

Mari Gas Company Limited

Annual Report 2001

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Company Information

Legal Advisors

Orr Dignam & Company
Khan & Piracha

Auditors

A.F. Ferguson & Company
Chartered Accountants

Bankers

ABN AMRO Bank N.V.
Allied Bank of Pakistan Limited
Askari Commercial Bank Limited
Citibank N.A.
Habib Bank Limited
National Bank of Pakistan
Emirates Bank International

Registered Office

21-Mauve Area, 3rd Road,
Sector G-10/4,
Islamabad.

Financial Highlights

Revenue	Rs Million	10,505.13	9,094.20
Government Levies	Rs Million	9,820.34	8,421.77
Profit before tax	Rs Million	282.14	284.85

Profit after tax	Rs Million	191.59	198.73
Dividend per share	Rs	2.25	2.25
Tangible Fixed Assets (at Cost)	.Rs Million	3,137.55	2,188.96
Number of shares issued and subscribed	Million	36.75	36.75

Notice of Annual General Meeting

Notice is hereby given that the Seventeenth Annual General Meeting of the Shareholders of Mari Gas Company Limited will be held on Thursday, December 27, 2001 at 09:00 a.m. at 21-Mauve Area, 3rd Road, Sector G-10/4, Islamabad to transact the following business:

Ordinary Business

1. To receive, consider and adopt the audited accounts of the Company for the year ended June 30, 2001 together with the Directors and Auditors' reports thereon.
2. To appoint auditors for the year 2001-2002 and fix their remuneration.

Special Business

To consider and adopt the following Special Resolutions:

1. INCREASE IN AUTHORISED CAPITAL OF THE COMPANY

"RESOLVED that the authorized share capital of the Company be and is hereby increased from Rs 500,000,000 (Rupees Five Hundred Million Only) to Rs 2,500,000,000 (Rupees Two Thousand Five Hundred Million Only) divided into 250,000,000 (Two Hundred Fifty Million Only) Shares of Rs 10/- each by the creation of 200,000,000 (Two Hundred Million Only) new shares of the nominal value of Rs 10/- each to rank pari passu in every respect with the existing shares of the Company."

FURTHER RESOLVED that Clause V of the Memorandum of Association of the Company be and is hereby amended to read as follows:

"The authorized share capital of the Company is Rs 2,500,000,000 (Rupees Two Thousand Five Hundred Million Only) divided into 250,000,000 (Two Hundred Fifty Million Only) Shares of Rs 10/- each, with the rights and privileges and conditions attaching thereto as are provided or contemplated by the Articles of Association of the Company for the time being, with power to increase and reduce the capital of the Company and to divide the shares into several classes."

FURTHER RESOLVED that Article 5 of the Articles of Association of the Company be and is hereby amended to read as follows:

"The authorized share capital of the Company is Rs 2,500,000,000 (Rupees Two Thousand Five Hundred Million Only) divided into 250,000,000 (Two Hundred Fifty Million Only) Shares of Rs 10/-each."

2. DIRECTOR'S REMUNERATION

RESOLVED that Article 69 of the Articles of Association of the Company be and is hereby amended to read as under:

"69. The remuneration of a director for attending meetings of the Board shall from time to time be determined by the Directors, provided that neither the Chief Executive nor any Director employed in whole time remunerated service with the Company shall be entitled to any payment for attending any meetings of the Board. A director may also be paid traveling, hotel and other expenses properly incurred by him in attending and returning from Meetings of the Directors or any Committee of Directors or General Meetings of the

Company or in connection with the business of the Company."

Statement under Section 160(1)(b) of the Companies Ordinance, 1984:

(i) The Directors have recommended an increase in the authorized capital of the Company from Rupees Five Hundred Million to Rupees Two Thousand Five Hundred Million in order to facilitate the issue of further capital for the reasons specified herewith.

(ii) The Company is planning to undertake the development of new Gas discovery of Goru B reservoir as well as the development of Phase VI of existing Habib Rahi reservoir in Mari Gas Field. The execution of these proposed plans would involve investment of substantial funds.

(iii) Under the provisions of our Gas Price Agreement (GPA), the planned projects would be finance through commercial loans and equity contribution in the debt-equity ratios of 70:30. The present level of Authorized Capital at Rs 500 million (with the remaining margin for paid up capital of only Rs 132.5 million) would not be adequate to raise the equity contribution and secure commercial loans to the extent required for the projects.

(iv) It is imperative that Company's Capital be increased to maintain the debt-equity ratio at 70:30 for securing commercial loans for the completion of development of proposed projects, which will increase the substantial Gas Production.

(v) At time of incorporation of the Company a ceiling of Rs 500 was fixed by way of remuneration to directors for attending meetings in accordance with corporate practice at the time. However, the ceiling fixed in the Articles of Association is no longer reasonable in view of growing inflation. Consequently, amendment in Article 69 is required to allow the Board to fix the remuneration of directors for attending meetings in accordance with practice prevalent from time to time.

(vi) There is no personal interest of directors & their relatives in increasing the authorized capital of Company. However the directors other than chief executive who is employed in whole time, have the interest in increasing the remuneration of a director for attending the meeting of Board.

(vii) Material information related to the affairs of the Company is given in the Annual Report-2001.

By order of the Board

Khurram Khan
Company Secretary

Islamabad,
November 16, 2001

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy. The instrument of proxy duly executed in accordance with the Articles of Association of the Company must be deposited at the Registered Office of the Company at Islamabad, at least 48 hours before the time of holding the meeting.

2. Shareholders are requested to promptly notify the Company of any change in their addresses.

Beneficial Owners in Central Depository Company of Pakistan Limited

3. In case of individuals, the account holders/sub account holders and/or the persons whose securities are in group account shall authenticate their identity by showing original National Identity Card (NIC) at the time of attending the meeting.

4. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced at the time of the meeting.

5. The proxy form shall be witnessed by two persons whose names, addresses and NIC numbers shall be mentioned on the form.

Directors' Report

CHAIRMAN

Lt Gen Muhammad Maqbool (Retd)

Managing Director
Fauji Foundation

CHIEF EXECUTIVE

Lt Gen Khalid Nawaz Mallik (Retd)

Managing Director
Mari Gas Company Limited

DIRECTOR

Brig Muhammad Saeed Baig (Retd)

Director P&D
Fauji Foundation

DIRECTOR

Brig Muhammad Akram Ali Khan (Retd)

Director Sugar
Fauji Foundation

DIRECTOR

Brig Karam Dad (Retd)

Director P&A
Fauji Foundation

DIRECTOR

Mr. Qaiser Javed

Director Finance
Fauji Foundation

DIRECTOR

Mr. M. Jehangir Bashir

Joint Secretary development
Government of Pakistan

DIRECTOR

Mr. Muhammad Iqbal Awan

Financial Advisor,
Government of Pakistan

DIRECTOR

Mr. Khalid Nasim

Director General Gas,
Government of Pakistan

DIRECTOR

Major General Parvez Akmal

Managing Director
OGDCL

DIRECTOR

Mr. Najam K. Hyder

Executive Director Corporate
OGDCL

DIRECTOR

Mr. Shamim Ahmad Bhatti

Acting GM (Production / Projects)
OGDCL

DIRECTOR

Mr. Tariq Iqbal Khan

Chief Executive
NIT

DIRECTOR

Mr. Abdul Rehman

Businessman

COMPANY SECRETARY

Mr. Khurram Khan

The Directors take pleasure in presenting their report together with the audited accounts of the Company and the Auditors' report thereon for the year ended June 30, 2001.

Operations

The Company continued un-interrupted gas supply throughout the year under review to all its customers namely, Engro Chemical Pakistan Ltd, Fauji Fertilizer Company Ltd, Pak Saudi Fertilizers Limited, Sui Southern Gas Company Limited and Water and Power Development Authority (WAPDA). The cumulative gas produced during the year ended June 30, 2001 was 147,647.195 million standard cubic feet (MMSCF) as against 146,938.927 (MMSCF) during the corresponding period of 1999-2000. The daily average gas production for the year was 404.512 MMSCF as compared to 401.472 MMSCF of last year.

The gas allocation to fertilizer companies for producing fertilizer and to WAPDA for power generation

remained the same during the year at 336 MMSCF per day and 90 MMSCF per day respectively.

Regular maintenance of production facilities was carried out as per good gas field practices through out the year and special care was taken to prevent water conning and loss in production through effective reservoir management.

Future Challenges

With the discovery of gas established through exploratory drilling in the deeper horizon (Goru B Sands) the Company undertook an appraisal programme to assess the extent of the deep gas reservoir. Based on the processing and interpretation of seismic data six deep appraisal wells were drilled. Four of the six wells drilled are gas producers. The two dry deep wells will be used as Habib Rahi producers. Although the commerciality of the discovery has been approved by the Government yet due to unsatisfactory results of the last two appraisal wells, Company's plan to produce gas on EWT (extended well testing) basis has been temporarily deferred. A 3D Seismic Survey and drilling of few more appraisal wells will be required before full development of the deep reservoir can be undertaken. Phase-I of the 3D Seismic Survey is expected to commence shortly.

For effective reservoir management, the Company is initiating Development Phase VI of the Shallow Habib Rahi Reservoir. The project has been approved by Company's Board of Directors. Scope of the project includes drilling of seventeen shallow gas production wells and conducting a Compression Study. The additional wells and installation of compression are essential for enhanced gas recovery, maintenance of desired pressure for fertilizer plants without which urea production can not be sustained and for homogeneous depletion of the field.

Exploration Activities

The Board of Directors are pleased to inform that the Company has been allowed to enter into exploration activities outside Mari Gas Field. The company is authorized to incur expenditure not exceeding the Rupee equivalent of US \$ 20,000,000 (United States Dollars Twenty Million) per annum or 30% of the Company's annual gross sales revenue as disclosed in the last Audited Accounts, whichever is less in connection with exploration and development in any Concession Area other than Mari Field, either independently or as joint ventures provided, that if such exploration and development result in additional oil and gas production, the revenues generated from such additional oil or gas production shall be credited to GPA.

Return to the Shareholders

It is also a great pleasure to inform that the guaranteed return to the shareholders of the Company has been increased from 22.5% per annum to 30% per annum with effect from July 01, 2001. The shareholders are also entitled to further increase in return on incremental gas production from the present 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.

Financial Results

The profit and appropriations for the year are as follows:

	<i>Rs '000</i>
Profit	
- Profit for the year under review after taxation	191,587
- Unappropriated profit brought forward	593,027

	784,614
Appropriation	
- First Interim Dividend @ 15% per share declared in February 2001	55,125
- Second Interim Dividend @ 7.5% per share declared in June 2001	27,563

Total Dividend for the year	82,688

- Transferred to Undistributed Percentage Return Reserve	13,326

Un-appropriated profit carried forward	688,600
	=====

Directors

The following persons were elected as directors for a three-year term, under the provisions of the Companies Ordinance, 1984, at the Extraordinary General Meeting held on June 21, 2001:

1. Lt Gen Muhammad Maqbool (Retd)
2. Lt Gen Khalid Nawaz Mallik (Retd)
3. Brig Muhammad Saeed Baig (Retd)
4. Brig Muhammad Akram Ali Khan (Retd)
5. Brig Karam Dad (Retd)
6. Mr. Qaiser Javed
7. Mr. Abdul Rahman
8. Mr. Istaqbal Mehdi

The three nominee directors of each the Government of Pakistan and Oil & Gas Development Company Limited, not being subject to election, continued to be the members of the Board. Mr. Munir Ahmad and Mr. Abdus Sattar resigned from the directorship with effect from November 02, 2000. These vacancies were filled by Mr. Muhammad Jehangir Bashir and Mr. Muhammad Iqbal Awan as nominees of Government of Pakistan. Subsequent to the election of directors, following directors resigned from the Company's Board of Directors:

1. Mr. Shahid Ahmad
2. Mr. F.Q. Usmani
3. Mr. Istaqbal Mehdi

These vacancies were filled by

1. Mr. Khalid Nasim
2. Mr. Shamim Ahmad Bhatti
3. Mr. Tariq Iqbal Khan

I wish to record the Board's appreciation for the valuable contributions and services rendered by all the outgoing directors during their tenure. I also extend warm welcome to the incoming directors.

Auditors

The present auditors, Messers A.F. Ferguson & Company, Chartered Accountants, retire and being eligible offer themselves for re-appointment as auditors of the Company.

Human Resources

Relations between the Management and the workers continued to be cordial and are expected to remain so in the future.

Welfare Activities

The Company continues to maintain its regular welfare activities for the local community in the vicinity of Mari Gas Field.

Pattern of Shareholding

A statement showing the pattern of shareholding in the Company as at June 30, 2001 is attached.

Acknowledgement

The board of directors would like to express their appreciation for the efforts and dedication of all officers and staff of the Company which enabled the management to run the Company efficiently during the year. The board also wish to express

their appreciation for continued assistance and cooperation received from the local administration at Daharki, various departments of Federal Government particularly the Ministry of Petroleum and Natural Resources and the Ministry of Finance in respect of matters relating to Company's operations, and cooperation extended by Fauji Foundation and Oil & Gas Development Company Ltd.

For and on behalf of the Board

**Lt Gen Muhammad Maqbool (Retd)
Chairman**

Key Personnel

Brig Tariq Masood Khan Niazi (Retd)
General Manager Admin & Human Resources

Parveiz Usman
General Manager Finance

Dr. Syed M. Ahmad
General Manager Exploration

Muhammad Ali Mughal

M. Liaquat Ali Khan

Asif Ali Rangoonwala

Muhammad Ajmal Abbasi

Tariq Z. Kitchlew

Muhammad Asif

Muhammad Aqib Anwer

Lt Col Manzoor Iqbal Awan (Retd)

Lt Col M. Shahid Abbas (Retd)

Muhammad Ali Mughal
Manager Operations

Muhammad Liaquat Ali Khan
Mari Field Manager Daharki

Asif Ali Rangoonwala
Resident Manager Karachi

Khurram Khan
Company Secretary

Muhammad Ajmal Abbasi

Manager Reservoir

Tariq Z. Kitchlew
Manager Planning & Development

Muhammad Asif
Manager Accounts

Muhammad Aqib Anwer
Manager Audit

Lt Col Manzoor Iqbal Awan (Retd)
Manager Human Resources

Lt Col M. Shahid Abbas (Retd)
Acting Manager Administration

Col Amjad Javed (Retd)
Manager Procurement

Auditors' Report to the Members

We have audited the annexed balance sheet of Mari Gas Company Limited as at June 30, 2001 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended. and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

(a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

(b) in our opinion:

(i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and the requirements of Mari Gas Well Head Price Agreement dated December 22, 1985 where its requirements are not consistent with the requirements of the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

(ii) the expenditure incurred during the year was for the purpose of the Company's business; and

(iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, and the Agreement referred to in (b)(i) above in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2001 and of the profit, its cash flows and changes in equity for the year then ended; and

(d) in our opinion Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Islamabad
November 14, 2001

A. F. Ferguson & Co.
Chartered Accountants

Balance Sheet as at June 30, 2001

	<i>Note</i>	<i>2001</i>	<i>2000</i>
		<i>(Rupees in thousand)</i>	
SHARE CAPITAL, RESERVES AND SURPLUS			
Authorized capital			
50,000,000 ordinary shares of Rs 10 each		500,000	500,000
		=====	=====
Issued, subscribed and paid-up capital	3	367,500	367,500
General reserve		2,046	2,046
Undistributed percentage return reserve	4	70,507	57,181
Profit and loss account	5	688,600	593,027
		-----	-----
		1,128,653	1,019,754
REDEEMABLE CAPITAL AND ACCRUED MARK-	6	--	50,027
LONG TERM LOANS AND DEFERRED LIABILITIES			
Long term loans	7	847,546	41,296
Employees' retirement benefits		3,098	2,387
Deferred credits	8	114,066	74,717
		-----	-----
		964,710	118,400
CURRENT LIABILITIES			
Current maturity of - redeemable capital and accrued mark-up	6	50,027	88,907
- long term loans	7	41,296	82,588
Accrued and other liabilities	9	2,721,225	1,770,497

		-----	-----
		2,812,548	1,941,992
CONTINGENCIES AND COMMITMENTS	10	--	--
		-----	-----
		4,905,911	3,130,173
		=====	=====
TANGIBLE FIXED ASSETS			
Operating assets	11	1,482,876	894,768
Capital work-in-progress	12	320,479	121,209
		-----	-----
		1,803,355	1,015,977
LEASING AND EXPLORATION COSTS			
Cost		56,061	5,606
Less: Amortization		3,079	2,985
		-----	-----
		2,527	2,621
LONG TERM LOANS, ADVANCES, DEPOSITS AND PREPAYMENTS	13	7,500	8,258
CURRENT ASSETS			
Stores and spares	14	101,849	77,980
Trade debts	15	1,945,873	1,018,460
Loans, advances and prepayments	16	40,611	17,899
Other receivables	17	341,216	246,471
Taxation		34,424	50,441
Cash and bank balances	18	628,556	692,066
		-----	-----
		3,092,529	2,103,317
		-----	-----
		4,905,911	3,130,173
		=====	=====

The annexed notes form an integral part of these accounts.

Lt. Gen. Khalid Nawaz Mallik Retd)
Chief Executive

Qaiser Javed
Director

Profit and Loss Account for the year ended June 30, 2001

	<i>Note</i>	<i>2001</i>	<i>2000</i>
		<i>(Rupees in thousand)</i>	
Sales - net	19	931,474	807,232
Less: Royalty		116,434	100,904
		-----	-----
		815,040	706,328
Other operating expenses	20	506,960	441,234
		-----	-----

Operating profit		308,080	265,094
Other income	21	75,956	96,336
		-----	-----
		384,036	361,430
Financial charges	22	81,433	56,246
Other charges	23	20,463	20,331
		-----	-----
		101,896	76,577
Profit before taxation		282,140	284,853
Taxation		90,553	86,119
		-----	-----
Profit after taxation		191,587	198,734
Un-appropriated profit brought forward		593,027	487,859
		-----	-----
Profit available for appropriation		784,614	686,593
Appropriations/transfers:			
Dividends - 1st Interim @ 15 % (2000: 15 %)		55,125	55,125
- 2nd Interim @ 7.5 % (2000: 7.5 %)		27,563	27,563
Transferred to undistributed percentage return reserve - note 4.1		13,326	10,878
		-----	-----
		96,014	93,566
		-----	-----
Un-appropriated profit carried forward		688,600	593,027
		=====	=====

The annexed notes form an integral part of these accounts.

Lt Gen Khalid Nawaz Mallik (Retd)
Chief Executive

Qaiser Javed
Director

Cash Flow Statement for the year ended June 30, 2001

	<i>Note</i>	<i>2001</i>	<i>2000</i>
		<i>(Rupees in thousand)</i>	
Cash flow from operating activities			
Cash generated from operations	24	328,343	392,296
Taxes paid		(74,536)	(42,395)
Long-term loans, advances, deposits and prepayments		758	(1,311)
Deferred credits		39,349	34,227
		-----	-----
		293,914	382,817
Cash flow from investing activities			
Fixed capital expenditure		(949,698)	(120,113)
Sale proceeds of fixed assets		1,053	2,550
Interest received		79,099	101,212

		(869,546)	(16,351)
Cash flow from financing activities			
Redeemable capital and accrued mark-up repaid		(88,907)	(75,871)
Long-term loans repaid		(82,588)	(82,588)
Long-term loans received		847,546	--
Dividends paid		(76,801)	(82,376)
Financial charges paid		(87,128)	(64,371)
		512,122	(305,206)
(Decrease)/Increase in cash and bank balances		(63,510)	61,260
Cash and bank balances at the beginning of the year		692,066	630,806
Cash and bank balances at the end of the year	18	628,556	692,066

The annexed notes form an integral part of these accounts.

Lt Gen Khalid Nawaz Mallik (Retd)
Chief Executive

Qaiser Javed
Director

Statement of Changes in Equity for the year ended June 30, 2001

(Rupees in thousand)

	<i>Share capital</i>	<i>General reserve</i>	<i>Undistributed percentage return reserve</i>	<i>Unappropriated profit and loss account</i>	<i>Total</i>
Balance at June 30, 1999	367,500	2,046	46,303	487,859	903,708
Profit for the year	--	--	--	198,734	198,734
Dividends	--	--	--	(82,688)	(82,688)
Transferred to undistributed percentage return reserve	--	--	10,878	(10,878)	--
Balance at June 30, 2000	367,500	2,046	57,181	593,027	1,019,754
Profit for the year	--	--	--	191,587	191,587
Dividends	--	--	--	(82,688)	(82,688)
Transferred to undistributed percentage return reserve	--	--	13,326	(13,326)	--
Balance at June 30, 2001	367,500	2,046	70,507	688,600	1,128,653

The annexed notes form an integral part of these accounts.

Lt Gen Khalid Nawaz Mallik (Retd)
Chief Executive

Qaiser Javed
Director

Notes to the Accounts for the year ended June 30, 2001

1. LEGAL STATUS AND OPERATIONS

The Company is a public limited company incorporated in Pakistan under the Companies Ordinance, 1984 and its shares are listed at all stock exchanges of Pakistan. The Company is principally engaged in drilling, production and sale of natural gas. The gas price mechanism is governed by Mari Gas Well Head Price Agreement dated December 22, 1985 between The President of Islamic Republic of Pakistan and the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Accounting convention

These accounts have been prepared under the historical cost convention.

2.2 Mark up on redeemable capital

Mark-up on long term finance is allocated to periods during the deferred payment term so as to produce a constant periodic rate of financial cost.

2.3 Employees' retirement benefits

The Company operates defined benefit funded pension and gratuity schemes for its management employees. The scheme provides life pension to employees and thereafter to their spouse. Based on the latest actuarial valuation as at June 30, 2001 of the schemes, the fair value of the funds' assets and the liabilities are Rs 51.119 million and Rs 65.327 million respectively for pension scheme and Rs 13.955 million and Rs 21.210 million respectively for the gratuity scheme. Contributions, including special contribution to cover any deficit, are made to these funds on the basis of actuarial recommendations and charged to income currently.

In addition, the Company operates an unfunded pension scheme for its non-management employees. Provisions made in the accounts to cover obligations under the scheme are shown under deferred liabilities. In lieu of pension, the non-management employees may opt for lump sum gratuity. Based on the actuarial valuation as at June 30, 2000 of the gratuity scheme, the fair values of the fund's assets and liabilities are Rs 11.201 million and Rs 27.512 million respectively. Contributions, including special contribution to cover any deficit, are made to this fund on the basis of actuarial recommendations and charged to income currently.

Projected Unit Credit Actuarial Cost Method, using following significant assumptions, is used for valuation of the above mentioned funded schemes:

- Discount rate at 12% per annum.
- Expected rate of increase in salaries at 12% per annum.
- Expected rate of interest on investment at 12% per annum.

The Company also operates a defined contribution provident fund for its permanent employees. Equal monthly contributions are made, both by the Company and the employees, to the fund at the rate of 10% of basic salary.

2.4 Taxation

Provision for taxation is based on taxable income at the current rate of taxation.

Deferred tax is not accounted for as per the terms of "Mari Gas Well Head Price Agreement". Had the company provided for deferred taxation under liability method, there would have been a liability of Rs 134 million as at June 30, 2001 (2000: Rs 144 million).

2.5 Tangible fixed assets

Operating assets except freehold land are stated at cost less accumulated depreciation. Freehold land and capital work-in-progress are stated at cost.

Depreciation on fixed assets and amortization of drilling expenditure are charged to income using straight line method at the rates specified in note 11. Lease and well investment costs are amortized in proportion to the ratio that the offtakes for the year bear to balance of developed reserves of Mari Gas Field as estimated at the beginning of that year as applied to written down values in accordance with "Mari Gas Well Head Price Agreement".

The full calendar quarter's depreciation is charged on additions during a calendar quarter, while no depreciation is charged for the calendar quarter during which the asset is disposed. Gains and losses on disposals are taken into account in current income. Maintenance and normal repairs are charged to income as and when incurred.

2.6 Leasing and exploration costs

These are stated at cost to the Company calculated in terms of the Assets Transfer Agreement dated December 22, 1985 less amortization thereon. In accordance with "Mad Gas Well Head Price Agreement" leasing and exploration costs are amortized in proportion to the ratio that the offtakes for the year bear to balance of developed reserves of Mari Gas Field as estimated at the beginning of that year as applied to written down values.

2.7 Stores and spares

These are valued at moving average cost except material in transit which are valued at cost.

2.8 Foreign currency translation

Assets and liabilities in foreign currencies are translated into rupees at the rates of exchange prevailing at the balance sheet date except:

- i) foreign currency loans where exchange rate is guaranteed; and
- ii) bank balances out of adhoc disbursement of such loans.

Such liabilities and assets have been translated at guaranteed rates.

Exchange gains and losses are taken into income except on foreign currency loans obtained for Mari Gas Field which are capitalized till the date of substantial completion of a project.

2.9 Revenue recognition

Sales are recorded on actual delivery of gas or under minimum billing provisions as and when the same becomes applicable under respective agreement with each customer.

2.10 Borrowing cost

Borrowing cost is expensed as incurred.

2001 2000
(Rupees in thousand)

3. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

24,850,007 (2000: 24,850,007) Ordinary shares of Rs 10 each for cash	248,500	248,500
11,899,993 (2000:11,899,993) Ordinary shares of Rs 10 each for consideration other than cash	119,000	119,000
	-----	-----
	367,500	367,500
	=====	=====

4. UNDISTRIBUTED PERCENTAGE RETURN RESERVE

4.1 Opening balance	57,181	46,303
Transferred from profit and loss account	13,326	10,878
	-----	-----
	70,507	57,181
	=====	=====

4.2 The amount held in this reserve represents the balance of the percentage return reserve on shareholders' funds as defined in the Mari Gas Well Head Price Agreement.

5. PROFIT AND LOSS ACCOUNT

The amount of Rs 688.600 million, which is not distributable, has been provided through the operation of Article II of Mari Gas Well Head Price Agreement to meet the obligations and to the extent indicated for the following:

	<i>Generated upto June 30, 2000</i>	<i>Generated during the year ended June 30, 2001</i>	<i>Total</i>
	<i>(Rupees in thousand)</i>		
a) Repayment of borrowings	487,317	95,573	582,890
b) Maintenance of debt service ratio	90,234	--	90,234
c) Maintenance of current ratio	15,476	--	15,476
	-----	-----	-----
	593,027	95,573	688,600
	=====	=====	=====

2001 2000
(Rupees in thousand)

6. REDEEMABLE CAPITAL AND ACCRUED MARK UP - SECURED

Long term finance and accrued mark-up during grace period	50,027	138,934
Less: Current maturity shown under current liabilities	50,027	88,907
	-----	-----
	--	50,027
	=====	=====

The Company has obtained on mark-up basis a long term finance of Rs 437.913 million from National Development Finance Corporation (NDFC) for Phase V project. The amount of Rs 437.913 million represents Purchase Price with a corresponding "Marked-up Price" of Rs 1,157.230 million. A rebate of Rs 305.991 million shall be available to the Company if all installments are paid on due dates. The mark-up is payable half yearly at an effective rate of 16.5% per annum. The finance is repayable in 16 equal half yearly installments (February 1994 to August 2001).

The above finance is secured by:

- i) Equitable mortgage on Company's immovable properties ranking pari passu with charge created for long term loans from IFC and HBL.
- ii) Hypothecation on all present and future plant and machinery and current assets ranking pari passu with charge created for long term loans from IFC and HBL.
- iii) Floating charge on all the business, undertaking and goodwill and all other properties and assets both present and future ranking pari passu with charge created for long term loans from IFC and HBL.

2001 **2000**
(Rupees in thousand)

7. LONG TERM LOANS - SECURED

International Finance Corporation (IFC) (note 7.1)

US Dollar loan - US \$1.43 million (2000: US \$ 4.30 million)	41,296	123,884
--	--------	---------

Less: Current maturity shown under current liabilities

	41,296	82,588
--	--------	--------

	--	41,296
--	----	--------

Habib Bank Limited (HBL) (note 7.2)

	847,546	--
--	---------	----

	847,546	41,296
--	---------	--------

7.1 The Company on February 27, 1992 signed an Investment Agreement with International Finance Corporation (IFC) in respect of Phase V project for US \$19.5 million out of which US \$12 million disbursed in 1992 is repayable in 16 equal half yearly installments (April 1994 to October 2001) and the balance of US \$7.5 million disbursed in 1996 for drilling to a deeper prospect in the Mari field, is repayable in 11 equal half yearly installments (October 1996 to October 2001). The interest is payable quarterly @ 9.4375 percent per annum.

The loan is secured by:

- i) Equitable mortgage on Company's all immovable properties except Mari Gas Mining Leases, ranking pari passu with charge created for long term loans from NDFC and HBL.
- iii) Floating charge by way of hypothecation on all the Company's other assets (present and future, including future gas production) ranking pari passu with charge created for long term loans from NDFC and HBL.

The Company has exercised the option given under Foreign Exchange Circular No.76 of 1984 to

transfer the exchange risk to the Government on payment of a fee at the rate of 6.51% per annum.

7.2 The company on September 15, 2000 entered into agreement with Habib Batik Limited for financing of its Goru-B project on mark-up basis. The above amount represents the funds disbursed upto June 30, 2001. The total committed amount is Rs 1,121 million with a corresponding 'Marked-up Price' of Rs 2,125 million. The mark up is payable quarterly at average cut-off yield of the last three one year treasury bills auctions immediately preceding the respective due date plus 0.75% - 1.75%, or 12% per annum whichever is higher. The loan is repayable in ten half yearly installments (March, 2003 to September, 2007). The loan is secured against charges created over all present and future assets of the company and upto 2001 rank pari passu with charges created for long term loans from NDFC and IFC.

8. DEFERRED CREDITS

Minimum billings to customers adjustable against

future gas supplies	66,931	42,908
Advance for Gas Compression Project	47,135	31,809
	-----	-----
	114,066	74,717
	=====	=====

9. ACCRUED AND OTHER LIABILITIES

Mark-up accrued on redeemable capital	3,439	9,552
Interest accrued on long term loans	3,726	2,371
Exchange risk fee and other charges	783	1,720
Excise duty	60,395	60,209
General sales tax	122,312	102,465
Withholding tax on sales	208	138
Other accrued liabilities	125,726	22,827
Workers' profits participation fund - note 9.1	15,130	15,259
Workers' welfare fund	22,138	16,805
Staff retirement funds	7,934	5,818
Development surcharge	2,228,380	1,476,137
Retention and earnest money	6,270	6,389
Royalty payable	--	3,310
Unclaimed/unpaid dividend	29,602	23,715
Gas price surplus due to The President under the provisions of Mari Gas Well Head Price Agreement	95,182	23,782
	-----	-----
	2,721,225	1,770,497
	=====	=====

9.1 Workers' profits participation fund

Balance payable at the beginning of the year	15,259	12,296
Allocation for the year	15,130	15,259
Interest on delayed payment	811	637
Amount paid to the Trustees of the Fund	(16,070)	(12,933)
	-----	-----
Balance payable at the end of the year	15,130	15,259
	=====	=====

10. CONTINGENCIES AND COMMITMENTS

10.1 The Price Determining Authority (PDA), Ministry of Petroleum & Natural Resources through letter No. DGO(AC)-5(50)/94-IA dated March 30, 1995 had advised that till further instructions:

(i) the Company should not take any credit for interest income receivable from WAPDA under Gas Purchase and Sale Agreement between the Company and WAPDA on account of delayed payment of Company's gas sales bills for supplies of gas; and

(ii) the Company should also not make any provision in the accounts for the interest payable to Government in terms of Natural Gas (Development Surcharge) Ordinance, 1967 and the Natural Gas (Development Surcharge) Rules, 1967 on account of late deposit of gas development surcharge which has resulted from delayed payment by WAPDA as mentioned above.

PDA through letter No. DGO(AC)-5(50)/95 dated October 1, 1996 has since advised that the above referred interest income from WAPDA be taken into account after it is actually received and that interest payable to Government be paid after such receipt.

Accordingly, the Company has not recognized interest income of Rs 1,993.601 million (inclusive of Rs 386.738 million for the year ended June 30, 2001) on amount due from WAPDA and has also not made any provision in the accounts for interest expense of Rs 832.021 million (inclusive of Rs 84.433 million for the year ended June 30, 2001) payable to the Government on account of late payment of Development Surcharge. However, such non-recognition does not affect the current year's or future years' profit after taxation which includes the return available to shareholders under the Mari Gas Well Head Price Agreement.

10.2 Other contingent liabilities

(i) Indemnity bonds given to Collector of Customs against duty concessions on import of equipment and materials	360,653	96,900
(ii) Income tax demands related to assessment year 1992-93 and subsequent years not accepted by the company and which are currently under appeal	93,694	77,973
(iii) Claims for central excise duty, sales tax and late payment of exchange risk fee, not accepted by the Company	89,268	52,036

10.3 Commitments

Commitments in respect of capital expenditure contracted for as at June 30, 2001 amounted to Rs 74.162 million (2000: Rs 245.287 million)

11. OPERATING ASSETS

(Rupees in thousand)

<i>Particulars</i>	<i>Cost as At July 1, 2000</i>	<i>Additions/ (disposals)</i>	<i>Cost as at June 30, 2001</i>	<i>Accumulated depreciation as at July 1, 2000</i>	<i>Depreciation charge for the year/ (on disposals)</i>	<i>Accumulated depreciation as at June 30, 2001</i>	<i>Net book value as at June 30, 2001</i>	<i>Annual rate of depreciation %</i>
--------------------	--	-----------------------------------	---	--	---	---	---	--

Freehold land	59,929	1,198	61,127	--	--	--	61,127	--
Leasehold land	5,910	3,000	8,910	524	111	635	8,275	1-3
Buildings freehold	156,209	23,202	179,411	48,178	8,286	56,464	122,947	5
Buildings leasehold	44,940	--	44,940	7,925	2,247	10,172	34,768	5
Roads and bridges	39,353	--	39,353	22,632	2,809	25,441	13,912	10
Drilling tools and equipment	21,432	--	21,432	21,432	--	21,432	--	20
Equipment and general plant	178,435	17,281	195,710	106,885	14,141	121,024	74,686	10
		(6)			(2)			
Gathering lines	408,204	--	408,204	324,978	25,421	350,399	57,805	10
Furniture and fixtures	24,687	3,086	27,773	10,872	2,169	13,041	14,732	10
Vehicles - Heavy	64,015	28,716	92,731	56,455	8,999	65,454	27,277	30
- Light	24,856	10,504	34,255	19,735	3,056	22,736	11,519	20
		(1,105)			(55)			
Drilling expenditure	954,239	663,441	1,617,680	507,810	92,596	600,406	1,017,274	10
Lease and well investment	85,541	--	85,541	45,556	1,431	46,987	38,554	Refer note 2.5
Total 2001	2,067,750	750,428	2,817,067	1,172,982	161,266	1,334,191	1,482,876	
		(1,111)			(57)			
Total 2000	1,922,843	152,154	2,067,750	1,052,390	127,379	1,172,982	894,768	
		(7,247)			(6,787)			

11.1 Details of assets disposed off during the year

(Rupees in thousand)

Description	Cost	Accumulated depreciation	Net Book value	Sale proceeds	Mode of disposal	Particulars of Purchaser
Equipment	6	2	4	3	As per Company policy	Mr. Abdur Rab Khan, Ex-employee, Islamabad
Vehicle	1,105	55	1,050	1,050	Insurance Claim	Askari General Insurance Co.
Total Rupees	1,111	57	1,054	1,053		

2001 2000
(Rupees in thousand)

12. CAPITAL WORK-IN-PROGRESS

Phase-V Project

Land	18,358	18,358
Building	2,204	2,204
Materials and equipment	19,139	43,834
Others	242	233
	39,943	64,629

Goru-B Project

Land	1,435	210
Building	17,044	--

Materials and equipment	173,520	838
Others	7,578	1,897
	-----	-----
	199,577	2,945
Gas compression equipment	40,303	24,019
Support of Production		
Land	1,635	4,850
Building, roads and bridges	17,615	4,785
Plant, machinery and others	21,406	19,981
	-----	-----
	40,656	29,616
	-----	-----
	320,479	121,209
	=====	=====

13. LONG TERM LOANS, ADVANCES, DEPOSITS AND PREPAYMENTS

Loans and advances - considered good		
- Executives	7,775	8,123
- Other employees	3,094	3,461
	-----	-----
	10,869	11,584
Less: Recoverable within one year - note 16		
- Executives	4,229	3,877
- Other employees	1,258	1,471
	-----	-----
	5,487	5,348
	-----	-----
	5,382	6,236
Deposits	2,045	1,943
Prepayments	73	79
	-----	-----
	7,500	8,258
	=====	=====

13.1 The above did not include any amount outstanding for periods exceeding three years (2000: Nil)

13.2 The loans and advances given to executives and employees represent transport loans and other advances repayable in 36 to 60 equal monthly installments.

14. STORES AND SPARES

Stores	61,583	45,580
Spares	40,266	32,400
	-----	-----
	101,849	77,980
	=====	=====

15. TRADE DEBTS - Unsecured, considered good

The amount due from an associated undertaking as at June 30, 2001 was Rs 167.911 million (2000: Rs 141.582 million). The maximum amount out standing at the end of any month during the year was Rs 167.911 million (2000: Rs 141.626 million).

16. LOANS, ADVANCES AND PREPAYMENTS

Loans and advances - note 13

- Executives	4,229	3,877
- Other employees	1,258	1,471
	-----	-----
	5,487	5,348
	-----	-----
Deposits	12,487	6,245
Prepayments	22,637	6,306
	-----	-----
	40,611	17,899
	=====	=====

The maximum amount due from executives at the end of any month during the year was Rs 12.390 million (2000: Rs 9.822 million).

17. OTHER RECEIVABLES

Exchange difference receivable from

State Bank of Pakistan	298,811	200,521
Excise duty	36,702	36,702
Income on bank deposits	1,808	7,671
Royalty	1,995	--
Octroi refundable	595	775
Receivable from custom authorities	364	364
Others	941	438
	-----	-----
	341,216	246,471
	=====	=====

18. CASH AND BANK BALANCES

Cash in hand	78	100
Balances with banks		
Deposit accounts	625,025	679,180
(including US \$ Nil;		
2000: US \$1.735 million)		
Current accounts	3,453	12,786
(including US \$ 0.007 million;		
2000: US \$ 0.154 million)		
	-----	-----
	628,556	692,066
	=====	=====

19. SALES (Including internal consumption)

Gas sale to customers	10,522,625	9,020,227
Less: Excise duty	716,155	748,281
Withholding tax	620	700
General sales tax	1,376,597	1,105,790
Development surcharge	7,403,496	6,335,122
	-----	-----

	9,496,868	8,189,893
	-----	-----
	1,025,757	830,334
Internal consumption of gas	1,734	1,418
Less: Excise duty	609	583
General sales tax	226	155
	-----	-----
	899	680
	-----	-----
	1,026,656	831,014
Less: Adjustment representing surplus payable to The President under the provisions of the Mari Gas Well Head Price Agreement - note 19.1	95,182	23,782
	-----	-----
	931,474	807,232
	=====	=====

19.1 Gas development surcharge related to WAPDA will be paid to the Government as and when related amounts are received, from WAPDA. Accordingly, Rs 1,440.159 million (2000: Rs 562.214 million) receivable from WAPDA on this account and the amount of Rs 1,440.542 million (2000: Rs 778.132 million) payable to the Government have not been taken into account for the purpose of calculation of current ratio and consequential adjustment under provisions of clause 2.1(c) of the Mad Gas Well Head Price Agreement.

20. OTHER OPERATING EXPENSES

Salaries, wages and benefits	123,465	103,941
Contribution to - provident fund	4,216	3,691
- gratuity fund	14,350	7,766
- pension fund	3,940	6,379
Provision for unfunded pension scheme	698	610
Rent, rates and taxes	5,496	5,816
Legal and professional services	633	1,374
Fuel, light, power and water	14,154	13,940
Maintenance and repairs	21,576	15,442
Insurance	11,805	5,853
Depreciation and amortization	161,360	127,473
Employees medical & welfare	28,208	23,020
Security and other services	44,041	35,302
Travelling	9,163	4,074
Communications	6,210	4,450
Office supplies	14,014	6,757
Auditors' remuneration - note 20.1	1,350	1,569
Stores and spares consumed	18,484	18,111
Donations - note 20.2	712	364
Field dispensary	4,865	4,678
Seismic survey	--	32,958
Miscellaneous	18,220	17,666
	-----	-----
	506,960	441,234
	=====	=====

20.1 Auditors' Remuneration

Audit fee	215	190
Tax representation and advisory services, audit of funds and special reports	1,103	1,339
Out of pocket expenses	32	40
	-----	-----
	1,350	1,569
	=====	=====

20.2 Donations do not include any amount paid to any person or organization in which a director or his spouse had any interest.

21. OTHER INCOME

Income on bank deposits	73,236	91,298
Gain/(loss) on disposal of fixed assets	(1)	2,090
Liquidated damages from a customer	2,721	2,948
	-----	-----
	75,956	96,336
	=====	=====

22. FINANCIAL CHARGES

Mark-up on redeemable capital	13,290	27,221
Interest on - long term loans	47,704	16,064
- workers' profits participation fund	811	637
Exchange risk and commitment fee	17,792	11,418
Other charges	1,836	906
	-----	-----
	81,433	56,246
	=====	=====

23. OTHER CHARGES

Workers' profits participation fund	15,130	15,259
Workers' welfare fund	5,333	5,072
	-----	-----
	20,463	20,331
	=====	=====

24. CASH GENERATED FROM OPERATIONS

Profit before taxation	282,140	284,853
Adjustment for non cash charges and other items:		
Depreciation and amortization	161,360	127,473
Loss/(Profit) on disposal of fixed assets	1	(2,090)
Employees' retirement benefits	711	619
Interest income	(73,236)	(91,298)
Financial charges	81,433	56,246
Working capital changes - note 24.1	(124,066)	16,493
	-----	-----
	328,343	392,296
	=====	=====

24.1 Working capital changes

Decrease/(Increase) in current assets

Stores and spares	(23,869)	(4,499)
Trade debts	(927,413)	(203,238)
Loans, advances and prepayments	(22,712)	3,524
Other receivables	(100,608)	(93,117)
	-----	-----
	(1,074,602)	(297,330)
(Decrease)/Increase in current liabilities		
Accrued and other liabilities	950,536	313,823
	-----	-----
	(124,066)	16,493
	=====	=====

25. FINANCIAL INSTRUMENTS

25.1 Financial assets and liabilities

(Rupees in thousand)

	<i>Interest bearing</i>			<i>Non-interest bearing</i>			<i>Total</i>
	<i>Maturity upto one year</i>	<i>Maturity after one year</i>	<i>Sub Total</i>	<i>Maturity upto one year</i>	<i>Maturity after one year</i>	<i>Sub Total</i>	
FINANCIAL ASSETS							
Trade debts	--	--	--	1,945,873	--	1,945,873	1,945,873
Advances and deposits	--	--	--	7,427	--	12,914	12,914
Other receivables	--	--	--	341,216	--	341,216	341,216
Cash and bank balances	625,025	--	625,025	3,531	--	3,531	628,556
	-----	-----	-----	-----	-----	-----	-----
	625,025	--	625,025	2,298,047	--	2,303,534	2,928,559
	=====	=====	=====	=====	=====	=====	=====
FINANCIAL LIABILITIES							
Redeemable capital and accrued mark-up (note 6)	50,027	--	50,027	--	--	--	50,027
Long term loans (note 7)	41,296	847,546	888,842	--	--	--	888,842
Accrued and other liabilities	--	--	--	2,721,225	--	2,721,225	2,721,225
Commitments	--	--	--	74,162	--	74,162	74,162
	-----	-----	-----	-----	-----	-----	-----
	91,323	847,546	938,869	2,795,387	--	2,795,387	3,734,256
	=====	=====	=====	=====	=====	=====	=====

25.2 Concentration of credit risk

The Company's sales are essentially to three fertilizer companies and WAPDA. The Company does not expect its customers to fail in meeting their obligations.

25.3 Foreign exchange risk

Foreign currency payable amounted to US\$ 1.43 million at June 30, 2001. The exchange risk on foreign currency payable has been hedged by the Company by obtaining exchange risk coverage.

25.4 Fair value of financial assets and liabilities

The fair values of all financial assets and liabilities are equal to their carrying amounts.

26. REMUNERATION OF CHIEF EXECUTIVE AND EXECUTIVES

The aggregate amount charged in these accounts for the remuneration of Chief Executive and Executives of the Company were as follows:

	<i>(Rupees in thousand)</i>			
	<i>2001</i>		<i>2000</i>	
	<i>Chief Executive</i>	<i>Executives</i>	<i>Chief Executive</i>	<i>Executives</i>
Managerial remuneration	953	42,717	874	30,352
Company's contribution to provident fund	95	3,704	87	2,904
Housing and utilities	465	24,187	730	20,694
Leave passage and others	568	33,142	195	19,861
	-----	-----	-----	-----
	2,081	103,750	1,886	73,811
	=====	=====	=====	=====
Number of persons, including those who worked part of the year	1	132	1	100
	=====	=====	=====	=====

The above were provided with medical facilities and are eligible for retirement benefits for which Company makes contributions based on actuarial calculations to pension and gratuity funds. The chief executive and certain executives were provided with company cars.

In addition, aggregate amount charged in the accounts for fee to thirteen (2000: twelve) directors was Rs 18 thousand (2000: Rs 20 thousand).

27. CAPACITY AND ACTUAL PRODUCTION

Considering the nature of the Company's business, information regarding capacity has no relevance. The actual production for the year ended June 30, 2001 was 148 BSCF (2000: 147 BSCF).

28. TRANSACTIONS WITH ASSOCIATED UNDERTAKING

Sales to an associated undertaking, inclusive of government levies for the year ended June 30, 2001 amounted to Rs 2,903.574 million (2000: Rs 2,645.802 million).

29. NUMBER OF EMPLOYEES

Total number of employees at the end of the year were 329 (2000: 316).

30. CORRESPONDING FIGURES

Previous year's figures have been re-arranged, wherever necessary, for the purpose of comparison.

Lt Gen Khalid Nawaz Mallik (Retd)
Chief Executive

Qaiser Javed
Director

Ten years at a glance

	2000-01	1999-2000	1998-99	1997-98	1996-97	1995-96	June 1995 (Six months)*	1994	1993	1992
<i>(Rupees in million)</i>										
FINANCIAL										
Revenue	10,505.13	9,094.20	5,953.27	5,446.36	5,098.45	3,909.77	1,936.40	3,489.26	2,634.36	1,447.70
Govt. Levies Income Tax, Workers' funds, royalty, excise duty, sales tax and surcharge on gas	9,820.34	8,421.77	5,432.14	4,928.25	4,619.60	3,544.23	1,727.77	3,077.48	2,403.93	1,260.71
Net profit after taxation	191.59	198.73	160.23	153.49	196.74	75.09	57.43	120.43	49.16	50.59
Dividend Issued & paid up capital	82.69 367.50	82.69 367.50	82.69 367.50	82.69 367.50	82.69 367.50	47.25 210.00	15.75 210.00	47.25 210.00	47.25 210.00	47.25 210.00
NATURAL GAS										
Development & Production Leases (SQ. KILOMETERS)	969.27	969.27	969.27	969.27	969.27	969.27	969.27	969.27	969.27	969.27
Ultimate recovery of proved reserves (BSCF)	6,309	6,309	6,309	6,309	6,309	6,309	6,300	6,300	6,300	6,300
Cumulative Production (BSCF)	2,330	2,182	2,035	1,895	1,758	1,622	1,489	1,417	1,277	1,147
No. of Producing Wells	64	64	64	64	62	59	59	59	59	47
Production (B SCF)	148	147	140	137	136	133	72	140	130	104
Daily Average (BSCF)	0.405	0.402	0.383	0.375	0.373	0.364	0.398	0.384	0.355	0.284

* Since Accounting year had been changed from calendar year to fiscal year in 1995, the figures reflect for six months from January 01 to June 30, 1995.

Pattern of Shareholding as at June 30, 2001

<i>No. of Shareholders</i>	<i>Shareholding</i>			<i>Total shares held</i>	
386	1	TO	100	19,450	
1,009	101	TO	500	329,096	
1,043	501	TO	1000	636,850	
413	1,001	TO	5000	1,003,010	
77	5,001	TO	10,000	567,650	
68	10,001	AND	ABOVE	34,193,944	
-----				-----	
2,996				36,750,000	
=====				=====	

Categories of Shareholders as at June 30, 2001

<i>Categories of Shareholders</i>	<i>Number</i>	<i>Shares held</i>	<i>Percentage</i>
Individuals	2,923	3,390,000	9.22
Financial Institutions	13	3,486,600	9.49
Insurance Companies	3	110,050	0.30
Investment Companies	9	131,275	0.36
Joint Stock Companies	41	199,325	0.54
Modaraba Companies	2	22,750	0.06
Committee of Administration			
Fauji Foundation	1	14,700,000	40.00
Government of Pakistan	1	7,350,000	20.00
Oil & Gas Development Company Limited	1	7,350,000	20.00
Others	2	10,000	0.03
	-----	-----	-----
	2,996	36,750,000	100.00
	=====	=====	=====