

Interim Financial Information (Un-audited)

For the 1st Quarter ended
September 30, 2013



M P C L

Mari Petroleum Company Limited
(Formerly, Mari Gas Company Limited)

Contents

Board of Directors	03
Directors' Review	04
Condensed Interim Balance Sheet	12
Condensed Interim Profit and Loss Account	14
Condensed Interim Statement of Comprehensive Income	15
Condensed Interim Cash Flow Statement	16
Condensed Interim Statement of Changes in Equity	17
Selected Explanatory Notes to the Condensed Interim Financial Information	18

BOARD OF DIRECTORS

1. **LT GEN MUHAMMAD MUSTAFA KHAN (RETD)** Chairman
Managing Director, Fauji Foundation
2. **LT GEN (R) RAZA MUHAMMAD KHAN** Chief Executive
Managing Director/CEO, Mari Petroleum Co Ltd
3. **MR QAISER JAVED**
Director Finance, Fauji Foundation
4. **DR NADEEM INAYAT**
Director Investment, Fauji Foundation
5. **BRIG (R) DR GULFAM ALAM**
Director P&D, Fauji Foundation
6. **MAJ GEN (R) NASIR MAHMOOD**
Director Welfare Education, Fauji Foundation
7. **MR MOHAMMAD NAEEM MALIK**
Additional Secretary, Ministry of P&NR
8. **QAZI MOHAMMAD SALEEM SIDDIQUI**
DG Petroleum Concessions, Ministry of P&NR
9. **MR PERVAIZ AKHTAR**
Financial Advisor, Ministry of P&NR
10. **MR MUHAMMAD RIAZ KHAN**
Managing Director/CEO, OGDCL
11. **MR MUHAMMAD RAFI**
Executive Dir (Fin)/CFO, OGDCL
12. **MR MANZOOR AHMED**
Managing Director, 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 first quarter ended September 30, 2013.

FINANCIAL RESULTS

Gross sales for the first quarter amounted to Rs. 16,816 million as against gross sales of Rs. 15,287 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 first quarter show profit for the period of Rs. 1,577.601 million as against Rs. 379.519 million for the corresponding quarter. The main reason for increase in profit is due to increase in well head value and other income and decrease in finance cost which is partially offset by increase in royalty, exploration and prospecting expenditure, other charges and provision for taxation.

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, additional return @ 9.78% per annum has been provisionally accounted for in the financial information for the three months ended September 30, 2013. 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 September 30, 2013 to all its customers namely, Engro Fertilizer Limited (EFL), Fauji Fertilizer Company Limited (FFC), Fatima Fertilizer Company Limited (FFCL), Pakistan Electric Power Company Limited (PEPCO), Sui Southern Gas Company Limited (SSGCL), Foundation Power Company Daharki Limited (FPDDL) and Sui Northern Gas Pipelines Limited (SNGPL). The cumulative gas of 55,611 MMSCF at a daily average of 604 MMSCF and 5,792 barrels of condensate (63 barrels per day) were produced from Mari Field during the period as against 51,649 MMSCF of gas at a daily average of 561 MMSCF and 6,817 barrels of condensate (74 barrels per day) for the corresponding period as per the requirement/withdrawal of the customers. In addition, 37,193 barrels of crude oil (404 barrels per day), 8,403 barrels of condensate (91 barrels per day), 1,199 MMSCF of gas (13 MMSCF per day) was produced and sold from joint ventures during this period, whereas 40,587 barrels of crude oil (441 barrels per day), 5,123 barrels of condensate (56 barrels per day), 187 MMSCF of gas (2 MMSCF per day) and 219 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

3D seismic data recording has commenced on October 11, 2013 and 5 sq. km 3D seismic data has been completed as of October 21, 2013.

Acquired data will be processed subsequently, followed by in-house interpretation/mapping to place additional wells at Sui Main Limestone (SML) / Sui Upper Limestone (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.

Tapping in Additional Gas Volume from Pirkoh Wells

Three Pirkoh wells MP (G)-1, MPX-1 and MP-1 were drilled in Pirkoh Limestone reservoir. These wells have been hooked up with existing gas gathering network. Government of Pakistan has been approached for the allocation of additional volume to a potential customer.

Drilling of Two Pirkoh Wells

In order to enhance the production from Mari D&P, two appraisal wells in Pirkoh Limestone formation will be drilled. These wells will be hooked up in existing gathering network and accordingly the field production will be enhanced.

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

Activities relating to earth work have been completed. The survey work for construction of foundations for process/production packages is in progress. The construction of 64 km transmission line by SSGCL is in progress and 6 km of pipeline has been constructed so far.

Purchase of 2,500 HP VFD Land Drilling Rig

In view of MPCL's extensive drilling program, one 2,500 HP state of the art land drilling rig will be procured. The vendor has been finalized and approval has been granted by BOD. At present, the selection of consultant to perform the inspection/quality assurance services is in progress.

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	Hanna Exploration License	100%	MPCL
5	Harnai Exploration License	40%	MPCL
6	Sujawal Exploration License	100%	MPCL
7	Ghauri Exploration License	35%	MPCL
8	Hala Exploration License	35%	PPL
9	Zindan Exploration License	35%	PPL
10	Kohlu Exploration License	30%	OGDCL
11	Kalchas Exploration License	20%	OGDCL
12	Kohat Exploration License	20%	OGDCL
13	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 during first quarter of 2014.

MPCL is continuously pursuing the seismic contractors for acquisition of 170 line km 2D seismic data in the block.

Karak Block

At present, the well Halini X-1 is flowing naturally and Extended Well Testing (EWT) operation is underway. In order to produce the well with secondary recovery method, work-over operation at the well will be performed to install the artificial gas lift mandrels.

Planning for Production Services Platform (PSP) survey is underway at Halini-1 in order to check the potential behavior and contribution of producing formations. As a part of preparations, section below perforations was cleaned out with the help of coiled tubing.

In order to complete the phase-III development, various civil, mechanical and electrical activities have been performed and will be completed shortly. After installation of permanent production storage facilities, crude oil production from the well will be increased.

By the grace of Almighty Allah, 322 sq. km 3D seismic data in the block has been completed successfully. Presently, acquisition of 180 line km 2D seismic data over additional leads is in progress.

Processing of the said 3D seismic data has been commenced by the consultant, which is expected to be completed during fourth quarter of 2013/first quarter of 2014. The data processing would be followed by in-house interpretation/mapping for placing appraisal well over Halini discovery area and exploratory well in the block, subject to firming-up of a viable prospect.

Sukkur Block

MPCL intends to acquire about 400 line km 2D seismic data in the block to evaluate its remaining hydrocarbons' potential and accordingly, bids have been received and their evaluation is in progress.

Sukkur JV partners also agreed to carry out Sequence Stratigraphy study in order to evaluate the hydrocarbons' potential of the deeper prospects, especially Lower Goru Mound feature. Presently, the contract is being awarded in this regard.

Hanna Block

Exploratory Well Hanna X-1 was spud-in on August 11, 2013 and was successfully drilled down to 1,110 m as per plan on September 16, 2013 to test the hydrocarbons' potential of Dunghan and Chiltan Formations.

Interpretation of open hole wireline logs/Image logs data and its integration with the drilling data indicated that Dunghan, Moro/Mughal Kot/Parh and Chiltan formations could bear hydrocarbons. Therefore, it was concluded to test all the promising horizons of the said formations. Three DSTs, each one in Dunghan, Moro/Mughal Kot/Parh and Chiltan formations were carried out at the well. However, the test results suggest that none of the reservoir could surface the hydrocarbons. Resultantly, it was decided to plug and abandon the Hanna X-1 Well. Post well evaluation is in progress to decide way forward of the block, including its remaining hydrocarbons' potential.

Harnai Block

During the 12th OCM held on August 05, 2013, it was unanimously agreed by Harnai JV Partners to carry out in-house structural modeling of the south eastern part of the block and to conclude overall prospectivity of the block for chalking out the way forward. Accordingly, a technical workshop is planned during October 2013 to discuss the prospectivity and its way forward.

Sujawal Block

Prospect for drilling of one additional exploratory well in Sujawal block has been firm-ed-up. The planning and designing of the well has been completed and the procurement of Long Lead Items (LLIs) is in progress.

Second development phase at Sujawal field relating to purchase of Amine Sweetening Unit (ASU) and Hydrocarbon Dew Point Unit (HDCP) is being actively pursued. Technical bids have been evaluated and commercial evaluations are in progress. After installation of ASU and HDCP, specification

gas to SSGCL will be supplied which at the moment is only dehydrated / water removed.

Processing/re-processing of newly acquired and vintage 2D seismic data of 1,050 line km is in progress by the consultant, which will be followed by in-house interpretation/mapping for delineation of drillable prospect.

Based on the interpretation of newly acquired and re-processed seismic data, location of second exploratory well in the block has been stacked on the ground. The objective of the well is to test the hydrocarbons' potential of Lower Goru upper sands. Accordingly, planning for drilling of well during fourth quarter of 2013 is in progress.

Amplitude Versus Offset (AVO)/Inversion studies for mitigation of reservoir risk at Sujawal discovery area and over the identified lead have been completed. In addition, Fault Seal Analysis for evaluation of down thrown side of the prospect is in progress as a part of R&D campaign.

Ghuri Block

One exploratory well Ghauri X-1 is planned to be drilled in Ghauri block. All necessary arrangements for commencement of drilling operation have been completed. The rig and allied equipments shall commence movement in last week of October 2013. The said well will be drilled down to total depth of $\pm 4,250$ m to test the hydrocarbons' potential of Sakesar and Khewra formations.

MPCL intends to re-process 2D seismic data over Boski structure. In this regard, one test line has been re-processed by five selected vendors and their evaluation is in progress.

In-house interpretation/mapping of 2D seismic data over Chak Meyun and Kallar structures is in progress.

NON-OPERATED BLOCKS

Hala Block

Hala joint venture is planning to drill one exploratory well over one of the identified prospects for which procurement of LLIs is in progress.

Zindan Block

As per suggestions of MPCL, Operator re-processed a key seismic line passing over the crest of identified Marwat prospect, from GT Poland using CRS technology. The results of the test re-processing were encouraging, therefore, JV partners agreed to re-process the remaining data set from GT Poland in order to get better image to place first exploratory well at optimum location.

Kohlu Block

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

Kalchas Block

The Operator's 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.

Kohat Block

The Operator of Kohat Joint Venture is planning to acquire 317 sq. km 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 first quarter of 2014 to delineate the prospects for drilling of exploratory wells.

Bannu West Block

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

New Areas

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.

MPCL's BOD has approved the farm-in of Khetwaro Block with 51% working interest along with operatorship. Currently, G&G data is being evaluated in coordination/liciaison with Saif Energy Limited to select the optimum location for drilling of exploratory well in the block.

MARI SEISMIC UNIT (MSU)

Seismic data acquisition and drilling of exploratory, appraisal and development wells are the basic activities of an E&P company. Previously, the Company has been outsourcing seismic acquisition and drilling operations. However, as of early 2012, the Company has set-up its own 2D/3D seismic acquisition capabilities by acquiring state of the art Vibroseis and Dynamite source seismic equipment.

To optimize the operations and management of its significantly expanded services capabilities/capacities, the Company has formed a specialized services department i.e. Mari Services Department (MSD) within the organization comprising of: (a) Seismic Services Unit (MSU), (b) Drilling Services Unit (MDU) and (c) Allied Services Unit (ASU) for slick line and other related services. The department is now fully operational; most recently mobilizing its Seismic Unit on its maiden yet monumental 1,000 sq. km 3D seismic acquisition project in the Mari D&P Lease area. With all essential equipment tested and commissioned and core staff and field training being completed ahead of schedule, the MSU is currently engaged in advanced phases of land survey/permitting, laying of cables and related drilling activities, speedily advancing towards core recording operations on the said Mari D&P project.

Setting up of MSU will go a long way in setting the strategic direction of the Company and boosting its revenues. Apart from utilization of these services within the Company at competitive rates, it is also planned to market these services to other E&P companies. These initiatives will also help diversify the operations of the Company.

Processing Centre

Preparations are under process to establish MPCL's own seismic data

processing centre for which contract has been awarded to CGG for purchase of processing software.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

In pursuance of its CSR mission, MPCL is continuously striving for provision of better facilities in multifarious fields including health, education, provision of clean water and communication infrastructure etc. by under taking various Social Welfare Schemes in its operating areas:

i. Mari Field

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 and the classes will commence with effect from Dec 2013.

ii. Karak Block

Following projects have been recently completed:

- a. Education:** One of the important project by MPCL is the "Adoption of Middle Boys School Kamerser, District Mianwali".
- b. Health:** The recent highlights of MPCL health projects include construction of additional rooms, purchase of laboratory and therapy equipment at Kamerser dispensary.
- c. Water Supply Schemes:** A tube well has been installed, three water wells have been dug and water supply scheme has been reconstructed along with the installation of water filtration plant for the local community at Kamerser, Mianwali.
- d. Communication Network:** Recently completed projects include the road from Kamerser to Alimahi village district Mianwali at the cost of Rs. 10 million.

iii. Future Projects

Following projects will be implemented in near future:

- Construction of additional class rooms and wash rooms in Primary School Kili Muhammad Sher, Urak and boys High School Hanna is in progress.
- Construction of rooms at Primary Girls School Rahim Abad, Koonj and Primary School Muhammad Yousaf in Sindh is in progress.
- Major CSR programs in Ghauri block located in District Jhelum have been conceived in collaboration with the District Government and other stakeholders with an estimated cost of Rs 90 million which will start in near future.
- Construction / renovation of school buildings at Sujawal, Karak, Zarghun and Sukkur blocks will commence soon.

Joint Bank Accounts for CSR

Based on the orders of Supreme Court of Pakistan, DGPC has 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 different MPCL concession areas. MPCL has opened the joint bank accounts and CSR funds cumulatively amounting to Rs. 17,864,327 have been transferred for the concessions namely Karak, Harnai, Ziarat and Zarghun for discharge of Social Welfare Obligations, while, the bank accounts for the remaining concessions of MPCL will be opened in the current week.

For and on behalf of the Board



Islamabad
October 29, 2013

Lt Gen Muhammad Mustafa Khan (Retd)
Chairman

MARI PETROLEUM COMPANY LIMITED
(FORMERLY, MARI GAS COMPANY LIMITED)
CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT SEPTEMBER 30, 2013

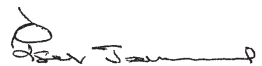
	Note	30.09.2013 (Rupees in thousand)	30.06.2013
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital 250,000,000 ordinary shares of Rs 10 each		2,500,000	2,500,000
Issued, subscribed and paid up capital		918,750	918,750
Undistributed percentage return reserve	5	338,808	578,994
Exploration and evaluation reserve		4,987,766	4,186,644
Reserve for Mari Seismic Unit		1,160,186	920,000
Profit and loss account	6	7,728,824	6,952,345
		15,134,334	13,556,733
NON CURRENT LIABILITIES			
Long term financing - secured	7	1,355,426	1,543,207
Deferred liabilities	8	3,806,521	3,818,180
		5,161,947	5,361,387
CURRENT LIABILITIES			
Trade and other payables	9	19,879,180	13,867,316
Current maturity of long term financing	7	1,045,839	961,603
Interest accrued on long term financing		11,418	42,039
Provision for income tax		760,880	403,360
		21,697,317	15,274,318
CONTINGENCIES AND COMMITMENTS	10		
		41,993,598	34,192,438

The annexed notes 1 to 23 form an integral part of this condensed interim financial information.



Lt Gen (R) Raza Muhammad Khan
Managing Director/CEO

		30.09.2013	30.06.2013
	Note	(Rupees in thousand)	
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	11	7,102,673	5,858,512
Development and production assets	12	2,171,092	2,072,821
Exploration and evaluation assets	13	4,987,766	4,186,644
		<u>14,261,531</u>	<u>12,117,977</u>
Long term loans, advances, deposits and prepayments		23,705	21,383
Deferred income tax asset		1,790,747	1,580,793
		<u>16,075,983</u>	<u>13,720,153</u>
CURRENT ASSETS			
Stores and spares		875,217	820,648
Trade debts	14	17,843,571	11,878,669
Loans, advances, prepayments and other receivables	15	1,530,663	1,264,409
Cash and bank balances		5,668,164	6,508,559
		<u>25,917,615</u>	<u>20,472,285</u>
		<u>41,993,598</u>	<u>34,192,438</u>



Qaiser Javed
Director

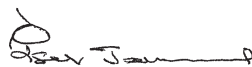
MARI PETROLEUM COMPANY LIMITED
(FORMERLY, MARI GAS COMPANY LIMITED)
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2013

		30.09.2013	30.09.2012
	Note	(Rupees in thousand)	
Gross sales to customers	16	16,816,368	15,286,523
Gas development surcharge		5,360,743	5,436,672
General sales tax		2,372,452	2,039,190
Excise duty		403,723	366,250
Gas infrastructure development cess		4,782,968	4,553,302
Wind fall levy		136,930	152,651
Provisional adjustment as per the Agreement		(63,747)	627,779
		<u>12,993,069</u>	<u>13,175,844</u>
Sales - net		3,823,299	2,110,679
Royalty		495,029	281,239
		<u>3,328,270</u>	<u>1,829,440</u>
Operating expenses	17	874,140	864,086
Exploration and prospecting expenditure		508,817	144,791
Other charges		154,005	71,309
		<u>1,536,962</u>	<u>1,080,186</u>
		1,791,308	749,254
Other income	18	227,804	17,311
Operating profit		<u>2,019,112</u>	<u>766,565</u>
Finance income		100,872	106,564
Finance cost	19	27,714	49,077
Profit before taxation		<u>2,092,270</u>	<u>824,052</u>
Provision for taxation	20	514,669	444,533
Profit for the period		<u>1,577,601</u>	<u>379,519</u>
Profit for the period represents the following:			
Distributable profits		148,950	124,073
Exploration and evaluation reserve		801,122	15,568
Profit and loss account - undistributable balance		627,529	239,878
		<u>1,577,601</u>	<u>379,519</u>
Earnings per share - basic and diluted			
Earnings per share on the basis of distributable profits (Rupees)		<u>1.62</u>	<u>1.35</u>
Earnings per share on the basis of profit and loss account (Rupees)		<u>17.17</u>	<u>4.13</u>

The annexed notes 1 to 23 form an integral part of this condensed interim financial information.



Lt Gen (R) Raza Muhammad Khan
Managing Director/CEO



Qaiser Javed
Director

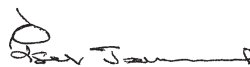
MARI PETROLEUM COMPANY LIMITED
(FORMERLY, MARI GAS COMPANY LIMITED)
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2013

	<u>30.09.2013</u>	<u>30.09.2012</u>
	(Rupees in thousand)	
Profit for the period	1,577,601	379,519
Other comprehensive income	-	-
Total comprehensive income for the period	<u>1,577,601</u>	<u>379,519</u>

The annexed notes 1 to 23 form an integral part of this condensed interim financial information.



Lt Gen (R) Raza Muhammad Khan
Managing Director/CEO



Qaiser Javed
Director

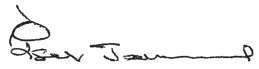
MARI PETROLEUM COMPANY LIMITED
(FORMERLY, MARI GAS COMPANY LIMITED)
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2013

	30.09.2013	30.09.2012
	(Rupees in thousand)	
Cash flows from operating activities		
Cash receipts from customers	10,764,231	13,836,900
Cash paid to the Government for government levies and surplus payable as per the Agreement	(7,795,223)	(11,312,835)
Cash paid to suppliers, employees and others	(1,184,924)	(1,287,648)
Income tax paid	(367,103)	(332,080)
Cash flow from operating activities	1,416,981	904,337
Cash flows from investing activities		
Capital expenditure	(2,117,705)	(127,575)
Interest received	113,620	111,511
Cash flow from investing activities	(2,004,085)	(16,064)
Cash flows from financing activities		
Long term financing received	210,590	-
Long term financing repaid	(314,135)	(221,111)
Finance cost paid	(58,335)	(97,882)
Dividends paid	(91,411)	(91,242)
Cash flow from financing activities	(253,291)	(410,235)
(Decrease) / Increase in cash and bank balances	(840,395)	478,038
Cash and bank balances at beginning of the period	6,508,559	2,950,816
Cash and bank balances at end of the period	5,668,164	3,428,854

The annexed notes 1 to 23 form an integral part of this condensed interim financial information.



Lt Gen (R) Raza Muhammad Khan
 Managing Director/CEO



Qaiser Javed
 Director

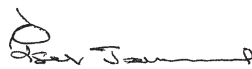
MARI PETROLEUM COMPANY LIMITED
(FORMERLY, MARI GAS COMPANY LIMITED)
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2013

	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)					
Balance as at June 30, 2012	918,750	420,048	4,150,409	-	5,986,939	11,476,146
Total comprehensive income for the period	-	-	-	-	379,519	379,519
Exploration and evaluation reserve	-	-	15,568	-	(15,568)	-
Balance as at September 30, 2012	918,750	420,048	4,165,977	-	6,350,890	11,855,665
Total comprehensive income for the period	-	-	-	-	2,041,557	2,041,557
Dividends	-	-	-	-	(340,489)	(340,489)
Undistributed percentage return reserve	-	158,946	-	-	(158,946)	-
Exploration and evaluation reserve	-	-	20,667	-	(20,667)	-
Reserve for Mari Seismic Unit	-	-	-	920,000	(920,000)	-
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	-	-	-	-	1,577,601	1,577,601
Exploration and evaluation reserve	-	-	801,122	-	(801,122)	-
Reserve for Mari Seismic Unit	-	(240,186)	-	240,186	-	-
Balance as at September 30, 2013	918,750	338,808	4,987,766	1,160,186	7,728,824	15,134,334

The annexed notes 1 to 23 form an integral part of this condensed interim financial information.



Lt Gen (R) Raza Muhammad Khan
 Managing Director/CEO



Qaiser Javed
 Director

MARI PETROLEUM COMPANY LIMITED
(FORMERLY, MARI GAS COMPANY LIMITED)
SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM
FINANCIAL INFORMATION (UN-AUDITED)
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2013

1. LEGAL STATUS AND OPERATIONS

Mari Petroleum Company Limited (formerly, Mari Gas Company Limited) "the Company" is a public limited company incorporated in Pakistan on December 04, 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 three months ended September 30, 2013 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.

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 01, 2001, the Government of Pakistan (GoP) authorized the Company to incur expenditure not exceeding Rupee equivalent of US\$ 20,000,000 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 the revenue from new oil / gas discoveries will be credited to GPA. 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 01, 2012, the Economic Coordination Committee of the cabinet gave its approval for enhancing the limit of US\$ 20,000,000 per annum by US\$ 5,000,000 each year upto US\$ 40,000,000 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.

		Three months ended 30.09.2013	Year ended 30.06.2013
	Note	(Rupees in thousand)	
Opening balance		578,994	420,048
Transfer from profit and loss account		-	158,946
Transfer to Reserve for Mari Seismic Unit	5.1	(240,186)	-
Closing balance		<u>338,808</u>	<u>578,994</u>

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

6. PROFIT AND LOSS ACCOUNT

The amount of Rs 7,728.824 million (June 30, 2013: Rs 6,952.345 million) represents the following:

6.1 Undistributable balance

The amount of Rs 7,587.982 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 three months ended September 30, 2013	Generated upto September 30, 2013
		(Rupees in thousand)	
a) Rupee element of capital expenditure (net of depreciation /amortization) and repayment of borrowings	6,667,370	470,841	7,138,211
b) Maintenance of debt service ratio	90,234	-	90,234
c) Maintenance of current ratio	174,537	185,000	359,537
Total	<u>6,932,141</u>	<u>655,841</u>	<u>7,587,982</u>
Year ended June 30, 2013	<u>5,922,076</u>	<u>1,010,065</u>	<u>6,932,141</u>
		<u>30.09.2013</u>	<u>30.06.2013</u>
		(Rupees in thousand)	

6.2 Mari Seismic Unit

Pre-operating expenses charged to profit and loss account - net	<u>(80,137)</u>	<u>(51,825)</u>
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6.3 Distributable balance

Undistributed guaranteed return	<u>220,979</u>	<u>72,029</u>
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This represents guaranteed return @ 39.78% per annum on Shareholders' Funds for three months ended September 30, 2013. It also includes 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.

		Three months ended 30.09.2013	Year ended 30.06.2013
	Note	(Rupees in thousand)	
7. LONG TERM FINANCING - SECURED			
Loan for Mari field development			
	7.1		
Opening balance		760,000	1,140,000
Amount repaid during the period / year		(190,000)	(380,000)
		<u>570,000</u>	<u>760,000</u>
Current maturity of long term financing		(380,000)	(380,000)
		<u>190,000</u>	<u>380,000</u>
Loan for Zarghun South field development			
	7.2		
Opening balance		744,810	248,889
Amount received during the period / year		210,590	601,000
Amount repaid during the period / year		(124,135)	(105,079)
		<u>831,265</u>	<u>744,810</u>
Current maturity of long term financing		(332,506)	(248,270)
		<u>498,759</u>	<u>496,540</u>
Loan for Mari Seismic Unit			
	7.3		
Opening balance		1,000,000	-
Amount received during the period / year		-	1,000,000
		<u>1,000,000</u>	<u>1,000,000</u>
Current maturity of long term financing		(333,333)	(333,333)
		<u>666,667</u>	<u>666,667</u>
Long term financing - secured		<u>1,355,426</u>	<u>1,543,207</u>
Current maturity of long term financing		<u>1,045,839</u>	<u>961,603</u>

7.1 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 effective mark-up rate for the period ended September 30, 2013 was 10.83% 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. Seven installments amounting to Rs 1,330 million have been paid upto September 30, 2013 (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.

7.2 In order to finance Zarghun South Field, the Company arranged another Term Finance Loan of Rs 1,112 million from Habib Bank Limited. 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 September 30, 2013 was 10.74% 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. Five installments amounting to Rs 280 million have been paid upto September 30, 2013 (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.

7.3 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 September 30, 2013 was 9.34% (June 30, 2013: 9.34%). 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 1,333.334 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.

	30.09.2013	30.06.2013
Note	(Rupees in thousand)	
8. DEFERRED LIABILITIES		
Provision for decommissioning cost	3,597,174	3,597,174
Provision for employee benefits - unfunded	127,409	127,543
Provision for compensated leave absences	81,237	84,529
Deferred income	701	8,934
	3,806,521	3,818,180
9. TRADE AND OTHER PAYABLES		
Creditors	1,200,360	758,963
Accrued liabilities	895,393	924,456
Retention and earnest money deposits	47,968	42,070
Gratuity funds	36,018	178,709
Unclaimed dividend	7,054	7,091
Unpaid dividend	2,642	94,016
Gas development surcharge	5,648,606	3,096,471
General sales tax	745,958	742,894
Excise duty	134,134	131,704
Gas infrastructure development cess	9.1 9,527,033	4,744,065
Workers' Welfare Fund	639,267	597,576
Workers' Profit Participation Fund	112,314	190,965
Joint venture partners	882,433	623,936
Provisional adjustment as per the Agreement	-	1,734,400
	19,879,180	13,867,316

9.1 Islamabad High Court passed an order whereby the levy and collection of Gas Infrastructure Development Cess (GIDC) was declared void and unlawful. Subsequently, as a result of an appeal against the above judgement, the order was suspended by the Islamabad High Court. On the basis of above, the amount of GIDC is being withheld by the customers from April to September 2013 resulting in a payable to the Government of Rs 9,527 million (June 30, 2013: Rs 4,744 million) on account of GIDC, which is presently subjected to stay order issued by various courts.

10. CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

- (i) The Company has not recognized interest income of Rs 5,901.71 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 3,204.16 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.
- (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).

	30.09.2013	30.06.2013
	(Rupees in thousand)	
10.2 Commitments		
(i) Capital expenditure:		
- Share in joint ventures	5,189,230	5,857,811
- Mari field	2,615,410	434,197
- Mari Seismic Unit	689,739	1,738,336
	<u>8,494,379</u>	<u>8,030,344</u>
(ii) Lease rentals due:		
- Less than one year	23,885	20,724
- More than one year but less than five years	52,958	41,871
	<u>76,843</u>	<u>62,595</u>
	Three months ended 30.09.2013	Year ended 30.06.2013
	(Rupees in thousand)	

11. PROPERTY, PLANT AND EQUIPMENT

Opening book value	5,858,512	4,472,186
Movement during the period / year:		
Additions	1,358,413	2,041,556
Revision due to change in estimates	-	(100,374)
Written down value of disposals	-	(58,572)
Depreciation charge	(114,252)	(496,284)
	<u>1,244,161</u>	<u>1,386,326</u>
Closing book value	<u>7,102,673</u>	<u>5,858,512</u>

	Three months ended 30.09.2013	Year ended 30.06.2013
	(Rupees in thousand)	
12. DEVELOPMENT AND PRODUCTION ASSETS		
Opening book value	2,072,821	3,424,616
Movement during the period / year:		
Additions	120,654	263,457
Revision due to change in estimates	-	(1,456,304)
Amortization charge	(22,383)	(158,948)
	98,271	(1,351,795)
Closing book value	2,171,092	2,072,821
13. EXPLORATION AND EVALUATION ASSETS		
Opening balance	4,186,644	4,150,409
Movement during the period / year:		
Additions	826,958	855,971
Cost of dry and abandoned wells written off	-	(13,727)
Impairment charge	-	(732,401)
Depreciation charge	(25,836)	(73,608)
	801,122	36,235
Closing balance	4,987,766	4,186,644
	30.09.2013	30.06.2013
14. TRADE DEBTS	(Rupees in thousand)	
Due from related parties - considered good		
Pakistan Electric Power Company	1,702,288	2,559,640
Foundation Power Company Daharki Limited	4,496,593	2,796,177
Fauji Fertilizer Company Limited	6,387,181	3,576,763
Sui Southern Gas Company Limited	754,536	399,481
Sui Northern Gas Pipelines Limited	157,123	100,231
	13,497,721	9,432,292
Due from others - considered good		
Engro Fertilizer Limited	3,102,414	1,322,643
Fatima Fertilizer Company Limited	324,595	227,264
Byco Petroleum Pakistan Limited	614,192	614,192
National Refinery Limited	108,798	97,949
Attock Refinery Limited	145,935	139,855
Pak Arab Refinery Limited	34,172	44,474
Pakistan Refinery Limited	15,744	-
	17,843,571	11,878,669

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

- 14.2 Islamabad High Court passed an order whereby the levy and collection of Gas Infrastructure Development Cess (GIDC) was declared void and unlawful. Subsequently, as a result of an appeal against the above judgement, the order was suspended by the Islamabad High Court. On the basis of above, the amount of GIDC is being withheld by the customers from April to September 2013 resulting in a receivable of Rs 9,527 million (June 30, 2013: Rs 4,464 million) from customers on account of GIDC, which is presently subjected to stay order issued by various courts.

	<u>30.09.2013</u>	<u>30.06.2013</u>
	(Rupees in thousand)	
15. LOANS, ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES		
Due from related parties		
Rig rentals - Zarghun South joint venture	-	62,584
Rig rentals - Hanna joint venture	192,048	59,280
Due from others		
Loans and advances	1,077,394	855,871
Short term prepayments	177,135	66,871
Interest accrued	16,002	28,750
Receivable under Mari Gas Well Head Price Agreement	63,747	-
Unclaimed exploration and evaluation expenditure	-	188,320
Other receivables	4,337	2,733
	<u>1,530,663</u>	<u>1,264,409</u>
	<u>30.09.2013</u>	<u>30.09.2012</u>
	(Rupees in thousand)	
16. GROSS SALES TO CUSTOMERS		
Sale of:		
Gas	16.1 16,316,999	14,759,566
Crude Oil	16.2 336,039	407,908
Less: Transportation charges	12,928	11,551
	323,111	396,357
Condensate	16.3 169,786	114,813
Less: Transportation charges	3,307	9,590
	166,479	105,223
LPG	16.4 -	18,562
Own consumption	9,779	6,815
	<u>16,816,368</u>	<u>15,286,523</u>

	<u>30.09.2013</u>	<u>30.09.2012</u>
	(Rupees in thousand)	
16.1 This represents sale of gas as per detail below:		
Mari Field	15,927,189	14,695,624
Sukkur block	36,416	35,856
Hala block	62,444	25,807
Kohat block	-	2,279
Sujawal block	290,950	-
	<u>16,316,999</u>	<u>14,759,566</u>
16.2 This represents sale of crude oil as per detail below:		
Ziarat block	6,475	-
Karak block	329,564	407,908
	<u>336,039</u>	<u>407,908</u>
16.3 This represents sale of condensate as per detail below:		
Mari Field	72,646	72,073
Hala block	30,371	42,504
Kohat block	-	236
Sujawal block	66,769	-
	<u>169,786</u>	<u>114,813</u>
16.4 This represents sale of LPG from Hala block.		

	30.09.2013	30.09.2012
	(Rupees in thousand)	
17. OPERATING EXPENSES		
Salaries, wages and benefits	319,098	301,886
Employee benefits	39,460	38,657
Rent, rates and taxes	4,477	2,404
Legal and professional services	738	1,425
Fuel, light, power and water	25,998	20,443
Maintenance and repairs	35,576	37,487
Insurance	15,856	11,297
Depreciation	140,088	138,255
Amortization	22,383	36,444
Employees medical and welfare	39,882	40,376
Field and other services	139,661	87,667
Travelling	6,913	4,604
Communications	615	2,630
Printing and stationery	546	1,099
Office supplies	1,373	1,396
Technical software	770	1,413
Auditor's remuneration	437	-
Mobile dispensary and social welfare	27,459	18,614
Training	3,891	4,905
Advertisement	160	495
Books and periodicals	84	104
Public relations and social activities	747	396
Directors' fee and expenses	2,065	1,605
Freight and transportation	530	987
Subscription	1,300	1,236
Rig	69,128	46,761
Mari Seismic Unit	44,761	-
3D Seismic data acquisition	1,124	-
Research and development	1,392	3,112
Sukkur block	5,928	11,527
Hala block	11,887	46,510
Kohat block	-	4,557
Karak block	21,941	65,169
Ziarat block	22,941	-
Sujawal block	18,423	-
Miscellaneous	737	2,055
	<u>1,028,369</u>	<u>935,516</u>
Less: Recoveries from joint ventures	<u>154,229</u>	<u>71,430</u>
	<u>874,140</u>	<u>864,086</u>
18. OTHER INCOME		
Interest income on delayed payments from Foundation Power Company Daharki Limited	59,674	-
Rig rental income	157,450	-
Line heaters rental income	9,276	8,523
Caravans rental income	1,170	1,664
Miscellaneous	234	7,124
	<u>227,804</u>	<u>17,311</u>

	<u>30.09.2013</u>	<u>30.09.2012</u>
	(Rupees in thousand)	
19. FINANCE COST		
Mark-up on long term financing - secured	19,729	44,039
Interest on Workers' Profit Participation Fund	7,870	4,973
Bank charges	115	65
	<u>27,714</u>	<u>49,077</u>
20. PROVISION FOR TAXATION		
Current	724,623	509,638
Deferred	(209,954)	(65,105)
	<u>514,669</u>	<u>444,533</u>

21. TRANSACTIONS WITH RELATED PARTIES

Sale of gas and LPG to related parties is as follows:

Pakistan Electric Power Company	567,648	2,644,831
Foundation Power Company Daharki Limited (FPCDL)	1,852,423	1,706,431
Fauji Fertilizer Company Limited	7,179,092	6,955,380
Sui Southern Gas Company Limited	358,813	30,269
Sui Northern Gas Pipelines Limited	201,277	189,237
Foundation Gas	-	18,562
Line heaters rental income - FPCDL	9,276	8,523
Interest income on delayed payments- FPCDL	59,674	-
Remuneration of chief executive and key management personnel	353,102	270,535
Contribution to employee benefit funds	44,449	39,508

22. 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 16.

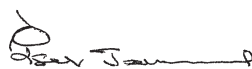
Revenue from five major customers of the Company constitutes 94% of the total revenue during the period ended September 30, 2013 (September 30, 2012: 95%).

23. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue by the Board of Directors of the Company on October 29, 2013.



Lt Gen (R) Raza Muhammad Khan
Managing Director/CEO



Qaiser Javed
Director



Head Office:

21 Mauve Area, 3rd Road, G-10/4, P.O.Box No.1614
Islamabad-44000, Pakistan
UAN: +92-51-111-410-410 Fax: +92-51-2352859
www.mpcl.com.pk

Daharki Field Office:

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

Karachi Liaison Office:

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

Quetta Liaison Office:

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

