOUNTING POLICIES

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

4. REVISION IN MARI WELLHEAD GAS PRICING FORMULA

Effective July 1, 2014, the cost plus wellhead gas pricing formula is replaced with a crude oil price linked formula which provides a discounted wellhead gas price to be gradually achieved in five years from July 1, 2014. Mari field wellhead gas price for the period has been determined in line with the revised formula as approved by the Economic Coordination Committee (ECC). The revised formula provides dividend distribution to be continued for next ten years in line with the previous cost plus formula and any residual profits are to be reinvested for exploration and development activities in Mari as well as outside Mari field. Under the revised formula, the Government of Pakistan will no more provide exploration funds to the Company. The Company shall declare a specie dividend against undistributable balance of profit and loss account at June 30, 2014 in the form of non voting, non-cumulative redeemable preference shares amounting to Rs 9,670 million carrying profit rate of one year KIBOR prevailing on the last working day of each financial year + 3% per annum. The preference shares shall be redeemed in 10 years time in the form of cash to the preference shareholders. However, in lieu of consideration for revision in the formula, the major shareholders would surrender their right to receive the specie dividend in favour of Government of Pakistan. Accordingly, preference shares will be issued to the Government of Pakistan and minority shareholders. Government's investment in Mari Seismic unit amounting to Rs 920 million will also be converted into preference shares on the same terms. The ECC of the Cabinet has approved the above arrangement. Requisite approvals by the shareholders, Securities and Exchange Commission of Pakistan and other regulatory bodies and incorporation of the revised framework in the gas pricing agreement are in process.



| | Note | 31-03-2015 | 30-06-2014 |
|---|------|------------------|----------------|
| - - - - (Rupees in thousand) - - - - | | | |
| 5. SHARE CAPITAL | | | |
| Authorized capital 250,000,000 (June 30, 2014: 250,000,000) ordinary shares of Rs 10 each | | 2,500,000 | 2,500,000 |
| Issued, subscribed and paid up capital 24,850,007 (June 30, 2014: 24,850,007) ordinary shares of Rs 10 each issued for cash | | 248,500 | 248,500 |
| 11,899,993 (June 30, 2014: 11,899,993) ordinary shares of Rs 10 each issued for consideration other than cash | | 119,000 | 119,000 |
| 73,500,000 (June 30, 2014: 55,125,000) ordinary shares of Rs 10 each issued as bonus shares | 5.1 | 735,000 | 551,250 |
| | | <u>1,102,500</u> | <u>918,750</u> |

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

6. UNDISTRIBUTED PERCENTAGE RETURN RESERVE

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

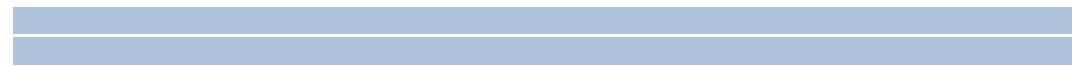
| | Note | Nine months ended 31-03-2015 | Year ended 30-06-2014 |
|--|------|---------------------------------|--------------------------|
| - - - - (Rupees in thousand) - - - - | | | |
| Opening balance | | 414,014 | 578,994 |
| Bonus shares issued | 5.1 | (183,750) | - |
| Transferred to reserve for Mari Seismic Unit | | - | (388,761) |
| Transferred from profit and loss account | | - | 223,781 |
| Closing balance | | <u>230,264</u> | <u>414,014</u> |

7. EXPLORATION AND EVALUATION RESERVE

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

8. RESERVE FOR REDEMPTION OF REDEEMABLE PREFERENCE SHARES

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



| | Note | Nine months ended 31-03-2015 | Year ended 30-06-2014 |
|--|------|---------------------------------|--------------------------|
| ----- (Rupees in thousand) ----- | | | |
| 9. RESERVE FOR MARI SEISMIC UNIT | | | |
| Government's investment in Mari Seismic Unit: | | | |
| Opening balance | | 920,000 | 920,000 |
| Transferred to redeemable preference shares | 9.1 | (920,000) | - |
| Closing balance | | - | 920,000 |
| Shareholders' investment in Mari Seismic Unit: | | | |
| Opening balance | | 235,725 | - |
| Transferred from undistributed percentage return reserve | | - | 388,761 |
| Transferred to unappropriated profit | | (235,725) | - |
| Shareholders' share of Mari Seismic Unit loss | | | |
| Prior period loss transferred from profit and loss account | | - | (51,825) |
| Net loss for the year transferred from profit and loss account | | - | (101,211) |
| | | - | (153,036) |
| Closing balance | | - | 235,725 |
| | | - | 1,155,725 |

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

10. PROFIT AND LOSS ACCOUNT

The amount of Rs 3,427,258 thousand (June 30, 2014: Rs 9,749,472 thousand) represents the following:

| | Note | Nine months ended 31-03-2015 | Year ended 30-06-2014 |
|---|--------|---------------------------------|--------------------------|
| ----- (Rupees in thousand) ----- | | | |
| 10.1 Undistributable balance | | | |
| Opening balance | | 9,670,001 | 6,932,141 |
| Generated during the year | | - | 2,737,860 |
| Transferred to redeemable preference shares | 10.1.1 | (9,670,001) | - |
| Closing balance | | - | 9,670,001 |
| 10.1.1 As explained in note 11, the undistributable balance of profit and loss account as at June 30, 2014 has been converted into non-voting, non-cumulative, redeemable preference shares. | | | |
| | | 31-03-2015 | 30-06-2014 |
| ----- (Rupees in thousand) ----- | | | |
| 10.2 Distributable balance | | | |
| Undistributed guaranteed return | | 79,471 | 79,471 |

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

| Nine months ended | Year ended |
|-------------------|------------|
| 31-03-2015 | 30-06-2014 |

--- (Rupees in thousand) ---

10.3 Unappropriated balance

| | | |
|---|------------------|----------|
| Profit for the period | 3,907,037 | - |
| Transferred from Reserve for Mari Seismic Unit | 235,725 | - |
| Transferred to reserve for redemption of redeemable preference shares | (794,975) | - |
| Closing balance | <u>3,347,787</u> | <u>-</u> |

| 31-03-2015 | 30-06-2014 |
|------------|------------|
|------------|------------|

--- (Rupees in thousand) ---

11. REDEEMABLE PREFERENCE SHARES - UNSECURED

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

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

12. LONG TERM FINANCING - SECURED

Loan for Mari field development

| | 31-03-2015 | 30-06-2014 |
|---|------------|------------|
| Opening balance | 380,000 | 760,000 |
| Amount repaid during the period / year | (380,000) | (380,000) |
| | - | 380,000 |
| Amount repayable within next twelve months shown as current maturity of long term financing | - | (380,000) |
| | - | - |

Loan for Zarghun South field development

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

Loan for Mari Seismic Unit

| | | |
|---|-----------|-----------|
| Opening balance | 666,667 | 1,000,000 |
| Amount received during the period / year | 150,000 | - |
| Amount repaid during the period / year | (408,333) | (333,333) |
| | 408,334 | 666,667 |
| Amount repayable within next twelve months shown as current maturity of long term financing | (408,334) | (666,667) |
| | - | - |
| Long term financing - secured | - | 332,505 |
| Amount repayable within next twelve months shown as current maturity of long term financing | 740,839 | 1,379,173 |

Nine months ended Year ended
31-03-2015 30-06-2014

---- (Rupees in thousand) ----

31-03-2015 30-06-2014

---- (Rupees in thousand) ----

13. DEFERRED LIABILITIES

| | | |
|--|------------------|------------------|
| Provision for decommissioning cost | 4,745,811 | 4,247,050 |
| Provision for employee benefits - unfunded | 340,936 | 340,341 |
| Provision for compensated leave absences | 100,052 | 125,805 |
| Deferred income | 2,128 | 1,402 |
| | <u>5,188,927</u> | <u>4,714,598</u> |



| | 31-03-2015 | 30-06-2014 |
|--|--------------------------------|-------------------|
| | ---- (Rupees in thousand) ---- | |
| 14. TRADE AND OTHER PAYABLES | | |
| Creditors | 561,942 | 879,202 |
| Accrued liabilities | 2,022,910 | 2,413,480 |
| Retention and earnest money deposits | 66,918 | 63,810 |
| Gratuity funds | 167,555 | 801,014 |
| Unclaimed dividend | 10,652 | 9,410 |
| Unpaid dividend | - | 93,550 |
| Gas development surcharge | 2,323,269 | 5,895,110 |
| General sales tax | 2,012,838 | 845,762 |
| Excise duty | 158,309 | 128,884 |
| Gas Infrastructure Development Cess (GIDC) | 36,301,456 | 23,933,942 |
| Workers' Welfare Fund | 774,947 | 685,129 |
| Workers' Profit Participation Fund | 241,090 | 235,010 |
| Joint venture partners | 380,098 | 192,703 |
| Royalty | 236,899 | - |
| | <u>45,258,883</u> | <u>36,177,006</u> |

15. CONTINGENCIES AND COMMITMENTS

15.1 Contingencies

- (i) The Company has not recognized interest income of Rs 7,033.40 million (June 30, 2014: Rs 6,462.46 million) on amounts due from Pakistan Electric Power Company (PEPCO) and has also not made any provision in this condensed interim financial information for related interest expense of Rs 3,220.83 million (June 30, 2014: Rs 3,220.83 million) on account of late payment of Gas Development Surcharge to the Government of Pakistan.
- (ii) Indemnity bonds given to Collector of Customs against duty concessions on import of vehicles amounted to Rs 5.23 million (June 30, 2014: Rs 5.23 million).
- (iii) Contractor's claim not acknowledged as debt of Rs 20.35 million (June 30, 2014: Rs 20.35 million).

| | 31-03-2015 | 30-06-2014 |
|---|--------------------------------|------------------|
| | ---- (Rupees in thousand) ---- | |
| 15.2 Commitments | | |
| (i) Capital expenditure: | | |
| - Share in joint ventures | 5,409,568 | 8,111,269 |
| - Mari field | 644,069 | 800,718 |
| | <u>6,053,637</u> | <u>8,911,987</u> |
| (ii) Operating lease rentals due: | | |
| - Less than one year | 32,342 | 28,171 |
| - More than one year but less than five years | 50,739 | 57,319 |
| | <u>83,081</u> | <u>85,490</u> |



Nine months ended Year ended
31-03-2015 30-06-2014

- - - (Rupees in thousand) - - -

16. PROPERTY, PLANT AND EQUIPMENT

| | | |
|---|-----------|-----------|
| Opening book value | 8,671,909 | 5,858,512 |
| Movement during the period / year: | | |
| Additions | 1,008,464 | 3,397,631 |
| Provision for decommissioning cost | 12,391 | 33,377 |
| Tangible assets of Zarghun field transferred from development and production assets | 789,757 | - |
| Revision due to change in estimates of decommissioning costs | - | 5,799 |
| Written down value of disposals | - | (12,545) |
| Depreciation charge for the period / year | (687,876) | (610,865) |
| | 1,122,736 | 2,813,397 |
| Closing book value | 9,794,645 | 8,671,909 |

17. DEVELOPMENT AND PRODUCTION ASSETS

| | | |
|---|-------------|-----------|
| Opening book value | 3,621,571 | 2,072,821 |
| Movement during the period / year: | | |
| Additions | 109,485 | 1,366,708 |
| Finance cost capitalized | 6,530 | 80,050 |
| Provision for decommissioning cost | 80,492 | 187,322 |
| Tangible assets of Zarghun field transferred to property, plant and equipment | (789,757) | - |
| Decommissioning cost of wells under evaluation transferred to exploration and evaluation assets | (468,212) | - |
| Revision due to change in estimates of decommissioning costs | - | 29,509 |
| Amortization charge for the period / year | (99,539) | (114,839) |
| | (1,161,001) | 1,548,750 |
| Closing book value | 2,460,570 | 3,621,571 |

18. EXPLORATION AND EVALUATION ASSETS

| | | |
|---|-----------|-----------|
| Opening book value | 4,584,270 | 4,186,644 |
| Movement during the period / year: | | |
| Additions | 2,631,554 | 2,300,513 |
| Provision for decommissioning cost | 50,257 | - |
| Capital expenditure transferred from other receivables - note 20.1 | 608,960 | - |
| Decommissioning cost of wells under evaluation transferred from development and production assets | 468,212 | - |
| Cost of dry and abandoned wells written off | - | (751,396) |
| Impairment of well cost | (121,284) | (951,985) |
| Disposal of working interest in concessions | - | (88,711) |
| Depreciation charge for the period / year | (107,892) | (110,795) |
| | 3,529,807 | 397,626 |
| Closing book value | 8,114,077 | 4,584,270 |



| | 31-03-2015 | 30-06-2014 |
|---|--------------------------------|-------------------|
| 19. TRADE DEBTS | ---- (Rupees in thousand) ---- | |
| Due from related parties - considered good | | |
| Pakistan Electric Power Company | 402,866 | 402,866 |
| Foundation Power Company Daharki Limited | 4,060,496 | 5,828,668 |
| Fauji Fertilizer Company Limited | 26,486,100 | 16,309,108 |
| Sui Southern Gas Company Limited | 688,462 | 487,582 |
| Sui Northern Gas Pipelines Limited | 222,399 | 48,237 |
| Foundation Gas | 3,248 | 3,874 |
| | 31,863,571 | 23,080,335 |
| Due from others - considered good | | |
| Engro Fertilizer Limited | 8,453,373 | 6,763,328 |
| Fatima Fertilizer Company Limited | 2,266,530 | 413,925 |
| Byco Petroleum Pakistan Limited | 614,192 | 614,192 |
| National Refinery Limited | 63,832 | 82,195 |
| Attock Refinery Limited | 288,985 | 153,224 |
| Pak Arab Refinery Limited | 8,498 | - |
| Pakistan Refinery Limited | 34,379 | 55,811 |
| Western Power Company Limited | 7,882 | 2,779 |
| | 43,601,242 | 31,165,789 |

19.1 Trade debts (excluding receivable on account of GIDC) of Rs 1,161 million (June 30, 2014: Rs 4,195 million) were past due but not impaired.

19.2 Trade debts due from related parties are net of provision for doubtful debts amounting to Rs 375 million (June 30, 2014: Rs 345 million).

20. LOANS, ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES

| | Note | 31-03-2015 | 30-06-2014 |
|--|------|--------------------------------|------------------|
| | | ---- (Rupees in thousand) ---- | |
| Due from related parties | | | |
| Rig rentals - Sujawal joint venture | | - | 263,830 |
| Rig rentals - Karak joint venture | | 25,236 | 39,500 |
| Interest accrued - Askari Bank Limited | | - | 720 |
| Due from others | | | |
| Loans and advances | | 1,160,520 | 326,771 |
| Advances to joint venture partners | | 1,026,490 | 1,130,764 |
| Short term prepayments | | 199,336 | 55,857 |
| Interest accrued | | 949 | 5,104 |
| Royalty paid in advance | | - | 118,376 |
| Receivable under the Agreement | | - | 133,949 |
| Unclaimed exploration and evaluation expenditure | 20.1 | - | 608,960 |
| Others | | 100 | 1,449 |
| | | 2,412,631 | 2,685,280 |

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

21. CASH AND BANK BALANCES

Cash and bank balances include Rs 466 million (June 30, 2014: Rs 3,273 million) held with Askari Bank Limited, a related party.

| Note | Three months ended | | Nine months ended | |
|------|--------------------------------|------------|--------------------------------|------------|
| | 31-03-2015 | 31-03-2014 | 31-03-2015 | 31-03-2014 |
| | ---- (Rupees in thousand) ---- | | ---- (Rupees in thousand) ---- | |

22. GROSS SALES TO CUSTOMERS

Sale of:

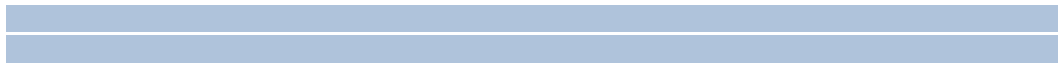
| | | | | | |
|------------------------------|------|------------|------------|------------|------------|
| Gas | 22.1 | 21,650,754 | 18,174,445 | 51,320,812 | 50,446,099 |
| Crude Oil | 22.2 | 515,453 | 322,764 | 1,961,942 | 976,529 |
| Less: Transportation charges | | 28,511 | 9,038 | 46,323 | 28,315 |
| | | 486,942 | 313,726 | 1,915,619 | 948,214 |
| Condensate | 22.3 | 94,084 | 191,827 | 427,212 | 578,257 |
| Less: Transportation charges | | 3,964 | 3,724 | 14,684 | 9,954 |
| | | 90,120 | 188,103 | 412,528 | 568,303 |
| LPG | 22.4 | 5,871 | 10,286 | 18,929 | 18,325 |
| Own consumption | | 8,339 | 6,773 | 30,768 | 24,028 |
| | | 22,242,026 | 18,693,333 | 53,698,656 | 52,004,969 |

22.1 This represents sale of gas as per detail below:

| | | | | |
|---------------|------------|------------|------------|------------|
| Mari Field | 21,062,944 | 17,813,398 | 49,580,262 | 49,229,050 |
| Sujawal block | 361,712 | 215,617 | 1,085,656 | 833,976 |
| Hala block | 89,340 | 108,104 | 277,298 | 271,152 |
| Sukkur block | 24,869 | 30,189 | 78,519 | 101,901 |
| Karak block | 13,832 | 7,137 | 37,296 | 10,020 |
| Zarghun block | 98,057 | - | 261,781 | - |
| | 21,650,754 | 18,174,445 | 51,320,812 | 50,446,099 |

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

| | | | | |
|--------------|---------|---------|-----------|---------|
| Karak block | 388,541 | 320,194 | 1,277,489 | 964,802 |
| Ghuri block | 124,023 | - | 681,564 | - |
| Ziarat block | 2,889 | 2,570 | 2,889 | 11,727 |
| | 515,453 | 322,764 | 1,961,942 | 976,529 |



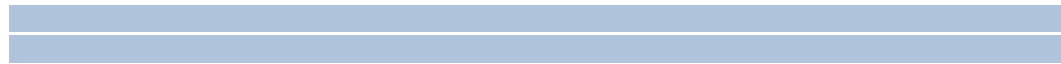
Three months ended Nine months ended
31-03-2015 31-03-2014 31-03-2015 31-03-2014
- - - - (Rupees in thousand) - - - - - - - - (Rupees in thousand) - - - -

22.3 This represents sale of condensate as per detail below:

| | | | | |
|---------------|---------------|----------------|----------------|----------------|
| Mari Field | 29,676 | 63,304 | 145,947 | 218,130 |
| Sujawal block | 35,296 | 69,571 | 157,027 | 214,648 |
| Hala block | 27,417 | 58,952 | 119,808 | 145,479 |
| Zarghun block | 1,695 | - | 4,430 | - |
| | <u>94,084</u> | <u>191,827</u> | <u>427,212</u> | <u>578,257</u> |

22.4 This represents sale of LPG from Hala block.

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



Three months ended Nine months ended
31-03-2015 31-03-2014 31-03-2015 31-03-2014
 - - - - (Rupees in thousand) - - - - - - - - (Rupees in thousand) - - - -

23. OPERATING EXPENSES

| | | | | |
|--|------------------|------------------|------------------|------------------|
| Salaries, wages and benefits | 578,310 | 575,042 | 1,513,560 | 1,210,601 |
| Employee benefits | 67,750 | 43,282 | 202,186 | 119,796 |
| Rent, rates and taxes | 3,969 | 1,525 | 10,102 | 6,627 |
| Legal and professional services | 21,870 | 1,497 | 25,114 | 3,291 |
| Fuel, light, power and water | 29,204 | 24,748 | 92,362 | 79,811 |
| Maintenance and repairs | 94,143 | 33,914 | 197,002 | 98,815 |
| Insurance | 9,983 | 19,070 | 35,729 | 53,916 |
| Depreciation | 268,668 | 193,349 | 795,768 | 503,267 |
| Amortization | 32,430 | 21,908 | 99,539 | 66,454 |
| Employees medical and welfare | 49,799 | 46,331 | 151,881 | 133,110 |
| Field and other services | 143,625 | 145,766 | 411,759 | 398,205 |
| Travelling | 6,785 | 2,706 | 30,914 | 23,304 |
| Communications | 2,538 | 5,673 | 9,939 | 9,686 |
| Printing and stationery | 2,014 | 4,182 | 10,905 | 7,973 |
| Office supplies | 2,441 | 1,587 | 8,902 | 4,558 |
| Technical software | 2,104 | 10,705 | 5,205 | 18,126 |
| Auditor's remuneration - Audit | 209 | 1,874 | 744 | 2,671 |
| - Tax | - | - | 2,200 | - |
| Mobile dispensary and social welfare | 31,474 | 43,913 | 106,366 | 93,420 |
| Training | 20,705 | 9,773 | 70,538 | 18,578 |
| Reservoir Study and Production Logging | 16,719 | - | 16,719 | - |
| Advertisement | 760 | - | 2,107 | 1,293 |
| Books and periodicals | 217 | 217 | 507 | 395 |
| Public relations and social activities | 4,917 | 6,306 | 5,780 | 7,394 |
| Directors' fee and expenses | 1,574 | 3,023 | 4,528 | 6,891 |
| Freight and transportation | 1,744 | 1,309 | 3,299 | 3,579 |
| Subscriptions | 2,202 | 880 | 4,691 | 2,380 |
| Rig and allied services | 197,261 | 105,160 | 540,864 | 228,738 |
| Research and development | - | 15,706 | 21,736 | 18,551 |
| Mari Seismic Unit | 186,975 | 243,464 | 698,833 | 530,501 |
| Sukkur block | 8,591 | 8,402 | 25,687 | 23,751 |
| Ghauri block | 25,332 | - | 91,330 | - |
| Hala block | 43,525 | 31,197 | 114,314 | 75,782 |
| Kohat block | - | - | - | 3,910 |
| Karak block | 16,602 | 24,695 | 113,476 | 90,302 |
| Ziarat block | 16,554 | 17,434 | 53,729 | 66,263 |
| Sujawal block | 40,204 | 26,295 | 103,764 | 80,286 |
| Zarghun block | 30,401 | - | 71,092 | - |
| Provision for doubtful debts - related parties | 10,539 | 1,791 | 30,645 | 25,785 |
| Miscellaneous | 943 | 405 | 6,439 | 1,920 |
| | <u>1,973,081</u> | <u>1,673,129</u> | <u>5,690,255</u> | <u>4,019,930</u> |
| Less: Recoveries from joint ventures | 241,176 | 223,655 | 664,756 | 601,588 |
| Mari Seismic Unit expenses recharged to Mari Field exploration and prospecting expenditure | 529,535 | 77,402 | 1,040,362 | 267,540 |
| | <u>1,202,370</u> | <u>1,372,072</u> | <u>3,985,137</u> | <u>3,150,802</u> |



Three months ended Nine months ended
31-03-2015 31-03-2014 31-03-2015 31-03-2014
 - - - - (Rupees in thousand) - - - - - - - - (Rupees in thousand) - - - -

24. EXPLORATION AND PROSPECTING EXPENDITURE

Mari Field

3D seismic data acquisition 535,903 83,797 1,055,221 281,692

Joint Ventures

Cost of dry and abandoned wells written off - 28,260 - 745,745

Impairment of well cost - 16,130 121,284 28,961

Prospecting expenditure 485,657 304,733 949,706 876,841

485,657 349,123 1,070,990 1,651,547

1,021,560 432,920 2,126,211 1,933,239

25. OTHER INCOME

Rig rental income 24,025 188,584 196,554 338,028

Line heaters rental income 9,126 8,799 27,243 27,702

Miscellaneous 6,808 4,230 14,589 14,657

39,959 201,613 238,386 380,387

26. FINANCE INCOME

Income on bank deposits 52,252 164,417 239,177 408,484

Interest income on delayed payments from Foundation Power Company Daharki Limited 33,399 83,672 181,839 169,280

85,651 248,089 421,016 577,764

27. FINANCE COST

Profit on redeemable preference shares 206,473 - 895,142 -

Mark-up on long term financing 25,217 38,611 99,243 120,508

Interest expense on delayed payments to the Government of Pakistan - 70,338 118,403 129,872

Unwinding of discount on provision for decommissioning cost - - 276,058 197,845

Exchange loss 7,343 37,077 17,671 273,190

Interest on Workers' Profit Participation Fund - - 16,424 7,870

Bank charges 494 175 1,280 410

239,527 146,201 1,424,221 729,695

| | Three months ended | | Nine months ended | |
|-----------------------------------|--------------------------------|----------------|--------------------------------|------------------|
| | 31-03-2015 | 31-03-2014 | 31-03-2015 | 31-03-2014 |
| | ---- (Rupees in thousand) ---- | | ---- (Rupees in thousand) ---- | |
| 28. PROVISION FOR TAXATION | | | | |
| Current | 477,161 | 380,572 | 847,381 | 1,179,242 |
| Deferred | (194,263) | (119,891) | (263,521) | (164,327) |
| | <u>282,898</u> | <u>260,681</u> | <u>583,860</u> | <u>1,014,915</u> |

| | Three months ended | | Nine months ended | |
|--|--------------------|------------|-------------------|------------|
| | 31-03-2015 | 31-03-2014 | 31-03-2015 | 31-03-2014 |
| 29. EARNINGS PER ORDINARY SHARE - BASIC AND DILUTED | | | | |
| Profit for the period (Rupees in thousand) | 1,287,711 | 1,130,182 | 3,907,037 | 2,791,387 |
| Distributable earnings (Rupees in thousand) - Note 29.1 | 132,643 | 143,559 | 396,930 | 440,561 |
| Number of ordinary shares outstanding (in thousand) | 110,250 | 110,250 | 110,250 | 110,250 |
| Earnings per ordinary share (in Rupees)* | 11.68 | 10.25 | 35.44 | 25.32 |
| Distributable earnings per ordinary share (in Rupees)* | 1.20 | 1.30 | 3.60 | 4.00 |

*Earnings and distributable earnings per ordinary share for the period ended March 31, 2014 are restated taking into effect of bonus shares issued during the nine months ended March 31, 2015.

29.1 Distributable earnings reflect return to shareholders for the nine months ended March 31, 2015 @ 39.71% (March 31, 2014: 39.22%) per annum on shareholders' funds as defined in the Agreement.

| | Nine months ended | |
|--|--------------------------------|------------|
| | 31-03-2015 | 31-03-2014 |
| | ---- (Rupees in thousand) ---- | |
| 30. TRANSACTIONS WITH RELATED PARTIES | | |
| Gross sale of gas and LPG to related parties is as follows: | | |
| Pakistan Electric Power Company | - | 567,648 |
| Foundation Power Company Daharki Limited (FPCDL) | 4,721,991 | 5,345,022 |
| Fauji Fertilizer Company Limited | 21,944,996 | 22,908,945 |
| Sui Southern Gas Company Limited | 1,648,896 | 1,123,261 |
| Sui Northern Gas Pipelines Limited | 483,854 | 500,259 |
| Foundation Gas | 18,929 | 18,325 |
| Line heaters rental income - FPCDL | 27,243 | 27,702 |
| Interest income on delayed payments- FPCDL | 181,839 | 169,280 |
| Interest income on bank accounts - Askari bank limited | 145,785 | 208,912 |
| Provision for doubtful debts | 30,645 | 25,785 |
| Remuneration of chief executive and key management personnel | 1,636,216 | 1,029,566 |
| Cost of funded employee benefit plans | 204,370 | 130,515 |



31. OPERATING SEGMENTS

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

Revenue from major customers of the Company constitutes 83% of the total revenue during the period ended March 31, 2015 (March 31, 2014: 85%).

32. GENERAL

32.1 Corresponding Figures

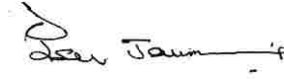
Mari Seismic Unit expenses recharged to Mari Field exploration and prospecting expenditure have been reclassified from 'other income' to 'operating expenses' amounting to Rs 267,540 thousand for the period ended March 31, 2014.

32.2 Date of Authorization For Issue

This condensed interim financial information was authorized for issue by the Board of Directors of the Company on April 24, 2015.



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



Qaiser Javed
Director



Mari Petroleum Company Limited

VISION & MISSION STATEMENT

VISION

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

MISSION

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

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

IMS POLICY

To realize our strategic vision and to achieve professional excellence in petroleum sector, we are committed to meet requirements of Integrated Management System for Quality, Environment, Occupational Health & Safety and Information Security consistent with internationally recognized management system standards. We are devoted to maintaining effectiveness and continual improvement of IMS by monitoring Company objectives, customer satisfaction and complying with the legal and other applicable requirements. Our top management is Committed to provide all resources required to ensure compliance with its IMS Policy and to attain best international performance criterion.

ISO 9001 : 2008



ISO 14001 : 2004



OHSAS 18001 : 2007



ISO/IEC 27001 : 2005



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