MPCL

Soaring To New Heights

Mari Petroleum Company Limited

Annual Report 2017

Cover Story

MPCL will remember this year's triumphs as a continuation of its glorious past. Our business strategies, combined with ardent passion to excel in the industry, helped us soar to new heights. We took upon ourselves to implement challenging projects and successfully transformed them into reality. This was made possible through unwavering efforts of all our employees.

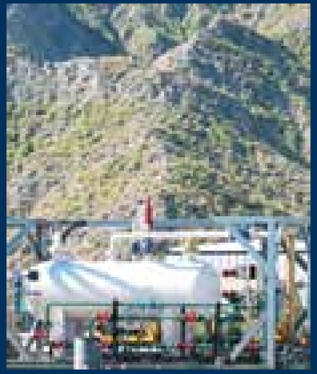
It is now time to PLEDGE, yet again, that we will continue to achieve results by adopting futuristic strategies, encompassing modern technologies and most importantly, through our dedication.

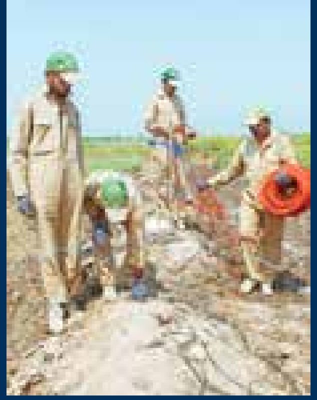
It is time to HONOUR the hard work of thousands of MPCL employees, who have made us one of the most reliable and dynamically developing energy companies of the Country and beyond.

It is time to ASSERT that our progress will be driven by our responsibility towards all stakeholders and the national economy.

Lastly, it is time to REMIND ourselves that there is much more to be surmounted and therefore, our efforts remain a "work in progress", with our commitment to reliability of uninterrupted supply of energy, ensuring our growth and that of our beloved Country.

Contents

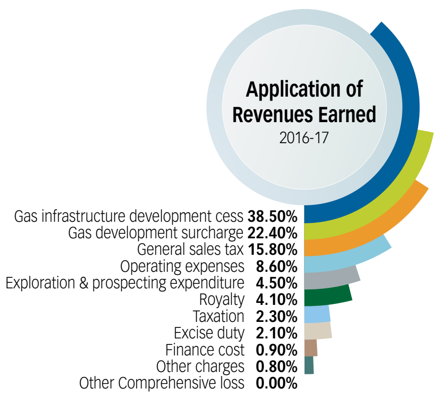


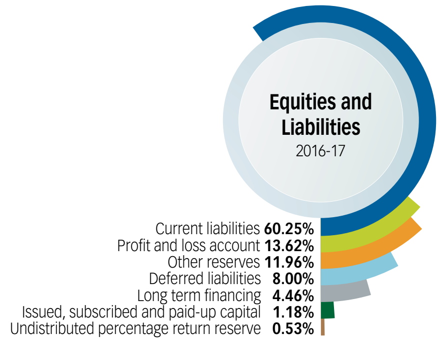


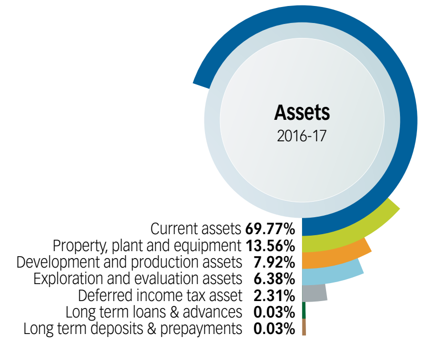
Financial Statements

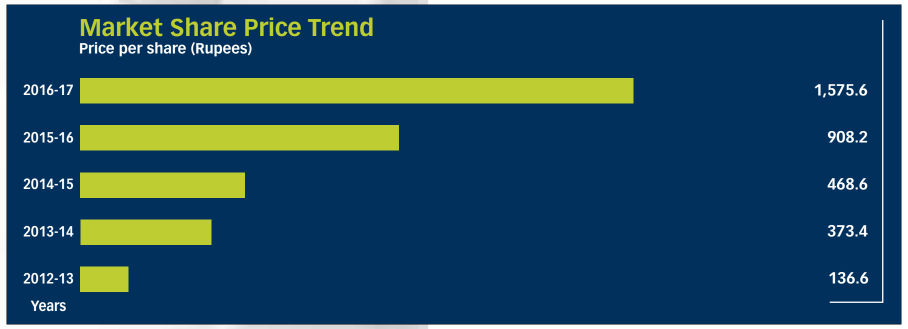
Key Financials

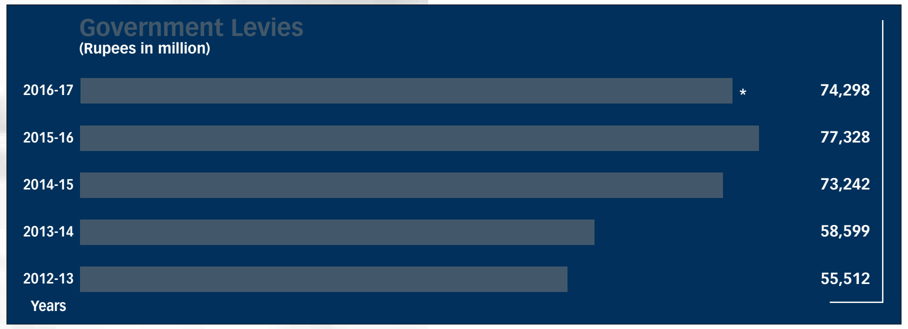
		2016-17	2015-16
Revenues	Rupees in million	96,188.65	95,898.24
Government levies	Rupees in million	74,298.34	77,328.34
Profit before taxation	Rupees in million	11,149.46	6,561.45
Profit for the year	Rupees in million	9,136.19	6,051.46
Dividend per share	Rupees	5.10	4.50
Property, plant and equipment - at cost	Rupees in million	20,315.85	17,217.73
Number of shares issued and subscribed	Shares in million	110.25	110.25











* Government Levies reduced mainly due to decrease in gas sales price.

Company Profile

MPCL is one of the leading exploration and production companies in Pakistan. It manages and operates the Country's largest gas reservoir (in terms of current reserves) at Mari Field, District Ghotki, Sindh. In addition to Mari Gas Field, MPCL currently holds development & production leases over Zarghun South, Sujawal, and Halini X-1 and has operatorship of eight exploration blocks (Sujawal, Karak, Ghauri, Sukkur, Ziarat, Harnai, Peshawar East, and Bannu West). The Company is also a non-operating joint venture partner with leading national and international E&P companies in two D&P leases (Adam, Adam West) and five exploration blocks (Hala, Kohlu, Kalchas, Kohat, and Shah Bandar).

As a distinct edge over many other E&P companies, MPCL owns and operates a 3D seismic data acquisition unit, a 2D/3D seismic data processing centre and three land drilling rigs. With expansion into exploration activities and addition of E&P allied services, MPCL is now a fully integrated E&P company in the Country.

MPCL enjoys 65% exploration success rate – much higher than industry average of 33% (local) and 17% (international).

MPCL is a major producer of natural gas and currently holds around 17% market share in the Country. It also produces crude oil, condensate and LPG. The gas produced by the Company is supplied to fertilizer manufacturers, power generation and gas distribution companies, while crude oil and condensate are supplied to the refineries for further processing.

The Company also provides seismic data acquisition, seismic data processing, drilling rigs and allied services on commercial basis.

The paid-up share capital of the Company is Rs. 1,102,500,000 divided into 110,250,000 ordinary shares of Rs.10/- each. The ordinary shares of the Company are quoted on Pakistan Stock Exchange. Total market capitalisation as on June 30, 2017 was around Rs. 174 billion (at closing price of Rs. 1,575/ordinary share). Fauji Foundation holds 40% of the shareholding in the Company along with management rights, while Government of Pakistan, OGDCL and General Public hold 18.39%, 20% and 21.61% of the shareholding, respectively.

MPCL makes significant contributions towards the Country's development by providing raw material to the fertilizer industry and supplying gas for power generation. Around 80% of fertilizer production depends on gas supplied by MPCL. By supplying gas to the fertilizer sector, MPCL plays a crucial role in ensuring continuous supply of fertilizer to the agriculture sector thereby contributing to food security of Pakistan.

During the financial year 2016-17, the Company produced 32 million barrels of oil equivalent energy, which resulted in foreign exchange saving of around Rs. 172 billion. In addition, MPCL contributed around Rs. 74 billion to the national exchequer on account of taxes, royalty, excise duty, sales tax, gas infrastructure development cess and gas development surcharge.

The Company provides jobs to the local population and contributes to the development of infrastructure in its areas of operations, which has significantly helped in the development of these areas. The Company also aggressively follows CSR programmes in the areas of its operations for the uplift of local populace.

MPCL is an Integrated Management Systems certified company and holds certifications for Quality Management System (ISO 9001:2008), Environmental Management System (ISO 14001:2004), Occupational Health & Safety Assessment Series (OHSAS 18001:2007) and Information Security Management System (ISO 27001: 2013). The scope of certifications covers MPCL Head Office, Mari, Zarghun and Sujawal Gas Fields, Halini Oil Field, Karachi Office and Rig Mari-1.

MPCL History

Mari Gas Field was originally owned by Pak Stanvac Petroleum Project, a Joint Venture formed in 1954, between Government of Pakistan and Esso Eastern Incorporated, having 49% and 51% ownership interest, respectively. The first gas discovery was made by the Joint Venture in 1957 when the first well in lower Kirthar 'Zone-B' Limestone Formation was drilled. Production from the field started in 1967. In 1983, Esso Eastern sold its entire share to the Fauji Foundation. Consequently, it was decided to set up a wholly owned public limited company for the purpose of acquiring the assets and liabilities of the Project.

In 1984, Mari Gas Company Limited (MGCL) was incorporated with Fauji Foundation, Government of Pakistan and OGDCL, as its shareholders having 40%, 40% and 20% shareholding, respectively. The Company took over the assets, liabilities and operational control of Mari Gas Field and commenced business in its own name in 1985, operating under Mari Gas Wellhead Price Agreement (Mari GPA).

In 1994, the Government divested 50% of its shares and the Company became listed on all the stock exchanges of Pakistan.

The Company operated only as a gas production company and was engaged in developing the already discovered Habib Rahi Reservoir in Mari Gas Field for supply of gas to new fertilizer plants. The Company pursued appraisal activities within its Mari D&P Lease area by drilling step-out wells to determine the extent of Habib Rahi Reservoir.

In 2001, the Company achieved a new milestone when it was granted a license for exploration of oil and gas, in addition to the production activities. Since then, MPCL has emerged as a successful E&P Company with a proven track record in the field of exploration and production.

It has grown from the sale of natural gas from an inherited field, to the exploration, production and sale of gas, oil and other petroleum products from a number of fields in all the provinces of Pakistan. The name of the Company was changed from "Mari Gas Company Limited" to "Mari Petroleum Company Limited" (MPCL) in November 2012, to reflect its diversified business operations and expanded activities.

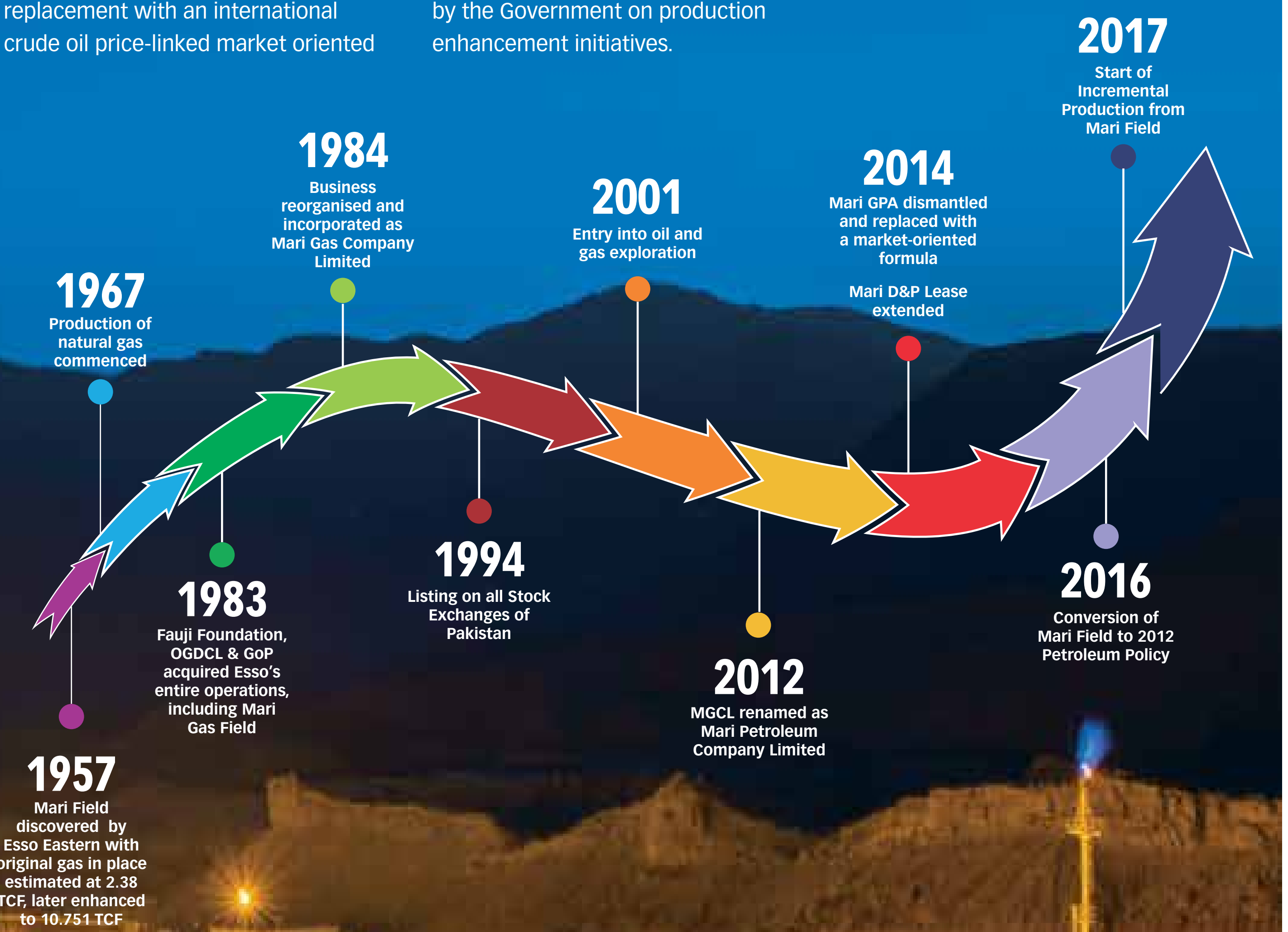
The Company had been outsourcing seismic and drilling business like other E&P companies. However, in 2013 the Company decided to set-up a services division comprising of a 3D seismic data acquisition unit, a 2D/3D seismic data processing centre and a fleet of three on-shore drilling rigs. Thus, MPCL became a fully integrated E&P company in the Country.

In 2014, an extension of five years in Mari lease period was approved extending the development and production rights in the Lease Area till 2019. The extension has enabled MPCL to enhance the recovery and produce more natural gas, which is critically needed in the Country.

Since its inception, the Company had been operating on a cost-plus fixed return formula under Mari GPA 1985. Pursuant to consistent efforts by MPCL Management, a major milestone was achieved in November 2014, when Economic Coordination Committee of the Cabinet approved dismantling of Mari GPA and its replacement with an international crude oil price-linked market oriented formula. Dismantling of Mari GPA has allowed the Company to operate on commercial terms and become competitive to realise its full potential.

In October 2015, the Company opted for conversion of Mari D&P lease to 2012 Petroleum Policy, to avail the price incentives offered by the Government on production enhancement initiatives.

In February 2016, MPCL became the first Pakistani E&P company, to implement its incremental gas production project (at Mari Field) and avail gas price incentive on incremental field production offered in 2012 Petroleum Policy.



Company Information

HEAD OFFICE
21, Mauve Area, 3rd Road, G-10/4
P.O. Box 1614, Islamabad – 44000
Tel: +92 51 111-410-410
+92 51 8092200
Fax: +92 51 2352859
Email: info@mpcl.com.pk

FIELD OFFICE DAHARKI
Daharki, District Ghotki
Tel: +92 723 111-410-410
+92 723 660403-30
Fax: +92 723 660402

KARACHI OFFICE
D-87,Block 4, Kehkashan, Clifton
P.O. Box 3887, Karachi – 75600
Tel: +92 21 111-410-410
Fax: +92 21 35870273

QUETTA LIAISON OFFICE
26, Survey-31, Defence Officers
Housing Scheme, Airport Road, Quetta
Tel: +92 81 2821052, 2864085, 2839790
Fax: +92 81 2834465

AUDITORS
Deloitte Yousuf Adil
Chartered Accountants
18-B/1, Chohan Mansion
G-8 Markaz, Islamabad – 44000
Tel: +92 51 8734400-3
Fax: +92 51 8350602
Email: aashah@deloitte.com
Email: shali@deloitte.com
Web: www.deloitte.com

SHARES REGISTRAR
Corplink (Pvt) Limited
Wings Arcade, 1-K Commercial
Model Town, Lahore
Tel: +92 42 35839182, 35869037
Email: corplink786@yahoo.com

LEGAL ADVISOR
Ali Shah Associates
Advocates High Court
1-Ali Plaza, 4th Floor
1-E, Jinnah Avenue
Blue Area, Islamabad
Tel: +92 51 2825632

BANKERS
Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
Habib Bank Limited
National Bank of Pakistan
JS Bank Limited
United Bank Limited

REGISTRATION, NTN AND GST NUMBERS

Registration Number:	00012471
National Tax Number:	1414673-8
GST No:	07-01-2710-039-73
Symbol on stock exchange:	Mari

Notice of Annual General Meeting

Notice is hereby given that the 33rd Annual General Meeting of the members of Mari Petroleum Company Limited will be held on Tuesday, September 26, 2017 at 10:00 a.m., at the Registered Office of the Company situated at 21-Mauve Area, 3rd Road, Sector G-10/4, Islamabad to transact the following business:

1. To receive, consider and adopt the Audited Accounts of the Company for the year ended June 30, 2017 together with the Directors' and Auditors' reports thereon.

2. To approve, as recommended by the Board of Directors, the payment of final dividend @ Rs.2.20 per ordinary share (22%) for the financial year ended June 30, 2017. This is in addition to interim dividend @ Rs.3/- per share (30%) already paid.

3. To appoint Auditors for the year 2017-18 and fix their remuneration.

4. Any other business with the permission of the Chair.

By order of the Board

Assad Rabbani
Company Secretary

Islamabad:
August 30, 2017

NOTES:

1. The Share Transfer Books of the Company will remain closed from September 19, 2017 to September 26, 2017 (both days inclusive). Transfers, in order, received at the Company's Shares Registrar, M/s Corpink (Pvt) Limited, Wings Arcade, 1-K Commercial, Model Town, Lahore, at the close of business on September 18, 2017 will be treated as in time for the purpose to determine entitlement for the payment of final dividend and to attend the Annual General Meeting.

2. A member entitled to attend and vote at the above meeting may appoint a person/representative as Proxy to attend and vote on his behalf at the Meeting. The instrument of Proxy duly executed in accordance with the Articles of Association of the Company must be received at the Registered Office of the Company not less than 48 hours before the time of holding the meeting.

3. The individual members or representatives of corporate members of the Company in CDC must bring original National Identity Card or Passport, CDC Account and Participant ID Numbers to prove identity and verification at the time of Meeting. CDC account holders will further have to follow the guidelines as laid down in Circular No.1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

4. **Notice to Shareholders who have not provided their CNICs:**
In accordance with the notification of the Securities and Exchange Commission of Pakistan vide their SRO 779 (1)/2011 dated August 18, 2011 and SRO 831(1) 2012 dated 5 July, 2012, dividend warrants are required to bear CNIC number of the registered member or the authorized person, except in case of minor(s) and corporate members. Accordingly, members who have not yet submitted copies of their valid CNIC or NTN in case of corporate entities, are requested to submit the same to the Company's Shares Registrar. In case of non-compliance, the Company will withhold dispatch of Dividend Warrants as per law.

5. **Payment of Cash Dividend through Electronic Mode:**
The provisions of Section 242 of the Companies Act, 2017 require that the dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders. Therefore, for making compliance to the provisions of law, all those physical shareholders who have not yet submitted their bank account details to the Company are requested to provide the same on the Dividend Mandate Form available on Company website at http://mpcl.com.pk/. All those shareholders of the Company in CDC, who have also not provided their bank account details are also requested to provide the same to their participants in CDC, who maintain their accounts in CDC and ensure that their bank account details are updated.

6. **Deduction of Income Tax from Dividend under Section 150 of the Income Tax Ordinance, 2001:**
The current prescribed rates for the deduction of withholding tax from payment of dividend by the companies are as under:

   - For filers of income tax returns: 15%

   - For non-filers of income tax returns: 20%

   The income tax is deducted from the payment of dividend according to the Active Tax-Payers List (ATL) provided on the website of FBR. All those shareholders, who are filers of income tax returns, are therefore, advised to ensure that their names are entered into ATL to enable the Company to withhold income tax from payment of cash dividend @ 15% instead of 20%.

   Further, according to clarification received from Federal Board of Revenue (FBR), withholding tax will be determined separately on 'Filer/Non-Filer' status of Principal shareholder as well as joint-holder(s) based on their shareholding proportions, in case of joint accounts held by the shareholders.

In this regard, all shareholders who hold shares jointly are requested to provide shareholding proportions of Principal shareholder and Joint-holders in respect of shares held by them to our Shares Registrar, in writing as follows:

MARI PETROLEUM COMPANY LIMITED					
FORM OF JOINT SHAREHOLDING PROPORTION					
Folio/CDC Account No.	Names of Principal and Joint Shareholders	Total Shares	Percentage of Shares held (Proportion)	CNIC No. (Copy attached)	Signatures

The required information must reach our Shares Registrar within 10 days of this notice; otherwise, it will be assumed that the shares are equally held by Principal shareholder and Joint Holder(s).

The corporate shareholders of the Company in CDC are advised to ensure that their National Tax Numbers (NTNs) have been updated with their respective participants, whereas corporate physical shareholders must send a copy of their NTN Certificate with their Folio Numbers mentioned thereon, to the Company or its Shares Registrar.

As per FBR Circulars C.No.1(29) WHT/2006 dated 30 June 2010 and C.No.1 (43) DG (WHT)/2008-Vol.II-66417-R dated 12 May 2015, the valid exemption certificate is mandatory to claim exemption of withholding tax U/S 150 of the Income Tax Ordinance, 2001 (tax on dividend amount) where the statutory exemption under clause 47B of Part-IV of Second Schedule is available. The shareholders, who fall in the category mentioned in above clause and want to avail exemption U/S 150 of the Ordinance, must provide valid Tax Exemption Certificate to our Shares Registrar before commencement of book closure otherwise tax will be deducted on dividend as per applicable rates.

7. Video Conference Facility

Pursuant to provisions of SECP Circular No. 10 of 2014 dated May 21, 2014, Members can avail video conference facility for this Annual General Meeting at Karachi and Lahore, provided the Company receives consent from members holding aggregate 10% or more shareholding and residing at above locations atleast 10 days prior to the date of Meeting.

In order to avail video conference facility and to vote through e-voting, please fill the requisite forms and submit to company within the time frame mentioned in the forms. The forms are available in Annual Report 2017.

8. E-Voting

Pursuant to SECP's Companies (E-Voting) Regulations, 2016, members can also exercise their right to vote through e-voting by giving their consent in writing atleast 10 days before the date of the Meeting to the Company upon appointment of Execution Officer by the Intermediary as Proxy.

9. Dissemination of Annual Audited Accounts and Notice of Annual General Meeting

The Company shall place the financial statements and reports on the Company's website: http://mpcl.com.pk/ at least twenty one (21) days prior to the date of the Annual General Meeting.

Further, in accordance with SRO 470(I)/2016 dated 31 May 2016, through which SECP has allowed companies to circulate the annual audited accounts to its members through CD/DVD/USB instead of transmitting the hard copies at their registered addresses, subject to the consent of shareholders and compliance with certain other conditions, the Company has obtained shareholders' approval in its Annual General Meeting held on September 27, 2016. Accordingly, annual audited accounts of the Company for the year ended June 30, 2017 are being dispatched to the shareholders through CD. The shareholders may request a hard copy of annual audited accounts, which shall be provided free of cost within seven days of receipt of such request. Further, in terms of SRO No 787(I)/2014 dated September 8, 2014, shareholders can also opt to obtain Annual Balance Sheet and Profit and Loss Account, Auditors' Report and Directors' Report etc. along with the Notice of the Annual General Meeting through email. For this purpose, we hereby give you the opportunity to send us your written request alongwith your valid email ID to provide you the same via email.

For the convenience of shareholders, a Standard Request Form for the provision of annual audited accounts has also been made available on the Company's website http://mpcl.com.pk/.

10. Members are requested to notify any changes in their mailing addresses to the Company's Shares Registrar as soon as possible.

11. For any query/information, the shareholders may contact Corporate Affairs Department, Phone: 051-111-410-410, Email:info@mpcl.com.pk or to the Company's Shares Registrars, M/s Corplink (Pvt) Limited, Wings Arcade, 1-K Commercial, Model Town, Lahore. Phone: 04235916714, 04235916719. Email:corplink@yahoo.com, corplink786@gmail.com.

Islamabad:
August 30, 2017

Assad Rabbani
Company Secretary

Our Vision

MPCL envisions becoming an international exploration and production company by enhancing its professional capacity through highly knowledgeable and talented workforce that builds its petroleum reserves by consistently discovering more than what it produces within Pakistan and abroad; and improving financial capacity and profitability through efficient operations, while taking environmental safeguards and catering to social welfare needs of the communities inhabiting the area of operations.

Our Mission

To enhance exploration and production by exploiting breakthroughs in knowledge and technological innovations, adopting competitive industrial practices to adequately replenish the produced reserves and optimizing production for maximizing revenues and return to the shareholders whilst maintaining the highest standards of HSE and CSR.

Our Commitments

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

Integrated Management System Policy

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

Code of Conduct

The Code of Conduct sets out the Company's objectives and its responsibilities to various stakeholders and the ethical standards required from its Directors and employees to meet such objectives and responsibilities.

FINANCIAL DISCLOSURE
All transactions should be accurately reflected in the books of accounts according to applicable accounting principles. Falsification of the Company's books, any of the recorded bank accounts and transactions is strictly prohibited.

CONFLICT OF INTEREST
The Directors and employees of the Company must recognize that in the course of performing their duties, they may be out into a position where there is a conflict in the performance of such duty and a personal interest they may have. It is the overriding intention of the Company that all business transactions conducted by it are on arm's length basis.

COMPLIANCE WITH LAWS, DIRECTIVES & RULES
Compliance with all applicable laws, regulations, directives and rules including those issued by the Board of Directors and Management.

CONFIDENTIALITY
Confidentiality of the Company's internal confidential information must be maintained and upheld, which includes proprietary, technical, business, financial, joint-venture, customer and employee information that is not available publicly.

CONDUCT OF PERSONNEL IN DEALINGS WITH GOVERNMENT OFFICIALS
The Company shall deal with the Government officials fairly and honestly and within the ambit of the applicable laws, in order to uphold the corporate image of the Company.

TIME MANAGEMENT
The Directors and the employees of the Company shall ensure that they adopt efficient and productive time management schedules.

BUSINESS INTEGRITY
The Directors and employees will strive to promote honesty, integrity and fairness in all aspects of the Company's business and their dealings with vendors, contractors, customers, Joint Venture participants and Government officials.

GIFTS, ENTERTAINMENT & BRIBERY
The Directors and employees shall not give or accept gifts, entertainment, or any other personal benefit or privilege that could influence business dealings.

INSIDER TRADING
Every Director and employee who has knowledge of confidential material information is prohibited from trading in securities of the Company.

HEALTH, SAFETY & ENVIRONMENT
The Company, its Directors and employees will endeavour to exercise a systematic approach to health, safety and environmental management, in order to achieve continuous performance improvement.

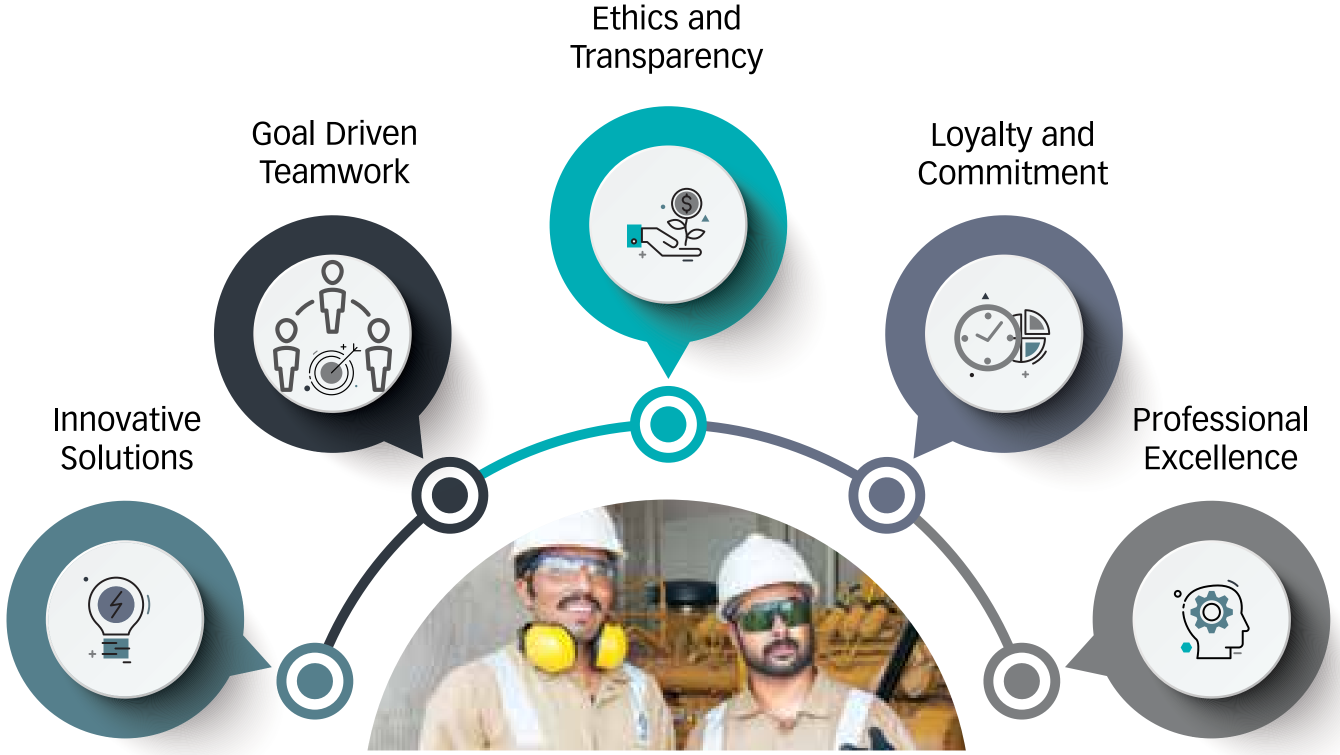
INVOLVEMENT IN POLITICS
Company shall not make payments or other contributions to political parties and organisations. Employees must ensure that if they elect to take part in any form of political activity in their spare time, such activity does not and will not have any adverse effects on the Company and such activities must be within the legally permissible limits.

EQUAL EMPLOYMENT OPPORTUNITY
It is the policy of the Company to provide employment opportunities without regard to gender, race, religion, colour, age or disability subject to suitability of the candidates for the job.

COMPLIANCE
All Directors and employees must understand and adhere to the Company's business practices and Code of Conduct. They must commit to individual conduct in accordance with the Company's business practices and Code of Conduct and observe both the spirit and the letter of the Code in their dealings on the Company's behalf.

ACCOUNTABILITY
Failure to adhere to the Company's business practices or Code of Conduct may result in disciplinary action, which could include dismissal.

Corporate Culture and Core Values



Profile of Board of Directors

Lt Gen Khalid Nawaz Khan *(Retd)*
Managing Director, Fauji Foundation
Chairman MPCL Board

Lt Gen Khalid Nawaz Khan (Retd) joined MPCL Board on January 2, 2015 and was elected as its Chairman.

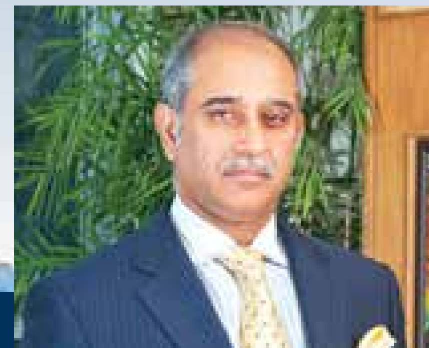
He is the Managing Director of Fauji Foundation, Fauji Oil Terminal & Distribution Company Ltd and the Chairman on the Boards of Fauji Fertilizer Co Ltd, Fauji Fertilizer Bin Qasim Ltd, Fauji Cement Company Ltd, Fauji Kabirwala Power Company Ltd, Foundation Power Company (Daharki) Ltd, Daharki Power Holding Company Ltd, Fauji Akbar Portia Marine Terminals (Pvt.) Ltd, Foundation Wind Energy-I Ltd, Foundation Wind Energy-II (Pvt.) Ltd, Askari Cement Ltd, Askari Bank Ltd, FFC Energy Ltd, Fauji Meat Ltd, Fauji Foods Ltd, Fauji Fresh n Freeze Ltd, FFBL Power Company Ltd, Noon Pakistan Ltd and Askari Bank.

He was commissioned in the Pakistan Army in April 1975 with the coveted Sword of Honour. During his illustrious career, he held various prestigious command, staff and instructional positions.

He is a graduate of Armed Forces War College, National Defence University, Islamabad and Command and General Staff College, Fort Leavenworth, USA. He holds master's degrees in War Studies, Art and Science of Warfare and General Studies.

In recognition of his meritorious services, he was awarded Hilal-e-Imtiaz (Military). He was also conferred upon the award of Sitara-i-Eisar for his leadership role in disaster management during the devastating 2005 Earthquake in Azad Kashmir.

Lt Gen Ishfaq Nadeem Ahmad *(Retd)*
Managing Director/CEO
Mari Petroleum Company Limited



Lt Gen Ishfaq Nadeem Ahmad (Retd) is an accomplished professional with an illustrious career spanning over 40 years. He has held various prestigious positions within the Pakistan Army including, most notably, Chief of General Staff, Director General Military Operations and Commander of a Strike Corps.

Known for his candid opinions, he is a critical and creative thinker and capable of making strategic decisions in complex and uncertain environments for achieving sustainable results. He has been the architect of several critical assignments carried out by the Pakistan Army for securing the Country's defence.

Gen Ishfaq is well versed with energy security vis-à-vis conventional and alternate energy sources, management of national resources, management of change at strategic institutions, and negotiations and contracting at the highest levels. He holds M.Sc. degree in National Resource Strategy from Industrial College of Armed Forces (USA) and M.Sc. degree in War and Strategic Studies from National Defence University Islamabad. He is also a graduate of Command and Staff College, Quetta and Joint Services Command and Staff College, UK.

He is an avid reader and a keen sportsman with special interest in hockey and tennis.

Gen Ishfaq assumed the charge of Managing Director/CEO of MPCL on January 26, 2017.

Mr Qaiser Javed
Director Finance
Fauji Foundation

Mr. Qaiser Javed joined MPCL Board on October 15, 1999. He is a non-executive Director and President of the Audit Committee.

He is a Fellow Member of the Institute of Chartered Accountants of Pakistan and Institute of Taxation Management of Pakistan. He is the CEO of Daharki Power Holdings Ltd. He is also on the Boards of Fauji Fertilizer Co Ltd, Fauji Fertilizer Bin Qasim Ltd, Fauji Cement Company Ltd, Fauji Kabirwala Power Company Ltd, Fauji Oil Terminal and Distribution Company Ltd, Foundation Power Company Daharki Ltd, Fauji Akbar Portia Marine Terminal Ltd, FFC Energy Ltd, The Hub Power Company Ltd, Laraib Energy Ltd, Askari Bank Ltd, Askari Cement Ltd, Fauji Fresh n Freeze Ltd, Fauji Foods Ltd, Fauji Meat Ltd, FFBL Power Company Ltd, Foundation Wind Energy-I Ltd, Foundation Wind Energy-II (Pvt.) Ltd and Noon Pakistan Ltd. He also serves as President Audit Committees of many of these organisations.

Dr Nadeem Inayat
Director Investment
Fauji Foundation

Dr. Nadeem Inayat joined MPCL Board on September 18, 2006. He is a non-executive Director and President of the HR&R Committee. He is also on the Boards of Fauji Fertilizer Co Ltd, Fauji Fertilizer Bin Qasim Ltd, Fauji Cement Company Ltd, Fauji Akbar Portia Marine Terminals (Pvt.) Ltd, Fauji Oil Terminal & Distribution Company Ltd, Askari Cement Ltd, Daharki Power Holdings Ltd, Pakistan Maroc Phosphor S.A., Foundation Wind Energy-I Ltd, Foundation Wind Energy-II (Pvt.) Ltd, Fauji Fresh n Freeze Ltd, Fauji Foods Ltd, Fauji Meat Ltd, FFBL Power Company Ltd, Askari Bank Ltd, Fauji Infraavest Foods Ltd, Foundation University and Noon Pakistan Ltd.

He is also on the boards of different public sector universities and has conducted various academic courses on Economics, International Trade and Finance at reputable institutions of higher education in Pakistan. He is also a member of Pakistan Institute of Development Economics.

He holds a Doctorate in Economics and has over 28 years of diversified experience in corporate governance, policy formulation and deployment, project appraisal, implementation, monitoring & evaluation, restructuring and collaboration with donor agencies.

Maj Gen Mumtaz Ahmad Bajwa *(Retd)*
Director Welfare (Health)
Fauji Foundation

Maj Gen Mumtaz Ahmad Bajwa (Retd) joined MPCL Board on February 01, 2015. He is a non-executive Director and member of the Technical Committee. He is also on the Boards of Fauji Fertilizer Company Ltd, FFC Energy Ltd, Fauji Fresh n Freeze Ltd, and Fauji Kabirwala Power Company Ltd.

He is a graduate of Command and Staff College, Quetta and National Defence University, Islamabad and holds Master's Degree in War Studies from Quaid-e-Azam University, Islamabad. He also qualified in Trans-National Security Matters from Hawaii, USA. During his long service with Pakistan Army, he held various prestigious command and staff positions. In recognition of his outstanding services, he was awarded Hilal-i-Imtiaz (Military).

Brig Raashid Wali Janjua *(Retd)*
Director P & D
Fauji Foundation

Brig. Raashid Wali Janjua (Retd) joined MPCL Board on April 19, 2016. He is a non-executive Director and President of the Technical Committee. He is also on the Boards of Fauji Fertilizer Co Ltd, Fauji Fertilizer Co Energy Ltd, FFBL Power Co Ltd, Fauji Cement Co Ltd, Fauji Akbar Portia Marine Terminal Ltd, Foundation Power Co Daharki Ltd, Foundation Wind Energy-I Ltd, Foundation Wind Energy-II (Pvt) Ltd, Fauji Power Company Ltd and Fauji Infraavest Food Ltd.

He is a graduate of Command and Staff College, Quetta and National Defense University, Islamabad. He holds a Civil Engineering Degree from Military College of Engineering and Master's Degree in Security and Defense Management from Royal Military College Kingston, Canada.

He has a diversified civil engineering project management experience spanning over 32 years. In his capacity as Director Works and Chief Engineer Navy he planned and executed major civil engineering projects at Karachi, Lahore, Islamabad and the coastal belt in close coordination with the Engineer-in-Chief's Branch. He also has extensive experience of working with diverse national and international aid agencies on reconstruction and rehabilitation projects in earthquake stricken areas.

Profile of Board of Directors

Mr Sabino Sikandar Jalal
Joint Secretary
Ministry of Petroleum & Natural Resources

Mr. Sabino Sikandar Jalal joined MPCL Board on April 08, 2015, representing Government of Pakistan. He is a non-executive Director and member of the Technical Committee. Being a senior Civil Servant, he possesses over 20 years of experience of working in Federal Government and various agencies including appointments as Joint Secretary, Ministry of Communications, DG (Corp Affairs), Competition Commission of Pakistan, Joint Secretary, Ministry of Defense, Member Finance/Director Finance Heavy Industries Taxila and Deputy Financial Advisor, Defense Production & Procurement.

He holds a Master's Degree in English Literature (silver medalist) from University of the Punjab. He has also attended numerous courses and trainings pertaining to Governance, Management, Public Policy, Public Administration and Public Finance, in Pakistan and abroad.

Qazi Mohammad Saleem Siddiqui
Director General (Gas)
Ministry of Petroleum & Natural Resources

Qazi Mohammad Saleem Siddiqui joined MPCL Board on October 11, 2012, representing Government of Pakistan. He is a non-executive Director and member of the Technical Committee. He graduated from Mehran University of Engineering and Technology, Jamshoro with a degree in Mechanical Engineering. He remained associated with the sugar industry for about five years before joining Government service in November 1990. Since then, he has held various positions in the Ministry of Petroleum and Natural Resources. Mr. Siddiqui is also a Director on the Board of Sui Southern Gas Company Limited.

Mr Shahid Yousaf
Director General (LG)
Ministry of Petroleum & Natural Resources

Mr. Shahid Yousaf joined MPCL Board on September 10, 2015, representing Government of Pakistan. He is a non-executive Director and member of the Audit Committee. He possesses around 27 years of professional experience and has remained involved in new refineries and oil infrastructure projects and has overseen the execution of more than one thousand gas expansion projects in the Country. At present, he is looking after policy related work pertaining to the import of LNG/LPG.

Mr. Shahid Yousaf holds a Master's Degree in Geology with specialization in Petroleum Infrastructure. In addition, he has attended numerous local and foreign courses and trainings pertaining to petroleum projects and management, gas pipelines and LNG projects.

Mr Zahid Mir
Managing Director / CEO
Oil & Gas Development Company Limited

Mr. Zahid Mir joined MPCL Board on April 24, 2015, representing OGDCL. He is a non-executive Director and member of the HR&R and Technical Committees. A Petroleum Engineer by profession, he possesses over 27 years of experience in the oil and gas industry having been involved at a senior level in all stages of onshore and offshore upstream operations. He has extensive experience in oil and gas commercial negotiations and business development, strategy, joint ventures and license management, new ventures, economic evaluations, mergers and acquisitions and HSE.

He has significant exposure to field operations including production, project development, development planning, conceptual engineering and operational support.

Mr. Zahid Mir holds B.Sc. Degree in Petroleum Engineering from University of Engineering and Technology, Lahore and an MBA Degree from Preston University, Islamabad.

Mr Ahmed Hayat Lak
GM (Legal Services)
Oil & Gas Development Company Limited

Mr. Ahmed Hayat Lak joined MPCL Board on June 26, 2014, representing OGDCL. He is a non-executive Director and member of the Audit Committee. He holds a Master's Degree in Law from University of Wolver Hampton and Bachelor Degree in Law (Honors) from University of London, United Kingdom.

He previously served in Pakistan Oilfields Limited as Head of their Corporate and Legal Services Department. He also worked in the National Accountability Bureau as Advisor to the Chairman and as Consultant in the Office of the Prosecutor General.

Mr Shahid Ghaffar
Managing Director / CEO
NITL

Mr. Shahid Ghaffar joined MPCL Board on August 18, 2014. He is a non-executive Director and member of the Audit Committee. He is also a Director on the Boards of Fauji Fertilizer Company Ltd and Bank Al Habib Ltd.

He has extensive experience in the areas of asset management, capital market regulation and governance. Before his appointment as MD NIT, he held key positions in Asset Management Division and participated in the reconstruction of NIT during the crisis period of 1996-1998. Prior to joining NIT, he was Head of Investor Relations and Corporate Representation as well as member of Management Forum at Habib Bank Limited and Chief Executive Officer of HBL Asset Management Limited. He has also served as the Managing Director/CEO of Karachi Stock Exchange and Executive Director and later as Commissioner at the Securities and Exchange Commission of Pakistan.

He holds a Master's Degree in Business Administration and has attended several courses on securities regulations, securities markets development and portfolio management in Pakistan and abroad.

Engr. S.H. Mehdi Jamal
Member
MPCL Board of Directors

Engr. S.H. Mehdi Jamal joined MPCL Board on June 24, 2013 and represents General Public Shareholding. He is an independent, non-executive Director and member of the Audit and HR&R Committees.

He holds a Bachelor of Engineering (Civil) Degree from NED Engineering University, Karachi. He possesses diverse civil engineering experience spanning over 38 years including more than eleven years in Corps of Engineers, Pakistan Army. He also served on secondment with Pakistan Air Force, Kingdom of Saudi Arabia and on deputation with Port Qasim Authority. His last appointment was as Deputy Surveyor General of Pakistan. He has been also a member of the Local Council of Institute of Engineers, Rawalpindi from 2010 to 2013.

Mr. Muhammad Asif
GM Finance / Chief Financial Officer
Mari Petroleum Company Limited

Mr. Muhammad Asif is a Fellow Member of the Institute of Chartered Accountants of Pakistan with over 27 years of professional experience with reputable organisations in Pakistan and abroad.

He is also a Certified Internal Auditor from the Institute of Internal Auditors, USA and a Diploma Associate of the Institute of Bankers in Pakistan.

He joined MPCL in 1997 and headed Accounts and Internal Audit functions before assuming the charge of Chief Financial Officer in 2006.

He has attended numerous courses and trainings on Financial Management, Audit & Risk Management, Leadership & Business Strategy from renowned institutes in the Country and Harvard Business School.

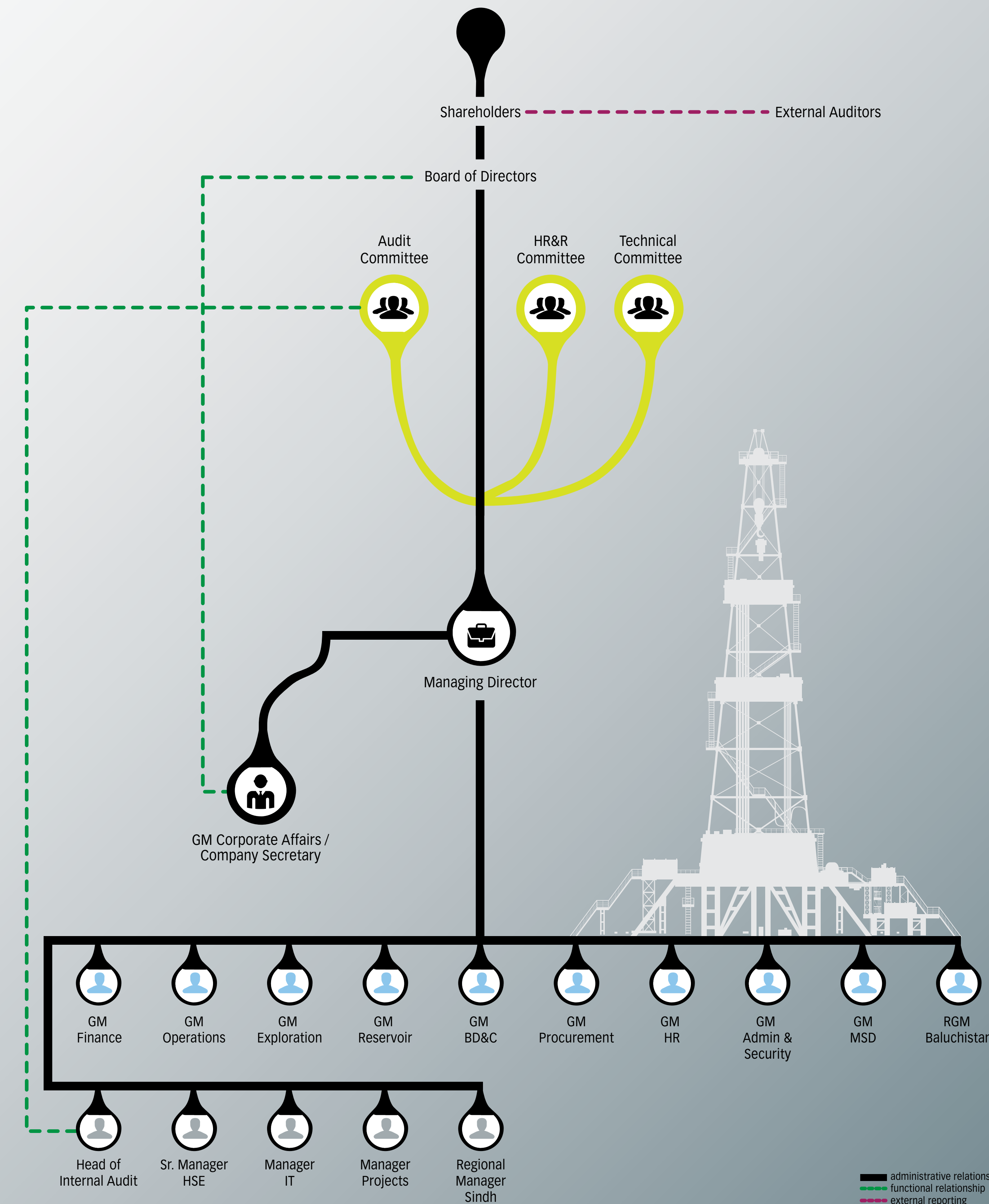
Mr. Assad Rabbani
GM Corporate Affairs / Company Secretary
Mari Petroleum Company Limited

Mr. Assad Rabbani is a Fellow Member of the Institute of Chartered Accountants of Pakistan with over 20 years of professional experience with reputable national and international organisations.

He joined MPCL in 2003 and was appointed Company Secretary in 2005. Previously, he worked in Hydro Power and Textile sector.

He has attended numerous courses and trainings, in Pakistan and abroad, on Corporate Governance, Leadership and Strategy, Upstream Economics & Risk Analysis, and Infrastructure Regulations & Reforms.

Organogram



Lt Gen Ishfaq Nadeem Ahmad
HI (M), (Retd)
Managing Director/CEO

Managing Director's Outlook

The E&P industry globally braved another year of the continuing low price of oil, which negatively impacted their revenues. MPCL responded with a number of strategies that led to an increase in net sales of 30% from last year's Rs. 21.71 billion to Rs. 28.18 billion. Simultaneously, with revenue increase, MPCL adopted effective measures to cut costs and improve efficiency, which led to an unprecedented increase in profit by 51% to Rs. 9.14 billion, from Rs. 6.05 billion achieved last year.

The principle part of the strategy comprised increase in production of oil and gas to take maximum benefit of the incentive offered, in the 2012 Petroleum Policy on enhanced production of gas from the existing reservoirs, by at least 10%. The normal price of our largest reservoir of Habib Rahi Limestone was around US$ 1.17/ MMBTU, but for the enhanced production above the agreed benchmark, it amounted to US$ 4.6/MMBTU. MPCL targeted the near fourfold higher gas price and increased the incremental production to an average of 100 MMSCFD per day, during the year. Our total gas production averaged 665 MMSCFD during the year, which is a record in the history of MPCL.

MPCL had previously engaged a foreign consultant M/s Renoir, for review and improvement in the operating systems and procedures across the line of responsibility. Although the period of consultancy was over during the last year, MPCL continued the trajectory of management improvement with

tangible targets to further improve the efficiency, safety, upkeep of environment and above all, to reduce the operating and capital costs across the board. This exercise has been made a permanent culture of the Company, which apart from maximising the profit has improved work environment and commitment at all levels. As a result of the integrated strategies of revenue enhancement and cost cutting, MPCL has emerged as the most cost effective E&P Company in the Country during the year, with the lowest operating expenses of 7.7% of the gross sales.

MPCL was the first E&P Company to respond to the incentive offered in the Petroleum Policy 2012, of a higher price for incremental production of gas from the existing reservoirs. During the year, MPCL produced about 18 billion cubic feet of incremental gas and earned the incentive revenue of Rs. 5.5 billion. This quantity of gas under normal pricing regime would have yielded only Rs. 1.26 billion. This was the major part of the strategy MPCL had followed to innovatively maintain revenue growth even though our routine revenues remained low due to the lower wellhead gas price, which is linked with that of oil.

Although, MPCL had increased incremental production capacity beyond the set benchmark of 575.5 MMSCFD, our clients were not able to utilize their allocated quantity during the annual turnaround of their plants. This used to result in the loss of incentive price, which was the heart of our strategy. The Company vigorously pursued the rectification of this difficulty through the Ministry, in the Removal of Anomalies Committee and succeeded in getting a much-needed relief of incentive price for gas actually sold beyond a lower benchmark of 525 MMSCFD in June, 2017. This is a major success, which will help to increase our revenue from enhanced production in the coming years.

WAPDA's TPS Guddu Power Plant has long been a customer of our gas with an allocation of 60 MMSCFD. An additional allocation of 50 MMSCFD was approved for the plant in January this year. However, they were unable to utilise the additional allocation owing to delay in the installation of their compressors and other infrastructure issues. Through our relentless follow-up and help, the power plant recently succeeded in installing the compressors and they have started drawing about 80 MMSCFD from June, 2017. If they are now able to utilize their allocated share of 110 MMSCFD, it will mark

a substantial increase in our future revenue.

The Country is facing a sharp decline in the remaining reserves of natural gas, which is the mainstay of our indigenous energy production, due to absence of major gas discoveries. One of the contributing reasons is the shortage of new exploration areas because of the delay in the bidding round for new blocks. MPCL is also facing this challenge and needs additional acreage for new discoveries to reverse the reserves depletion trend. In the absence of the new bidding round, MPCL has adopted a backup strategy of taking a share in selected blocks already held by other E&P companies, to further augment its reserves led growth strategy. Accordingly, it succeeded in getting a larger share of working interest along with operatorship in Bannu West block and soon thereafter, started the field work which had not been considered possible by the previous operator since 2005. The Company is vigorously pursuing getting additional shares in a number of other blocks for good chances of success.

With the acquisition of new areas, we plan to drill more exploration wells. This would be possible now that our revenues are growing fast and we are able to set aside larger exploration budgets. During the year, MPCL drilled five exploration, two appraisal and one development well that resulted in the discovery of 123 BCF of new reserves addition and production enhancement. The Company has finalised a three years exploration

programme and developed a five years exploration vision, as per its business strategy including aggressive pursuit of enhancing exploration acreages/working interests within the Country and abroad on fast track basis, to complement its asset base and to attain sustainable positive reserve replacement ratio.

MPCL was able to achieve a steeper trajectory of corporate achievements in all areas of its functions during the year. It was inspiring to see a number of national and international institutions recognise the Company's performance through ten prestigious awards. I would like to flag the unique honour of MPCL, having been selected among five Pakistani companies for inclusion in FTSE Equity Index Series of Asia Pacific Exchange, less Japan, due to consistent excellent performance in Pakistan Stock Exchange. MPCL share price increased from Rs. 908 at the beginning of the year to Rs. 1,575 as on June 30, 2017, an increase of 73%.

I assumed the management of MPCL in the middle of the financial year and earnestly recognise the extraordinary contributions by my predecessors, especially the outgoing MD, Lt Gen Nadeem

Ahmed (Retd), who strengthened the foundation and fundamentals of this Company, which maximised the returns to all shareholders including the Government of Pakistan, Fauji Foundation, Oil & Gas Development Company Ltd and the General Public.

I take this opportunity of assuring our esteemed shareholders that their Company will remain committed to making each succeeding year a record one, in the overall performance and returns to them.

I am grateful to all the shareholders, the Joint Venture partners, the Ministry of Petroleum & Natural Resources and the Ministry of Finance for their confidence and support to the Company. In the end, I would like to recognise the extraordinary dedication and untiring efforts of the men and women of the Company who, more than ever before, are responsible for our achievements during the year.

LT GEN ISHFAQ NADEEM AHMAD
HI (M), (Retd)
Managing Director/CEO

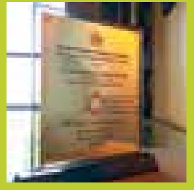
Calendar of Major Events

Aug 2016
MPCL Awarded 2nd Position at the 4th Employer of the year Awards

Sep 2016
MPCL arranges financing of Rs. 9.0 billion from Habib Bank Limited for Exploration and Development Projects

Sep 2016
Gas Discovery at Shahbaz-1 in Mari D&P Lease Area, Sindh

Sep 2016
Spud-in of Development Well ZS-3 in Zarghun D&P Lease Area, Balochistan



Sep 2016
MPCL receives Company of the Year (Petroleum Products) Award from RCCI

Oct 2016
MPCL's Annual Report 2015 Wins 4th Position at Best Corporate Report Awards

Dec 2016
Commencement of Production from Development Well ZS-3 in Zarghun South Gas Field, Balochistan

Jan 2017
MPCL Grabs Three (3) CSR Awards

Feb 2017
Hydrocarbon Discovery at Shaheen-1 in Mari D&P Lease Area, Sindh

Feb 2017
MPCL Wins 1st Prize in Oil & Gas Sector at 32nd Corporate Excellence Awards from Management Association of Pakistan

Feb 2017
MPCL Receives Pillar of Pakistan Award 2016-17

Mar 2017
MPCL Included in FTSE Global Equity Index Series

Apr 2017
Appraisal Well Bhitai-2 Completed as Gas Producer in Mari D&P Lease Area in Daharki, Sindh

Jun 2017
Hydrocarbon Discovery at Exploratory Well Aqeeq-1, Sujawal Block, Sindh

Risks and Opportunities Report

E&P industry is prone to risks, emanating from inherent uncertainties in exploration activities, oil price volatility, geo-political situation, regulatory issues and natural and human induced disasters. Being in E&P business, MPCL's operations are also subject to significant risk factors that can materially affect its operations, profitability and reputation. Hence, the Management strives to take all the measures necessary to manage the risks while at the same time avail all the viable growth opportunities.

Following sections explore the strengths and weaknesses of MPCL and then delve into risks facing the Company and the strategies adopted by the Management to mitigate risks and make the best use of available opportunities.

STRENGTHS, WEAKNESSES, OPPORTUNITIES AND THREATS ANALYSIS

Strengths

- A reservoir of highly qualified and experienced professionals, who are strategically focused and dedicated to achieve excellence in each and every sphere of the Company operations.
- Operatorship of Mari Field, which contains the Country's largest gas reservoir (in terms of current reserves).
- Ability to produce gas at incentive price offered in 2012, Petroleum Policy.
- Ability and track record of operating in security sensitive areas, where other services and E&P companies are reluctant to venture.
- In-house seismic data acquisition, processing and drilling capabilities at par with international standards.
- Highest exploration success rate (65%) compared with local (33%) and international (17%).
- Lowest operating cost in the entire industry in proportion to gross revenues.
- Cash flow generation ability.
- Sufficient financial reserves.

Weaknesses

The Company can further enhance its financial and operational performance by addressing the following issues:

- Ageing structure of Mari Field, which will require additional investment and careful management of reservoirs to enhance the field life and prevent sharp decline in production.
- The Company is heavily reliant on Mari Field for revenue generation as more than 70% of net revenue is still generated from Mari Field.
- The Company's reserves replenishment ratio needs to be significantly enhanced for long-term sustainability.
- Interdepartmental coordination needs to be further enhanced for optimal decision making and cutting the decision time.

Opportunities

Significant opportunities available to the Company include:

- Potential for enhancement of production from Mari Field, as a result of carpet 3D survey carried out in Mari D&P lease area in 2015.
- Room for further enhancement of incremental production from Goru-B reservoir of Mari Field.
- Diversification into power generation by setting up gas fired power plant based on low BTU value gas from Goru-B reservoir of Mari Field; setting up carbon capture plants at suitable locations.
- Geographical diversification by entering international E&P market through farm-in in prospective blocks in other countries.

Threats (Risks)

Strategic

Financial Year 2016-17 saw some stability returning to the international oil market. Crude oil price, which had plummeted to under US$ 30 per barrel in February 2016, averaged around US$ 50 during FY 2016-17. However, the situation is far from ideal as oil price is still lower than expected level. No cut in production from major oil producers is in sight. At the conclusion of recent G20 Summit in Hamburg, major economies have reaffirmed their commitment to mitigate greenhouse gas emissions through, among others, increased innovation in sustainable and clean energies and energy efficiency. As a result, some countries have already announced their plans to cut petrol and diesel consumption by switching to electrical vehicles. In view of these developments, oil price is expected to remain under pressure for foreseeable future.

Commercial / Market

Low oil price in the international market has negative impact on the Company's revenues. For instance, assuming an average price of $50/ barrel as against $110/barrel at the time of dismantling, the normal wellhead prices for Mari Field will be: 4th year - $1.20 instead of $1.80; 5th year - $1.40 instead of $2.09.

Regulatory

- Delay in fresh bidding round for new exploration licenses/ blocks hampers the Company's plans to expand its exploration portfolio and carry out aggressive exploration to enhance its reserves base and improve reserves replenishment ratio.
- Delay in requisite approvals from the Government for allocation of production from new discoveries deprives the Company of sizeable revenues.

Operational / Natural / Human

- Challenges of difficult terrain, extreme weather conditions, lack of basic infrastructure in remote and frontier regions, precarious security situation and high security cost at places where the Company operates or holds working interests.

- Unsuccessful or commercially unviable exploration projects due to inherent uncertainties of E&P business.

- Major accidents caused by human error or negligence, which can result in injuries, deaths and disruption of operations.

Financial

- Delay in settlement of Company's dues by its customers, due to circular debt issue (power sector) and litigation on imposition of GIDC (fertilizer sector), can negatively impact the Company's liquidity situation.

STRATEGIES ADOPTED BY THE COMPANY TO MITIGATE RISKS AND AVAIL OPPORTUNITIES

A. Incremental Production from HRL Reservoir

- Incremental production from HRL reservoir of Mari Field is the mainstay of MPCL's strategy to mitigate the impact of low oil price on its revenues. During FY 2016-17, the Company produced 18 BCF incremental volume of gas. Sales revenue (net of Govt. levies) from incremental production was Rs. 5.5 billion (at normal price revenue would have been only Rs. 1.26 million).

- TPS Guddu was unable to draw its full gas allocation of 110 MMSCFD, (from incremental volume) due to non-installation of compressors at its end. The Company incessantly kept following-up with the Management of TPS Guddu, for installation of the compressors. With extensive technical support from MPCL, TPS Guddu was able to commission their long delayed compressors on May 27, 2017. Average gas supply to TPS Guddu from May 27-June 30, 2017 (34 days) reached to 89 MMSCFD, which is expected to further increase once the compressors are fully operational.

- During the year, a major hurdle in the incremental production project was also removed. As a result of the Management's incessant efforts, the Government allowed the Company incentive price on all incremental volumes above the benchmark even where it is less than 10% additional mark, during the customers' shut down periods. ATA adjustment was a great achievement ensuring substantial additional revenues for the Company.

B. Revamping of Exploration Strategy

- The Company is pursuing aggressive and prudent exploration for attaining sustainable future growth, to arrest reserve depletion trend as per reserve-led growth strategy, through multi-pronged exploration approach. Revamping of exploration strategy was adapted from evaluation of a single or two leads, to fully evaluate existing exploration portfolio to generate lead inventory in one go for drilling of wells. The revitalized strategy also led the Company to undertake full optimization of up-side exploration, appraisal and production potential in Mari D&PL and also envisions to evaluate its stratigraphic and unconventional hydrocarbon potential. To achieve the envisaged objectives, bigger exploration budget was allocated in 2016-17, amounting to US$ 206 million, which has further been enhanced to US$ 249 million during 2017-18. The enhanced exploration budget resulted in acceleration of activities and accordingly, rate of drilling of wells per year leapt up to 8-9 wells, as compared with 2-3 wells per year in the past. The Company added 177 BCF (GIIP) resource (123 BCF reserves) during 2016-17, which will enhance the Company's reserve base.

- In the long run, the Company will benefit from its revitalised aggressive exploration strategy by enhancing reserve replacement ratio and attaining sustainable future growth with increased revenues.

C. Strategy for Expansion of Exploration Acreage

- In the absence of blocks' bidding round, the Company has adopted a backup strategy for expanding its exploration portfolios. As per aggressive pursuit, the Company aims at enhancing exploration acreage by acquiring working interests in prospective blocks held by other E&P companies, on fast track basis to maintain a well-paced growth. The Company is now following an approach for going beyond the proven petroleum habitat, to least explored frontier areas of high risk and high reward categories. In addition, the Company is evaluating farm-in opportunities in overseas exploration and producing assets to augment its reserve led growth strategy and sustainable future growth.

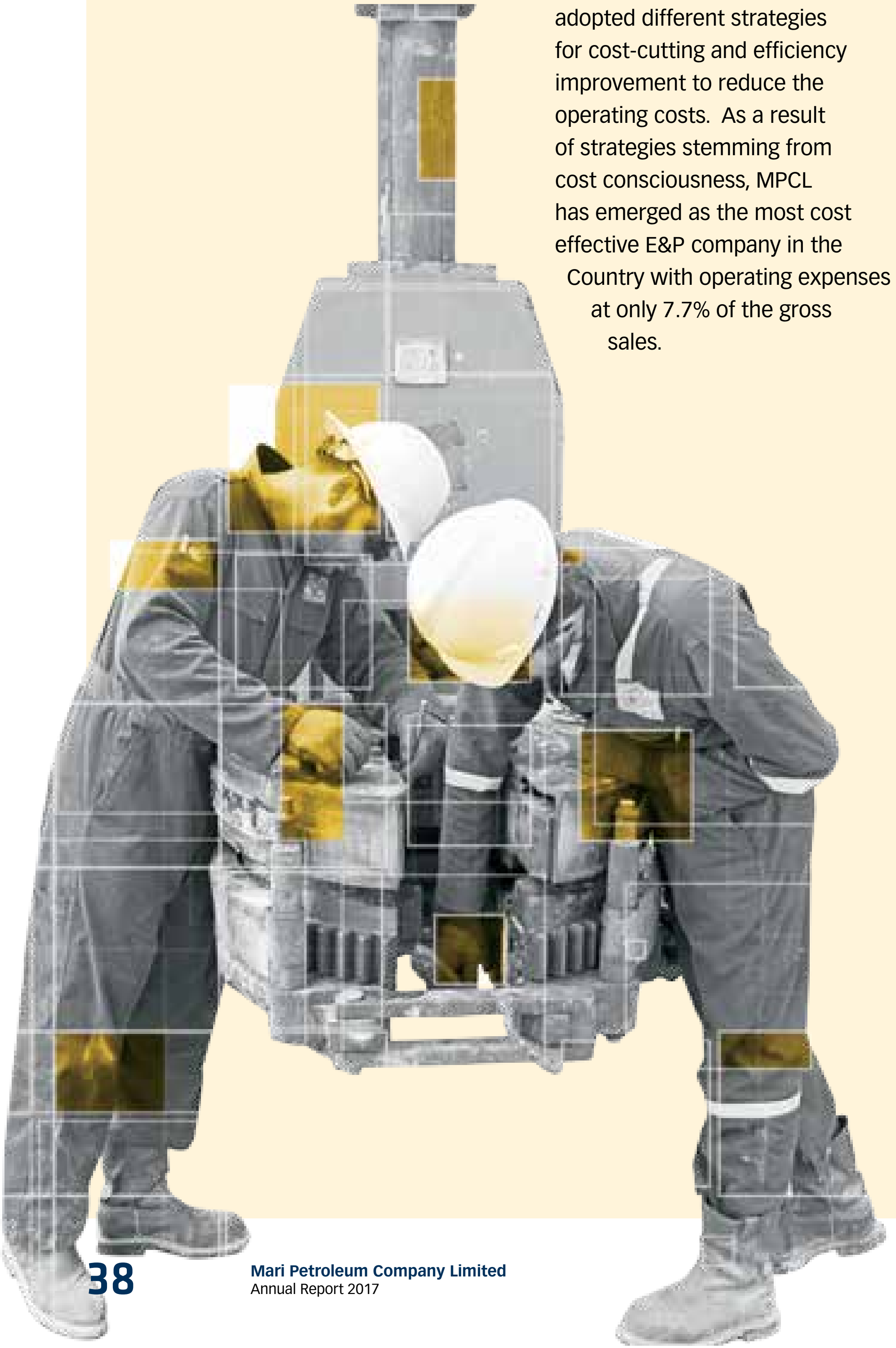
- During the year, the Company acquired working interests in Bannu West and Shah Bandar from Tullow Pakistan and PPL, respectively. Negotiations are also underway for farm-in/acquisition of working interest in several other prospective blocks of different E&P companies at home and abroad.

D. Sectoral Diversification

- Sectoral diversification is another crucial strategy being pursued by the Company. Taking advantage of the provision of the First Right of Refusal, under the Power Policy 2015, the Management is considering setting up a gas fired combined cycle power generation unit, based on low BTU gas from Mari's Lower Goru-B reservoir. Establishment of power plant and its successful operations will provide the much needed synergy to MPCL's upstream business which is likely to remain volatile in the foreseeable future. The Company will not only generate additional revenues from the incremental production from Goru-B reservoir, it will also earn return on its investment in power plant at an expected rate of 15-20%.The Board has given approval for carrying out Feasibility Study for the Company's proposed power plant, which will help to put the project on fast track.

- Another option that the Company is currently looking into is to install CO_2 capture plants at suitable locations to capture carbon dioxide and convert it into food grade gas, for supply to food industry. CO_2 is an unwanted content of the natural gas produced. If CO_2 content is higher than 3%, the Company has to install Amine Sweetening Units to reduce CO_2 content to meet the gas specifications, by releasing it in to atmosphere. With the installation of CO_2 capture plants, the Company will be able to raise additional revenue or at least recover the cost, and save the environment.

- Diversification will help the Company to have alternate sources of revenues, apart from its core activities.



E. Geographic Diversification

The Company is also consistently reviewing the data of different international blocks for possible farm-in opportunities to expand and diversify its exploration portfolio.

F. Cost Consciousness

The Company has also adopted different strategies for cost-cutting and efficiency improvement to reduce the operating costs. As a result of strategies stemming from cost consciousness, MPCL has emerged as the most cost effective E&P company in the Country with operating expenses at only 7.7% of the gross sales.

G. Technology Acquisition

Technology plays an important role in giving competitive advantage to an E&P company over its peers. Foregoing in view, a Team led by GM Operations comprising senior level officers from Exploration, MSD, BD&C, IT and Finance Departments has been formed. The Team will explore whether the current technology/equipment/softwares available with the Company are sufficient for effectively carrying out seismic, production and drilling operations etc. Adopting a futuristic approach, the Team will also identify room for enhancing current operations by acquiring new technology and equipment which are already being used by E&P companies worldwide.

KEY SOURCES OF UNCERTAINTY

The uncertainty in E&P operations emanates from multiple sources. However, key sources of uncertainty for MPCL are as under:

- Volatile crude oil price
- Inherent uncertainties in E&P business (dry-holes; commercially unviable discoveries)
- Regulatory issues
- Security situation in areas of operations (particularly in KPK and Balochistan)
- Natural disasters and extreme weather conditions
- Human error and negligence
- Litigation on imposition of GIDC

MATERIALITY APPROACH ADOPTED BY MANAGEMENT

Determination of materiality levels, other than those provided under the regulations, is based on judgment. In general, matters are considered to be material if, individually or in aggregate, they are expected to significantly affect the financial performance and position of the Company. Materiality levels are reviewed periodically and are appropriately updated. Powers of the Board of Directors and the Management of the Company have been defined with special reference to, and in compliance with, the Companies Ordinance, 1984, the Code of Corporate Governance, 2012, the Articles of Association of the Company and guidelines and frameworks issued by professional bodies and best practices.

Segmental Review of Business Performance

Based on the different type of activities, the Company has three strategic divisions, which are considered its reportable segments. The following summary describes the operations of each reportable segment:

Reportable Segments	Operations
Exploration and Production	includes all upstream business activities
Mari Seismic Unit	includes 2D/3D seismic data acquisition services
Mari Drilling Unit	includes onshore drilling services

Net Sales of Exploration and Production segment increased by Rs. 6,463 million, during the year as compared to the last year which, coupled with decrease in exploration and prospecting expenditure by Rs. 2,581 million, has primarily resulted in increase in profit before taxation.

Mari Drilling Unit earned a profit of Rs. 12 million, through efficient use of resources, despite overall slump in the industry.

Strategic Business Plan of the Company

INTRODUCTION
MPCL's Strategic Business Plan serves as a blueprint of the Company's activities for the coming years. In view of changing internal and external business environment, the Plan is constantly reviewed and monitored to keep it relevant, strategically active and capable of channeling the corporate resources towards achievement of set corporate objectives.

The Plan is operationalised through successive annual Corporate Objectives and Targets (COTs). The allocation of resources for various activities is guided by the priority given under the Plan.

The planning process adopted for developing the Business Plan is systematic, rational and is based on the guiding principle that "planning process is as important as the plan itself". All possible efforts are made to keep the process open, iterative and flexible, so that it remains substantially evolving over time. While the overall direction is provided by the Managing Director, the strategies and corporate objectives are evolved at the departmental levels to ensure ownership and commitment of those responsible for implementing the plan.

OVERALL STRATEGIC / MANAGEMENT OBJECTIVES
MPCL continuously reviews and adjusts its strategic focus, considering the price volatility in the global petroleum industry. Accordingly, MPCL has strategically aligned itself internally, externally as well as dynamically, to redefine its business objectives over three time horizons:

1. **Core Business/E&P:** The focus in this area is on reserves enhancement, increase in production and expansion of exploration acreage.

2. **Diversification:** Futuristic in nature, this area focuses on diversification of the Company's core operations, by entering into related businesses such as power generation, carbon capture and E&P allied services.

3. **Financial:** The targets in this area include increasing return to the shareholders, increasing revenues through production enhancement, cost cutting/budgetary control measures and achieving financial self-sufficiency for Mari Services Division.

4. **Internal Processes:** The focus in this area is on re-engineering of business processes, use of modern technology and innovative techniques to bring-in efficiency in the Company's operational activities.

5. **Stakeholders:** The focus in this area is on meeting the expectations of Company's stakeholders including shareholders, JV partners, customers, employees and more importantly the local communities in areas of the Company's operations.

The objectives and targets in each focus area are also classified into short term (<2 years), medium term (2-7 years) and long term (7-12 years).

MANAGEMENT STRATEGIES TO MEET THE OBJECTIVES
Actual plans and strategies implemented by the Management to achieve the objectives and targets for FY 2016-17 are detailed in Risks and Opportunities Report. For effective monitoring, following measures are adopted by the Management:

- To ensure achievement of corporate goals within the stipulated time period, a Management Control System (MCS) has been instituted for close monitoring and reporting of the progress and for mid-course corrections in case of slippages from the planned course.

- Monthly review meetings of the senior management are held to make adjustments or alterations in course of actions, to achieve the targets within specified time.

- Besides monitoring corporate performance under each COT, a set of Key Performance Indicators (KPIs) are calculated bi-annually, to monitor and compare the overall performance of the Company.

SIGNIFICANT CHANGES IN OBJECTIVES AND STRATEGIES FROM THE PREVIOUS YEAR
There has been no significant change in the Company's objectives and targets in each focus area from those in the previous year. However, actual measureable targets are revised each year taking into consideration different internal and external factors.

RELATIONSHIP BETWEEN THE COMPANY'S RESULTS AND MANAGEMENT'S OBJECTIVES
The actual financial and operational results during FY 2016-17 are directly linked with the Management's objectives for the year. The actions defined in Business Plan 2016-17 have resulted in corporate efficiency, prudent investment choices and stricter financial discipline, leading to improved growth in the Company's core business and creation of strong fundamentals for robust financial performance in a globally challenging business environment.

Company's Most Significant Resources

The Company's most significant resources include the following:

Human Capital: Success of E&P companies undoubtedly lies in the quality of their human resource. MPCL's most valuable resource is its workforce. The Company has an appropriate mix of highly knowledgeable and talented young as well experienced professionals providing simultaneously the right amount of energy and business acumen for the growth and development of the Company.

Hydrocarbon Reserves: The Company has substantial level of recoverable hydrocarbon reserves to cater to its current client pool and meet its long term supply commitments. The recoverable reserves of the Company were 637.4 MMBOE on June 30, 2017.

Financial Resources: The Company had Rs. 25.538 billion in shareholders reserves as at June 30, 2017.

E&P Allied Capabilities: In-house seismic data acquisition, processing and drilling capabilities (both human and technical) at par with international standards provide the Company with greater flexibility and surety of required services especially in security sensitive areas.

Consumer Protection Measures

The Company does not cater to individual consumers. The Company's customers are mostly corporate entities in fertilizer, power and gas distribution sectors. Most of these customers are in dedicated sectors with government approved long term allocations. The Gas Sales Agreements and Crude Oil/ Condensate Sales Agreements with these customers stipulate the protection measures including committed quantity, specifications, contract duration and the recourse available to an aggrieved party against the defaulting party.

Business Overview & Key Performance Indicators

MACRO LEVEL OVERVIEW

The global oil and gas industry has gone through a tectonic shift during the last three years. Global oil price showed some recovery in 2016-17, after plunging to the lows of US$ 25/bbl in January 2016. During the last year, the global oil prices remained in the range of US$ 45-55, despite persistent efforts by the OPEC countries to stabilise the price at a higher level through production cuts. OPEC's efforts were undermined by increased production from shale producers, who continued increasing their rig count. Although oil price has a history of volatility, but the magnitude of the current turmoil was severe enough to shake up the global petroleum industry. It has initiated a wave of cost reduction among the upstream businesses and the industry adopted portfolio rationalisation by focusing on high potential areas around the globe.

The overall performance of the E&P sector remained sluggish in Pakistan over the year. Domestic oil and condensate production which touched 100,000 bpd mark in first quarter of 2014, was at 82,806 bpd for the month of June 2017. Although, there have been small scale oil and gas discoveries, there has been no significant discovery to arrest the downward trend. Similarly, the forecast trajectory of natural gas volumes, although more than 6 times larger than oil, is not optimistic in the short term.

The Country's gas production peaked at 4.3 BCF per day (654 KBOE per day) in 2012 and has since been in a declining phase, falling to around 4.0 BCF per day by the end of 2014 and remains stagnated at that level as of today. The remaining recoverable gas reserves have also been sliding since peaking at 32.8 TCF in 2005. As of June 30, 2015, the remaining recoverable gas reserves were 20.6 TCF. The downward trajectory of the Country's recoverable gas reserves amid declining production volumes from maturing fields, projects a weaker outlook for indigenous gas production.

Despite all these challenges, MPCL maintained a well-paced growth and outperformed its competition in key performance indices, due to its strategic decision making and timely completion of projects. The Company's Strategic Business Planning Process, which was initiated in 2015 and matured through time has been the underpinning factor of its sustained growth in challenging external business environments.

NATURE OF BUSINESS

MPCL is an integrated exploration and production company in upstream sector with exploration and production assets in all four provinces of Pakistan. In addition, MPCL also owns and operates a 3D seismic data acquisition unit, a 2D/3D seismic data processing centre and three land drilling rigs.

PRODUCTS AND SERVICES PORTFOLIO

Products

1. Gas [mostly from Mari, Sujawal and Zarghun]
2. Crude Oil [from Halini, Kalabagh and Ghauri]
3. Condensate [from Sujawal, Mari, Zarghun and Hala (non-operated)]
4. LPG [Hala]

Services:

1. 2D/3D seismic data acquisition [Mari Seismic Services Unit]
2. 2D/3D seismic data processing [Mari Seismic Processing Centre)
3. On shore drilling [Mari Drilling Services Unit]

CAPITAL STRUCTURE

Total equity increased by 51% from Rs. 16.97 billion in FY 2015-16, to Rs. 25.54 billion in FY 2016-17. The equity comprised of issued, subscribed and paid-up capital, undistributed percentage return reserve, Profit & Loss account and other reserves. Fauji Foundation remains the major shareholder of the Company with an equity stake of 40%. Long term financing of the Company increased from Rs. 1.0 billion to Rs. 4.2 billion during the year. Resultantly, the debt to equity ratio increased to 16% from the last year's 6%.

The financial projections indicate adequacy of the capital structure for foreseeable future.

MARKET SHARE INFORMATION

Product	Total Output	MPCL's Output	MPCL's Share
Gas (MMSCF)	1,457,877	244,571	16.78%
Oil (Million Barrels)	30.267	0.684	2.26%

Source: Pakistan Petroleum Information Service by LMKR on behalf of DGPC. Based on production data for FY 2016-17.

ANALYSIS OF THE COMPANY'S CURRENT PERFORMANCE VIS-À-VIS TARGETS

The momentum from previous years was carried in FY 2016-17, which was yet another good year of strong financial and operational performance, with all major performance parameters following a positive trajectory.

Core Activities: During FY 2016-17, the Company produced a total of 17,999 MMSCFD incremental volume of gas. TPS Guddu was unable to draw their full gas allocation of 110 MMSCFD (from incremental volume) due to non-installation of compressors at their end. With extensive support from MPCL, TPS Guddu was able to commission their long delayed compressors on May 27, 2017. Resultantly, average gas supply to TPS Guddu from May 27-June 30, 2017 (34 days) increased to 89 MMSCFD. However, increase in incremental production was less than the target, due to the customer's inability to draw more.

A record 09 wells were planned for FY 2016-17, out of which 08 wells were drilled. Only 01 non-operated well was deferred to next year, that too, due to land acquisition issues and not on technical grounds. 100% execution of planned work was achieved in operated blocks.

The Company made three new hydrocarbons discoveries in its operated blocks, while one discovery was made in non-operated block. These discoveries resulted in reserves addition of 123 BCF. In addition, the Company also drilled two appraisal and one development well. The upside potential of appraisal wells is under evaluation and it is expected that these wells will add a further 54 BCF to the reserves. Hence, total expected reserves addition during FY 2016-17 was 177 BCF against a target of 170 BCF.

Financial: During the year, Gross Sales reached the highest ever level of Rs. 96.78 billion from 94.99 billion in the last year. Similarly, Net Sales reached unprecedented level of Rs. 28.18 billion from Rs. 21.71 billion in the last year. The impact of increase in Net Sales was reflected in Net Profit, which jumped by 51% to reach a whopping Rs. 9.14 billion compared with Rs. 6.05 billion of the last year. Earnings Per Share also increased from Rs. 54.89 to Rs. 82.87 and after payment of final dividend, total dividend to the shareholders will amount to 52% (Rs. 5.3 per share) for the year. As a result of prudent strategies stemming from cost consciousness, MPCL has emerged as the most cost effective E&P company in the Country with operating expenses at only 7.7% of the gross sales.

Internal Processes: The Company continuously improved its internal business processes and was able to successfully implement Schlumberger's MERAK PEEP (Petroleum Economic Evaluation Programme) in Business Development Department, to enhance its project economics evaluation capacity. Moreover, 61 Management System

Procedures (MSPs) pertaining to different departments were revised and updated. The Company was also able to successfully implement Phase I & II of Corporate E&P Data Management System.

Stakeholders: The Company also managed to bring down Total Recordable Case Frequency (TRCF), to 0.13 against the target of 0.50. It was the lowest-ever TRCF in the history of the Company.

ANALYSIS OF THE PROSPECTS OF THE COMPANY

The prospects of the Company are very bright. The mainstay of the Company's strategy to enhance revenues in depressed oil price regime, is its incremental production project. Revenue from incremental production is expected to jump up during the current year as TPS Guddu is expected to start drawing closer to its full allocation of 110 MMSCFD, after commissioning and testing of compressors at their end. ATA adjustment will also help the Company earn the revenue, which was previously lost due to the customer's inability to draw gas during plants' shut down.

The Company's exploration efforts are now focused on enhancing its reserves base, through reserve-led growth strategy. The exploration budget has been enhanced to US$ 249 million for 2017-18. The drilling activity has been beefed-up and rate of drilling of wells per year, has leapt up to 8-9 wells per year compared with 2-3 wells per year in the past. In the long run, the Company is set to benefit from its reinvigorated exploration and drilling activities. More drilling will result in more discoveries which, on one hand will enhance the Company's reserve replenishment ratio to ensure its long term viability and on the other hand, will allow it to produce more and thereby, earn more revenues.

In the long run, setting up a gas fired combined cycle power generation unit, based on low BTU gas from Mari Lower Goru-B reservoir and its successful operations, will provide the much needed synergy to MPCL's upstream business. The Company will not only generate additional revenues from the incremental production from Goru-B reservoir, it will also earn return on its investment in power plant at an expected rate of 15-20%.

FORWARD LOOKING STATEMENTS

Analysis of prior period forward looking disclosures

In the last year's Annual Report, it was stated that the Company will enhance its incremental production from around 60 MMSCD to around 105-110 MMSCFD, which will positively impact the Company's financial performance. As stated above, increase in incremental production was less than the target, due to the customer's inability to draw more. Despite that, the Company produced a total of 17,999 MMSCFD incremental volume of gas during the year. Sales revenue (net of Govt. levies) from incremental production was Rs. 5.5 billion (at normal price revenue would have been only Rs. 1.26 million). Revenue generated from incremental volume was pivotal in enhancing the net profit of the Company by 51%.

Forward Looking Statement

The Company is cognisant of the volatility and low oil price projected for the short to medium term period. Accordingly, the Company has re-strategised its business plan for pursuing an aggressive exploration programme in its existing asset portfolio to discover, develop and bring on stream new production sources. This will help the Company to not only maintain its revenue and return levels but also, achieve target growth and expansion of the Company's footprint as a major Pakistani E&P Company. Accordingly, with the Company's additional production volumes targeted to come on stream next year, it would consolidate its position as the 2nd largest gas producer of the Country.

The Company is also in an advance stage of acquiring new exploration acreages, as well as additional working interests in different blocks. Other high reward exploration acreages, both locally and internationally, are also being evaluated to expand the existing exploration portfolio, to pursue aggressive exploration and drilling for arresting depletion trend and consequently sustaining production revenues and returns in the long-term.

Key Performance Indicators

1. Finding and Development Cost per BOE of New Reserves Added
2. Reserves Replacement Ratio (%)
3. Exploration Success Rate
4. Drilling Cost per Metre
5. Production Cost per BOE Produced
6. Production Growth (%)
7. EBITDA per BOE Production
8. EBITDA per employee
9. Petro-Technical Professionals per MMBOE Production
10. Reserve Growth Rate (%)
11. Reserve to Production Rate

Reserves Led Growth Strategy through Prudent and Aggressive Exploration

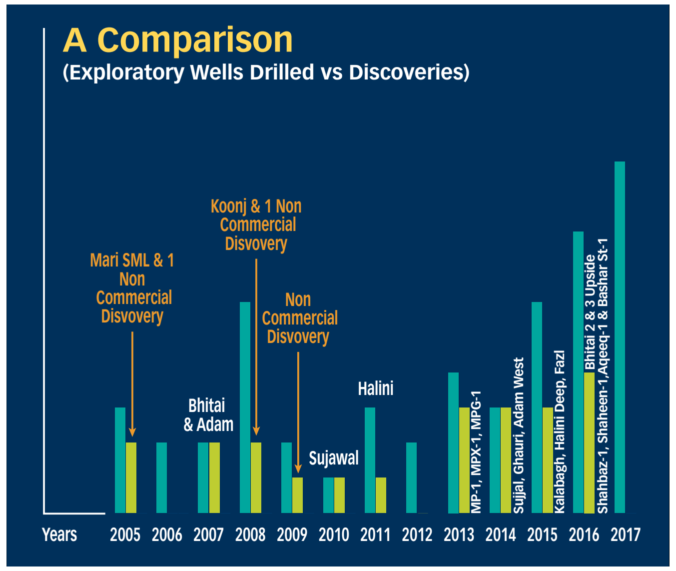
MPCL is a leading oil and gas exploration and production company of the Country, currently operating eight exploration licences and is a Joint Venture partner in five other blocks with leading companies. Exploration Department plays the pivotal role of adding new oil and gas reserves through aggressive and successful exploration efforts.

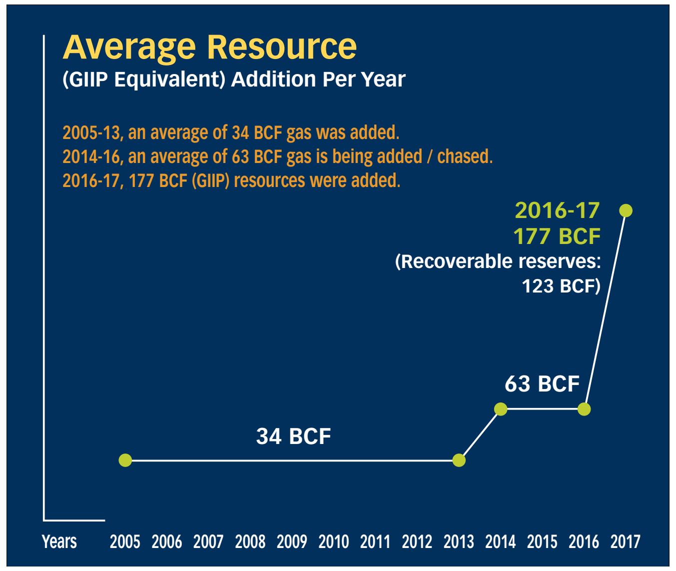
MPCL made a paradigm shift in 2013 and chalked out a 'Three Years Exploration and Drilling Plan' coupled with extensive 3D seismic data acquisition plans to explore and exploit the full potential of its existing portfolios. The plan included the acquisition of 3D seismic data in Mari D&PL, Sujawal and Ghauri blocks and drilling of 5 wells in 2014 and 10 wells (including appraisal and JV operated wells) in 2015-16.

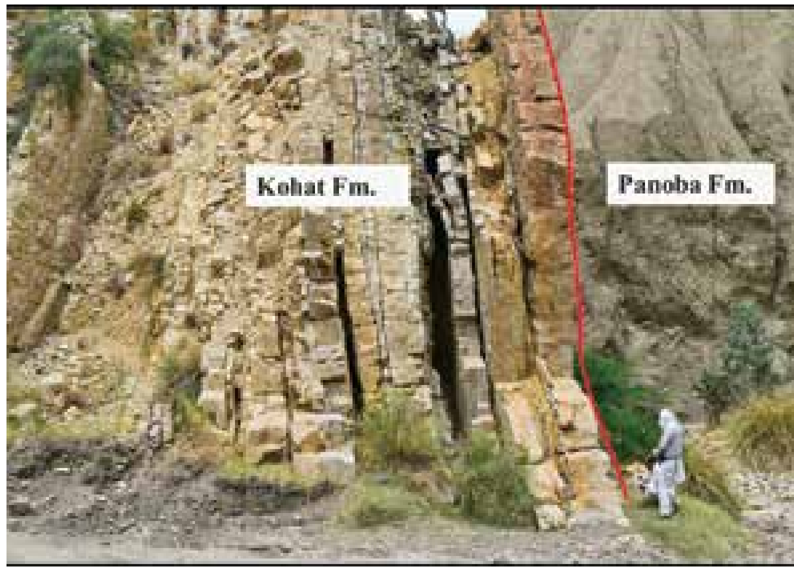
During the financial year 2016-17, MPCL drilled 8 wells in its operated and non-operated blocks that included five exploration, two appraisal and one development well that added 123 BCF of recoverable reserves with Reserve Replacement Ratio (RRR) of ~ 45 % as compared to 25% or less in the previous years. However, the reserves addition and RRR are subject to confirmation after analysing the dynamic data collected during production. New hydrocarbon discoveries included Shahbaz-1 and Shaheen-1 in Mari D&PL, Aqeeq-1 in Sujawal Block and Bashar ST-1 in non-operated Hala Block. Zurghun South-3 (ZS-3), a challenging well in Balochistan, was drilled as a slant/horizontal well to optimally drain the Dunghan tight gas reservoir, which produced 15.1 MMSCFD gas during testing as compared to ~3.5 MMSCFD gas from a vertical ZS-2 well at the same reservoir level. In addition, Bhitai-2&3 appraisal wells were drilled successfully with significant up-side potential and completed as gas producers. An overall upward trajectory in number of wells as well as reserves is being maintained.

Continued analysis of Mari 3D seismic data provided new insights into subsurface geology with new opportunities for exploration, appraisal and development in the lease area. The structural potential at Lower Goru B sand and SUL/SML limestone levels is being explored through extensive drilling like Shahbaz-1, Shaheen-1, Bhitai-2&3, Tipu-1 and the planned upcoming wells. Specialized G&G studies are in progress to evaluate the unconventional (tight gas potential) and sequence stratigraphic potential in the Mari D&PL.

After acquiring operatorship of Bannu West Block, MPCL lost no time in pursuing fast track exploration activities and has completed 1st year work commitment within only three months, which include geological fieldwork followed by reprocessing of ~425 L. Km 2D seismic lines and its interpretation. Currently, we are designing the acquisition of about 750 sq.km 3D seismic data to firm up



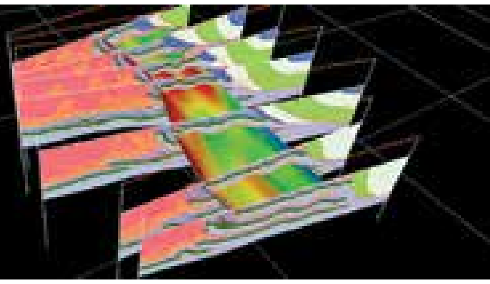




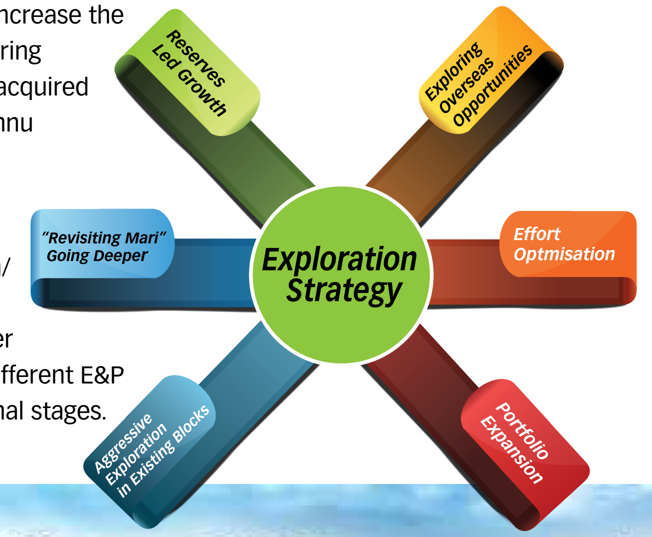
prospects and place exploration well on fast track basis, by November/December 2018.

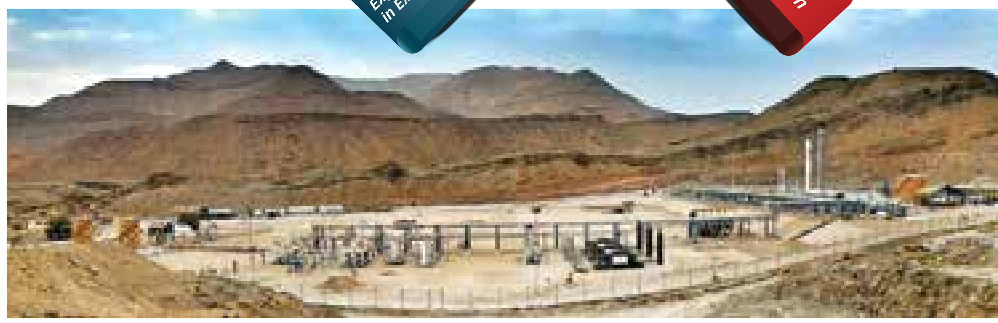
To strengthen/innovate the existing exploration workflows, advance quantitative interpretation techniques have been embedded, to further de-risk the exploration prospects. In-house pre-stack inversion has been carried out in Mari D&PL and Sujawal Block, to assess the risk associated with the reservoirs.

To attain a sustainable future growth and to arrest the reserve depletion trend, a 'Five Year Exploration Plan' has been chalked out, with an aspiration of acquiring new blocks/working interests at home and abroad. Acquisition of blocks through farming-in has been adopted as an immediate course of action in the event that bidding round that hasn't been held since 2013 gets further delayed. Meanwhile, search for acquiring international and local exploration opportunities for resource addition is in progress. MPCL has also carried out extensive evaluation and due-diligence on blocks, for forthcoming bidding round and identified joint bidding options. High ranked blocks have been recommended for the farm-in possibility with different local and international E&P companies.



Instead of waiting indefinitely, for bidding round for new exploration licences/blocks, the Company is using alternate strategies to increase the exploration acreage. During the year, the Company acquired working interests in Bannu West and Shah Bandar from Tullow Pakistan and PPL, respectively. Negotiations for farm-in/acquisition of working interests in several other prospective blocks of different E&P companies are in the final stages.





Creation of Self-Insurance Reserve

Since inception, MPCL had been operating on a cost-plus fixed return formula under Mari Gas Well Head Price Agreement dated 1985 (Mari GPA). Pursuant to consistent efforts by MPCL Management, a major milestone was achieved in 2014, when Government agreed to replace Mari GPA with an international crude oil price linked market oriented formula. Under Mari GPA, the Company's ability to operate on commercial terms, at par with other E&P companies in the Country, was severely restricted. However, dismantling of Mari GPA has allowed the Company to operate on commercial terms and become competitive to realise its full potential.

Dismantling of Mari GPA has shifted the right of decision making from the Government of Pakistan to the Management of MPCL. The Management wasted no time to take numerous strategic operational and financial initiatives in the best interest of the Company, which it could not take earlier in the previous pricing regime.

One such bold initiative was creation of Self-Insurance Reserve. The Board of Directors, in their meeting held on August 11, 2016, approved creation of Self-Insurance Reserve with an initial amount of Rs. 100 million for "general assets, vehicles and personal accident for security personnel." The reserve was enhanced by an additional amount of Rs. 500 million during the fiscal year 2016-17. The amount of insurance reserve has been placed in short term investments, yielding an annual return of 6.5%. The Company will continue to take insurance cover for all other assets of the Company including its wells/rigs from leading insurance companies.

The creation of the reserve will yield huge advantages in due course of time. Once sufficient funds are accumulated in the reserve, the Management intends to gradually discontinue the third party insurance to save on insurance premium costs. In addition to substantial savings, the reserve will also provide a more efficient way to replace the assets in case of a loss.

Institution of Best Field Award

MPCL introduced an inter-field competition during the year to identify the best field out of the unsettled fields on the basis of comprehensive and objective criteria.

The criteria consisted of 187 Key Performance Indicators, covering the areas of Production, Operations, Maintenance, Warehouse Keeping, HSE, CSR, Administration, Security, Procurement, IT, HR, Accounts and the overall outlook of the field.

A dedicated team was assigned to physically visit and evaluate each field according to the laid down criteria.

The first ever Best Field Trophy was won by Zarghun South Gas Field with 95.43 marks

Based on the team's evaluation, the results were as follows:

- **5th position**
  Koonj Filed with 78.3 marks
- **4th position**
  Ghauri Field with 85.37 marks
- **3rd position**
  Halini Field with 87.33 marks
- **2nd position** - Sujawal Field with 93.49 marks
- **The Best Field Trophy for the year 2016**
  Zarghun South Gas Field with 95.43 marks.

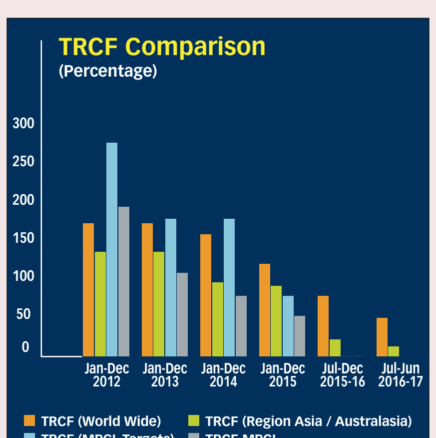
A specially designed trophy was presented to the Incharge Zarghun Field, during the Annual Function of the Company held on December 10, 2016 at Pak-China Friendship Centre, Islamabad.

This was a remarkable achievement for the Zarghun Field team, considering that they often worked in extreme conditions marked by remote location, difficult weather and terrain, and challenging security situation.

Inter-field competition has sparked a new spirit among the staff of different fields to bring about improvements in all listed areas, which exactly was the purpose behind instituting this competition. All eligible fields are gearing up to win the trophy next year.

Health, Safety and Environment (HSE)

E&P is a hazard prone industry which continues to encounter new HSE challenges that have the potential to adversely impact personnel, facilities and environment. Hence, the role of HSE function assumes profound importance in any E&P company. In view of its criticality, MPCL adopts a proactive approach towards HSE and due attention and resources are allocated to HSE elements and practices to identify and reduce risks to prevent the occurrence of events or incidents that may impact the Company's operations and reputation.



Source: • Based on statistics published by International Association of Oil & Gas Producers
• Current statistics pertaining to Worldwide and Regional TRCF not yet available.

HSE PERFORMANCE DURING THE YEAR

MPCL continued improving on all aspects of HSE during the current year. The Company achieved all HSE related goals and targets set for the year and reduced the incidents to well below the local E&P industry average. Effective HSE policies, procedures, guidelines and oversight led to safer work culture and environmental preservation. The number of incidents was further brought down and the Company recorded the best-ever Total Recordable Case Frequency (TRCF) of 0.13 for FY 2016-17, for own employees and contractors' manpower, which is 74% below the TRCF target of 0.50.

IMS CERTIFICATIONS

During the year, the Company successfully achieved first surveillance audit after re-certification in 2016 for IMS/ ISMS International Standards ISO 9001, 14001, 18001 & 27001, without any major non-conformance, which speaks volumes of excellence and HSE consciousness on part of the Company and its employees resolving to make the Company safer, environment friendly and healthier place to work in.

HSE TRAININGS

The Company pays absolute attention to instil HSE culture in all employees so that HSE awareness and compliance become a way of their lives. For this purpose, attendance in HSE trainings has been made mandatory and every management employee has to attend at least three HSE trainings during a year. Participation in HSE trainings is monitored through Personal Objectives and Targets (POTs) monitoring reports and reflected in the annual appraisal of employee.

During the year, more than 100 HSE trainings were organised by HSE Department for employees at all locations. The training areas included;

- Permit to work system
- IMS & ISMS awareness
- HSE risk identification
- Stress Management
- Assessment and controls
- Job Safety Analysis
- Job hazard Analysis
- Fire Fighting
- General HSE Awareness
- Incident investigation and reporting
- IEE/EIA Awareness
- Safe food handling
- HSE laws and regulations
- Housekeeping
- Chemical handling
- Defensive driving
- Waste Management

These trainings helped in not only creating awareness about different HSE aspects but also in enhancing employees' involvement and ownership of HSE process and practices.

MONITORING OF AMMONIA EMISSION FROM ENGRO'S PLANT

During the year, the Company undertook joint monitoring of ammonia concentration in coordination with Engro Fertilizers to determine the need for an extensive third party study on the long term health effects of ammonia emission from Engro's plant on the residents of Mari Colony. Detailed medical examinations of long serving employees and their families were also carried out. However, no need was found for third party study as the ammonia concentration, noise and smell were found to be well below the Permissible Exposure Limit (PEL). Monitoring of noise and ammonia emission will continue as per standard practice.

CRISIS MANAGEMENT

"…a badly managed risk will elevate to a crisis, and if the correct procedures are not in place, the crisis will quickly evolve into a disaster…"

A crisis is as an event, which presents a threat to the organisation, has an element of surprise and a short decision time. Hence, every forward-thinking organisation needs to have a Crisis Management Plan in place at all times to deal with a crisis situation in the most effective manner. MPCL's Management has devised a thorough and comprehensive Emergency Management Plan outlined in MSP-HSE-04 that enables it to make a quick and effective response to any emergency that could escalate into a crisis adversely affecting the Company's operations and image. The Plan covers all major activities including field operations, drilling, seismic activities and all projects in addition to routine activities in the existing fields. The Plan provides for formation of Incident, Emergency and Crisis Management Teams and identifies their respective duties and responsibilities. The Plan also provides an SOP for communication in case of a crisis.

The Plan is periodically reviewed and practiced with drills and exercises. Emergency drills are mandatory for exploration and production operations.

PROCESS SAFETY MANAGEMENT (PSM)

MPCL's PSM procedures are focused on preventing fires, explosions and accidental release of hazardous substances, such as chemicals and petroleum products in and around the process areas. Hazard and Operability (HAZOP) studies are carried out on regular basis at different field locations to control the risks and make MPCL a safer workplace for its personnel.

OCCUPATIONAL HEALTH & SAFETY MANAGEMENT

Ensuring health and safety requires both the Management and the employees to be actively involved and committed to HSE Policy. In MPCL, this has been achieved by ensuring management control, effective co-operation of employees and their safety representatives, establishing an effective safety communication system, achieving coordination of activities and ensuring the competence of all employees. Risk assessment methods were used to establish priorities and objectives for eliminating hazards and reducing risks.

The following health and safety initiatives were undertaken in operational activities: HAZOP and operational studies; fire management; incident investigation and reporting; air emission monitoring; job safety analysis; health risk assessments; malaria and dengue prevention campaigns; HSE plans for operational activities; project risk assessments and task risk assessments; road safety management; water quality monitoring; noise and ambient air monitoring; HSE audits and inspections; heat stress management centres and annual medical check-ups of all employees.

ENVIRONMENTAL PROTECTION MEASURES

Environmental Management & Compliance

Conformance to ISO 14001 remained our focus during the year. Company showed strong commitment by establishing and upholding high environmental standards, pursuing capabilities and expertise towards softening the impact of our operational activities on communities and natural environment.

Environmental protection was given top priority during the inception and design of E&P activities. During environmental assessment, all physical, biological and socio-economic components of environment were considered and their adverse impacts on surroundings were brought to as low as reasonably practical through administrative and engineering controls.

Other measures for protection of environment such as waste management, tree plantation, and energy and water conservation are narrated in the following sections.

EFFORTS MADE TO MITIGATE THE ADVERSE IMPACT OF INDUSTRIAL EFFLUENTS/WASTE

MPCL follows National Environment Quality Standards (NEQS) for disposal of liquid effluents for compliance with Pakistan Environmental Protection Agency's (PEPA) guidelines. The procedure for disposal of different types of effluents is as under:

Domestic Effluents: Sewage is disposed-off into septic system comprising of septic tanks and soak pits.

Oily Wastewater: The produced water is disposed off either through evaporation in ponds/pits lined with impermeable liners or it is flared along with the gas at the flare pits. For the purpose of environmental assessment, both methods are considered environmentally acceptable, provided that they are designed and implemented appropriately to minimize adverse environmental impact. Evaporation pits are built at a distance of greater than 500 metres from local water wells or any perennial surface water source (as per PEPA Guidelines).

Grey Water Treatment Plant: Grey water is wastewater generated in households or office buildings from streams without faecal contamination. Grey water treatment is used to make it reusable thereby, reducing demand for conventional water supplies and pressure on sewage treatment systems. MPCL is one of the few companies in Islamabad, which have installed a grey water treatment plant at their premises. The grey water is treated to make it environment friendly before its release in CDA sewage system.

TREE PLANTATION & DEVELOPMENT OF GREEN AREAS

Every year a Tree Plantation Campaign is undertaken by MPCL at its Head Office as well as all field locations. Orchards have been developed at Daharki (Sindh), Baleli (Balochistan) and Karak (KPK & Punjab). All sites have been instructed to develop green areas. The Company had also planted several dozen tree saplings in parking area at its Head Office for providing shades for the parked vehicles, support environment conservation and beautification of the area. The saplings have now grown into full trees.

ENERGY CONSERVATION & EFFICIENCY

The Company ensures energy conservation by switching to energy-efficient facilities and appliances wherever possible. MPCL's new Head Office building is considered to be the most energy efficient building in the Country. The design, materials and facilities have been selected on the basis of energy efficiency.

WATER CONSERVATION

MPCL is conscious of conservation of water resource in wake of looming water crisis, ensuring its efficient use and doing away with any wastage during its operations. Importance of water conservation is frequently communicated to the employees through emails, alerts, meetings and trainings.

Special display boards containing simple measures to conserve water by making small alterations in our daily routines and habits are displayed at all relevant locations.

Quality Procedures adopted by MSD

PROCEDURES ADOPTED FOR QUALITY ASSURANCE OF SERVICES

MPCL is primarily an exploration and production company. However, MPCL also owns and operates a 3D seismic data acquisition unit, a 2D/3D seismic data processing centre and three land drilling rigs. In addition to catering in-house need for E&P allied services, the Company provides these services to other E&P companies on competitive basis.

Mari Services Department (MSD), maintains its focus on strengthening its capabilities by acquiring cutting edge technologies and adopting quality improvement measures to remain centric to growing business needs. Highlights of the procedures adopted for quality assurance and technological advancement by various components of MSD are provided below:

MARI SEISMIC SERVICES UNIT (MSU)

MSU is a fast emerging name in the seismic data acquisition industry of Pakistan. It provides world class seismic services as per customer requirements in line with industry standards, legal obligations and HSE commitments. Through a dedicated team of highly competent professionals, MSU provides the best possible results to its customers by adhering to international quality standards and using a combination of top of the line seismic suites and seismic equipment. It has introduced state-of-the-art technologies (like Sercel 508XT Recording System) and implemented business intelligence solutions and is using customised management control systems with KPI dashboards. It is operating under supervision of designated quality consultants. MSU is known for its

unwavering commitment to quality assurance through conforming to the requirements of international standards including ISO/IEC 9001, ISO/IEC 14001, ISO/IEC 27001 and OHSAS 18001. MSU also conducts employee training programmes and participates in internal and external quality audits.

MSU has been able to operate in difficult areas through better liaison with local population, notables, public functionaries and security agencies. It is looked up to as the only company that can operate successfully in Balochistan and FATA areas and has been engaged for seismic project in Zarghun and Bannu West Block, in the coming year.

MSU has consistently received appreciation for the highest quality of data it acquired in different parts of the Country.

MARI DRILLING SERVICES UNIT (MDU)

MDU consists of three on-shore drilling rigs of 300, 1500 and 2500 horse power with capability to drill wells as deep as 8,000 metres. MDU has the latest technology in the form of TDS and VFD. It is a member of International Association of Drilling Contractors (IADC) and all the equipment and services are compliant with international standards of American Petroleum Institute (API). All the rigs operated by MDU are certified to be fit by international inspector M/s Lamperal.

All the drilling projects of MPCL during the last three years have been carried out by MDU, with its own rigs and crew, to the satisfaction of the client.

MARI SEISMIC PROCESSING CENTER (MSPC)

MSPC continues providing top-notch quality services in the spheres of newly acquired data, reprocessing of vintage 2D data and quick reprocessing of key 2D seismic lines for confirming the lithology/depth of reservoir structural features while drilling. MSPC is using the technology and equipment of M/s CGG – a forerunner and leader in cutting edge GeoScience. With its highly experienced professionals, MSPC is fully capable to perform time and depth processing. MSPC has also carried out AVO Inversion projects, which is another milestone in providing services of international standards. MSPC is one of the best in-house centres, and caters to the needs of MPCL as well other E&P companies with the assurance of data confidentiality being highest priority.

MSPC has proved its significance over time by providing quality, on-time and state of the art processing, which has helped the Company to take more refined decisions.

Quality of data processed by MSPC has been appreciated by the client as well as international processing companies.

Corporate Social Responsibility

OUR CSR PHILOSOPHY

MPCL has made a paradigm shift in its approach towards serving the communities: it is now more focused on sustainable service delivery in addition to the brick-and-mortar projects.

We have utilized the services of the Implementing Partners (NGOs/ Development Sector Organisations), who have the required expertise in the implementation of service delivery. This enabled MPCL to deliver high-impact and sustainable services. We maintain participative relationship with the society and continuously invest in the interventions related to education, health, water supply schemes, philanthropic donations and communication infrastructure.

In addition to our communities, MPCL ensures the well-being and safety of all the stakeholders in its value chain through continuous engagement with relevant departments/stakeholders to uphold the best practices in social responsibility as laid down in the ISO 26000 Guidelines.

OUR SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

The Company has demonstrated its dedicated commitment by acting responsibly towards our community and environment. We believe that the success of the Company can best be reflected as the community progresses and environment improves.

CSR activities at MPCL are governed by the Company's Welfare Policy and are undertaken in line with Social Welfare Guidelines issued by Directorate General of Petroleum Concessions as revised from time to time. As per the Guidelines, MPCL is under statutory obligation to spend US$ 30,000 in each of its blocks on social uplift of local communities.

Previously, social welfare schemes against specified minimum financial obligation were identified by the Company in consultation with local administration. The schemes were endorsed by area MNA, implemented by the Company and monitored by area DCO.

However, the Guidelines were further revised during the year. As per latest revisions, social welfare schemes against specified minimum financial obligations are now identified and implemented by a "Social Welfare Committee" comprising of relevant MNA, MPA, DCO, Nazims of District, Tehsil and union councils and representatives of concerned E&P company. The schemes are executed and monitored by concerned DCO through relevant agency under intimation to MNA and Union Council.

COMMUNITY INVESTMENT AND WELFARE SCHEMES

Statutory Obligations (JV Blocks):
Since inception, MPCL has been rigorously discharging its social obligations and delivering optimum services to the local communities primarily in priority area of health, education, water, sanitation and hygiene. So far, MPCL has undertaken social welfare projects worth **Rs. 220 million** in its JV operated blocks.

Over and Above the Statutory Obligations: Although MPCL is under no statutory obligation to undertake social welfare projects in Mari D&P lease area, but being a socially responsible Company, MPCL has been spending substantial amounts annually on social welfare activities in this area since 1984. Over the years, this area has seen landmark social welfare initiatives benefitting the communities in the sectors of health, education & communication infrastructure. Projects worth **Rs. 832 million** have been undertaken at Mari Field in last 16 years. Apart from Mari Field, MPCL has spent about **Rs. 245 million** on various CSR interventions at different locations over and above its statutory CSR obligations.

CSR INTERVENTIONS/RURAL DEVELOPMENT PROGRAMMES UNDERTAKEN DURING FY 2016-17

During FY 2016-17, the Company spent Rs. 188.7 million on numerous CSR Projects in its operational areas in all four provinces across the Country. Out of total amount, Rs. 46.7 million were spent in JV Blocks, Rs. 128 million were spent in Mari Field Daharki and Rs. 14 million were spent in JV Blocks on various CSR Projects over and above the mandatory obligations.

Sindh (other than Mari Field)
Total CSR spending in Sindh province during the year accumulated to Rs. 5.74 million on different projects including construction/rehabilitation of a number of schools and water supply schemes, benefitting a large number of students and local residents.

Balochistan
The Company gives special importance to CSR projects in historically deprived Balochistan province and has initiated a number of projects since commissioning of Zarghun South Gas Field. During FY 2016-17, a total of Rs. 31.3 million was spent on education and water supply schemes, which were identified as the most pressing issues in these areas. A number of girls and boys schools were constructed/ rehabilitated while maintaining quality of service delivery.

Punjab and KPK
In Punjab and KPK, approximately Rs. 10 Million were spent during the year, with focus on education and health sectors.

Mari Field Daharki (over and above statutory obligations)
MPCL has been spearheading CSR Interventions/Rural Development Programmes in Mari D&P lease area since inception, mainly in the areas of health, education and infrastructure development. During FY 2016-17, Rs. 128 million were spent in Mari D&P lease area on new projects (Rs. 40 million) as well as recurring costs (Rs. 88 million) of previously completed projects.

Free Medical Camps
During the year, the Company organised free medical camps at Sujawal, Zarghun, Ghauri and Halini fields. A total of Rs. 5.1 million was spent on these Camps from over and above mandatory CSR expenditures, providing free medical checkups and medicines to the local populace. Total number of patients treated for different ailments stood at 39,566.

Miscellaneous Donations
MPCL's CSR interventions are not limited to implementation of CSR Programmes at JV Blocks (Statutory Obligations) and Mari Field Daharki, but the Company also steps forward for making donations and philanthropic contributions to various causes of national importance. Major contributions during FY 2016-17 were:

a) Donation to PCESSDC: Rs. 2 million
b) Renovation at Quaid-e-Azam University: Rs. 1.6 million
c) Financial Assistance to Govt. Girls High School Pail Mirza: Rs. 1 million
d) Karkan School Operational Cost (Balochistan): Rs. 500,000
e) Construction of Janazagah at Halini: Rs. 600,000

Donations Towards Natural Disasters
Fortunately, Pakistan has not recently faced any major natural calamity requiring national level relief effort. In the past, MPCL has generously provided assistance both in cash and in kind for the affectees of natural disasters in different parts of the Country. Major instances include:

Earthquake 2005 (AJK & KPK)	: Rs. 20 million
Earthquake 2005 (AJK & KPK)	: Rs. 20 million
Earthquake 2008 (Balochistan)	: Rs. 0.5 million
Flood Relief (2010-11)	: Rs. 37 million
Swat IDPs (2008-10)	: Rs. 5.3 million
Awaran Earthquake (2013)	: Rs. 3 million
NWA IDPs (2014)	: Rs. 8.5 million

MPCL employees have also been forthcoming in making individual donations to the disaster hit communities and donated their 2 days salary on two occasions i.e. flood (2010) and NWA IDPs (2014).

The Company has been aggressively pursuing social welfare schemes over and above its statutory obligations for the uplift and betterment of underprivileged communities in its operational areas. The Company also regularly makes donations to different non-profit organisations and educational institutions, as detailed in above sections.

"Youth in Sports" Sponsorship Programme
MPCL has initiated a new project to encourage young sportsmen and women through its "Youth in Sports" sponsorship programme. During FY 2016-17, MPCL has launched a "MPCL Youth Tennis Sponsorship Programme", sponsoring Pakistan Tennis Federation's top ranking one female and one male player, for their trainings and tournaments at International level. Agreements with both the players were signed in May, 2017 for an initial one year period. Financial Impact

for the complete year is Rs. 9.2 million; of which Rs. 4.9 million were paid as first tranche in May, 2017.

Progress of aspiring youngsters is closely monitored and financial assistance for subsequent years (total 3 Years) is linked with their achievements at national / international circuits.

Payment of Production Bonus

Following the regulatory requirement, MPCL paid production bonus of Rs. 125 Million to the local governments of Sujawal, Badin and Mianwali on commencement of commercial production at Sujawal Block in Sindh and Karak Block in Punjab. The Production Bonus will augment social welfare initiatives of respective local governments.

CSR Awards

MPCL's CSR achievements and contributions were duly recognised and the Company won three Awards in the following categories at the 9th Annual Corporate Social Responsibility Summit/Awards 2017:

- Education & Scholarships (IBA Sukkur Scholarship Programme)
- Strategic Project Collaboration (effective partnerships with development sector organisations)
- Sustainability Initiatives (under this, our strategic shift from hard component / brick & mortar approach to provision of quality service delivery to our communities has been recognised)

Policy for Safety of Records

MPCL adopts industry leading software systems to ensure secure and fast transmission of financial data for recording and reporting of financial transactions. The Company has replaced outdated IBM Enterprise Content Management System, with Microsoft SharePoint extending technological edge for safe and fast data storage and retrieval.

The new system is a business productivity platform equipped with a well-integrated set of technologies to bring information management, access, collaboration, people-driven processes and central document management to a single environment. The new system also facilitates collaboration in the task management processes.

The Company securely maintains soft copies of supporting financial documents and records in its SAP system, which is accessible only by the authorized users. Regular backups of SAP System are also secured.

Disaster Recovery Plan (DRP)

MPCL's DRP provides a structured approach for responding to unexpected incidents that threaten the Company's IT infrastructure including hardware, software, networks, processes and people. Priorities and recovery time objectives for critical systems are developed in the light of business impact analysis.

DRP is periodically tested and improved to help in continually enhancing the efficacy of recovery procedures and processes and ensuring improvement of the Company's infrastructure readiness to minimize system down-time in disaster situations.

IT Governance Policy

MPCL's IT Governance Policy provides necessary guidelines to ensure effective input and decision-making pertaining to IT policies, standards, guidelines processes and procedures. As per the Policy, the Company's IT related initiatives and functions are overseen by a Steering Committee headed by the Managing Director with all Heads of Departments as its members. The Committee meets on quarterly basis to evaluate and ensure that the IT Strategy is aligned with the Company's business objectives, and effective controls are in place to safeguard its information assets. The Committee also ensures that the requirements of Information Security Management System (ISMS-27001:2013) are adequately met and identifies and oversees implementation of continual improvements in the ISMS systems.

Human Resource Management

The Management believes that MPCL's most valuable resource is its manpower. The Company has an appropriate mix of highly qualified and talented young as well experienced professionals providing simultaneously the right amount of energy and business acumen for the growth and development of the Company. The Company has been riding on the back of its strategically aligned HR policies and practices that directly contribute in producing a highly satisfied workforce. MPCL also takes pride in creating a work environment where management and development of talent are taken very seriously and all efforts are made to attract, develop and retain top-of-the-line professionals from the market.

Some of the major HR related initiatives taken during the year were as follow:

HUMAN RESOURCE POLICIES INCLUDING PREPARATION OF A SUCCESSION PLAN

MPCL has prepared significant HR policies pertaining to Employment, Training & Development, Performance Management, Succession Planning, Remuneration, Benefits & Compensation, Leave Management etc. after thorough deliberations, industry benchmarking and striking a balance between the interests of the Company and its employees. These policies have been outlined in respective Management System Procedures (MSPs), which are periodically reviewed for improvements and approved by the Board of Directors.

For continuous development of employees with the potential to fill key business leadership positions in the Company, a comprehensive Succession Plan has been crafted, which ensures that experienced and capable employees are prepared to assume these roles as they become available due to separation of key personnel. The Plan is also instrumental in safeguarding the Company against key personnel risk, which arises from unplanned and unexpected change at senior management levels.

IMPROVEMENT IN HR POLICIES

Human resource policies are instrumental in driving any organisation towards the achievement of operational excellence. The well-being of its employees lies at the heart of MPCL's HR policies. These policies are driven towards ensuring operational safety and minimizing the time spent on routine activities. In view of that, 'Leave Management' and 'Performance Appraisal' policies have been recently revised to make them more people focused. Career progression Succession Planning and Relief/Rotation are among other significant polices that have been re-formulated in best interest of Company and its employees. While such revisions provide more comfort and career sustainability to the employees, these initiatives also reflect on Company's cognizance about well-being and maximization of operational efficiency of its valued workforce. To create awareness and impart clarity about improvements made in significant policies, numbers of workshops were also conducted at the Head Office and field locations.

INTRODUCTION OF HR BUSINESS PARTNER

Corporate practices, like technology, evolve continually. Likewise, HR Business Partner is the latest value adding concept that most E&P companies are espousing and reaping benefits from. The concept is gaining popularity as it enables organisations to become more and more employee-focused and realise the value in aligning HR agendas toward a common organisation centric goal. In 2017, Mari Petroleum Company Limited also employed HR business partners, who are group of experts who work closely with the top tier of the organisation in order to enhance the organisation's overall HR agenda. This programme progressively connects the HR Department to other functions by enabling the HR Officers to reach out to the Company's various locations, field management and staff to manage and offer expedited resolutions of 'on the spot problems' within the perimeters of approved Company policies and procedures.

PSYCHOMETRIC TESTS

Psychometric tests are standard and scientific methods used to measure individuals' mental capabilities and behavioral style. In a maiden attempt, HR has introduced this specialized testing system in recruitment and promotion processes to make judicious selection of incumbents in best interest of Company.

For this purpose, specialized training was imparted to two HRD officers through corporate executive board on Psychometric tools. The trained/qualified test users hold the relevant qualification (British Psychological Society level A/level B) to administer and interpret psychometric instruments.

During the year 2016-17, several recruitment candidates went through

psychometric test and results were intertwined with interview evaluation report before making final selection. Moreover, potential candidates for promotion were evaluated through this test to identify their competency and skills for Leadership, Management, and Analytics etc. The results were presented to the Promotion Board for effective decision making as the results from these tests reflect the ability, aptitude and potential of the candidate to perform job with higher responsibility.

In future, HRD plans to apply psychometric tests for succession planning, upgradation of non-management staff to management cadre and absorption of Trainees as officers.

PEER AND UPWARD PERFORMANCE REVIEW EXERCISE

Over the last three years, Peer and Upward Performance exercise has evolved into a mature activity, which is now formally institutionalized and supplements annual performance appraisals. Conducted every year before annual appraisal exercise, the evaluation greatly helps in facilitating the top management in obtaining a 360 degree view of employees' performance and capabilities as well and performing sanity checks at the time of promotions. This comprehensive exercise also helps the employees in developing an impartial understanding of how others view their performance and how they can make themselves more productive in their respective roles, which helps in improving overall organizational performance and ensuring corporate excellence.

EMPLOYEE FEEDBACK AND SUGGESTIONS PROGRAMME

Employee feedback and suggestion programmes are implemented by organisations for understanding their employees' perception about organisation's procedures and systems. These programmes provide valuable insights into the factors preventing employees from performing at their best. By identifying and removing barriers, organisations create a more positive environment that leads to quantifiable improvements. At MPCL, Employee Feedback and Suggestions Programme was implemented for the first time in October 2016. Through this programme, employees shared their feedback on the Company's procedures and policies and provided suggestions for improvements. An open seminar was held in January 2017, to deliberate on the key areas with potential room for improvement as identified through the employee's feedback. Consequently, a number of the policies were revised to incorporate suggested improvements. In future, the Company plans to institutionalize this exercise to incorporate a culture of continuous improvement in all areas of operations.

LEARNING AND DEVELOPMENT

MPCL makes conscious efforts to create and sustain an environment where employees can progress in their careers through effective learning and availing development opportunities. MPCL conducts comprehensive training-need analysis and considerably invests in imparting various trainings to improve the skills of the workforce, cover their weaknesses and minimize the gaps between individual and required job competencies. Company also strives to increase job satisfaction, morale, motivation and efficiencies in processes resulting in financial gains and reduction of employee turnover.

Following is a brief summary of the number of employees who have attended foreign and local training including conferences and seminars during this year.

	Technical	Non-Technical	Total
Foreign Courses / Conferences	35	32	67
Local Courses / Conferences	114	63	177

TEAM BUILDING EXERCISES

MPCL truly believes its employees as its most valuable asset. This asset yields better outcomes when performing as cohesive units. Realizing the importance of team work, team-building exercises are a fundamental constituent of MPCL's yearly agenda. This year, Company engaged renowned institutes and trainers to conduct inter and intra-departmental team building events, at various locations. A grand team building event comprising of 43 management professionals from different tiers was conducted at Dunga Gali and following its success, similar event is also planned for Karachi.

Over the time, MPCL has been successful in turning individual employees into cohesive teams, who are able and willing to work interdependently towards the attainment of their organisational objectives.

IN-HOUSE SESSIONS/TALKS

MPCL philosophy for creating a dynamic and knowledgeable workforce is reflected in the importance given to continuous learning and knowledge sharing. During the year, number of lectures and talks were conducted in-house on emerging trends, industry challenges and business opportunities. MPCL has also optimally utilized its internal resources for several technical and soft skill lectures like Global Energy Security and Dynamics of Oil Trade, Politics and Economy of Energy Sector: Opportunities & Challenges and the Impact of Attitude on Professional and Personal Life etc.

MARI INTERNSHIP PROGRAMME 2017

MPCL offers paid internship opportunities to under-graduate and post-graduate students from top notch universities of Pakistan and abroad for a period pf 6 weeks (June to August). This programme is aimed at providing a platform for students to strengthen their professional acumen and enhance their professional/interpersonal skills through exposure and practical work in a professional setting. These interns are assigned with capable mentors for guidance and knowledge transfer. These interns are accommodated both in the technical and non-technical departments at the Head Office and the fields.

A total of 110 interns qualified for the Mari Internship Programme 2017. The selections were based on merit while the students from all top PEC/HEC certified universities of Pakistan were encouraged to apply.

Certificates are distributed to interns on successful completion of their internship period. In addition, 'Best Intern Award' has also been instituted for encouragement and motivation of young talent.

CELEBRATION OF INTERNATIONAL WOMEN'S DAY

MPCL strongly advocates and fosters workforce diversity and acknowledges the participation of female workforce for achieving the corporate goals. This year, for the first time in the history of MPCL, International Women's Day was celebrated at MPCL Head Office, to acknowledge and celebrate the contributions of our female workforce. This event was planned with the aim not only to motivate and increase the engagement level of the female colleagues but also to emphasize the Management's commitment towards work force diversity. All female employees working in the Head Office as well as the wives of male senior management attended the event.

EQUAL EMPLOYMENT OPPORTUNITIES

It is explicit policy of the Company to provide employment opportunities without regard to gender, race, religion, colour, age or disability subject to suitability of the candidates for the job.

Employment of Special Persons: The Management understands that finding a suitable job is quite challenging for disabled/special persons in today's competitive environment. With this realization, the Company is always open to accommodate persons with disabilities in its workforce for making sustainable positive difference in their lives.

Employment of Women: Traditionally, E&P has been a male dominated industry. However, MPCL has been making efforts to increase the number of women in its workforce. The number of female employees in both technical and support functions has seen steady rise in last 2-3 years. Female employees are also provided with equal opportunities for professional development through foreign and local trainings.

Major Social Events

Life should not only be lived; it should be celebrated. As the saying goes: "Variety is the spice of life and life without feasts and celebrations, is bland and monotonous".

Living up to this philosophy, MPCL avails every opportunity of organizing social events outside the workplace, for its employees and their families, to afford them the opportunities and environment to know one another on a more personal level and share a light moment.

Major events arranged during the year were as follows:

MARI FIESTA-2016

Mari Fiesta was celebrated from 24th to 27th November 2016, at Mari Field Daharki. The honourable MD/CEO, Senior Executives, Managers, Management and Non-management staff along with their families, participated in the event.

After grand inaugural ceremony, the FIESTA was followed by fun gala, tennis, volleyball and cricket matches, ladies get-together, well-site visits, sumptuous feasts and an outstanding live musical performance by the leading Pakistani Singers, Qurat-ul-Ain Baloch and Sajjad Ali. Awareness session about Sindhi Culture was also held for the participants from Head Office and other locations.

The participants were presented with souvenirs and gifts to thank them for their participation and remind them of their time at the Field.

ANNUAL FUNCTION/DINNER 2016

Annual Function/Dinner of the Management employees is a regular feature of social life at MPCL. Keeping with its past tradition, the Company celebrated its Annual Function 2016 on Saturday, December 10, 2016. The Function was arranged at Pak-China Friendship Center Islamabad. Lt Gen Nadeem Ahmed (Retd), the then Managing Director of MPCL was the Chief Guest. Apart from Management Employees and their families, ex-MDs of MPCL and a large number of distinguished guests from the Government of Pakistan and E&P sector were also in attendance.

The event started with recitation from the Holy Quran followed by opening speech by the Managing Director MPCL. Later on, Outstanding Performance Awards for the year 2016 were conferred upon selected employees from each Department by the Chief Guest.

After a sumptuous dinner, leading Pakistani artists Humera Arshad and Mulazim Hussain enthralled the audience with their live musical performances.

NON-MANAGEMENT ANNUAL FUNCTION-2017

MPCL celebrated its Non-Management Annual Function on Saturday, January 21, 2017 at Jacaranda Family Club, DHA. Lt Gen Nadeem Ahmed (Retd), the then MD/CEO was the Chief Guest. The event was also attended by incoming Managing Director, Lt Gen Ishfaq Nadeem Ahmad (Retd). After recitation from the Holy Quran and opening speech by the Managing Director, Outstanding Performance Awards for the year 2016 were distributed to the employees from each Department by the Chief Guest. Later, guests enjoyed dinner and live musical performance by renowned Pakistani artist Hadiqa Kiani.

70TH INDEPENDENCE DAY CELEBRATIONS

The Country's 70th Independence Day was celebrated with patriotic zeal and fervor at MPCL Head Office and field locations. The Head Office building and adjoining areas were decorated with national and MPCL flags and illuminated with beautiful lights to commemorate the day of independence and statehood.

The whole area was lit up in national colours of green and white. Without any doubt, MPCL Head Office was, by far, the most beautifully decorated building in the area.

FAREWELL CUM WELCOME DINNER FOR OUTGOING AND INCOMING MANAGING DIRECTORS

Farewell to Lt Gen Nadeem Ahmed (Retd), outgoing MD/CEO MPCL and welcome to Lt Gen Ishfaq Nadeem Ahmad (Retd) as new MD/CEO MPCL was given at Rubaish Marquee & Lawns, Bahria Town, Rawalpindi on 25th January 2017.

After recitation from the Holy Quran, a short documentary covering the three years journey of the Company under Lt Gen Nadeem Ahmed (Retd) was played. Later on, Lt Gen Nadeem Ahmed (Retd) shared his valuable thoughts and momentous experiences with the audience. Revisiting his journey in MPCL, he highlighted the significant milestones achieved by the Company during the last three years. He thanked all the employees for their untiring efforts and relentless support during his tenure. Thereafter, he introduced incoming MD/CEO of MPCL, Lt Gen Ishfaq Nadeem Ahmad (Retd) and praised his professional competence and credentials. He then handed over the podium to Gen Ishfaq for his welcome speech.

A souvenir was presented to Lt Gen Nadeem Ahmed (Retd) on behalf of the Management as a token of gratitude for his leadership and contributions. The event was concluded with formal dinner and a heartfelt goodbye to the outgoing MD/CEO.

Awards and Recognitions

As the financial year 2016-17 came to a close, MPCL was able to look back on a highly successful year with 11 awards at different forums during the year. The Company's excellence was once again confirmed in the areas of financial and operational performance, corporate reporting, management practices, HR, HSE, and CSR. Major awards and recognitions won by the Company included:

1ST PRIZE IN OIL & GAS SECTOR AT 32ND CORPORATE EXCELLENCE AWARDS

MPCL won 1st Prize in Oil & Gas Sector at 32nd Corporate Excellence Awards arranged by the Management Association of Pakistan (MAP). The Awards Ceremony was held on Tuesday, February 28, 2017 at Marriott Hotel Karachi and was attended by a large number of dignitaries from the corporate world. Justice (R) Rasheed A. Rizvi, President Supreme Court Bar Association was the Chief Guest.

This was the first time MPCL participated in the Awards and managed to win the coveted prize.

The Corporate Excellence Award was instituted by the Management Association Pakistan in 1982 with the aim to recognise and honour companies showing outstanding performance and demonstrating progressive and enlightened management practices.

The evaluation for the Awards comprised of four phases. In the first phase companies were shortlisted on the basis of dividend payouts during the last three years. In the second phase detailed financial assessment of the shortlisted companies was carried out. In the third phase, Management practices of the companies were reviewed.

A comprehensive questionnaire was sent to short-listed companies. The questionnaire covered the areas such as Corporate Governance, Strategic Planning & Communication, Leadership, Social Responsibility, Customer and Market Focus, Human Resource Focus, Operations Management, Information / Risk Management, I.T Governance, I.T Infrastructure, I.T Service Delivery and I.T Security. After receipt of duly filled in questionnaire, MAP team visited sites and held detailed meetings with top management of each short-listed company. The purpose of these meetings was to verify and obtain a vital, face to face view of the responses to questionnaire. During these meetings the MAP team not only discussed the Management practices but also witnessed the evidence of claims made in the questionnaires as well as policy documents. After the management meetings the questionnaires were marked and results were compiled.

In order to ensure objectivity, a neutral third party consultant was hired by MAP to carry out the evaluations and compile the results.

The Award is a result of MPCL's commitment to excellence in each and every sphere of the Company's operations.

COMPANY OF THE YEAR (PETROLEUM PRODUCTS) AWARD

MPCL was awarded the Company of the Year (Petroleum Products) Award at 29th Rawalpindi Chamber of Commerce and Industry (RCCI) International Achievement Awards 2016. The Award was conferred at a prestigious ceremony held on September 25, 2016 in Dubai.

The Award is a testament of the resilience shown by Mari Petroleum in the tumultuous oil market. At a time when E&P companies around the world were curtailing their operations and cutting down on their developmental budgets to survive, Mari Petroleum not only continued with its expansion plans but also posted impressive financial and operational results.

Independent analysts like Plimsoll of UK and Business Recorder Pakistan also highlighted in their reports that Mari Petroleum was not only able to successfully achieve all of its targets set in the Business Plan 2015-16, but also outperformed other operatives in Pakistani E&P industry. Mari Petroleum was well-prepared and poised to take full advantage of opportunities and meeting the challenges ahead.

International Achievement Awards are organised by the RCCI to recognise the performance of local businesses and businessmen and their contributions in strengthening the Country's economy. The Awards also promote healthy competition among local businesses and act as catalyst for trade activities. Arranging awards ceremonies in other countries also help in improving bilateral trade and promoting soft image of Pakistan.

4TH POSITION (JOINTLY WITH PPL) FOR ANNUAL REPORT 2015 IN THE FUEL AND ENERGY SECTOR AT BEST CORPORATE REPORT AWARDS

MPCL won 4th Position (jointly with PPL) for its Annual Report 2015 in the Fuel and Energy Sector during the Best Corporate Report Awards 2015. The Award Ceremony was organised by the Joint Committee of the Institute of Chartered Accountants of Pakistan and the Institute of Cost and Management Accountants of Pakistan on Friday October 07, 2016 at Karachi.

Best Corporate Report Awards seek to promote corporate accountability and transparency through the publication of timely, informative, factual and reader friendly annual reports.

Annual Report 2015 was MPCL's first Annual Report after Dismantling of Mari GPA and was completely revamped in line with the Best Corporate Report Award Criteria. The design, printing and contents of the Report were highly appreciated by market analysts and the shareholders.

MPCL INCLUDED IN FTSE GLOBAL EQUITY INDEX SERIES

FTSE
THE INDEX COMPANY

MPCL's outstanding financial and operational performance over the years and particularly during the recent difficult time for E&P Industry worldwide has caught the eye of the world. MPCL has emerged as a blue-chip company at the stock exchange and its share price has soared to around Rs. 1,800.

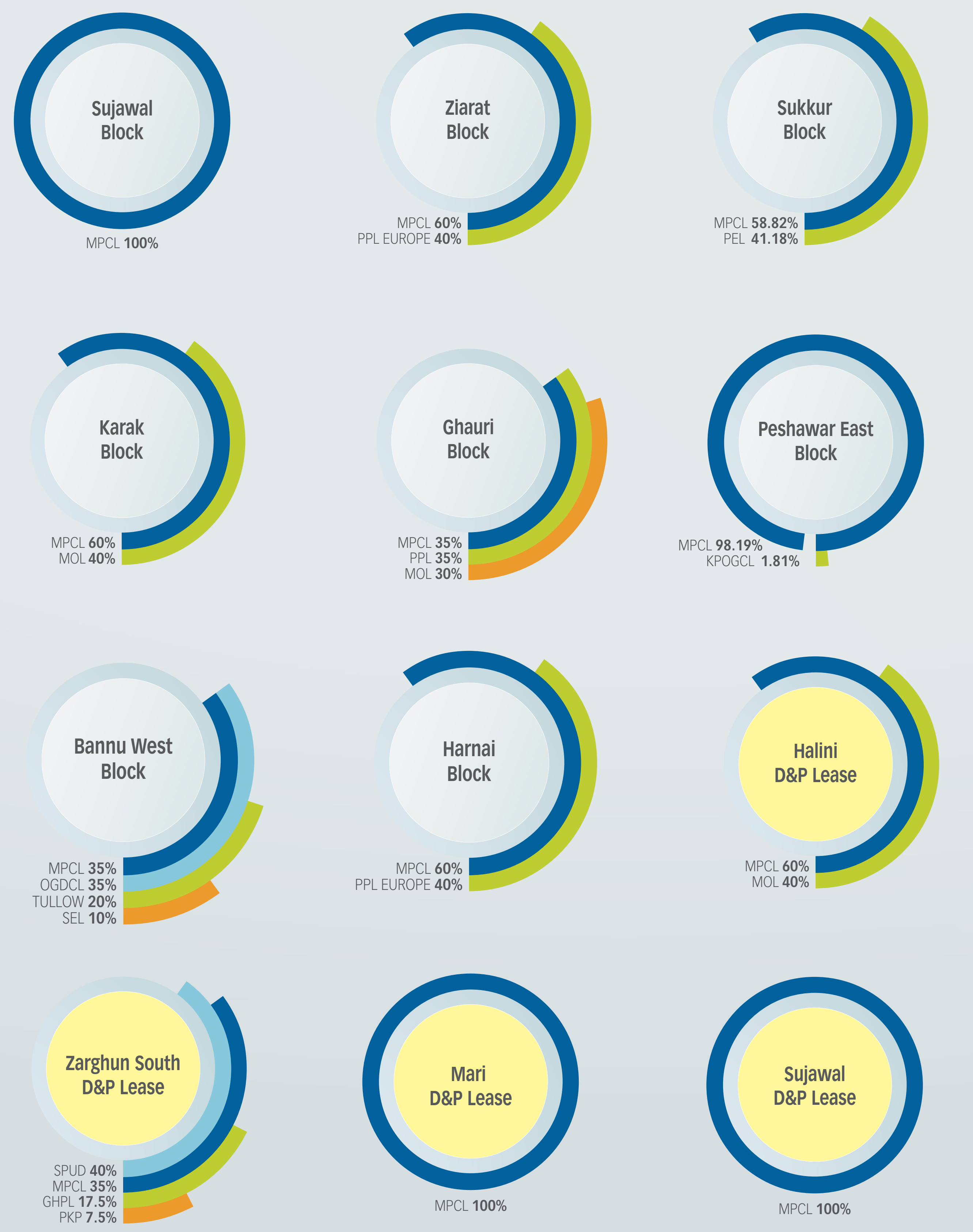
In recognition thereof, FTSE (acronym for Financial Times and London Stock Exchange) decided to include Mari Petroleum along with five other companies from Pakistan into its Global Equity Index Series (Asia Pacific excluding Japan) w.e.f March 20, 2017.

FTSE is a world renowned company that specializes in index calculation. FTSE indexes are extensively followed by investors world-wide for benchmarking investment portfolios, performance measurement, investment analysis, asset allocation, index tracking funds and structured products.

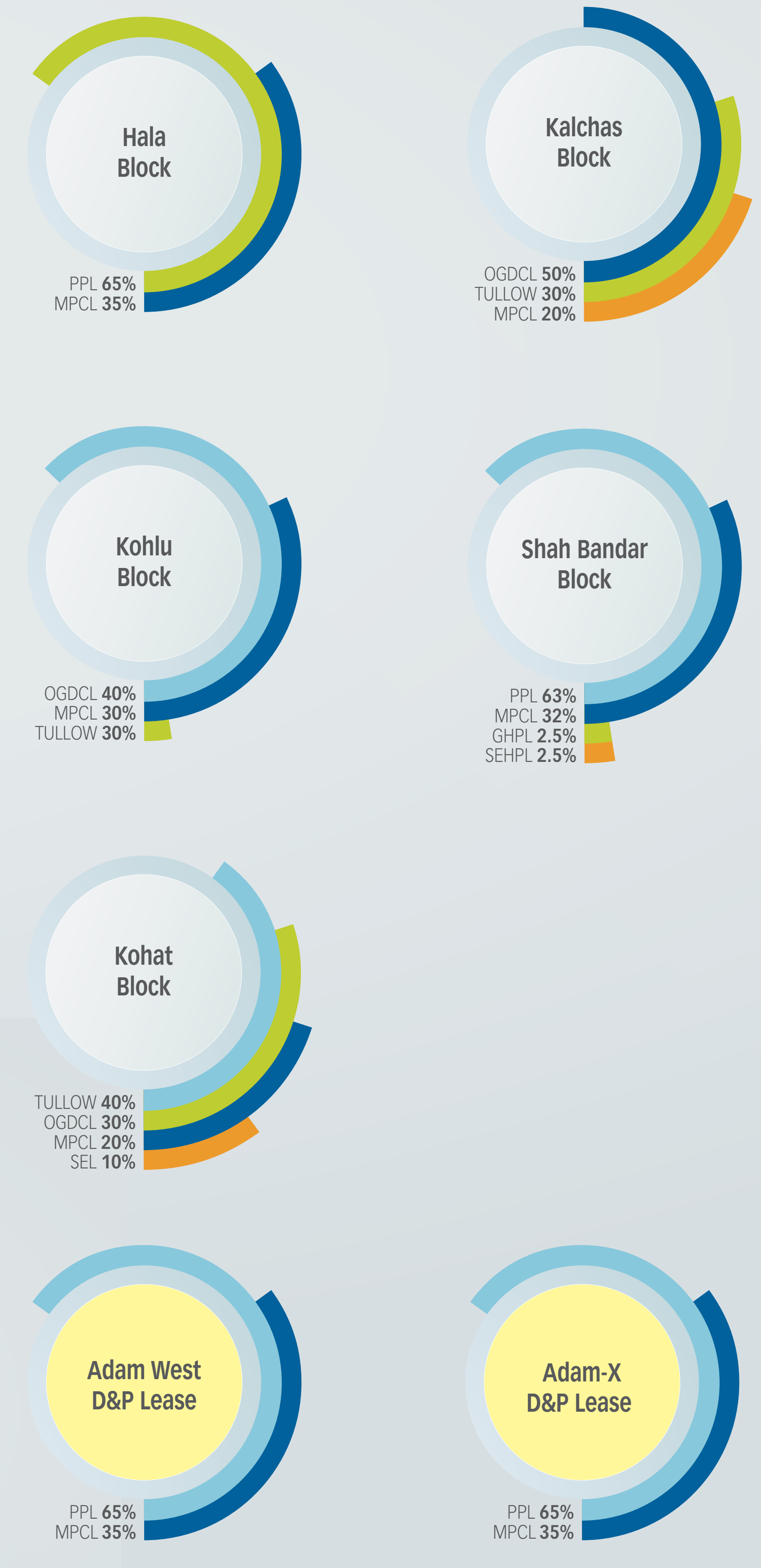
Inclusion of MPCL and other Pakistani companies is expected to attract significant new investment into the securities of these companies in particular and other securities listed on PSX in general.

In addition to the above, MPCL also won several awards for its HSE, CSR and HR practices from relevant industry associations.

MPCL's Operated Blocks & Development and Production Leases



MPCL's Non-Operated Blocks



Performance Indicators

		2016-17	2015-16	2014-15	2013-14	2012-13	2011-12
PROFITABILITY RATIOS							
Operating profit	%	12.10	7.15	8.87	6.62	6.09	3.64
Net profit to sales	%	9.44	6.37	6.40	5.60	3.83	2.35
EBITDA margin to net sales	%	49.77	39.83	49.75	40.97	41.13	38.68
Operating leverage	Times	36.03	(1.89)	2.32	2.45	2.68	(0.72)
Return on equity	%	35.78	35.67	49.15	23.44	17.86	9.72
Return on capital employed	%	38.19	36.78	37.37	26.43	24.11	13.08
LIQUIDITY RATIOS							
Current ratio	Times	1.16	0.93	1.06	1.08	1.34	1.26
Quick / acid test ratio	Times	1.14	0.87	1.02	1.06	1.28	1.21
Cash to current liabilities	Times	0.12	0.02	0.12	0.14	0.43	0.18
Cash flow from operations to sales	Times	0.07	0.13	0.07	0.09	0.08	0.03
ACTIVITY / TURNOVER RATIOS							
Debtor turnover	Times	2.38	3.21	2.78	3.27	4.60	4.07
No. of days in receivables	Days	153	114	131	111	79	90
Total assets turnover	Times	1.03	1.60	1.34	1.18	1.85	1.42
Fixed assets turnover	Times	3.71	3.94	4.13	4.17	5.22	3.94
INVESTMENT / MARKET RATIOS							
Earnings per share (EPS) - basic and diluted	Rupees	82.87	54.89	51.25	35.77	26.35	12.14
Distributable earnings per share	Rupees	5.91	5.55	4.82	5.25	5.51	4.94
Price earnings - on the basis of earnings per share	Times	19.01	16.55	9.14	10.44	5.18	7.73
Price earnings - on the basis of distributable earnings per share	Times	266.61	163.64	97.22	71.13	24.79	18.99
Dividend yield	%	0.32	0.50	0.79	1.01	2.72	3.59
Dividend payout	%	86.29	81.08	77.18	72.00	67.33	68.22
Dividend cover - on the basis of earnings per share	Times	16.25	12.20	13.78	9.46	7.10	3.60
Dividend cover - on the basis of distributable earnings per share	Times	1.16	1.23	1.30	1.39	1.49	1.47
Dividends	Rupees in million	562.28	496.13	410.24	347.66	340.49	309.44
Cash dividend per share	Rupees	5.10	4.50	3.72	3.78	3.71	3.37
Stock dividend per share	%	-	-	20	-	-	25
Market value per share							
Year end	Rupees	1,575.64	908.22	468.60	373.43	136.57	93.81
highest during the year	Rupees	1,750.00	982.48	764.32	391.40	163.99	119.04
lowest during the year	Rupees	905.10	363.18	351.14	136.97	90.06	81.00
Breakup value per share	Rupees	231.63	153.89	104.27	183.10	147.56	124.91
CAPITAL STRUCTURE RATIOS							
Debt to equity	%	14.04 : 85.96	5.57 : 94.43	44.69 : 55.31	1.94 : 98.06	10.22 : 89.78	7.62: 92.38
Financial leverage	Times	0.20	0.07	0.95	0.10	0.18	0.12
Interest cover	Times	57.42	144.08	6.39	29.03	23.83	7.30
Weighted average cost of debt	%	6.00	6.99	10.38	10.28	10.83	14.52

Note: Breakup value with revaluation reserves does not apply as MPCL has no revaluation reserves.

ANALYSIS

Profitability Ratios

Net sales increased in 2016-17 due to incremental production which coupled with decrease in exploration and prospecting expenditure resulted in enhanced operating profit margin and profit margin. Return on capital employed was increased to 38.19% from 36.78% due to increase in profit margins.

Liquidity Ratios

Current ratio of 1.16 times for 2016-17 showed an improvement of 0.23 times compared to 2015-16 mainly due to increase in short term investments & cash and bank balances. Cash to current liabilities ratio improved to 0.12 times compared to 0.02 times of last year on account of increase in cash and cash equivalents.

Activity / Turnover Ratios

No. of days in receivables increased during the year as a result of increase in average trade debts due to GIDC withheld by customers. Total assets turnover decreased owing to increase in total assets during the year 2016-17.

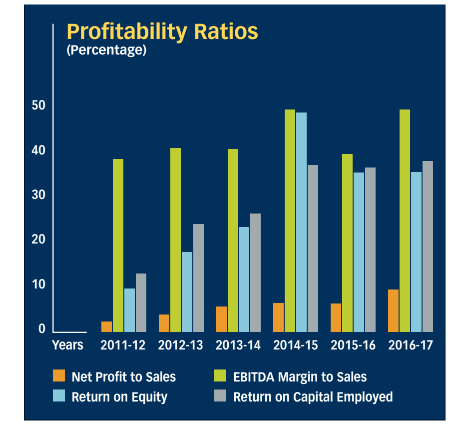
Investment / Market Ratios

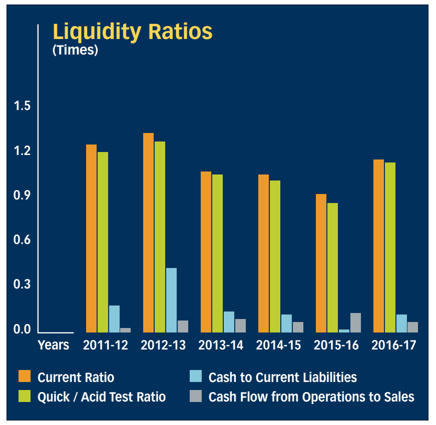
Earnings per share stood at Rs. 82.87 per share for the year ended 30th June, 2017 registering an increase of 50.97% compared to last year on account of increase in profitability.

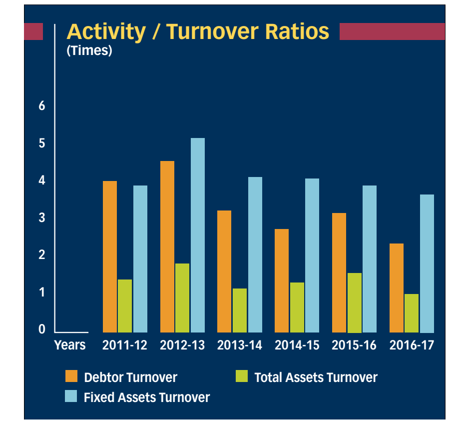
Market value per share at year end stood at Rs 1,575.64 per share, higher by around 73% as compared to last year. Significant change in the market price of the Company's shares during the year led to increase in the price earnings ratio. Breakup value of the Company improved to Rs 231.63 per share, around 47% higher as compared to the last six years' average of Rs 157.56 per share, due to higher profit retention. Dividend payout ratio for 2016-17 was recorded at 86.29% against a six years' average of around 75%, translating into a total cash dividend per share of Rs 5.10.

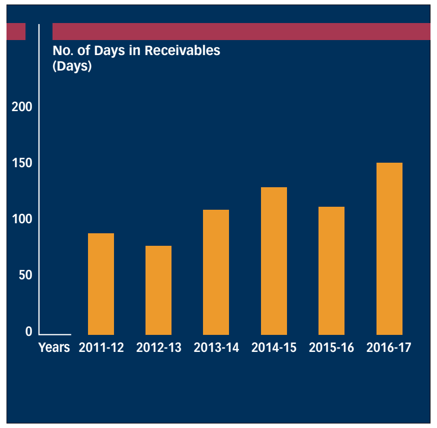
Capital Structure Ratios

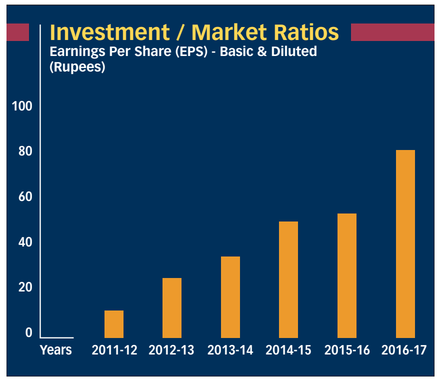
Long term financing of the Company increased during 2016-17 primarily due to long term finance facility availed for financing exploration and development projects to be carried out in various fields/ blocks, which has increased the debt to equity ratio from 5.57 : 94.43 in 2015-16 to 14.04 : 85.96 in 2016-17. High finance cost due to increased borrowing reduced interest cover ratio to 57.42 times as compared to 144.08 times of last year.

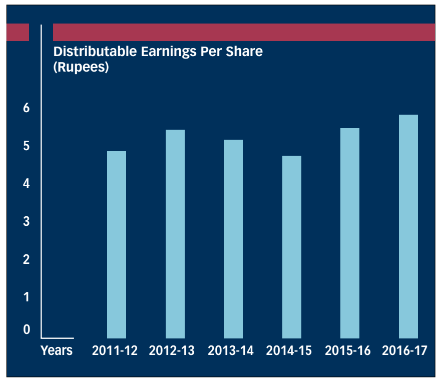


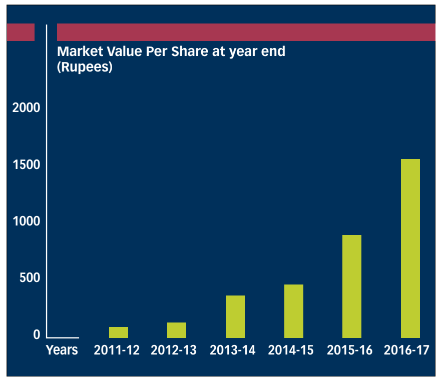








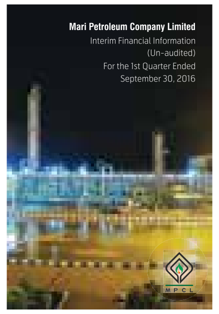


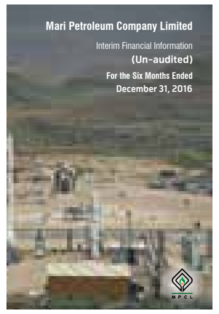


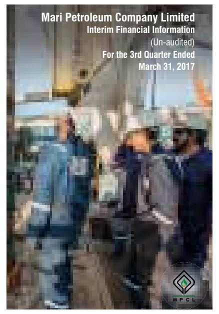
Variation in Results of Interim Reports with the Final Accounts

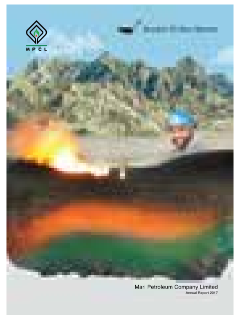
	First Quarter ended September 30, 2016	Second Quarter ended December 31, 2016	Third Quarter ended March 31, 2017	Fourth Quarter ended June 30, 2017	Total for the year ended June 30, 2017
	(Rupees in thousand)				
Profit and Loss items					
Gross sales	26,025,546	23,797,566	24,314,373	22,638,489	96,775,974
Sales - net	7,262,939	5,796,570	6,806,426	8,309,552	28,175,487
Profit before taxation	3,805,644	2,357,264	2,052,642	2,933,909	11,149,459
Net profit	2,765,670	1,846,449	1,694,798	2,829,277	9,136,194

Analysis:
Higher gross sales in first quarter as compared to other quarters is mainly due to higher gas and crude oil production. Net sales were higher in first and fourth quarters mainly due to incremental production. Profit before taxation recorded for the first quarter in comparison to the remaining quarters is largely attributable to higher net sales and lower operating expenses & exploration and prospecting expenditures. Net profit posted for the first and fourth quarters in comparison with the remaining quarters is greater due to increased profit before tax. In the other quarters, decline in the profit before tax led to reduced profitability.







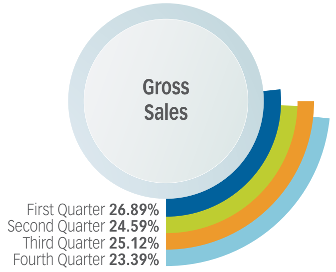


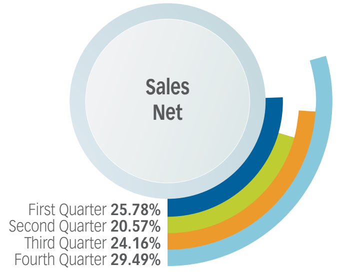
QUARTER 1
GAS
62,511
(MMSCF)
CRUDE OIL
128,374
(Barrels)
CONDENSATE
18,793
(Barrels)
EARNINGS PER SHARE
25.09
(Rupees)

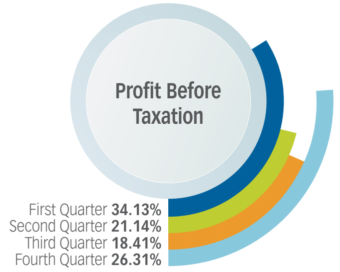
QUARTER 2
GAS
58,914
(MMSCF)
CRUDE OIL
105,628
(Barrels)
CONDENSATE
24,324
(Barrels)
EARNINGS PER SHARE
16.75
(Rupees)

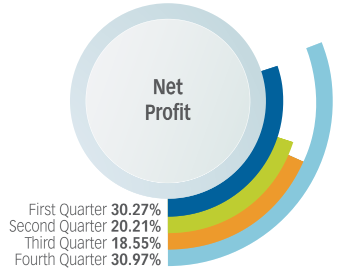
QUARTER 3
GAS
61,392
(MMSCF)
CRUDE OIL
118,852
(Barrels)
CONDENSATE
25,073
(Barrels)
EARNINGS PER SHARE
15.37
(Rupees)

QUARTER 4
GAS
61,018
(MMSCF)
CRUDE OIL
108,917
(Barrels)
CONDENSATE
24,120
(Barrels)
EARNINGS PER SHARE
25.66
(Rupees)



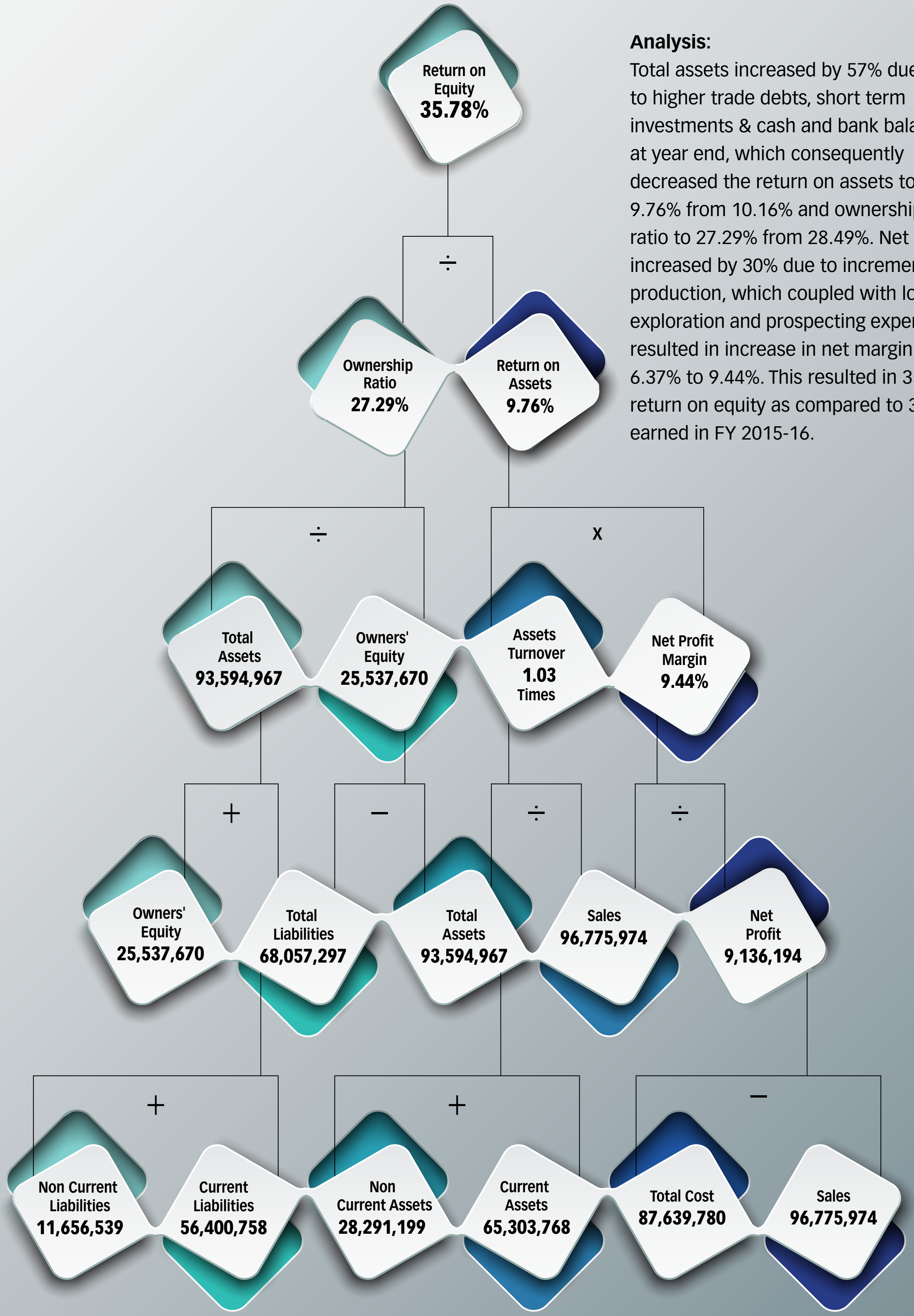






Return on Equity (DuPont Analysis)

(Rupees in thousand)



Analysis:
Total assets increased by 57% due to higher trade debts, short term investments & cash and bank balances at year end, which consequently decreased the return on assets to 9.76% from 10.16% and ownership ratio to 27.29% from 28.49%. Net sales increased by 30% due to incremental production, which coupled with lower exploration and prospecting expenditure resulted in increase in net margin from 6.37% to 9.44%. This resulted in 35.78% return on equity as compared to 35.67% earned in FY 2015-16.

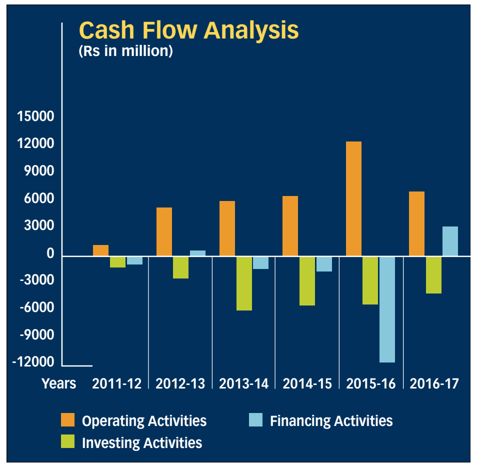
Summary of the Cash Flow Statement

	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12
		(Rupees in million)				
Cash flows from operating activities	7,120.289	12,638.329	6,609.010	6,096.578	5,374.004	1,241.985
Cash flows from investing activities	(4,081.586)	(5,287.579)	(5,393.894)	(5,918.203)	(2,421.167)	(1,193.764)
Cash flows from financing activities	3,262.935	(11,625.231)	(1,621.744)	(1,379.671)	604.906	(877.392)
Increase / (Decrease) in cash and cash equivalents	6,301.638	(4,274.481)	(406.628)	(1,201.296)	3,557.743	(829.171)
Cash and cash equivalents at beginning of year	626.154	4,900.635	5,307.263	6,508.559	2,950.816	3,779.987
Cash and cash equivalents at end of year	6,927.792	626.154	4,900.635	5,307.263	6,508.559	2,950.816

Direct Method Cash Flow

For the year ended June 30, 2017

	2017	2016
	(Rupees in thousand)	
Cash flows from operating activities		
Cash receipts from customers	69,266,727	100,620,099
Cash paid to the Government for Government levies	(50,624,648)	(79,569,668)
Cash paid to suppliers and employees	(10,386,297)	(7,209,690)
Income tax paid	(1,135,493)	(1,202,412)
Cash flow from operating activities	7,120,289	12,638,329
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,091,333)	(1,137,938)
Development and production assets	(1,073,402)	(181,983)
Exploration and evaluation assets	(2,124,810)	(4,317,661)
Proceeds from disposal of property, plant and equipment	422	6,061
Interest received	207,537	343,942
Cash flow from investing activities	(4,081,586)	(5,287,579)
Cash flows from financing activities		
Long term financing received	4,000,000	1,000,000
Long term financing repaid	(24,010)	(10,770,732)
Finance cost paid	(155,139)	(959,448)
Dividends paid	(557,916)	(895,051)
Cash flow from financing activities	3,262,935	(11,625,231)
Increase / (decrease) in cash and cash equivalents	6,301,638	(4,274,481)
Cash and cash equivalents at beginning of year	626,154	4,900,635
Cash and cash equivalents at end of year	6,927,792	626,154



Cash Flows and Financing Arrangements

ANALYSIS OF LIQUIDITY

The Company remained sufficiently liquid during the year owing to timely billing and recovery of unpaid invoices from the customers and draw down of Rs. 4 billion against long term loan facility from HBL, which resulted in increase in cash and cash equivalents at the year end.

STRATEGIES TO OVERCOME LIQUIDITY PROBLEMS, IF ANY

Even a short term liquidity problem can quickly result in serious problem for any company. MPCL does not foresee any liquidity problem in the year ahead. In order to avoid any liquidity problem, the Company bills its customers in a timely fashion and follows up any unpaid invoices as soon as they become past due.

ANALYSIS OF CASH FLOWS

Cash and cash equivalents were Rs. 6,928 million as against Rs 626 million in the previous year. During the year, an amount of Rs. 7,120 million was generated from operating activities of the Company, which was used mainly to undertake exploration activities and capital expenditures.

FINANCING ARRANGEMENTS

Reliance on external financing is secondary to internally generated cash which represents the Company's primary source of working capital thereby minimizing financing costs through effective liquidity management. External financing is arranged when required, after extensive cash flow forecasting for working capital, investment or capital expenditure requirements.

REPAYMENT OF DEBTS AND RECOVERY OF LOSSES, IF ANY

The Company commands strong debt raising capacity. Besides the ability to generate sufficient revenues from operating activities for operating cash requirements and repayment of debt on maturity dates. Liquid assets including cash and bank balances, short term investments and trade debts, in addition to projected revenue / cash forecasts indicate availability of sufficient funding for timely repayment of debt / payables, besides providing leverage to adequately manage recovery of losses, if any, with surplus funds available for investments to generate incremental liquidity / revenues for the Company.

Contribution to National Exchequer

MPCL contributed around Rs 74,298 million to the National exchequer during the year (Rs 77,328 million during 2015-16) mainly on account of gas development surcharge, gas infrastructure development cess, sales tax, excise duty, royalty, income taxes and other such taxes.

Significant Changes in Financial Position

Performance and Cash Flows from the Previous Period

EQUITY AND LIABILITIES

SHAREHOLDERS' EQUITY

Shareholders' equity comprising of share capital and reserves witnessed an increase of 51% from the last year, due to increase in unappropriated profit for the year.

NON CURRENT LIABILITIES

Long term financing increased, as MPCL availed a loan for financing of exploration and development projects.

CURRENT LIABILITIES

Overall, current liabilities increased by 61%. This is due to increase in trade and other payables.

ASSETS

NON CURRENT ASSETS

Non-current assets have increased from Rs. 26.83 billion in 2015-16 to Rs. 28.29 billion in 2016-17, mainly due to increase in property, plant and equipment & development and production assets and strengthening the Company's asset base.

CURRENT ASSETS

Current assets mainly comprise of trade debts, short term investments and cash & bank balances. On an aggregate basis, current assets increased from Rs. 59.56 billion in 2015-16 to Rs. 93.59 billion in 2016-17, primarily due to increase in trade debts, short term investments and cash & bank balances.

PROFIT AND LOSS

GROSS SALES

Gross sales increased by 1.87% mainly due to increase in sales volume.

EXPLORATION AND PROSPECTING EXPENDITURE

Exploration and prospecting expenditure decreased from Rs. 6.46 billion in 2015-16 to Rs. 3.88 billion in 2016-17. This decrease is due to decrease in prospecting expenditure during the year.

OTHER INCOME

Other income decreased by Rs. 1380 million owing to the loss incurred in Mari Seismic Unit.

FINANCE COST

Finance cost increased from Rs 574 million in 2015-16 to Rs 798 million in 2016-17. Increase is mainly due to increase in interest on long term financing along with increase in unwinding of discount on provision for decommissioning cost.

PROFIT FOR THE YEAR

Profit after tax is Rs 9.14 billion for the year 2016-17 as compared to Rs 6.05 billion in the previous year. Increase in net sales and decrease in exploration and prospecting expenditure were the major reasons for increase in profitability.

CASH FLOWS

Cash flows from operating activities decreased by Rs 5,518 million mainly due to decrease in cash receipts from customers by Rs 31,353 million and increase in cash paid to suppliers and employees by Rs 3,177 million, which is off-set by decrease in cash paid to the Government for Government levies by Rs 28,945 million. Whereas, there is a cash inflow from financing activities as compared to cash outflow last year, mainly due to the long-term financing of Rs 4.0 billion received during the year. Overall, cash and cash equivalents stood at Rs 6,928 million at the close of 2016-17 as compared to Rs 626 million in 2015-16.

Horizontal Analysis - Balance Sheet

(Rupees in thousand)

	2017	17 vs 16 %age	2016	16 vs 15 %age	2015	15 vs 14 %age	2014	14 vs 13 %age	2013	13 vs 12 %age	2012	12 vs 11 %age
EQUITY AND LIABILITIES												
Share capital and reserves												
Issued, subscribed and paid up capital	1,102,500	-	1,102,500	-	1,102,500	20.00	918,750	-	918,750	-	918,750	25.00
Undistributed percentage return reserve	496,436	16.30	426,867	7.98	395,331	(4.51)	414,014	(28.49)	578,994	37.84	420,048	(14.31)
Other reserves	11,190,001	4.68	10,690,001	7.30	9,962,850	73.57	5,739,995	12.40	5,106,644	23.04	4,150,409	2.30
Profit and loss account	12,748,733	168.59	4,746,555	13,256.66	35,537	(99.64)	9,749,472	40.23	6,952,345	16.13	5,986,939	11.12
	25,537,670	50.52	16,965,923	47.58	11,496,218	(31.66)	16,822,231	24.09	13,556,733	18.13	11,476,146	7.55
Non current liabilities												
Long term financing	4,172,727	317.27)	1,000,000	(89.24)	9,290,001	2,693.94	332,505	(78.45)	1,543,207	63.01	946,667	(27.18)
Deferred liabilities	7,483,812	13.79	6,576,575	20.25	5,468,973	16.00	4,714,598	23.48	3,818,180	(13.53)	4,415,608	20.44
	11,656,539	53.85	7,576,575	(48.66)	14,758,974	192.42	5,047,103	(5.86)	5,361,387	(0.02)	5,362,275	7.97
Current liabilities												
Trade and other payables	55,191,169	59.19	34,669,221	(5.42)	36,656,379	1.33	36,177,006	160.88	13,867,316	(13.06)	15,950,674	75.44
Current maturity of long term financing	955,037	529.25	151,774	(90.70)	1,632,505	18.37	1,379,173	43.42	961,603	117.45	442,222	5.29
Interest accrued on long term financing	254,552	29.77	196,154	(82.32)	1,109,742	2,858.21	37,514	(10.76)	42,039	(25.29)	56,273	(28.06)
Provision for income tax	-	-	-	-	-	-	-	(100.00)	403,360	100.00	-	(100.00)
	56,400,758	61.07	35,017,149	(11.12)	39,398,626	4.80	37,593,693	146.12	15,274,318	(7.14)	16,449,169	68.30
	93,594,967	57.14	59,559,647	(9.28)	65,653,818	10.41	59,463,027	73.91	34,192,438	2.72	33,287,590	31.00
ASSETS												
Non current assets												
Property, plant and equipment	12,688,670	15.11	11,023,452	12.78	9,774,533	12.71	8,671,909	48.02	5,858,512	31.00	4,472,186	(6.58)
Development and production assets	7,409,878	146.83	3,002,063	37.22	2,187,715	(39.59)	3,621,571	74.72	2,072,821	(39.47)	3,424,616	0.95
Exploration and evaluation assets	5,972,108	(40.78)	10,084,055	7.28	9,399,602	105.04	4,584,270	9.50	4,186,644	0.87	4,150,409	2.30
Long term loans and advances	32,233	19.08	27,069	32.11	20,489	168.78	7,623	3.01	7,400	7.34	6,894	194.49
Long term deposits and prepayments	26,002	72.15	15,104	41.97	10,639	(41.97)	18,335	31.12	13,983	43.46	9,747	(11.51)
Deferred income tax asset	2,162,308	(19.34)	2,680,622	12.03	2,392,765	23.95	1,930,387	22.12	1,580,793	222.26	490,528	306.32
	28,291,199	5.44	26,832,365	12.81	23,785,743	26.29	18,834,095	37.27	13,720,153	9.29	12,554,380	1.48
Current assets												
Stores and spares	1,015,000	(53.17)	2,167,328	26.16	1,717,945	105.73	835,055	1.76	820,648	1.70	806,905	66.40
Trade debts	54,426,085	102.42	26,887,469	(16.90)	32,355,308	3.82	31,165,789	162.37	11,878,669	(23.89)	15,606,293	102.50
Loans and advances	1,640,065	14.09	1,437,456	(18.11)	1,755,283	2.66	1,709,860	99.78	855,871	(18.45)	1,049,463	11.69
Short term investments	3,604,596	100.00	-	-	-	-	-	-	-	-	-	-
Short term prepayments	65,697	(18.08)	80,193	(34.45)	122,341	119.03	55,857	(16.47)	66,871	131.84	28,844	(40.50)
Interest accrued	47,031	1,087.35	3,961	106.09	1,922	(67.00)	5,824	(79.74)	28,750	67.00	17,216	161.60
Other receivables	39,779	86.47	21,333	550.00	3,282	(99.64)	913,739	192.01	312,917	293.82	79,457	8.09
Income tax paid in advance	1,142,319	(24.02)	1,503,388	48.65	1,011,359	59.13	635,545	100.00	-	(100.00)	194,216	100.00
Cash and bank balances	3,323,196	430.73	626,154	(87.22)	4,900,635	(7.66)	5,307,263	(18.46)	6,508,559	120.57	2,950,816	(21.94)
	65,303,768	99.54	32,727,282	(21.83)	41,868,075	3.05	40,628,932	98.46	20,472,285	(1.26)	20,733,210	59.00
	93,594,967	57.14	59,559,647	(9.28)	65,653,818	10.41	59,463,027	73.91	34,192,438	2.72	33,287,590	31.00

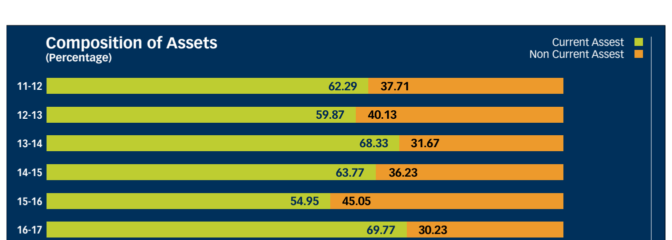
ANALYSIS

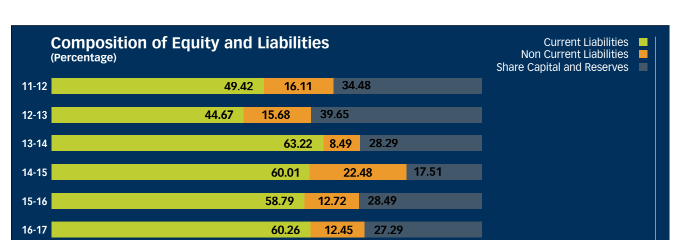
In 2016-17, total assets increased by 57.14% primarily due to increase in current assets. Increase in current assets is mainly due to increase in trade debts, short term investments & cash and bank balances. On equity and liabilities side, share capital and reserves increased by 50.52% mainly due to increase in profit and loss account, non current liabilities increased by 53.85% primarily due to increase in long term financing while current liabilities increased by 61.07% principally due to increase in trade and other payables.

Vertical Analysis - Balance Sheet

(Rupees in thousand)

	2017	% age	2016	% age	2015	% age	2014	% age	2013	% age	2012	% age
EQUITY AND LIABILITIES												
Share capital and reserves												
Issued, subscribed and paid up capital	1,102,500	1.18	1,102,500	1.85	1,102,500	1.68	918,750	1.55	918,750	2.69	918,750	2.76
Undistributed percentage return reserve	496,436	0.53	426,867	0.72	395,331	0.60	414,014	0.70	578,994	1.69	420,048	1.26
Other reserves	11,190,001	11.96	10,690,001	17.95	9,962,850	15.17	5,739,995	9.65	5,106,644	14.94	4,150,409	12.47
Profit and loss account	12,748,733	13.62	4,746,555	7.97	35,537	0.05	9,749,472	16.40	6,952,345	20.33	5,986,939	17.99
	25,537,670	27.29	16,965,923	28.49	11,496,218	17.51	16,822,231	28.29	13,556,733	39.65	11,476,146	34.48
Non current liabilities												
Long term financing	4,172,727	4.46	1,000,000	1.68	9,290,001	14.15	332,505	0.56	1,543,207	4.51	946,667	2.84
Deferred liabilities	7,483,812	8.00	6,576,575	11.04	5,468,973	8.33	4,714,598	7.93	3,818,180	11.17	4,415,608	13.27
	11,656,539	12.45	7,576,575	12.72	14,758,974	22.48	5,047,103	8.49	5,361,387	15.68	5,362,275	16.11
Current liabilities												
Trade and other payables	55,191,169	58.97	34,669,221	58.21	36,656,379	55.83	36,177,006	60.84	13,867,316	40.56	15,950,674	47.92
Current maturity of long term financing	955,037	1.02	151,774	0.25	1,632,505	2.49	1,379,173	2.32	961,603	2.81	442,222	1.33
Interest accrued on long term financing	254,552	0.27	196,154	0.33	1,109,742	1.69	37,514	0.06	42,039	0.12	56,273	0.17
Provision for income tax	-	-	-	-	-	-	-	-	403,360	1.18	-	-
	56,400,758	60.26	35,017,149	58.79	39,398,626	60.01	37,593,693	63.22	15,274,318	44.67	16,449,169	49.42
	93,594,967	100.00	59,559,647	100.00	65,653,818	100.00	59,463,027	100.00	34,192,438	100.00	33,287,590	100.00
ASSETS												
Non current assets												
Property, plant and equipment	12,688,670	13.56	11,023,452	18.51	9,774,533	14.89	8,671,909	14.58	5,858,512	17.13	4,472,186	13.43
Development and production assets	7,409,878	7.92	3,002,063	5.04	2,187,715	3.33	3,621,571	6.09	2,072,821	6.06	3,424,616	10.29
Exploration and evaluation assets	5,972,108	6.38	10,084,055	16.93	9,399,602	14.32	4,584,270	7.71	4,186,644	12.24	4,150,409	12.47
Long term loans and advances	32,233	0.03	27,069	0.05	20,489	0.03	7,623	0.01	7,400	0.02	6,894	0.02
Long term deposits and prepayments	26,002	0.03	15,104	0.03	10,639	0.02	18,335	0.03	13,983	0.04	9,747	0.03
Deferred income tax asset	2,162,308	2.31	2,680,622	4.50	2,392,765	3.64	1,930,387	3.25	1,580,793	4.62	490,528	1.47
	28,291,199	30.23	26,832,365	45.05	23,785,743	36.23	18,834,095	31.67	13,720,153	40.13	12,554,380	37.71
Current assets												
Stores and spares	1,015,000	1.08	2,167,328	3.64	1,717,945	2.62	835,055	1.40	820,648	2.40	806,905	2.42
Trade debts	54,426,085	58.15	26,887,469	45.14	32,355,308	49.28	31,165,789	52.41	11,878,669	34.74	15,606,293	46.88
Loans and advances	1,640,065	1.75	1,437,456	2.41	1,755,283	2.67	1,709,860	2.88	855,871	2.50	1,049,463	3.15
Short term investments	3,604,596	3.85	-	-	-	-	-	-	-	-	-	-
Short term prepayments	65,697	0.07	80,193	0.13	122,341	0.19	55,857	0.09	66,871	0.20	28,844	0.09
Interest accrued	47,031	0.05	3,961	0.01	1,922	0.00	5,824	0.01	28,750	0.08	17,216	0.05
Other receivables	39,779	0.04	21,333	0.04	3,282	0.00	913,739	1.54	312,917	0.92	79,457	0.24
Income tax paid in advance	1,142,319	1.22	1,503,388	2.52	1,011,359	1.54	635,545	1.07	-	-	194,216	0.58
Cash and bank balances	3,323,196	3.55	626,154	1.05	4,900,635	7.46	5,307,263	8.93	6,508,559	19.04	2,950,816	8.86
	65,303,768	69.77	32,727,282	54.95	41,868,075	63.77	40,628,932	68.33	20,472,285	59.87	20,733,210	62.29
	93,594,967	100.00	59,559,647	100.00	65,653,818	100.00	59,463,027	100.00	34,192,438	100.00	33,287,590	100.00





ANALYSIS

In the balance sheet, total assets comprise of current assets 69.77% and non current assets 30.23%. Current assets mainly comprise of trade debts 58.15%, short term investments 3.85% & cash and bank balances 3.55%, while non current assets primarily comprise of property, plant and equipment 13.56%, development and production assets 7.92% & exploration and evaluation assets 6.38%.

On the other side, equity and liabilities constitute of share capital and reserves 27.29%, non current liabilities 12.45% and current liabilities 60.26%. Share capital and reserves mainly comprise of other reserves 11.96% and profit and loss account 13.62%, non current liabilities constitute of long term financing 4.46% and deferred liabilities 8% while current liabilities primarily includes trade and other payables of 58.97%.

Horizontal Analysis - Profit and Loss Account

(Rupees in thousand)

	2017	17 vs 16 %age	2016	16 vs 15 %age	2015	15 vs 14 %age	2014	14 vs 13 %age	2013	13 vs 12 %age	2012	12 vs 11 %age
Gross sales to customers	96,775,974	1.87	94,997,719	7.66	88,239,537	25.24	70,454,050	11.35	63,269,794	33.41	47,425,041	51.02
Gas development surcharge	19,580,832	(24.28)	25,859,852	43.52	18,017,729	(9.73)	19,959,539	(6.06)	21,246,005	(7.39)	22,940,839	29.47
General sales tax	13,745,689	1.75	13,509,334	9.20	12,370,744	24.29	9,952,761	17.51	8,469,429	33.20	6,358,537	43.21
Excise duty	1,794,397	5.91	1,694,205	3.94	1,630,044	5.31	1,547,845	3.47	1,495,971	1.43	1,474,944	8.30
Gas infrastructure development cess	33,479,569	4.84	31,933,382	(11.42)	36,050,495	51.90	23,733,661	31.58	18,037,931	127.25	7,937,394	100.00
Wind fall levy	-	(100.00)	288,182	(63.73)	794,504	53.91	516,224	1.56	508,291	51.50	335,497	26.05
Surplus / (deficit) under the Gas Price Agreement	-	-	-	-	-	(100.00)	(133,949)	(107.72)	1,734,400	111.02	821,915	69.05
	68,600,487	(6.39)	73,284,955	6.42	68,863,516	23.91	55,576,081	7.93	51,492,027	29.15	39,869,126	64.25
Sales - net	28,175,487	29.76	21,712,764	12.06	19,376,021	30.23	14,877,969	26.32	11,777,767	55.87	7,555,915	6.00
Royalty	3,583,522	30.31	2,750,095	9.17	2,519,026	31.06	1,922,086	25.51	1,531,378	58.10	968,604	9.15
	24,591,965	29.69	18,962,669	12.49	16,856,995	30.11	12,955,883	26.44	10,246,389	55.55	6,587,311	5.55
Operating expenses	7,450,011	29.26	5,763,609	7.21	5,376,244	22.88	4,375,198	(3.12)	4,516,086	30.69	3,455,644	15.31
Exploration and prospecting expenditure	3,880,797	(39.95)	6,462,126	102.30	3,194,383	2.51	3,116,299	24.85	2,496,075	52.26	1,639,378	332.75
Other charges	726,290	44.70	501,943	0.65	498,725	54.61	322,563	(2.49)	330,809	169.27	122,856	(43.17)
	12,057,098	(5.27)	12,727,678	40.34	9,069,352	16.06	7,814,060	6.42	7,342,970	40.73	5,217,878	45.27
	12,534,867	101.04	6,234,991	(19.94)	7,787,643	51.46	5,141,823	77.10	2,903,419	112.02	1,369,433	(48.30)
Other income / (expenses)	(820,328)	(246.54)	559,789	1,495.66	35,082	(107.36)	(476,755)	(150.08)	951,976	167.14	356,363	175.25
Operating profit	11,714,539	72.40	6,794,780	(13.14)	7,822,725	67.69	4,665,068	21.00	3,855,395	123.40	1,725,796	(37.89)
Finance income	233,006	(31.62)	340,730	(34.13)	517,239	(12.87)	593,674	128.79	259,484	(41.94)	446,931	(30.84)
Finance cost	798,086	39.03	574,058	(67.90)	1,788,092	102.94	881,105	40.66	626,388	(18.68)	770,232	7.61
Profit before taxation	11,149,459	69.92	6,561,452	0.15	6,551,872	49.67	4,377,637	25.49	3,488,491	148.73	1,402,495	(48.23)
Provision for taxation	2,013,265	294.76	509,997	(43.43)	901,559	107.57	434,334	(59.31)	1,067,415	271.50	287,329	(70.79)
Profit for the year	9,136,194	50.98	6,051,455	7.10	5,650,313	43.29	3,943,303	62.87	2,421,076	117.10	1,115,166	(35.36)

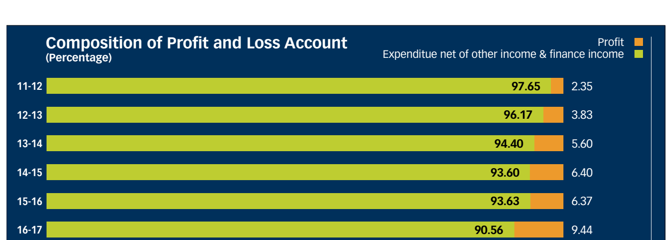
ANALYSIS

Increase in net sales and decrease in exploration and prospecting expenditure were the major reasons for increase in profitability by 50.98% in 2016-17 as compared to 2015-16.

Vertical Analysis - Profit and Loss Account

(Rupees in thousand)

	2017	% age	2016	% age	2015	% age	2014	% age	2013	% age	2012	% age
Gross sales to customers	96,775,974	100.00	94,997,719	100.00	88,239,537	100.00	70,454,050	100.00	63,269,794	100.00	47,425,041	100.00
Gas development surcharge	19,580,832	20.23	25,859,852	27.22	18,017,729	20.42	19,959,539	28.33	21,246,005	33.58	22,940,839	48.37
General sales tax	13,745,689	14.20	13,509,334	14.22	12,370,744	14.02	9,952,761	14.13	8,469,429	13.39	6,358,537	13.41
Excise duty	1,794,397	1.85	1,694,205	1.78	1,630,044	1.85	1,547,845	2.20	1,495,971	2.36	1,474,944	3.11
Gas infrastructure development cess	33,479,569	34.59	31,933,382	33.61	36,050,495	40.86	23,733,661	33.69	18,037,931	28.51	7,937,394	16.74
Wind fall levy	-	-	288,182	0.30	794,504	0.90	516,224	0.73	508,291	0.80	335,497	0.71
Surplus / (deficit) under the Gas Price Agreement	-	-	-	-	-	-	(133,949)	(0.19)	1,734,400	2.74	821,915	1.73
	68,600,487	70.89	73,284,955	77.14	68,863,516	78.04	55,576,081	78.88	51,492,027	81.38	39,869,126	84.07
Sales - net	28,175,487	29.11	21,712,764	22.86	19,376,021	21.96	14,877,969	21.12	11,777,767	18.62	7,555,915	15.93
Royalty	3,583,522	3.70	2,750,095	2.89	2,519,026	2.85	1,922,086	2.73	1,531,378	2.42	968,604	2.04
	24,591,965	25.41	18,962,669	19.96	16,856,995	19.10	12,955,883	18.39	10,246,389	16.19	6,587,311	13.89
Operating expenses	7,450,011	7.70	5,763,609	6.07	5,376,244	6.09	4,375,198	6.21	4,516,086	7.14	3,455,644	7.29
Exploration and prospecting expenditure	3,880,797	4.01	6,462,126	6.80	3,194,383	3.62	3,116,299	4.42	2,496,075	3.95	1,639,378	3.46
Other charges	726,290	0.75	501,943	0.53	498,725	0.57	322,563	0.46	330,809	0.52	122,856	0.26
	12,057,098	12.46	12,727,678	13.40	9,069,352	10.28	7,814,060	11.09	7,342,970	11.61	5,217,878	11.00
	12,534,867	12.95	6,234,991	6.56	7,787,643	8.83	5,141,823	7.30	2,903,419	4.59	1,369,433	2.89
Other income / (expenses)	(820,328)	(0.85)	559,789	0.59	35,082	0.04	(476,755)	(0.68)	951,976	1.50	356,363	0.75
Operating profit	11,714,539	12.10	6,794,780	7.15	7,822,725	8.87	4,665,068	6.62	3,855,395	6.09	1,725,796	3.64
Finance income	233,006	0.24	340,730	0.36	517,239	0.59	593,674	0.84	259,484	0.41	446,931	0.94
Finance cost	798,086	0.82	574,058	0.60	1,788,092	2.03	881,105	1.25	626,388	0.99	770,232	1.62
Profit before taxation	11,149,459	11.52	6,561,452	6.91	6,551,872	7.43	4,377,637	6.21	3,488,491	5.51	1,402,495	2.96
Provision for taxation	2,013,265	2.08	509,997	0.54	901,559	1.02	434,334	0.62	1,067,415	1.69	287,329	0.61
Profit for the year	9,136,194	9.44	6,051,455	6.37	5,650,313	6.40	3,943,303	5.60	2,421,076	3.83	1,115,166	2.35



ANALYSIS

Profit for the year 2016-17 was 9.44% as compared to 6.37% of last year. Net sales were 29.11% in the current year as compared to 22.86% of last year which mainly contributed towards increase in profitability.

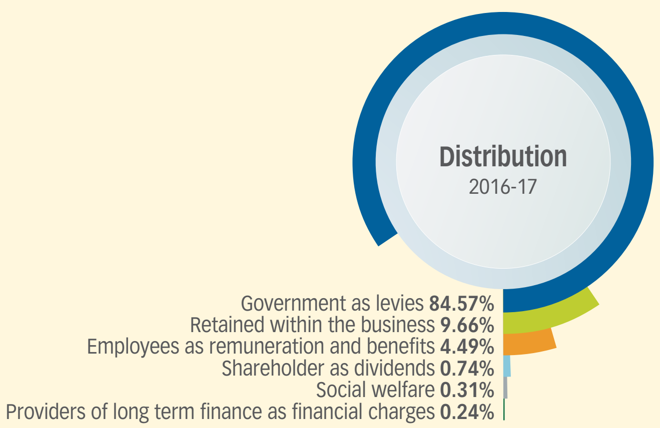
Ten Years at a Glance

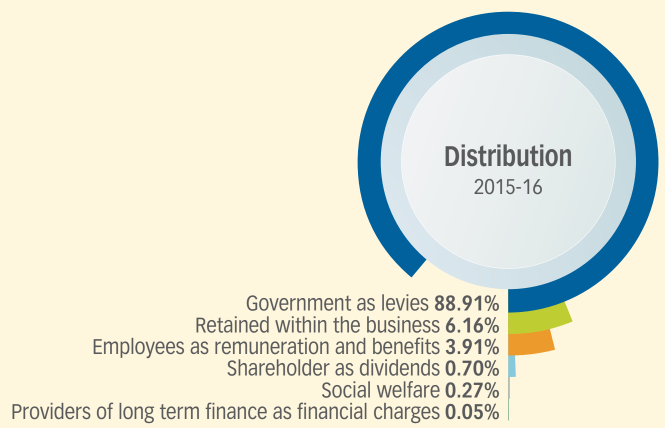
(Rupees in million)

	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08
FINANCIAL										
Revenue	96,188.65	95,898.24	88,791.86	70,570.97	65,128.56	48,228.33	32,177.82	28,979.37	26,864.38	21,943.97
Government levies:										
Income tax, other charges, royalty,										
excise duty, general sales tax, gas										
development surcharge and gas										
infrastructure development cess	74,298.34	77,328.34	73,242.31	58,599.39	55,511.89	41,617.72	26,647.09	23,061.72	22,117.41	17,993.02
Sales - net	28,175.49	21,712.76	19,376.02	14,877.97	11,777.77	7,555.92	7,128.27	6,423.01	5,789.20	6,697.20
Operating profit	11,714.54	6,794.78	7,822.73	4,665.07	3,198.70	1,725.80	2,778.43	2,460.75	2,545.84	4,112.10
Profit before taxation	11,149.46	6,561.45	6,551.87	4,377.64	3,488.49	1,402.50	2,708.90	2,341.47	2,394.73	3,960.31
Profit for the year	9,136.19	6,051.46	5,650.31	3,943.30	2,421.08	1,115.17	1,725.30	1,185.95	2,151.92	2,560.41
Issued, subscribed and paid up capital	1,102.50	1,102.50	1,102.50	918.75	918.75	918.75	735.00	735.00	367.50	367.50
Reserves	24,435.17	15,863.42	10,393.72	15,903.48	12,637.98	10,557.40	9,935.42	8,455.83	7,865.22	5,381.53
Property, plant and equipment - at cost	20,315.85	17,217.73	14,857.61	12,798.64	9,426.47	7,560.05	7,417.33	6,699.57	6,626.01	4,861.36
Net current assets / (liabilities)	8,903.01	(2,289.87)	2,469.45	3,035.24	5,197.97	4,284.04	3,265.80	3,231.97	898.45	861.62
Long term liabilities including										
deferred liabilities	11,656.54	7,576.58	14,758.97	5,047.10	5,361.39	5,362.28	4,966.34	4,471.03	3,108.47	2,143.80
NATURAL GAS										
Development and production										
leases (sq. kilometres)	1,140.5	1,131.1	1,093.5	1,093.5	1,093.5	1,093.5	1,093.5	1,093.5	1,093.5	1,093.5
Ultimate recovery of										
proved reserves (BSCF)	10,653.2	8,440.9	8,427.9	8,402.9	8,398.4	8,398.4	8,321.7	8,299.3	8,219.0	8,010.0
Cumulative production (BSCF)	5,345.2	5,101.4	4,869.4	4,644.6	4,427.3	4,216.1	4,009.7	3,821.9	3,642.2	3,472.5
Number of producing wells	127	124	119	118	114	107	99	98	89	88
Production (BSCF)	243.84	232.0	224.7	217.3	211.2	206.5	187.8	179.7	169.7	171.4
Daily average (BSCF)	0.668	0.634	0.616	0.595	0.579	0.564	0.515	0.492	0.465	0.468
OIL										
Production (barrels)	554,081	472,413	414,433	175,312	192,259	124,279	130,093	62,212	41,510	-
LPG										
Production (metric ton)	20	25	362	263	477	2,062	5,031	1,231	-	-

Statement of Value Addition

	Year 2016-17 (Rs in million)	% age	Year 2015-16 (Rs in million)	% age
Gross sales to customers	96,775.97	110.15	94,997.72	109.23
Less: Operating and exploration expenses	(7,216.57)	(8.21)	(8,592.23)	(9.88)
	89,559.40	101.93	86,405.48	99.35
Add: Other income and finance income	(1,108.55)	(1.26)	1,181.87	1.36
Less: Other expenses	(591.02)	(0.67)	(613.82)	(0.71)
Total value added	87,859.84	100.00	86,973.53	100.00
DISTRIBUTED AS FOLLOWS:				
Employees as remuneration and benefits	3,942.34	4.49	3,399.30	3.91
Government as levies	74,298.34	84.57	77,328.34	88.91
Shareholder as dividends	651.36	0.74	611.42	0.70
Social welfare	275.91	0.31	234.20	0.27
Providers of long term finance as financial charges	209.23	0.24	45.86	0.05
Retained within the business	8,482.67	9.66	5,354.42	6.16
	87,859.84	100.00	86,973.53	100.00





Statement of Charity Account

(Rupees in thousand)

Description	2016-17
Health care	127,959
Education	47,483
Social Welfare	100,464
	275,906

Pattern of Shareholding

As at June 30, 2017

No. of Shareholders	Shareholding			Total shares held
717	1	TO	100	30,150
451	101	TO	500	123,930
364	501	TO	1,000	280,934
476	1,001	TO	5,000	1,041,311
104	5,001	TO	10,000	739,620
49	10,001	TO	15,000	625,821
19	15,001	TO	20,000	337,663
14	20,001	TO	25,000	314,371
9	25,001	TO	30,000	251,412
14	30,001	TO	35,000	461,425
10	35,001	TO	40,000	378,880
9	40,001	TO	45,000	377,030
9	45,001	TO	50,000	421,670
7	50,001	TO	55,000	361,983
3	55,001	TO	60,000	173,340
3	60,001	TO	65,000	184,560
2	65,001	TO	70,000	136,623
2	75,001	TO	80,000	156,340
1	80,001	TO	85,000	83,950
1	85,001	TO	90,000	87,360
3	90,001	TO	95,000	279,180
2	95,001	TO	100,000	195,480
2	100,001	TO	105,000	204,619
1	110,001	TO	115,000	110,400
2	115,001	TO	120,000	237,295
1	130,001	TO	135,000	133,300
1	140,001	TO	145,000	142,400
1	145,001	TO	150,000	150,000
3	150,001	TO	155,000	463,200
1	155,001	TO	160,000	157,170
1	170,001	TO	175,000	170,140
1	200,001	TO	205,000	204,100
1	210,001	TO	215,000	212,150
1	215,001	TO	220,000	216,990
2	225,001	TO	230,000	450,800
1	240,001	TO	245,000	243,270
1	245,001	TO	250,000	247,630
1	255,001	TO	260,000	258,220
1	265,001	TO	270,000	266,600
1	270,001	TO	275,000	273,560
1	330,001	TO	335,000	330,720
1	340,001	TO	345,000	340,700
1	380,001	TO	385,000	383,279
1	390,001	TO	395,000	391,402
1	465,001	TO	470,000	466,331
1	470,001	TO	475,000	470,260
1	555,001	TO	560,000	556,270
1	605,001	TO	610,000	608,364
1	1,265,001	TO	1,270,000	1,267,724
1	1,765,001	TO	1,770,000	1,765,151
1	2,015,001	TO	2,050,000	2,021,831
1	2,050,001	TO	2,055,000	2,051,041
1	2,540,001	TO	2,545,000	2,543,286
1	20,270,001	TO	20,275,000	20,270,014
1	21,865,001	TO	21,870,000	21,866,250
1	43,730,001	TO	43,735,000	43,732,500
2,308				110,250,000

Categories of Shareholders

Categories of Shareholders	Numbers	Shares held	Pending Shares***	Total Shares	%age
Associated Companies, undertakings and related parties					
- Fauji Foundation	1	43,732,500	367,500	44,100,000	40.00
- Oil & Gas Development Company Limited	1	21,866,250	183,750	22,050,000	20.00
Mutual Funds					
- CDC - Trustee PICIC Energy Fund (CDC)	1	54,000	-	54,000	0.05
- CDC - Trustee ABL Stock Fund (CDC)	1	273,560	-	273,560	0.25
- CDC - Trustee AKD Index Tracker Fund (CDC)	1	4,781	43	4,824	0.00
- CDC - Trustee Al Ameen Islamic Dedicated Equity Fund (CDC)	1	466,331	-	466,331	0.42
- CDC - Trustee Al Meezan Mutual Fund (CDC)	1	340,700	1,400	342,100	0.31
- CDC - Trustee Al-Ameen Islamic Asset Allocation Fund (CDC)	1	92,800	-	92,800	0.08
- CDC - Trustee Al-Ameen Shariah Stock Fund (CDC)	1	258,220	-	258,220	0.23
- CDC - Trustee Alfalah GHP Alpha Fund (CDC)	1	35,170	-	35,170	0.03
- CDC - Trustee Alfalah GHP Islamic Stock Fund (CDC)	1	247,630	-	247,630	0.22
- CDC - Trustee Alfalah GHP Stock Fund (CDC)	1	57,700	-	57,700	0.05
- CDC - Trustee Alfalah GHP Value Fund (CDC)	1	50,480	54	50,534	0.05
- CDC - Trustee Alhamra Islamic Stock Fund (CDC)	1	49,830	-	49,830	0.05
- CDC - Trustee APF-Equity Sub Fund (CDC)	1	11,000	-	11,000	0.01
- CDC - Trustee APIF - Equity Sub Fund (CDC)	1	12,260	-	12,260	0.01
- CDC - Trustee Askari Asset Allocation Fund (CDC)	1	2,000	-	2,000	0.00
- CDC - Trustee Askari Equity Fund (CDC)	1	2,300	-	2,300	0.00
- CDC - Trustee Altas Islamic Stock Fund (CDC)	1	94,410	-	94,410	0.09
- CDC - Trustee Altas Stock Market Fund (CDC)	1	150,000	-	150,000	0.14
- CDC - Trustee Faysal Asset Allocation Fund (CDC)	1	9,000	-	9,000	0.01
- CDC - Trustee Faysal Balanced Growth Fund (CDC)	1	9,500	-	9,500	0.01
- CDC - Trustee Faysal Islamic Asset Allocation Fund (CDC)	1	11,000	-	11,000	0.01
- CDC - Trustee First Habib Stock Fund (CDC)	1	3,220	-	3,220	0.00
- CDC - Trustee HBL - Stock Fund (CDC)	1	170,140	-	170,140	0.15
- CDC - Trustee HBL IPF Equity Sub Fund (CDC)	1	5,500	140	5,640	0.01
- CDC - Trustee HBL Islamic Asset Allocation Fund (CDC)	1	18,360	-	18,360	0.02
- CDC - Trustee HBL Multi - Asset Fund (CDC)	1	17,600	-	17,600	0.02
- CDC - Trustee HBL PF Equity Sub Fund (CDC)	1	5,760	-	5,760	0.01
- CDC - Trustee JS Islamic Fund (CDC)	1	60,760	-	60,760	0.06
- CDC - Teustee JS Islamic Pension Savings Fund-Equity Account (CDC)	1	6,200	-	6,200	0.01
- CDC - Trustee JS Large Cap. Fund (CDC)	1	38,372	-	38,372	0.03
- CDC - Trustee JS Pension Savings Fund - Equity Account (CDC)	1	9,000	-	9,000	0.01
- CDC - Trustee KSE Meezan Index Fund (CDC)	1	45,121	329	45,450	0.04
- CDC - Trustee Lakson Equity Fund (CDC)	1	91,970	1,010	92,980	0.08
- CDC - Trustee Lakson Islamic Tactical Fund (CDC)	1	3,228	-	3,228	0.00
- CDC - Trustee Lakson Tactical Fuind (CDC)	1	16,320	-	16,320	0.01
- CDC - Trustee MCB Pakistan Stock Market Fund (CDC)	1	225,470	-	225,470	0.20
- CDC - Trustee Meezan Asset Allocation Fund (CDC)	1	33,980	-	33,980	0.03
- CDC - Trustee Meezan Balanced Fund (CDC)	1	83,950	300	84,250	0.08
- CDC - Trustee Meezan Energy Fund (CDC)	1	61,550	-	61,550	0.06
- CDC - Trustee Meezan Islamic Fund (CDC)	1	2,051,041	8,999	2,060,040	1.87
- CDC - Trustee NAFA Islamic Active Allocation Equity Fund (CDC)	1	157,170	-	157,170	0.14
- CDC - Trustee NAFA Islamic Aseet Allocation Fund (CDC)	1	330,720	-	330,720	0.30
- CDC - Trustee NAFA Islamic Energy Fund (CDC)	1	212,150	-	212,150	0.19
- CDC - Trustee NAFA Islamic Principal Protected Fund - I (CDC)	1	500	-	500	0.00
- CDC - Trustee NAFA Islamic Principal Protected Fund - Ii (CDC)	1	1,100	-	1,100	0.00

Categories of Shareholders	Numbers	Shares held	Pending Shares***	Total Shares	%age
- CDC - Trustee NAFA Islamic Stock Fund (CDC)	1	243,270	-	243,270	0.22
- CDC - Trustee NAFA Multi Asset Fund (CDC)	1	33,300	-	33,300	0.03
- CDC - Trustee NAFA Stock Fund (CDC)	1	470,260	-	470,260	0.43
- CDC - Trustee Natonal Investment (Unit) Trust (CDC)	1	2,543,286	38,238	2,581,524	2.34
- CDC - Trustee NIT- Equity Market Opportunity Fund (CDC)	1	391,402	4,887	396,289	0.36
- CDC - Trustee Pakistan Capital Market Fund (CDC)	1	15,600	-	15,600	0.01
- CDC - Trustee PICIC Growth Fund (CDC)	1	78,180	-	78,180	0.07
- CDC - Trustee PICIC Investment Fund (CDC)	1	30,620	-	30,620	0.03
- CDC - Trustee PICIC Islamic Stock Fund (CDC)	1	20,690	-	20,690	0.02
- CDC - Trustee PICIC Stock Fund (CDC)	1	14,670	-	14,670	0.01
- CDC - Trustee UBL Asset Allocation Fund (CDC)	1	45,730	-	45,730	0.04
- CDC - Trustee UBL Retirement Savings Fund - Equity Sub Fund (CDC)	1	451,560	-	451,560	0.41
- CDC - Trustee UBL Stock Advantage Fund (CDC)	1	216,990	-	216,990	0.20
- CDC - Trustee INIT Trust Of Pakistan (CDC)	1	43,260	-	43,260	0.04
- CDC - Trustee Al-Ameen Islamic Ret. Sav. Fund- Equity Sub Fund (CDC)	1	48,050	-	48,050	0.04
- CDC - Trustee Alhamrah Islamic Asset Allocation Fund (CDC)	1	21,800	-	21,800	0.02
- CDC - Trustee First Habib Islamic Stock Fund (CDC)	1	500	-	500	0.00
- CDC - Trustee HBL Islamic Stock Fund (CDC)	1	27,210	-	27,210	0.02
- CDC - Trustee NAFA Asset Allocation Fund (CDC)	1	62,250	-	62,250	0.06
- MCFSL - Trustee Askari Islamic Asset Allocation Fund (CDC)	1	1,340	-	1,340	0.00
- MCFSL - Trustee JS Growth Fund (CDC)	1	56,740	-	56,740	0.05
- MCBFSL - Trustee ABL Islamic Stock Fund (CDC)	1	153,200	-	153,200	0.14
- MCBFSL - Trustee JS Value Fund (CDC)	1	43,520	-	43,520	0.04
- MCBFSL - Trustee Pak Oman Advantage Asset Allocation Fund (CDC)	1	1,500	-	1,500	0.00
- MCBFSL - Trustee Pak Oman Islamic Asset Allocation Fund (CDC)	1	2,000	-	2,000	0.00
- MCBFSL - Trustee ABL Islamic Dedicated Stock Fund (CDC)	1	110,400	-	110,400	0.10
- MCBFSL - Trustee JS Capital Protected Fund V (CDC)	1	2,000	-	2,000	0.00
- CDC - Trustee PIML Islamic Equity Fund	1	-	35	35	0.00
- CDC - Trustee PIML Strategic Multi Asset Fund	1	-	25	25	0.00
- CDC - Trustee First Capital Mutual Fund	1	-	77	77	0.00
- CDC - Trustee First Crosby Dragon Fund	1	-	20	20	0.00
- CDC - Trustee Atlas Islamic Stock Fund	1	-	100	100	0.00
- CDC - Trustee Atlas Stock Market Fund	1	-	150	150	0.00
- CDC - Trustee JS KSE-30 Index Fund	1	-	7	7	0.00
- Pak Oman Investment Company Ltd. (CDC)	1	11,580	-	11,580	0.01
Directors, Chief Executive Officer					
and their spouses and minor children					
- S.H. Mehdi Jamal - Director representing General Public	1	500	-	500	0.00
Public Sector Companies and Corporations					
- Oil & Gas Development Company Limited	*				
Banks, Development Financial Institutions and					
Non-Banking Financial Institutions					
- National Development Finance Corp.	1	4,462	-	4,462	0.00
- Meezan Bank Limited (CDC)	1	266,600	-	266,600	0.24
- National Bank Of Pakistan (CDC)	1	2,021,831	-	2,021,831	1.83
- M/S Investment Corporation Of Pakistan	1	3,332	-	3,332	0.00
- IDBL (ICP Unit). (CDC)	1	4,998	-	4,998	0.00
Insurance & Takaful Companies					
- Insurance & Takaful Companies	1	4,500	-	4,500	0.00
- Adamjee Life Assurance Co. Ltd - DGF (CDC)	1	53,730	-	53,730	0.05

Categories of Shareholders

Categories of Shareholders	Numbers	Shares held	Pending Shares***	Total Shares	%age
- Adamjee Life Assurance Co. Ltd-IMF (CDC)	1	5,600	-	5,600	0.01
- Adamjee Life Assurance Company Limited (CDC)	1	8,380	-	8,380	0.01
- Adamjee Life Assurance Company Limited-ISF (CDC)	1	5,560	-	5,560	0.01
- Adamjee Life Assurance Company Limited-ISF-II (CDC)	1	12,000	-	12,000	0.01
- Alfalah Insurance Company Limited (CDC)	1	4,500	-	4,500	0.00
- Atlas Insurance Limited (CDC)	1	4,712	-	4,712	0.00
- Century Insurance Company Ltd. (CDC)	1	40	-	40	0.00
- Excel Insurance Co. Ltd. (CDC)	1	800	-	800	0.00
- IGI Life Insurance Limited (CDC)	1	556,270	-	556,270	0.50
- Jubilee Life Insurance Company Limited (CDC)	1	8,000	-	8,000	0.01
- Pak Qatar Family Takaful Limited (CDC)	1	50,980	-	50,980	0.05
- Pak Qatar Individual Family Participant Invest Fund (CDC)	1	8,000	-	8,000	0.01
- Pak Qatar Individual Family Participant Investment Fund (CDC)	1	58,900	-	58,900	0.05
- Pak Qatar Investment Account (CDC)	1	1,267,724	-	1,267,724	1.15
- State Life Insurance Corp. Of Pakistan (CDC)	1	19,630	-	19,630	0.02
- Dawood Family Takaful Limited (CDC)					
Modarabas					
- Crescent Standard Modaraba (CDC)	1	200	-	200	0.00
- B.R.R. Guardian Modaraba. (CDC)	1	10,830	-	10,830	0.01
- First Alnoor Modaraba (CDC)	1	120	-	120	0.00
Pension Funds					
- Trustee National Bank Of Pakistan Employes Pesnion Fund (CDC)	1	383,279	-	383,279	0.35
- Pfizer Pakistan Dc Pension Fund (CDC)	1	3,750	-	3,750	0.00
- Unilever Pakistan Dc Pensin Fund (Sub Fund A) (CDC)	1	5,750	-	5,750	0.01
- Unilever Pakistan Dc Pensin Fund (Sub Fund B) (CDC)	1	5,300	-	5,300	0.01
- Unilever Pension Plan (CDC)	1	790	-	790	0.00
- Wyeth Pakistan Dc Pension Fund (CDC)	1	760	-	760	0.00
- CDC - Trustee ABL Islamic Pension Fund - Equity Sub Fund (CDC)	1	4,100	-	4,100	0.00
- CDC - Trustee ABL Pension Fund - Equity Sub Fund (CDC)	1	3,800	-	3,800	0.00
- CDC - Trustee Meezan Tahaffuz Pension Fund - Equity Sub Fund (CDC)	1	204,100	1,300	205,400	0.19
- CDC - Trustee NAFA Islamic Pension Fund Equity Account (CDC)	1	26,000	-	26,000	0.02
- CDC - Trustee NAFA Pension Fund Equity Sub- Fund Account (CDC)	1	29,980	-	29,980	0.03
- Trustee IBM ITALIA S.P.A. Pakistan Employees Pension Fund (CDC)	1	85	-	85	0.00
- Trustee of Pak. Herald Publications (Pvt.) - SPF (CDC)	1	2,700	-	2,700	0.00
- Trustee Pak Tobacco Co Ltd Staff DEF CONTRI PEN FD (CDC)	1	2,250	-	2,250	0.00
- Trustee Pak Tobacco Co Ltd Staff Pension Fund (CDC)	1	40,900	-	40,900	0.04
- Trustee Millat Tractors Ltd. Employees Pension Fund (CDC)	1	7,000	-	7,000	0.01
- Trustees Engro Corp Ltd MPT Employees Def Contr Pension Fund (CDC)	1	6,200	-	6,200	0.01
- Trustees Indus Motor Company Limited Employees Pension Fund (CDC)	1	3,400	-	3,400	0.00
- Trustee of Crescent Steel & Allied Products Ltd-Pension Fund (CDC)	1	246	-	246	0.00
- Trustee Sanofi-Aventis Pak. Senior Executive Pension Fund (CDC)	1	2,740	-	2,740	0.00
- Trustee Shell Pakistan DC Pension Fund (CDC)	1	7,580	-	7,580	0.01
- Treustee Shell Pakistan Management Staff Pension Fund (CDC)	1	9,800	-	9,800	0.01
- Trustee Shell Pakistan Staff Pension Fund (CDC)	1	110	-	110	0.00
- Trustee The Kot Addu Power Co. Ltd. Employees Pension Fund (CDC)	1	9,690	-	9,690	0.01
- Trustees Nestle Pakistan Ltd Managerial Staff Pension Fund (CDC)	1	8,500	-	8,500	0.01
- Pakistan Herald Publications (Pvt) Ltd. Staff Pension Fund (CDC)	1	1,200	-	1,200	0.00
- Trustee of AKZO Nobel Pakistan Ltd Management Staf Pension Fund (CDC)	1	2,450	-	2,450	0.00
- Trustee Pak Herald Publications (Pvt) Ltd. Staff Pension Fund (CDC)	1	2,800	-	2,800	0.00
- Trustees Nestle Pakistan Ltd Managerial Staff Pension Fund (CDC)	1	23,861	-	23,861	0.02

Categories of Shareholders	Numbers	Shares held	Pending Shares***	Total Shares	%age
- CDC - Trustee AGIPF Equity Sub-Fund (CDC)	1	940	-	940	0.00
- CDC - Trustee AGPF Equity Sub-Fund (CDC)	1	850	-	850	0.00
- CDC - Trustee Pakistan Pension Fund - Equity Sub Fund (CDC)	1	22,000	-	22,000	0.02
- CDC - Trustee Pakistan Islamic Pension Fund - Equity Sub Fund (CDC)	1	13,600	-	13,600	0.01
Shareholders holdings 5% or more voting interest	**				
- Local Individuals	1,996	4,147,190	-	4,147,190	3.76
- Foreign Individuals	3	41,266	-	41,266	0.04
Others					
- Government of Pakistan	1	20,270,014 -		20,270,014	18.39
- Federal Board of Revenue	1	45,289	-	45,289	0.04
- Joint Stock Companies	50	644,775	-	644,775	0.58
- Executives	5	16,187	-	16,187	0.01
- Foreign Companies	22	555,134	-	555,134	0.50
- Others	89	2,081,559	-	2,081,559	1.89
	2,308	109,641,636	608,364	110,250,000	100
*** Public Sector Companies and Corporations (Separately included above)**					
- Oil & Gas Development Company Limited		21,866,250	183,750	22,050,000	20.00
**** Shareholders holdings 5% or more voting interest (Separately included above)**					
- Fauji Foundation		43,732,500	367,500	44,100,000	40.00
- Oil & Gas Development Company Limited		21,866,250	183,750	22,050,000	20.00
- Government of Pakistan		20,270,014	-	20,270,014	18.39
Shares held by Sponsor Shareholders					
- Fauji Foundation		43,732,500	367,500	44,100,000	40.00
- Oil & Gas Development Company Limited		21,866,250	183,750	22,050,000	20.00
- Government of Pakistan		20,270,014	-	20,270,014	18.39
Shares held by Directors and Executives					
- Directors		500	-	500	0.00
- Executives		16,187	-	16,187	0.01

During the financial year the trading in shares of the Company by the Directors, CEO, CFO, Company Secretary and their spouses and minor children is as follows:

Name	Date	Purchase	Sale	Rate Rs. Per Share
Syed Hyder Mehdi Jamal - Director	12.08.2016	-	100	987.50

*** **Bonus Shares are withheld and have not been issued due to pending resolution of issue relating to deduction of withholding tax on issuance of bonus shares.**

Corporate Governance

ROLE OF THE CHAIRMAN AND THE MD/CEO

The roles of the Chairman, MPCL Board and MD/CEO, MPCL are separate and complementary, with responsibilities clearly divided as required under the Code of Corporate Governance 2012.

CHAIRMAN

Chairman MPCL Board is responsible for providing effective leadership to the Board particularly during Board and shareholders meetings. He creates the conditions and environment conducive for overall effectiveness of the Board and facilitates and encourages the contribution of executive, non-executive, and independent directors in carrying out the Board's business in line with applicable laws, rules and regulations.

MD/CEO

The Managing Director is responsible for providing effective leadership to the management and employees, and overseeing the day-to-day operations and management of the Company's businesses and affairs by ensuring that the executive team implements the policies and strategies approved by the Board. He keeps the Board updated on significant and sensitive issues that might affect the Company. He ensures that operational plans and control systems are in place and regularly monitors actual performance against plans and takes remedial actions, where necessary.

COMMITTEES OF THE BOARD OF DIRECTORS

The Board of Directors oversees the operations and affairs of the Company in an efficient and effective manner. For the sake of smooth functioning, the Board has constituted three committees. These committees are entrusted with the task of ensuring speedy management decisions relating to their respective domains.

AUDIT COMMITTEE:

Salient Features

The primary role of the audit committee is to provide oversight of the financial reporting process, the audit process, the system of internal controls and compliance with applicable laws, rules and regulations.

Terms of Reference

Terms of reference of the Audit Committee are as follows:

a) Determination of appropriate measures to safeguard the company's assets;

b) Review of quarterly, half-yearly and annual financial statements of the company, prior to their approval by the Board of Directors, focusing on:

- major judgmental areas;
- significant adjustments resulting from the audit;
- going-concern assumption;
- any changes in accounting policies and practices;
- compliance with applicable accounting standards;
- compliance with listing regulations and other statutory and regulatory requirements; and
- significant related party transactions.

c) Review of preliminary announcements of results prior to publication;

d) Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);

e) Review of management letter issued by external auditors and management's response thereto;

f) Ensuring coordination between the internal and external auditors of the Company;

g) Review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company;

h) Consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and Management's response thereto;

i) Ascertaining that the internal control system including financial and operational controls, accounting system for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and reporting structure are adequate and effective;

j) Review of the Company's statement on internal control systems prior to endorsement by the Board of Directors and Internal Audit Reports;

k) Instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the CEO and to consider remittance of any matter to the external auditors or to any other external body;

l) Determination of compliance with relevant statutory requirements;

m) Monitoring compliance with the best practices of corporate governance and identification of significant violations thereof; and

n) Consideration of any other issue or matter as may be assigned by the Board of Directors.

o) Approval of resolutions for transfer of shares and issuance of duplicate share certificates of the Company, as per provisions of the Companies Ordinance 1984 (resolutions to be signed by any two members).

HR AND REMUNERATION COMMITTEE

Salient Features

The primary role of the Committee is to review major HR related matters of the Company and present its recommendation to the Board for consideration and approval.

Terms of Reference

Terms of reference of the HR&R Committee are as follows:

a) Recommending the Human Resource policies to the Board of Directors.

b) Recommending to the Board of Directors the selection, evaluation, compensation (including retirement benefits) and succession planning of the CEO.

c) Recommending to the Board of Directors the selection, evaluation, compensation (including retirement benefits) of the COO, CFO, Company Secretary and Head of Internal Audit.

d) Consideration and approval on recommendations of CEO on such matters for key management positions, who report directly to CEO or COO.

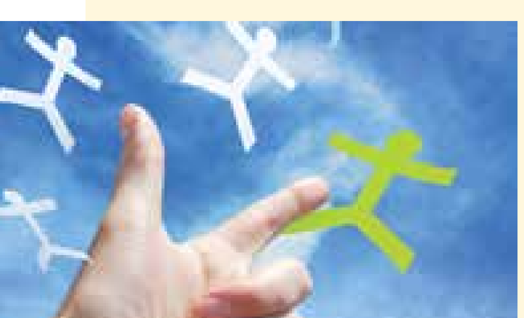
e) Review management's proposals for the promotion of senior staff in accordance with Article 100-c of the Articles of Association and make recommendations for consideration of the Board of Directors.

f) Review Management's proposals for changes in personnel compensation policy and salary structure of employees and make recommendations for consideration of the Board. President of the Audit Committee, if not already a member, will be the co-opted member of the Human Resource Committee for this function.

g) Review Management's proposals for changes in the Company's organogram and make recommendation for consideration of the Board.

h) Evaluate the candidates and make recommendation for the appointment of senior staff in Group 26 and above. For this particular function, the Managing Director will be co-opted member of the Committee. The Committee may also co-opt any other director of this purpose.

i) Take up any matter assigned by the Board and make its recommendations to the Board thereon.



TECHNICAL COMMITTEE:

Salient Features

The primary role of the Committee is to review the technical and operational matters of the Company and present its recommendation to the Board for consideration and approval.

STAKEHOLDERS' ENGAGEMENT

Major stakeholders of the Company include Shareholders (Institutional and Minority), Customers, Suppliers, Joint Venture Partners, Regulators, Banks and Other Lenders, Media, Employees, and Communities in MPCL Concession areas.

Relationships with different stakeholders are extremely important for MPCL as these relationships can impact MPCL's operations, revenues, corporate image and profile. MPCL enjoys cordial relationships with all of its stakeholders.

ENGAGEMENT WITH MAJOR STAKEHOLDERS

Engagement with Shareholders

- Relationships with the shareholders are managed in line with the provisions of Shareholders and Participation Agreement, applicable corporate laws/rules/regulations/notifications, notably the Companies Ordinance 1984 (now the Companies Act 2017), Code of Corporate Governance 2012, Listing Regulations of PSX, and the Memorandum and Articles of Association of the Company.

- Annual and Quarterly Accounts of the Company are placed on the Company's Website, while Annual Audited Accounts are also circulated to the shareholders in physical form.

- Besides their right to appoint Directors to oversee affairs of the Company, the Shareholders are invited to all the shareholders meetings (AGMs, EOGMs) and are encouraged to present their viewpoint on important matters.

- There is an Investor Relations Section on the Company's website which contains important investor specific information as well as an Online Complaint Form for investors.

- The Board has approved an Investor Relations & Grievance Policy, which contains the mechanism for handling shareholders complaints and queries.

- Minority investors can also lodge their complaints and submit their queries directly to the Shares Department using conventional mail, fax, email or phone.

- Material Information pertaining to the Company's operations is circulated to PSX, SECP and the shareholders as and when need arises.

Engagement with Regulators

- Relationship with SECP and PSX are managed as per applicable corporate laws/rules/regulations/notifications, notably the Companies Ordinance 1984, Code of Corporate Governance 2012, Listing Regulations of PSX, and the Memorandum and Articles of Association of the Company.

- Annual and Quarterly Accounts of the Company are filed with the Registrar of the Companies and SECP and are also circulated to PSX.

- Material Information pertaining to the Company's operations is circulated to the PSX and SECP as and when need arises.

- The Company also participates in trainings and awareness seminars arranged by PSX and SECP from time to time.

BUSINESS ETHICS

MPCL conducts its business in a socially responsible and ethical manner and in compliance with applicable laws. The Company has prepared a Code of Ethics and Business Practices which, inter alia, covers the matters such as conflict of interest, business integrity, gifts, entertainment and bribery, insider trading and accountability etc. Members of the Board and Employees, while joining and during their tenure with the Company, are required to read, acknowledge, and abide by the Code.

The Board has approved a Whistleblower Policy to encourage employees, who have concerns about suspected serious misconduct or any breach or suspected breach of law or regulation that may adversely impact the Company, to come forward and express such concerns without fear of punishment or unfair treatment.

An independent Internal Audit Department periodically reviews the conduct of business of each department and points out the areas for improvement, if any.

CONFLICT OF INTEREST

The matter of Conflict of Interest relating to Board members is dealt with in accordance with the provisions of the Companies Ordinance 1984 and the Articles of Association of the Company. Any person intending to become a Director of the Company has to submit a declaration that he/she is aware of the powers and duties of a Director as envisaged in the Companies Ordinance 1984 1984 (now the Companies Act 2017) and has read the Articles of Association of the Company.

Further, MPCL has a Code of Ethics which, among others, covers this area. It is overriding intention of the Company that all business transitions conducted by it are on arm's length basis. Adequate internal controls have been implemented to ensure that transactions with related parties are appropriately identified in the information system and disclosed in the financial statements. Related Party Transactions are reviewed and approved by the Board. Interested Directors are required to disclose their interest and they are not allowed to participate in the voting

on any transaction in which they are interested.

Similarly, MPCL executives are required to disclose buying and selling of Company shares.

MD/CEO PERFORMANCE REVIEW

MD/CEO's report on the Company's operations, major achievements and progress of outstanding issues is presented to the Board of Directors as a regular agenda item in each meeting (at least once in each quarter) for review, discussion and decisions, all of which are duly recorded in minutes. During the year 2016-17, five such reports were presented to the Board.

A summary of the Company's progress and achievements under the incumbent MD/CEO is also provided in the Annual Report each year.

SHARE PRICE SENSITIVITY ANALYSIS

Investor Relations Section on the Company's website contains important information such as Share Price (along with turnover, market capitalization and graphical representation of share price movement over the period), Financial Highlights and Indicators, Pattern of Shareholders, EPS, P/E Ratio and Breakup Value etc.

The information is compiled and provided by Business Recorder under an arrangement with the Company.

All the material information which might affect the share price of the Company is communicated to the PSX and SECP in a timely manner.

LAST ANNUAL GENERAL MEETING (AGM)

32nd AGM of the Company was held on September 27, 2016 at 10:00 a.m., at the Registered Office of the Company situated at 21-Mauve Area, 3rd Road, Sector G-10/4, Islamabad.

AGENDA, DECISIONS AND IMPLEMENTATION

a) **Agenda: Approval of the minutes of 31st Annual General Meeting.**
Decision & Implementation: The minutes were duly approved by the members and subsequently circulated to all concerned.

b) **Agenda: To receive, consider and adopt audited accounts of the Company for the year ended June 30, 2016 together with the Directors' and Auditors' Reports thereon.**
Decision & Implementation: Audited accounts, Directors' and Auditors' Reports were duly approved and adopted by the members. Thereafter, audited accounts, Directors' and Auditors' Reports were filed with the Registrar and circulated to SECP and PSX.

c) **Agenda: To Approve Payment of Final Dividend @ Rs.2.10 (21%) Per Share for the Year Ended June 30, 2016.**
Decision & Implementation: Payment of dividend as recommended by the Board was approved by the shareholders. Accordingly dividend warrants were dispatched to the shareholders on October 06, 2016. Tax was deducted at the applicable rates and deposited in the Government Treasury.

d) **Agenda: Appointment of auditors for the year ending June 30, 2017 and to fix their remuneration.**
Decision & Implementation: M/s Deloitte Yousuf Adil, Chartered Accountants, were appointed as Auditors to hold office until the conclusion of the next Annual General Meeting of the Company for the year ending June 30, 2017 at the fee agreed by the Board of Directors.

SPECIAL BUSINESS

e) **Agenda: To obtain consent from the members for transmission of annual audited accounts to them either through CD/DVD/USB or hard copy.**
Decision & Implementation: The members approved transmission of annual audited accounts through CD/DVD/USB or in hard copy as allowed by SECP vide its S.R.O. 470 (1)/ 2016 dated May 31, 2016. Accordingly, annual audited accounts of the Company for the year ended June 30, 2017 were dispatched to the shareholders through CD. The shareholders who requested hard copy of annual accounts were provided with the same free of cost within seven days of receipt of such request.

ANTI-CORRUPTION MEASURES

MPCL conducts its business in a socially responsible and ethical manner and in compliance with applicable laws. The Company has prepared a Code of Ethics and Business Practices which, inter alia cover the matters such as conflict of interest, business integrity, gifts, entertainment and bribery, insider trading and accountability etc. Members of the Board and Employees, while joining and during their tenure with the Company, are required to read, acknowledge, and abide by the Code.

The Board has approved a Whistleblower Policy to encourage employees, who have concerns about suspected serious misconduct or any breach or suspected breach of law or regulation that may adversely impact the Company, to come forward and express such concerns without fear of punishment or unfair treatment.

COMPLIANCE WITH THE BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

The Company makes every effort to achieve full compliance with the Best Practices of Code of Corporate Governance (CCG). The Statement of Compliance with the Best Practices of Code of Corporate Governance (the Statement) prepared by the Board of Directors of the Company is reviewed and verified by the external auditors of the Company. The Statement for the year 2016-17, (included separately in the Annual Report) details the manner in which the Company has applied the principles contained in the CCG. The Statement also confirms that all material principles enshrined in the CCG have been complied with.

WHISTLE BLOWING POLICY

The Board has approved a Whistle Blower Policy to encourage employees, who have concerns about suspected serious misconduct or any breach or suspected breach of law or regulation that may adversely impact the Company, to come forward and express such concerns without fear of punishment or unfair treatment. The Policy applies to all regular/contractual management and non-management employees of the Company, vendors, contractors, customers and consultants etc. The Policy also includes other personnel associated in any other manner with the Company. Pursuant to the Policy, the Management has formed a 'Whistleblowing Committee', headed by General Manager Corporate Affairs for handling and managing all whistleblowing concerns and complaints. Disciplinary action (which may include dismissal) against the wrongdoer is taken depending on the results of the investigation conducted by Whistleblowing Committee.

No incident of whistleblowing took place/ reported to the Audit Committee during the year.

INVESTORS' GRIEVANCES POLICY

The Board has approved an Investor Relations & Grievance Policy which contains the mechanism for handling

shareholders complaints and queries. As envisaged in the Policy, the Company has a designated email ID as well as an online Complaint Form at its website for the shareholders to lodge a complaint or query with the Management. Shareholders can also lodge a complaint or query using telephone, fax or conventional mail. The Policy ensures that grievances notified by the shareholders are handled and resolved efficiently at appropriate level within shortest possible time span (within 5 working days). The Company maintains record of all such grievances along with actions taken for resolution and prepares summary of unresolved/ unsettled issues on monthly basis.

ANNUAL EVALUATION OF BOARD'S PERFORMANCE, ALONG WITH DESCRIPTION OF CRITERIA USED

In compliance with clause v(e) of Code of Corporate Governance 2012, a mechanism for Board Self Evaluation was approved by MPCL Board in its Meeting held on September 30, 2014. The approved Board Performance Evaluation Template contains 36 Performance Factors covering areas such as Composition of Board and its Committees, Functions and Performance of the Board and its Committees and Company Performance Monitoring System. Every year, the Template is forwarded to all Board Members with request to rate each Factor on a scale of 1 to 5. The scores are consolidated through a specially designed programme and Mean Values, Standard Deviations and Bar Charts for each factor are calculated.

As per the methodology, if the Mean Value against any performance factor is less than 3, it needs improvement. If the Mean Value is above 3, the performance factor is acceptable. Further, the standard deviation indicates the degree of dispersion in the opinion of Board Members against any specific factor. If the value of standard deviation is less than 1, then there is unanimity in board opinion. If the value is more than 1, the opinion of Board is dispersed against that performance factor.

The evaluation for the year 2016-17 revealed that the Mean Value against all performance factors was above 3, which showed that in the opinion of the Directors, the composition and performance of the Board and its Committees and overall governance of the affairs of the Company was satisfactory.

The value of standard deviation was less than 1 against all performance factors except 1 pertaining to Directors Training, showing unanimity in the opinions of the Directors against these factors. Detailed discussion was held on the factor pertaining to Directors' training and the Management was directed to prepare a list of Board members based on their seniority on the Board along with a training schedule for consideration of the Board in the forthcoming meeting. Once approved by the Board, the Management will make requisite arrangements in coordination with the nominated directors.

The results of the evaluation along with suggestions/comments of the Directors were presented to the Board in its 168th meeting held on July 27, 2017.

REPORTS OF THE AUDIT COMMITTEE

In accordance with its TORs, the Audit Committee reviewed the Company's Annual and Interim Financial Statements, including non-financial information, prior to publication. Audit Committee periodically reviewed the adequacy and appropriateness of internal control, matters relating to accounting policies, financial risks and compliance with accounting standards, statutory and legal requirements and regulations. The

Audit Committee discussed, with external auditors, issues arising from interim and annual audits along with the Management Letter issued by External Auditors and Management responses thereof. Important findings, risks identified and follow-up actions were examined thoroughly in order to allow appropriate measures to be taken.

COMPOSITION OF THE COMMITTEE

Director	Designation
Mr. Qaiser Javed	President
Mr. Shahid Yousaf	Member
Mr. Ahmed Hayat Lak	Member
Mr. Shahid Ghaffar	Member
Engr. S.H. Mehdi Jamal [1]	Member

1. Engr. S.H. Mehdi Jamal is an independent non-executive Director

INTERNAL CONTROL FRAMEWORK AND ROLE OF INTERNAL AUDIT

In Compliance with the requirements of Code of Corporate Governance, 2012, the Board of Directors has set up Internal Audit Function, which is headed by Head Internal Audit who reports to Audit Committee of the Board.

Internal Audit Function is an independent assurance and consulting activity, designed to add value and improve MPCL's operations. It helps the Company accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

Objectives of 'Internal Control Framework' are:

- **a.** Effectiveness and efficiency of operations;
- **b.** Reliability of internal / external reporting;
- **c.** Compliance with laws, rules and regulations; and
- **d.** Safeguarding of the Company's assets.

  To achieve Internal Control Framework objectives, following Internal Control components are assessed and evaluated by Internal Audit Department:

To achieve Internal Control Framework objectives, following Internal Control components are assessed and evaluated by Internal Audit Department:

- **a.** Control Environment: It sets the tone of Company and influences the control consciousness of personnel. It is the foundation of all other components of Internal Control providing discipline and structure;
- **b.** Risk Assessment: Management of Company is responsible for ensuring adequate risk identification and analysis of relevant risks to achieve Internal Control Framework objectives;

- **c.** Control Activities: These are the policies and procedures that help ensure that Management directives are carried out effectively;
- **d.** Information and Communication: Pertinent information must be identified, captured and communicated in a structured form and time frame that enable people to carry out their responsibilities; and
- **e.** Monitoring: Internal Control Systems need to be monitored by Internal Audit Department. This process assesses the quality of Internal Control Framework in place.

In addition, Internal Audit also undertakes special tasks as and when directed by the Audit Committee of the Board. Internal Audit plays a central role in highlighting weaknesses in the existing system and processes and identifying implementation of effective controls needed to strengthen the overall control system.

In line with the decision taken in the Board meeting held on October 25, 2016, the TORs of the Internal Audit Department were revised during the year. Some other minor changes to bring the TORs in line with Code of Corporate Governance 2012, were also incorporated. On recommendation of the Audit Committee, the revised TORs were approved by the Board in its 166th meeting held on April 25, 2017.

ACCESS OF HEAD OF INTERNAL AUDIT TO AUDIT COMMITTEE

Head of Internal Audit has direct access to the President and other Members of the Audit Committee.

INVESTORS' RELATIONS SECTION AND COMPLETE ACCESSIBILITY OF ANNUAL REPORT ON MPCL WEBSITE

In order to promote investor relations and facilitate access to the Company for grievance / other query registration, an 'Investors' Relations' section is also maintained on MPCL website. Further, Annual Report is also completely accessible on the website. Website of MPCL is www.mpcl.com.pk.

BOARD MEETINGS HELD OUTSIDE PAKISTAN

No Board meeting was held outside Pakistan during the year.

Directors' Report

The Directors are pleased to present their report together with the audited financial statements of the Company and the Auditors' report thereon for the year ended June 30, 2017.

FINANCIAL RESULTS

The profit and appropriations for the year are as follows:

	(Rupees in thousand)
Profit	
Profit for the year after taxation	9,136,194
Other comprehensive loss	(2,172)
Un-appropriated profit brought forward	4,746,555
	13,880,577
Appropriations	
Final dividend for the year ended June 30, 2016	(119,291)
First interim cash dividend @ 30% for the year ended June 30, 2017	(330,750)
Undistributed Percentage Return Reserve	(181,803)
Self insurance reserve	(500,000)
Reserve for Mari Seismic Unit	422,329
Total for the year	(1,131,844)
	12,748,733

Gross sales for the year under review increased to Rs 96,776 million from Rs 94,998 million for the last year. The increase is mainly due to increase in sales volume. Company's contribution to the Government Exchequer amounted to Rs 74,298 million against Rs 77,328 million, in the last year. The operating expenses were Rs 7,450 million as against Rs 5,764 million for the last year.

The operating results in the financial statements for the year show profit for the year of Rs 9,136 million as against Rs 6,051 million, of the previous year. Increase in net sales and decrease in exploration and prospecting expenditure were the major reasons for increase in profitability. This was offset with increase in operating expenses, royalty and provision for taxation.

Earnings per share (EPS) for the year increased to Rs 82.87 per share as compared to last year's Rs 54.89 per share. EPS on the basis of distributable profits increased to Rs 5.91 per share from Rs 5.55 per share for the last year.

The rate of return to the shareholders for the year has increased to 42.59% against last year's 40.82%, which is in proportion to increase in production level.

CASH FLOW STRATEGY

Cash and cash equivalents were Rs 6,928 million as against Rs 626 million in the previous year. During the year, an amount of Rs 7,120 million was generated from operating activities of the Company which was used mainly to undertake exploration activities and capital expenditures.

DIVIDENDS

The Company has declared an interim dividend @ Rs. 3 per ordinary share (30%) [2016: Rs. 3 per ordinary share (30%)] for the year ended June 30, 2017. Further, final cash dividend @ Rs. 2.10 per share (21%) for the year ended June 30, 2016 was also declared during the year.

FOREIGN EXCHANGE SAVINGS AND GOVERNMENT REVENUES

MPCL is a major contributor to the national economy. The Company's share of production of natural gas, condensate, crude oil and LPG from its Mari Field and other joint ventures for the financial year 2016-17 in terms of energy equivalent was 32,316,176 barrels (2016: 30,480,222 barrels). This has resulted in **foreign exchange saving of around Rs 172 billion (2016: Rs 142 billion)** for the current year assuming an average

crude oil price of US$ 50.69 per barrel and average foreign exchange rate of US$ = Rs 104.75 during the year (2016: average crude oil price of US$ 44.45 per barrel and average foreign exchange rate of US$ = Rs 104.48).

In addition, MPCL contributed around Rs 74,298 million to the Government exchequer during the year (Rs 77,328 million during 2015-16) mainly on account of gas development surcharge, gas infrastructure development cess, sales tax, excise duty, royalty and income taxes.

OPERATIONS

The Company due to its longstanding tradition, continued un-interrupted gas supply to all its customers during the year 2016-17.

A cumulative 231,147 MMSCF of gas at a daily average of 633 MMSCF and 16,149 barrels of condensate (44 barrels per day) were produced from Mari Field during the year as against 221,383 MMSCF of gas at daily average of 605 MMSCF and 19,361 barrels of condensate (53 barrels per day) for the corresponding year as per the requirement / withdrawal of the customers.

In addition, 461,771 barrels of crude oil (1,265 barrels per day), 76,161 barrels of condensate (209 barrels per day), 12,688 MMSCF of gas (35 MMSCF per day) and 20 metric ton of LPG (0.05 metric ton per day) was produced and sold from joint ventures during the year, whereas 379,894 barrels of crude oil (1,038 barrels per day), 73,158 barrels of condensate (200 barrels per day), 10,640 MMSCF of gas (29 MMSCF per day) and 25 metric ton of LPG (0.07 metric ton per day) was produced and sold from joint ventures in the comparative year.

The Company's customers include Engro Fertilizer Limited, Fauji Fertilizer Company Limited, Fatima Fertilizer Company Limited, Foundation Power Company Daharki Limited, Central Power Generation Company Limited, Sui Northern Gas Pipelines Limited, Sui Southern Gas Company Limited, Attock Refinery Limited, National Refinery Limited, Pakistan Refinery Limited, Pak Arab Refinery Limited, Western Power Company (Pvt) Limited, Petrosin CNG (Private) Limited and Foundation Gas.

EXPLORATION, OPERATIONAL AND DEVELOPMENT ACTIVITIES

The Company's working interests in onshore blocks in Pakistan are as follows:

S. No	Name of Block / Field	MPCL's Working Interest	Name of Operator
1	Mari Field	100%	MPCL
2	Zarghun South Field	35%	MPCL
3	Sujawal block	100%	MPCL
4	Karak block	60%	MPCL
5	Ghauri block ***	35%	MPCL
6	Sukkur block	58.8%	MPCL
7	Ziarat block	60%	MPCL
8	Hanna block **	100%	MPCL
9	Harnai block	60%	MPCL
10	Khetwaro block **	51%	MPCL
11	Peshawar East block	98.19%	MPCL
12	Bannu West block * & ***	35%	MPCL
13	Hala block	35%	PPL
14	Zindan block **	35%	PPL
15	Shah Bandar block	32%	PPL
16	Kohlu block	30%	OGDCL
17	Kalchas block ***	20%	OGDCL
18	Kohat block	20%	OGDCL

* Operatorship of Bannu West block was transferred from Tullow Pakistan to MPCL on March 21, 2017, with the acquisition of additional working interest of 25% in the block.
** Blocks have been relinquished and necessary approval are awaited from DGPC.
*** Acquisition of additional interest in Ghauri block 30%, Bannu west block 20% and Kalchas block 30% is being negotiated.

PLAN FOR 2016-17

(Operated and Non Operated)

Wells

As a result of aggressive exploration strategy, a record 09 wells were planned for FY 2016-17, out of which, 08 wells were drilled while one well in non-operated block is in progress. Details are as follows:

Operated Blocks

Well	Type	Block / Field	Status
Shahbaz-1	Exploratory well	Mari Field	Gas discovery
Shaheen-1	Exploratory well	Mari Field	Gas discovery
Bhitai-2	Appraisal well	Mari Field	Gas producer
Bhitai-3	Appraisal well	Mari Field	Gas producer
Sujawal Deep-1	Exploratory well	Sujawal block	Dry well
Aqeeq-1	Exploratory well	Sujawal block	Gas/Condensate discovery
ZS-3	Development well	Zarghun Field	Gas producer

Non Operated Blocks

Well	Type	Block / Field	Status
Bashar X-1	Exploratory well	Hala block	Gas discovery
Zarbab-1	Exploratory well	Hala block	Spudded on June 27, 2017

Seismic

Operated Blocks

During Financial Year, the Company acquired 146 Line Kms 2D Seismic and 3 Line Km Wide Line data in different blocks.

PLAN FOR 2017-18

(Operated and Non Operated)

Wells

Carrying forward its drilling momentum to the next year, the Company has planned a record number of 13 wells in its operated and non-operated blocks in 2017-18, as per the following detail:

Operated Blocks

Well	Type	Block / Field	Firm / Contingent
Tipu-1	Exploratory	Mari Field	Firm Planned Well
Shaheen	Appraisal	Mari Field	Firm Planned Well
MD – 16	Appraisal	Mari Field	Firm Planned Well
Bhitai-5	Development	Mari Field	Firm Planned Well
Prospect-3 (L.Goru)	Exploratory	Mari Field	Contingent Well
PKL	Exploratory	Mari Field	Contingent Well
Dharian-1	Exploratory	Ghauri	Firm Planned Well
Surghar-1	Exploratory	Karak	Firm Planned Well
Bolan East	Exploratory	Ziarat	Firm Planned Well

Non Operated Blocks

Well	Type	Block / Field	Firm / Contingent
Kohat	Exploratory	Kohat	Contingent Well
Zarbab X-1	Exploratory	Hala	Firm Planned Well
Qamar X-1	Exploratory	Hala	Firm Planned Well
Shah Bandar X-1	Exploratory	Shah Bandar	Firm Planned Well

Seismic Data Acquisition (Operated and Non Operated)

Operated Blocks

Plan is to acquire 3D Seismic date of 750 sq. km (firm), 2 D Seismic Data of 300 Line km (firm) and 173 Line km (contingent).

Non Operated Blocks

Plan is to acquire 3D Seismic date of 130 sq. km (contingent), 2 D Seismic Data of 306 Line km (firm) and 119 Line km (contingent).

MARI D&P LEASE

G&G Activities

3D seismic data of 1079 sq km acquired in Mari Field is now providing a new insight of subsurface and opportunity to optimise exploration, appraisal and development potentials in Mari D&P lease, besides; structural potential which is being pursued through aggressive exploration drilling. Accordingly, following exploration activities / studies are being undertaken:

- A third party sequence stratigraphic study has been initiated to be carried out by M/s Geoscience Wales, UK to delineate the stratigraphic potential/ new play concept especially at Lower Goru B Sand and Sui Main Limestone / Sui Upper Limestone (SML/SUL) levels. In addition, a parallel in-house study is also in progress.
- Identification of Sweet Spot for fracture network in Chiltan Formation through Seismic Attributes is in progress.
- Exploitation of tight gas potential in SML is being evaluated.
- Core and Advance wireline logs are planned while drilling Tipu-1 well to fully assess and conclude the Tight Sand Potential in Sembar Formation.

- Prudent development strategy is being adopted for already producing levels i.e. HRL, SUL/ SML and Lower Goru B Sand by utilizing advance techniques like AVO Inversion, Seismic Attributes and Core Data.

Drilling of 4 SML wells
Campaign to drill four wells during the year 2016-17 in SML/SUL Formations in Mari D&P lease has been accomplished.

Last well, Bhitai-3 was spud-in on March 31, 2017 to appraise the hydrocarbon potential of SML/SUL reservoirs in Bhitai compartment. Well was successfully drilled down to the depth of 1,188M. The well has been completed as gas producer with comingled flow of 2.04 MMSCFD gas with WHFP of 211Psi at 40/64 inch choke size and 1.45 MMSCFD gas with WHFP of 497 Psi at 24/64 inch choke size from SUL/SML Formation. After prolonged testing, Rig was released on May 08, 2017. The drilling has been completed in 145 days, which is well within the planned 150 days with the cost saving equivalent to ~USD 3-4 million.

In order to further appraise SML Formation, two appraisal wells in the structure of Bhitai & Shaheen are planned to be drilled in first quarter of 2017-18. Well designing has been completed and procurement of Long Lead Items (LLIs) is in progress.

Drilling of Tipu-1 Exploratory Well
Tipu-1 Exploratory Well in Mari D&P lease was spud-in on July 05, 2017 to test the hydrocarbon potential of Lower Goru B & Massive Sands, SML and Sembar Formation down to the depth of 3,950 M. The well has been drilled down to the depth 1,189 M as of July 26, 2017.

Production Enhancement
The Company achieved highest ever production of 746.50 MMSCF of gas on June 26, 2017.

Average daily production from HRL reservoir remained 573 MMSCFD during the financial year 2016-17. As per incremental production policy, the Company qualified for 310 days for the incentive price during 2016-17, (based on revision in bench mark criteria for Annual Turnaround of Fertilizer customers). Total incremental volume sold during the financial year was 17,999 MMSCF.

GENCO Guddu has commissioned their long delayed compressors on May 27, 2017. MPCL extended all out support and helped in the execution of compressor tie-in job by deploying its own engineering and fabrication resources at GENCO's construction yard. Extended facilitation to GENCO reduced the planned shutdown time from 3 days to actual completion in 2 days. GENCO was due to take gas to the tune of allocated 110 MMSCFD from February 2017, however, GENCO started drawing full allocated volume from June 21, 2017. Regular interruptions are being faced during RGT (Reliability Guarantee Testing) period of compressors, which is a normal phenomenon associated with the commissioning of new plants.

ZARGHUN SOUTH D&P LEASE
Production operations
Addition of well ZS - 3 has enabled MPCL to meet the lower limit of annual contracted volume of 4 BCF. Zarghun field initially started with manual controlling has now been equipped with the latest auto controlling system.

SUJAWAL BLOCK
G&G Activities
Detailed structural interpretation of 728 Sq.Km 3D seismic data has been completed. An in-house AVO/Inversion study coupled with Sujawal Deep-1 well data has been initiated to further evaluate the remaining hydrocarbon potential of the block and de-risking of identified prospects before placing of new well or otherwise.

Drilling of Exploratory Well
Aqeeq-1 exploratory well was spud-in on March 9, 2017 and drilled down to 2,320M to test hydrocarbon potential of Upper Sands of Lower Goru Formation. During testing in Upper Sands, the well flowed 5 MMSCFD gas and 21 barrels per day condensate with wellhead flowing pressure of 586 Psi at 40/64 inch choke size. Currently, preparations are underway to bring the well on production.

Production Enhancement from Sujawal X-1
In order to address the ever declining WHFP vis-à-vis the flow rate at Sujawal X-1, MPCL has designed compression system. Compressor package arrived at site on May 22, 2017 from AG equipment Oklahoma USA. Civil, mechanical and electrical works for integration of compressor with plant at Sujawal started even prior to the arrival of compressor package in order to reduce the timelines for early commissioning. This project shall help to enhance the daily gas production from current level of 5.5 MMSCFD to ~10 MMSCFD after Annual Turnaround (ATA) which is scheduled for early part of July 2017.

KARAK BLOCK
G&G Activities
Pre Stack Depth Migration (PSDM) processing of additional 312 Line km 2D and 37.5 Line km wide line seismic data has been completed, followed by in-house interpretation. Based on this, Surghar prospects is being firmed up for possible drilling of well. In addition, reprocessing of ~450 Line km 2D and 37.5 Line km wide line seismic data is planned to firm up the Surghar South lead or otherwise.

Development of Kalabagh-1A Discovery
MPCL intends to carry out EWT at Kalabagh-1A through installation of early production facilities. The construction and installation work for production and processing facilities has been completed on March 25, 2017. SNGPL mobilized their construction team on May 15, 2017 for laying of 800M x 8" dia gas transport pipeline and completed the job on June 14, 2017. After successfully carrying out the JMC with SNGPL, first gas supply started on June 14, 2017.

DG Gas has allocated 5-6 MMSCFD gas from Kalabagh to SNGPL on April 03, 2017. Term sheet for sale of gas has already been negotiated and finalized with SNGPL.

Operations at Halini Field
Halini Deep-1 well is on natural production, whereas Halini X-1 well is producing through artificial gas lift. Both wells are producing around 1,680 BOPD and associated gas volumes of ~2.5 MMSCFD.

Gas lift optimization study/ experimentation was carried out in order to find the optimal production point. Halini X-1 was tested on various chokes and with variable injection rates from 1.5 – 3 MMSCFD. After evaluation, the well has been set at optimal production point with gas injection of 2 MMSCFD at 58/64 inch.

GHAURI BLOCK
G&G Activities
Based on 3D seismic data interpretation and its integration with G&G data, second Exploratory Well Dhairan-1 has been stacked on ground on June 8, 2017, to test the multiple reservoirs from Cambrian to Eocene

Age. Spud in of well is expected in December 2017 and its completion is expected by September 2018.

Operations at Ghauri X-1 Well

After evaluating the declining trends in production, downhole job was carried out for inspection and maintenance of jet pump. The BHP survey was also undertaken. The reservoir pressure recorded was 739 Psi as against last recorded pressure of 1052 psi. Installation of Jet pumps was carried out through meticulous and careful planning. A comprehensive and detailed risk assessment was done for the operational challenges like passing the jet pump through selective profiles, switching of running tool from selective to non-selective mode and to avoid nozzle plugging after the installation. Well was put back on production after redressing the seal kit of jet pump nozzle, exhibiting an increase of about 80-90 BOPD from previous production levels.

SUKKUR BLOCK

G&G Activities

Reprocessing of ~500 Line km 2D seismic data is in progress at Mari Seismic Processing Centre (MSPC). Technical and financial evaluations of 2D seismic data acquisition bids for acquisition of 300 Line km (firm) and 173 Line km (contingent) have been completed and contract has been awarded to Mari Seismic Unit (MSU). 2D seismic data acquisition will help to identify prospects at SML level for drilling of exploratory wells or otherwise.

Development at Koonj -1A

Koonj 1A is producing 0.8 MMSCFD gas and 900 BPD of water on average. The well is exhibiting gradual decline in gas production. Field operations are

constantly being examined for their commercial viability and economics depict that operations can feasibly be sustained till the gas production is reduced to 0.6 MMSCFD on marginal field price. Foregoing milestone were possible only because of the measures taken by the Company in maintaining the opex, despite the fact that complete processing train is being operated.

ZIARAT BLOCK

G&G Activities

Reprocessing of 220 Line km 2D seismic data has been completed at M/s GT Poland. Interpretation of reprocessed 2D seismic data is completed and currently, well location over Bolan East prospect is being finalized, which shall be drilled during the year 2017 – 18 as part of commitment.

PESHAWAR EAST BLOCK

MPCL has requested DGPC for provision of security clearance from concerned Security Agencies to undertake exploration activities in the block and has requested time adjustment/ compensation in initial phase of the license till grant of NOC.

BANNU WEST BLOCK

Fast track exploration activities in Bannu West block are being pursued. Resultantly, two weeks Geological Fieldwork, reprocessing of 425 Line km and its interpretation has been completed within a record time of three months since transfer of operatorship to MPCL. It is pertinent to note that it was the first on-ground exploration activity since grant of block in 2005.

Based on the Geological and Geophysical results, the Joint Venture approved the work programme and budget 2017-18, including designing of 3D seismic. Acquisition of 3D seismic data is planned on fast track basis to firm up prospect by November 2018 to place exploration well.

HALA BLOCK

G&G Activities

Reprocessing of merged 525 sq. km 3D seismic data has recently been completed while seismic inversion is in progress, which shall be completed by August 2017. It would be followed by interpretation to finalize location of sixth exploratory well Qamar X-1, beside Zarbab X-1, which is currently being drilled.

Drilling of Zarbab X-1

Zarbab X-1 exploratory well was spud-in on June 27, 2017 and drilled down to the depth of 4,046 M into Parh Formation as of July 26, 2017 to test the hydrocarbon potential of Lower Goru Massive Sands.

SHAH BANDAR BLOCK

DGPC has approved DOA for transfer of 32% working interest of PPL to MPCL on June 20, 2017.

JV partners agreed to further de-risk the Jhim South prospect before firming up as commercially viable prospect for placing well or otherwise.

KOHLU BLOCK

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

KALCHAS BLOCK

G&G Activities

Bids for acquisition of about 306 Line km firm and 119.5 Line km contingent 2D seismic data were invited by the Operator. Five Companies submitted their technical and financial proposals. Technical evaluation of bids has been completed, while financial evaluation is in progress.

KOHAT BLOCK

G&G Activities

Processing of ~241 Line km 2D seismic data is in progress at OGDCL Seismic Processing Centre, while its initial Pre Stack Time Migration (PSTM) results have been received, which are being interpreted. JV partners agreed to re-process 232 sq. km 3D seismic data over Tanda-Jabbi area from a third party, to enhance confidence level over the identified prospects before placing well or otherwise.

OGDCL proposed Shekhan South prospect for drilling of exploratory well having 36 BCF (GIIP) resources with well TD of 2,500M. Operator's proposal is being reviewed by the Company.

RELINQUISHED BLOCKS

Applications for relinquishment of the following blocks have been submitted to DGPC:

• Hanna Block	- Operated	(MPCL share 100%)
• Khetwaro Block	- Operated	(MPCL share 51%)
• Zindan Block	- Non Operated	(MPCL share 35%)

NEW VENTURES

New Blocks Acquisitions

Subsequent to carving out a Three Years Exploration Plan for enhancing the current reserves, the Company has formulated a new blocks acquisition campaign through farm-ins to augment the reserves-led-growth strategy. Accordingly, MPCL has been able to sign a Head of Terms with Tullow Pakistan Development Limited for acquisition of working interests in the following blocks, subject to MPCL's and Tullow's BoD and GoP's approvals;

- 20% additional working interest in Bannu West Block which will make 55% working interest of MPCL.
- 95% working interest in Block-28.

- 30% working interest in Kalchas Block which will make 50% working interest of MPCL.
- Further, MPCL is also negotiating acquisition of 30% working interest in Ghauri block which will make 65% working interest of MPCL.

New Blocks Evaluation

MPCL is consistently reviewing the data of exploration blocks with different E&P Companies, for possible farm-in opportunities or Operatorship to enhance exploration portfolios to further augment the reserve growth strategy. Fourteen local blocks have been evaluated for possible farm-in opportunities and nine re-evaluated blocks submitted for grant of exploration license.

International Blocks / Countries

MPCL is also continuously evaluating selected International Blocks/ Countries for possible farm-in opportunities. In this respect, different countries have been evaluated for possible farm-in opportunities (Canada, Egypt, Mozambique, Tanzania, Madagascar, Mauritania, Indonesia and Iraq).

In addition, following five blocks are being evaluated as part of overseas Joint Venture Plan:-

i)	Wain Block	–	Pandawa Prima, Indonesia
ii)	PEL 47 Block	–	Serica Energy, Namibia
iii)	FEL 1/06 Block	–	Serica Energy, Ireland
iv)	FEL 1/09 Block	–	Serica Energy, Ireland
v)	FEL 4/13 Block	–	Serica Energy, Ireland

MARI SERVICES DIVISION (MSD)

Mari Seismic Services Unit (MSU)

Established in 2012, MSU has completed three projects, which include two 3D and one 2D projects. Completion of these projects in record time coupled with acquisition of top quality data gives it a boost to capture the local E&P market.

Commissioning of Sercel 508 XT (one of the world class recording system), Tractor Mounted Drill Rigs (HY-T100D), Jacrobes / Man Portable Rigs, Atlas Copco Compressors (XAVS 206C) and Cobra Combi Jackhammers has been completed during the period Jan-Mar 2017. This enables MSU to appear with ultra-modern technological outlook amongst contemporary crews.

MSU continues to explore new opportunities for Seismic activities in open market. In this regard number of bids have been submitted with major E&P companies operating in Pakistan including OGDCL and PPL.

Completion of two 3D projects (Mari field and Sujawal block) and one 2D Project (Sujawal block) in record time has resulted in huge savings to the Company.

At present, MSU is offering fully equipped 1 x 3D Crew (Sercel 428 XL) and 1x 2D Crew (Sercel 508 XT).

Mari Drilling Services Unit (MDU)

Currently MDU operates three drilling rigs including Rig Mari 1 (1500HP), Rig Mari 2 Sky Top Brewster (300 HP) and Rig Mari 3 (2500 HP) with capacity to drill up to the depth of + 7,000 metres. MDU has successfully completed drilling of seven wells during 2016-17.

Rig Mari 1 has completed drilling and testing of five wells namely Shahbaz X-1 (exploratory well), Zarghun South-3 (development well), Shaheen-1 (exploratory well), Bhittai-2 (appraisal well) and Bhittai-3 (appraisal well) with average depth ranging from 1150 metres to 1900 metres. Rig Mari 1 is currently stationed near Bhittai-3 Well location from where it is due to be mobilized to MD16 in Mari D&P having target depth of 3000 metres.

Rig Mari 3 has successfully completed drilling and testing of Sujawal Deep-1 Exploratory well to the depth of 4100 metres and Aqeeq-1 Exploratory Well to the depth of 2300 metres in Sujawal Exploration License. Rig Mari 3 mobilized to exploratory well TIPU – 1 in Mari D&P having target depth of 4,000 metres.

After the up-gradation and commissioning of Rig Mari - 300 HP (Skytop), it is ready to drill wells up to the depth of 1000 metres. Rig Mari 2 is scheduled to mobilize to PKL in Mari D&P having target depth of 500 metre, subject to firming up of prospect.

MDU has drilled all the wells in record time without NPT (Non-productive Time), which is a major sign of high quality services being provided.

Mari Seismic Processing Services Center (MSPC)

MSPC has upgraded its capabilities from 24 core times processing to 96/256 Core time and Depth processing facility in February 2017. This would allow MSPC to provide depth processing services with better quality and in less time period.

MSPC professionals were sent to CGG France for acquiring training on depth imaging against the software/ hardware up gradation and the said training was completed in April 2017 after which MSPC is able to handle depth processing in house.

MSPC has completed processing and re-processing of 932 sq. km 3D data (Sujawal - 528 sq. km, Sheikhan - 87 sq. km, Ghauri - 217 sq.km, Mari - 100 sq km and 1,297 Line km 2D processing/reprocessing (Karak - 147.20 Line km and 45 wide line, Sujawal - 172.35 Line km, Jhangara West - 220.475 Line km, Dhunal North - 64.675 Line km, Hasan Abdal - 205.085 Line km and Bannu West - 442.60 Line km).

MSPC has taken further challenge in Seismic Reservoir Characterization by AVO / Inversion. This quantitative approach to delineate the reservoirs by using techniques for direct HC indicators is becoming industry standard practice. In this regard, MSPC has completed Pre-Stack Simultaneous Elastic Inversion project of 1080 sq. km Mari Field while AVO inversion on 720 sq. km of Sujawal block is in progress.

The results of the processing/ reprocessing and AVO/Inversion were well appreciated and MSPC aspire to maintain and improve quality of services in the ongoing and future projects.

INDUSTRIAL RELATIONS

The working environment and overall industrial relations climate remained cordial at all locations of the Company including Mari Field. Recreational and motivational activities at these locations helped in improving harmony in the work environment and were very well received by the employees at various fields/locations.

HUMAN RESOURCE DEVELOPMENT

Success of E&P companies undoubtedly lies in the quality of their human resource. In MPCL the basic and most valuable intangible asset is the human capital, which is not just the people working in an organisation; rather, it's a broad combination of their experience, attitudes, abilities, culture and skills etc. Human capital is positively related to planning strategy, which in turn positively impacts success. The Company provides excellent working environment to increase the ability of employees to perform their day to day job responsibilities.

INFORMATION TECHNOLOGY

MPCL uses state of the art IT systems aligned with its business needs. The company has a strong focus on collaboration among various technical and other functional areas. This approach steers selection and implementation of the systems providing more integration among Exploration, Operation and related departments professional teams for effective planning, coordination and decision making during various E&P related activities.

Energy Saving Measures

Realizing the critical importance of energy conservation, the Management has issued detailed directions for saving energy including use of energy efficient equipment in operations, efficient use of air-conditioning and lighting, ECO driving, water conservation and reduction in use of paper. These initiatives have been implemented across the Company at all locations. By implementing these measures, the Management has ensured that the Company's commitment to the responsible utilization of the planet's valuable resources is fully realised. All the employees are encouraged to enact and implement these initiatives both at workplace as well as at home to show commitment to conscientious corporate citizenship.

HEALTH, SAFETY AND ENVIRONMENT (HSE)

Devoted leadership, Management commitment and participation by all employees to implement HSE management system across the organisation continued during the year 2016-17. Implementation of HSE Management system, persistent HSE policies, procedures and practical guidelines ensured achievement of HSE goals and objectives.

Certification Audit for IMS/ISMS International Standards ISO 9001, 14001, 18001 and 27001 for the year 2016-17, were successfully carried out by external auditors without any major non-compliance for all production facilities, including Head Office and Karachi Office.

The number of injurious incidents significantly reduced in 2016-17; company recorded best-ever combined (employee and contractor workforce) Total Recordable Case Frequency (TRCF) of 0.13 for FY 2016-17 against the target (TRCF) of 0.5.

Impact of the Company's Business on the Environment

MPCL, being a major player in the E&P industry is fueling the economy by providing natural gas to the fertilizer sector of Pakistan. Consequently, the product Urea is used to enhance agriculture growth thereby, developing and growing the local economies. To keep our processes environmentally sustainable, a number of initiatives are undertaken to reduce adverse impacts on the surrounding environment. Environmental Risk assessment Studies are always carried out before the start of operational activities, whether Seismic Data Acquisition, Drilling Operations or setting up Production facilities. To ensure consistency in managing Environmental programmes, MPCL has obtained ISO Certification 14001 - Environment Management System, through Swiss Accreditation body.

On the corporate level, the monitoring of Environmental Key Performance Indicators are embedded in the reports submitted to the regulatory bodies. Compliance to National Environmental Quality Standards (NEQs) is also ensured for all the operational activities.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

CSR at MPCL has taken a paradigm shift in terms of its approach towards serving the communities; in addition to the brick-and-mortar approach, MPCL CSR is now more focused on sustainable service delivery. The company has spent Rs 207.76 million on CSR activities during the year 2016-17.

To ensure provision of service delivery to our communities, Implementing Partners (NGOs/Development Sector Organisations) have been taken on board, which being experts in the implementation of service delivery, have paved the way for MPCL CSR to deliver high-impact and sustainable projects.

We are acutely aware of the participative relationship that we share with society, and continuously invest in the interventions related to education, health, water supply schemes, philanthropic donations and communication infrastructure.

In addition to our communities, CSR at MPCL also ensures the well-being and safety of all the stakeholders in its value chain through continuous

engagement with relevant departments / stakeholders, in order to uphold best practices on social responsibility laid down in the ISO 26000 Guidelines on Social Responsibility.

Adherence to DGPC Guidelines on Social Welfare Obligations revised in 2017, is also ensured.

Previously the Projects were conceived and implemented by E&P companies in consultation with DCs; whereas the same will now be done by Social Welfare Committee, chaired by concerned MNA and respective MPA, DC, Nazims and a representative from E&P Company as its members. The projects will be planned and executed by the Committee through DC.

CORPORATE GOVERNANCE

Board Structure

S. No.	Director	Category
1.	Lt. Gen. Khalid Nawaz Khan (Retd.)	Non-executive Director
2.	Lt. Gen. Ishfaq Nadeem Ahmad (Retd.)	Executive Director
3.	Mr. Qaiser Javed	Non-executive Director
4.	Dr. Nadeem Inayat	Non-executive Director
5.	Maj. Gen. Mumtaz Ahmad Bajwa (Retd.)	Non-executive Director
6.	Brig. Raashid Wali Janjua (Retd.)	Non-executive Director
7.	Mr. Sabino Sikandar Jalal	Non-executive Director
8.	Qazi Mohammad Saleem Siddiqui	Non-executive Director
9.	Mr. Shahid Yousaf	Non-executive Director
10.	Mr. Zahid Mir	Non-executive Director
11.	Mr. Ahmed Hayat Lak	Non-executive Director
12.	Mr. Shahid Ghaffar	Non-executive Director
13.	Engr. S. H. Mehdi Jamal	Independent Non-executive Director

Lt. Gen. Ishfaq Nadeem Ahmad (Retd.) joined the Board during the year against a casual vacancy.

Lt. Gen. Nadeem Ahmed (Retd.) left the Board during the year.

Chairman of the Board other than the CEO

Lt. Gen. Khalid Nawaz Khan (Retd.) is the Chairman of the Board and Lt. Gen. Ishfaq Nadeem Ahmad (Retd.) is the CEO of the Company. Therefore, Chairman of the Board is other than the CEO of the Company.

Formal Orientation at Induction and Directors Training Programme

Upon joining the Board, each Director is provided with an orientation pack comprising of MPCL Memorandum and Articles of Association, MPCL Significant Policies, Participation and Shareholders Agreement, Mari Gas Well Head Price Agreement, Managing Director's Power of Attorney, Petroleum Exploration & Production Policy 2012, Code of Corporate Governance 2012 and MPCL's Latest Annual Report. The Company Secretary gives a briefing to the new Director covering the salient features of Corporate Structure, Board's and Individual Director's roles and responsibilities, overall structure, history and operations of the Company.

MPCL has been cognisant of the requirements mentioned in the Code of Corporate Governance, regarding Directors' Training Programme and is making efforts to ensure that by June 30, 2018 at least half of the Directors on the Board have certification from any SECP recognised Directors' Training Programme.

Board Meetings

Five meetings of Board of Directors were held during the financial year 2016-17. The attendance of the Directors in the meetings is as under:

Director(s)	Meetings Attended
Lt. Gen. Khalid Nawaz Khan (Retd.)	05
Lt. Gen Nadeem Ahmed (Retd.)	03
Lt Gen Ishfaq Nadeem Ahmad (Retd)	03*
Mr. Qaiser Javed	05
Dr. Nadeem Inayat	04
Maj. Gen. Mumtaz Ahmad Bajwa (Retd.)	05
Brig Raashid Wali Janjua (Retd.)	05
Mr. Sabino Sikandar Jalal	05
Qazi Mohammad Saleem Siddiqui	05
Mr. Shahid Yousaf	04
Mr. Zahid Mir	05
Mr. Ahmed Hayat Lak	05
Mr. Shahid Ghaffar	04
Engr. S. H. Mehdi Jamal	05

* Joined the Board in January 2017. Attended 01 meeting as MD Designate

Committees of the Board of Directors

The Board of Directors of the Company oversees the operations and affairs of the Company in an efficient and effective manner. For the sake of smooth functioning, the Board has constituted three committees. These committees are entrusted with the task of ensuring speedy management decisions relating to their respective domains.

Audit Committee:

Composition

In compliance with the Code of Corporate Governance, the Board of Directors has established an Audit Committee which currently comprises of the following Directors:

Director(s)	Meetings Attended
Mr. Qaiser Javed	President
Mr. Shahid Yousaf	Member
Mr. Ahmed Hayat Lak	Member
Mr. Shahid Ghaffar	Member
Engr. S.H. Mehdi Jamal	Member (Independent Non-executive Director)

Attendance in the Meetings

Six meetings of the Audit Committee were held during the financial year 2016-17. The attendance of Directors in the meetings is as under:

Director(s)	Meetings Attended
Mr. Qaiser Javed	06
Mr. Shahid Yousaf	05
Mr. Ahmed Hayat Lak	06
Mr. Shahid Ghaffar	06
Engr. S.H. Mehdi Jamal	06

Technical Committee:

Composition

Technical Committee of the Board currently comprises of the following Directors:

Director(s)	Designation
Brig. Raashid Wali Janjua (Retd)	President
Maj. Gen. Mumtaz Ahmad Bajwa (Retd.)	Member
Mr. Sabino Sikandar Jalal	Member
Qazi Mohammad Saleem Siddiqui	Member
Mr. Zahid Mir	Member

Attendance in the meetings

Two meetings of the Technical Committee were held during the financial year 2016-17. The attendance of Directors in the meeting is as under:

Director(s)	Meetings Attended
Brig Raashid Wali Janjua (Retd)	02
Maj. Gen. Mumtaz Ahmad Bajwa (Retd.)	02
Mr. Sabino Sikandar Jalal	02
Qazi Mohammad Saleem Siddiqui	02
Mr. Zahid Mir	02

HR and Remuneration Committee

Composition

In compliance with the Code of Corporate Governance, the Board of Directors has established HR and Remuneration Committee, which currently comprises of the following Directors:

Director(s)	Designation
Dr. Nadeem Inayat	President
Mr. Zahid Mir	Member
Engr. S.H. Mehdi Jamal	Member (Independent Non-executive Director)

Attendance in the Meetings

Two meetings of HR&R Committee were held during the financial year 2016-17. The attendance of the Directors in the meetings is as under:

Director(s)	Meetings Attended
Dr. Nadeem Inayat	02
Mr. Zahid Mir	02
Engr. S.H. Mehdi Jamal	02

Pattern of Shareholding

A statement showing the pattern of shareholding as at June 30, 2017 is provided on page 85.

Code of Corporate Governance

The Securities and Exchange Commission of Pakistan (SECP) has issued a Code of Corporate Governance (CCG), to establish a framework of good corporate governance whereby every listed company is managed in compliance with the best practices. The CCG was incorporated in the listing regulations of stock exchanges (now Pakistan Stock Exchange) for implementation by the listed companies.

The Company makes every effort to achieve full compliance with the best practices of CCG. The Statement of Compliance with the Best Practices of CCG prepared by the Board of Directors of the Company is also reviewed and verified by the External Auditors of the Company.

Directors' Statement

The Directors of the Company hereby confirm the following:

a) The Financial Statements prepared by the Management of the Company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.

b) Proper books of account of the Company have been maintained.

c) Appropriate accounting policies have been consistently applied in preparation of Financial Statements and accounting estimates are based on reasonable and prudent judgment.

d) Approved accounting standards, as applicable in Pakistan, have been followed in preparation of Financial Statements.

e) Directors are responsible and have adequately ensured that the system of internal controls including financial controls is sound in design and has been effectively implemented and monitored.

f) There are no significant doubts regarding the Company's ability to continue as going concern.

g) Reasons for significant deviations from last year's operating results have been explained in the relevant sections of the Directors' Report.

h) There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

i) Key operating and financial data of last ten years is annexed.

j) Value of investments including bank deposits and accrued income of various funds as at June 30, 2016, based on their respective audited accounts, is as under:

Contributory Provident Fund	Rs 624.61 million
Management Staff Gratuity Fund	Rs 1,154.84 million
Non-management Staff Gratuity Fund	Rs 456.63 million

k) All major Government levies as mentioned in Note 10 to the Financial statements payable as at June 30, 2017, have been deposited subsequent to the year-end except gas development surcharge and gas infrastructure development cess, which is being paid as and when realised.

POST BALANCE SHEET EVENTS

The Board of Directors in its meeting held on July 27, 2017, has proposed a final cash dividend for the year ended June 30, 2017 @ Rs 2.2 per share, for approval of the members in Annual General Meeting.

The Company is negotiating for acquisition of additional interest in Bannu West, Kalchas and Ghauri blocks and farm-in in Block 28, as explained in pages 105-106 above.

AUDITORS

The present Auditors, M/s Deloitte Yousuf Adil, Chartered Accountants, will retire and being eligible, have offered themselves for re-appointment as Auditors of the Company. The Audit Committee has recommended re-appointment of M/s Deloitte Yousuf Adil, Chartered Accountants as auditors for the financial year ending June 30, 2018.

ACKNOWLEDGEMENT

The Board of Directors would like to express its appreciation for the efforts and dedication of all employees of the Company, which enabled the management to run the Company efficiently, during the year resulting in continued production and supply of hydrocarbons to its customers. The Board also wishes to express its appreciation for continued assistance and cooperation received from the local administration at Daharki as well as, all the other locations, Provincial Governments, various departments of Federal Government especially the Ministry of Petroleum and Natural Resources, Ministry of Finance, Oil and Gas Regulatory Authority, Directorates of Petroleum Concessions, Oil and Gas, Fauji Foundation and Oil & Gas Development Company Limited.

For and on behalf of the Board

Islamabad
July 27, 2017

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

Post Balance Sheet Events

FINAL CASH DIVIDEND

The Board of Directors in its Meeting held on July 27, 2017 has proposed a final cash dividend for the year ended June 30, 2017 @ Rs 2.2 per share for approval of the members in Annual General Meeting.

ACQUISITION OF ADDITIONAL INTERESTS

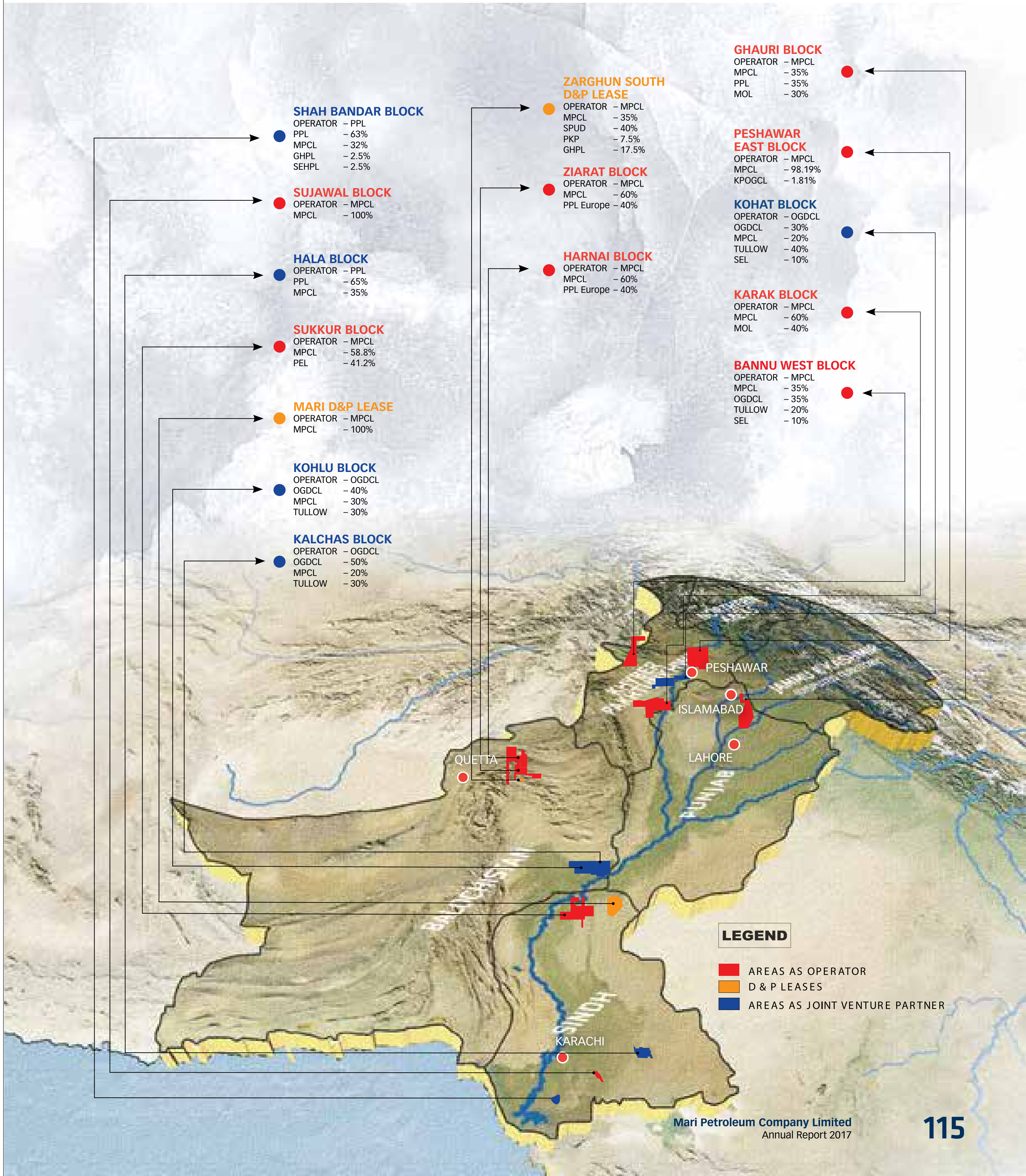
As part of MPCL's campaign to expand its exploration portfolio for enhancing its reserves base through reserve-led growth strategy; the Company has entered into an understanding with Tullow Pakistan to acquire following working interests in different blocks:

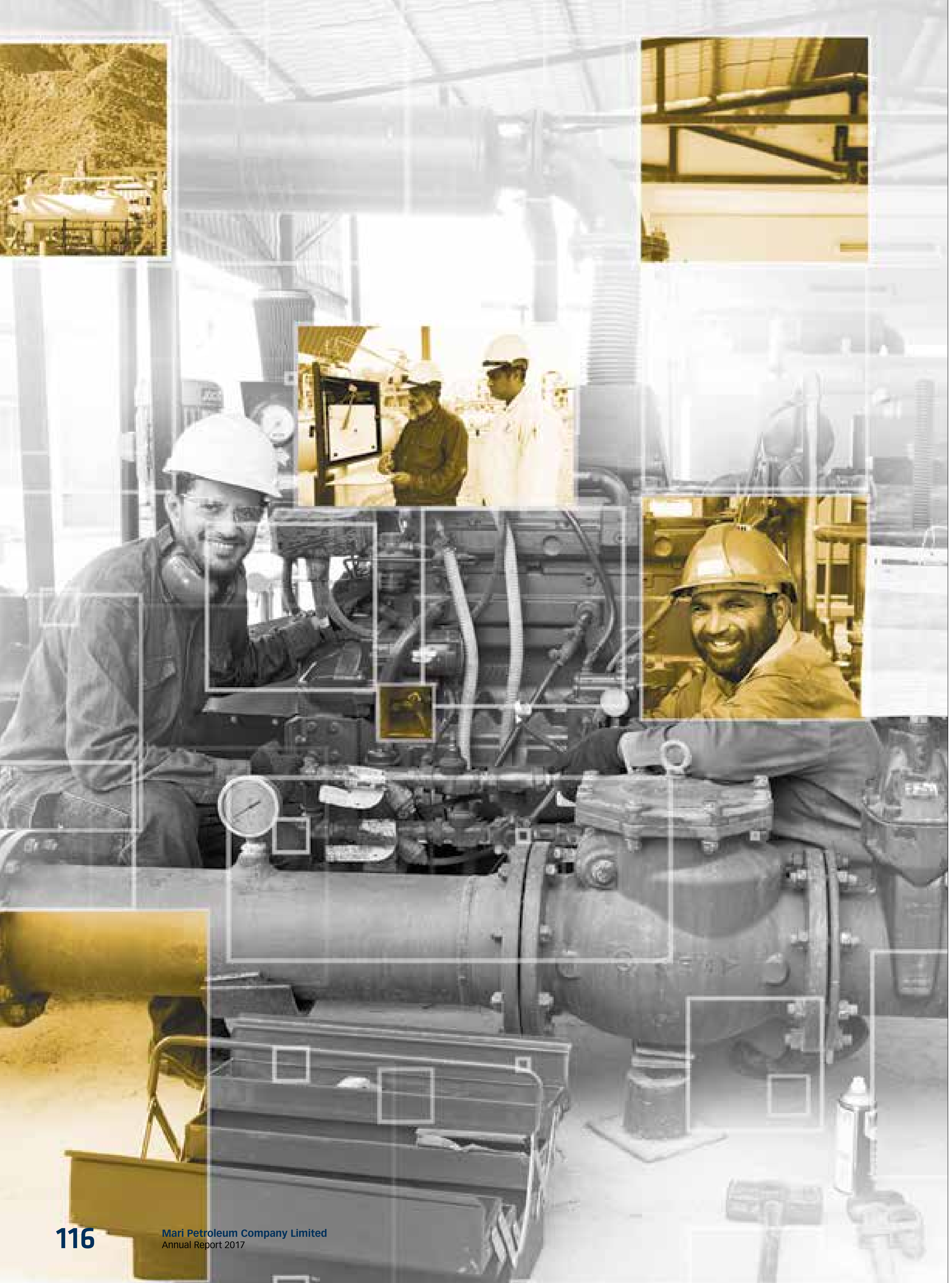
- 20% Working Interest in Bannu West Block, KPK & FATA
- 95 % Working Interest in Block 28, Balochistan
- 30% Working Interest in Kalchas Block, Balochistan & Punjab

Further, the Company has also entered into an understanding with MOL Pakistan to acquire MOL's 30% working interest in Ghauri Block.

Geographical Presence

MPCL Concessions and Working Interests





Statement of Compliance

with the Code of Corporate Governance

The statement is being presented to comply with the Code of Corporate Governance (CCG) contained in clause No. 5.19 of the Rule Book of the Pakistan Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed Company is managed in compliance with the best practices of corporate governance. The Company has applied the principles contained in the CCG in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors (the Board). At present, the Board includes:

Category	Names
Independent Director	Engr. S. H. Mehdi Jamal
Executive Director	Lt. Gen. Ishfaq Nadeem Ahmad (Retd.)
Non-Executive Directors	Lt. Gen. Khalid Nawaz Khan (Retd.)
	Mr. Qaiser Javed
	Dr. Nadeem Inayat
	Maj. Gen. Mumtaz Ahmad Bajwa (Retd.)
	Brig. Raashid Wali Janjua (Retd.)
	Mr. Sabino Sikandar Jalal
	Qazi Mohammad Saleem Siddiqui
	Mr. Shahid Yousaf
	Mr. Zahid Mir
	Mr. Ahmed Hayat Lak
	Mr. Shahid Ghaffar

The independent director meets the criteria of independence under clause 5.19.1 (b) of the Rule Book.

2. All the directors have confirmed that none of them is serving as a director in more than seven listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).

3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking Company, a Development Finance Institution or a Non-Banking Financial Institution, or being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. During the year one casual vacancy occurred on the Board, on January 25, 2017, which was filled within 90 days. A previous casual vacancy which occurred on August 23, 2013 is still unfilled as no nomination has so far been received from the nominating institution.

5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

6. The Board has developed a vision and mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decision on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the Board/shareholders.

8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The Company is cognizant of the requirements mentioned in clause 5.19.7 of the Rule Book regarding Directors Training Program and making efforts to ensure that by June 30, 2018 at least half of the directors on its Board have certification under any SECP recognized Directors' Training Program.

10. The Board has approved appointments of Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.

11. The Directors' Report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.

13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

14. The Company has complied with all the corporate and financial reporting requirements of the CCG.

15. The Board has formed an Audit Committee. It comprises of five members and all of them are non-executive directors including an independent director representing minority shareholding.

16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the Committee have been formed and advised to the Committee for compliance.

17. The Board has formed an HR and Remuneration Committee. It comprises of three members and all of them are non-executive directors. Chairman of the Committee is a non-executive director and one member is an independent director.

18. The Board has set-up an effective internal audit function, staffed with professionals who are suitably qualified and experienced for the purpose and are well conversant with the policies and procedures of the Company.

19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Listing Regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchanges.

22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange.

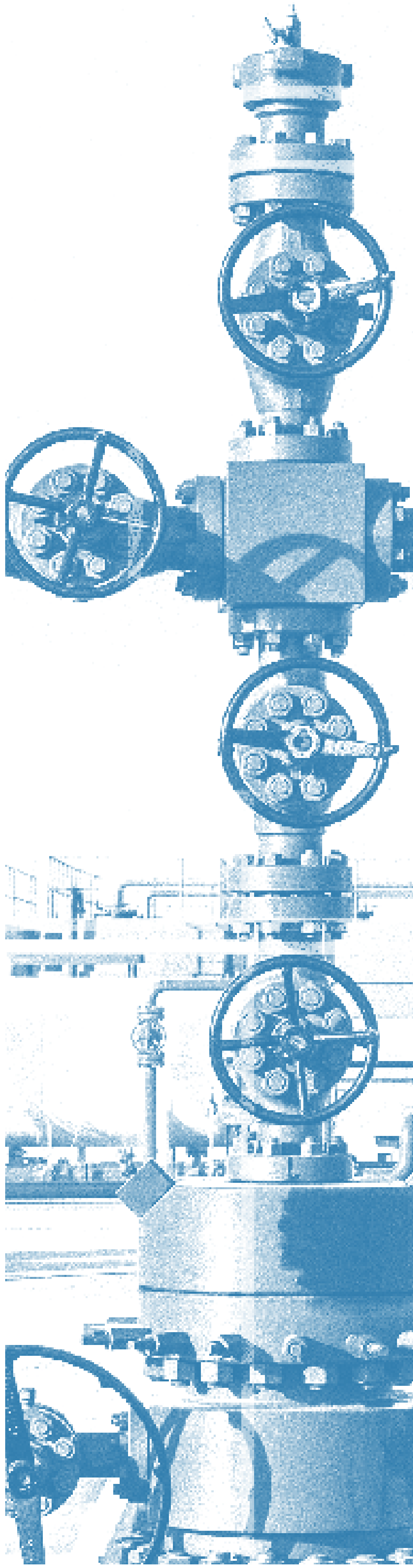
23. The Company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.

24. We confirm that all other material principles enshrined in the CCG have been complied with.

For and on behalf of the Board

Islamabad
July 27, 2017

Lt Gen Khalid Nawaz Khan, (Retd)
Chairman



Review Report to the Members

on the Statement of Compliance with the Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance (the Statement) with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of **Mari Petroleum Company Limited,** (the Company) for the year ended June 30, 2017, to comply with the Rule No. 5.19.24. of Rule Book of the Pakistan Stock Exchange Limited where the Company is Listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company (the Board). Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirement of the Code. A review is limited primarily to inquiries of the management personnel and review of various documents prepared by the management to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the management's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were under taken at arm's length price or not.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2017.

Deloitte Yousuf Adil

Chartered Accountants

Engagement Partner: **Shahzad Ali**

Islamabad
Date: July 27, 2017

Financial Statements of

Mari Petroleum Company Limited

for the year ended June 30, 2017

Auditor's Report to the Members

We have audited the annexed balance sheet of **Mari Petroleum Company Limited** (the "Company") as at June 30, 2017 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof (here-in-after referred to as "financial statements"), 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 purpose of our audit.

It is the responsibility of 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 financial statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting policies and significant estimates made by the management, as well as, evaluating the overall presentation of financial 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 accounts 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 are in agreement with the books of accounts and are further in accordance with the 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 explanation given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with notes forming part thereof, conform with approved accounting standards as applicable in Pakistan, and, give the information required by Companies Ordinance, 1984, in the manner so required and respectively give true and fair view of the state of the Company's affairs as at June 30, 2017 and of the profit, total comprehensive income, its cash flows and changes in equity for the year 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.

Other matter

The financial statements of the Company for the year ended June 30, 2016 were audited by another firm of Chartered Accountants who expressed an unqualified opinion vide their report dated August 11, 2016.

Chartered Accountants

Engagement Partner: **Shahzad Ali**

Islamabad
Date: July 27, 2017

Balance Sheet
As at June 30, 2017

	Note	2017	2016
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
250,000,000 (2016: 250,000,000) ordinary shares of Rs 10 each		2,500,000	2,500,000
1,059,000,100 (2016: 1,059,000,100) preference shares of Rs 10 each		10,590,001	10,590,001
		13,090,001	13,090,001
Issued, subscribed and paid up capital	4	1,102,500	1,102,500
Undistributed percentage return reserve	5	496,436	426,867
Other reserves	6	11,190,001	10,690,001
Profit and loss account	7	12,748,733	4,746,555
		25,537,670	16,965,923
NON CURRENT LIABILITIES			
Long term financing	8	4,172,727	1,000,000
Deferred liabilities	9	7,483,812	6,576,575
		11,656,539	7,576,575
CURRENT LIABILITIES			
Trade and other payables	10	55,191,169	34,669,221
Current maturity of long term financing	11	955,037	151,774
Interest accrued on long term financing	12	254,552	196,154
		56,400,758	35,017,149
CONTINGENCIES AND COMMITMENTS	13		
		93,594,967	59,559,647

The annexed notes 1 to 50 form an integral part of these financial statements.

	Note	2017	2016
		(Rupees in thousand)	
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	14	12,688,670	11,023,452
Development and production assets	15	7,409,878	3,002,063
Exploration and evaluation assets	16	5,972,108	10,084,055
Long term loans and advances	17	32,233	27,069
Long term deposits and prepayments	18	26,002	15,104
Deferred income tax asset	19	2,162,308	2,680,622
		28,291,199	26,832,365
CURRENT ASSETS			
Stores and spares	20	1,015,000	2,167,328
Trade debts	21	54,426,085	26,887,469
Loans and advances	22	1,640,065	1,437,456
Short term investments	23	3,604,596	-
Short term prepayments	24	65,697	80,193
Interest accrued	25	47,031	3,961
Other receivables		39,779	21,333
Income tax paid in advance	26	1,142,319	1,503,388
Cash and bank balances	27	3,323,196	626,154
		65,303,768	32,727,282
		93,594,967	59,559,647

Lt Gen Ishfaq Nadeem Ahmad, HI (M), (Retd)
Managing Director / CEO

Qaiser Javed
Director

Profit and Loss Account
for the year ended June 30, 2017

	Note	2017	2016
		(Rupees in thousand)	
Gross sales to customers	28	96,775,974	94,997,719
Gas development surcharge		19,580,832	25,859,852
General sales tax		13,745,689	13,509,334
Excise duty		1,794,397	1,694,205
Gas infrastructure development cess		33,479,569	31,933,382
Wind fall levy		-	288,182
		68,600,487	73,284,955
Sales - net		28,175,487	21,712,764
Royalty		3,583,522	2,750,095
		24,591,965	18,962,669
Operating expenses	29	7,450,011	5,763,609
Exploration and prospecting expenditure	30	3,880,797	6,462,126
Other charges	31	726,290	501,943
		12,057,098	12,727,678
		12,534,867	6,234,991
Other (expenses) / income	32	(820,328)	559,789
Operating profit		11,714,539	6,794,780
Finance income	33	233,006	340,730
Finance cost	34	798,086	574,058
Profit before taxation		11,149,459	6,561,452
Provision for taxation	35	2,013,265	509,997
Profit for the year		9,136,194	6,051,455
Earnings per share - basic and diluted			
Earnings per ordinary share (Rupees)	36	82.87	54.89
Distributable earnings per ordinary share (Rupees)	36	5.91	5.55

The annexed notes 1 to 50 form an integral part of these financial statements.

Lt Gen Ishfaq Nadeem Ahmad, HI (M), (Retd)
Managing Director / CEO

Qaiser Javed
Director

Statement of Comprehensive Income
for the year ended June 30, 2017

	2017	2016
	(Rupees in thousand)	
Profit for the year	9,136,194	6,051,455
Other comprehensive loss:		
Items that will not be reclassified to profit or loss:		
Remeasurement losses on defined benefit plans	(561)	(173,096)
Tax effect related to remeasurement on defined benefit plans		
- Current tax (charge) / credit	(4,520)	80,964
- Deferred tax credit	2,909	6,507
	(2,172)	(85,625)
Total comprehensive income for the year	9,134,022	5,965,830

The annexed notes 1 to 50 form an integral part of these financial statements.

Lt Gen Ishfaq Nadeem Ahmad, HI (M), (Retd)
Managing Director / CEO

Qaiser Javed
Director

Cash Flow Statement

for the year ended June 30, 2017

	Note	2017	2016
		(Rupees in thousand)	
Cash flows from operating activities			
Cash receipts from customers		69,266,727	100,620,099
Cash paid to the Government for Government levies		(50,624,648)	(79,569,668)
Cash paid to suppliers and employees		(10,386,297)	(7,209,690)
Income tax paid		(1,135,493)	(1,202,412)
Cash flow from operating activities		7,120,289	12,638,329
Cash flows from investing activities			
Purchase of property, plant and equipment		(1,091,333)	(1,137,938)
Development and production assets		(1,073,402)	(181,983)
Exploration and evaluation assets		(2,124,810)	(4,317,661)
Proceeds from disposal of property, plant and equipment		422	6,061
Interest received		207,537	343,942
Cash flow from investing activities		(4,081,586)	(5,287,579)
Cash flows from financing activities			
Long term financing received		4,000,000	1,000,000
Long term financing repaid		(24,010)	(10,770,732)
Finance cost paid		(155,139)	(959,448)
Dividends paid		(557,916)	(895,051)
Cash flow from financing activities		3,262,935	(11,625,231)
Increase / (decrease) in cash and cash equivalents		6,301,638	(4,274,481)
Cash and cash equivalents at beginning of year		626,154	4,900,635
Cash and cash equivalents at end of year	37	6,927,792	626,154

The annexed notes 1 to 50 form an integral part of these financial statements.

Lt Gen Ishfaq Nadeem Ahmad, HI (M), (Retd)
Managing Director / CEO

Qaiser Javed
Director

Statement of Changes in Equity

for the year ended June 30, 2017

	Issued, subscribed and paid up capital	Undistributed percentage return reserve	Other Reserves: Capital redemption reserve fund	Other Reserves: Exploration, evaluation and development reserve	Other Reserves: Reserve for Mari Seismic Unit	Self insurance reserve	Profit and loss account	Total
	(Rupees in thousand)							
Balance as at July 1, 2015	1,102,500	395,331	1,300,000	8,240,521	422,329	-	35,537	11,496,218
Total comprehensive income for the year:								
Profit for the year	-	-	-	-	-	-	6,051,455	6,051,455
Other comprehensive loss	-	-	-	-	-	-	(85,625)	(85,625)
	-	-	-	-	-	-	5,965,830	5,965,830
Final cash dividend for the year ended June 30, 2015 @ Rs 1.5 per share *	-	(129,838)	-	-	-	-	(35,537)	(165,375)
First interim cash dividend for the year ended June 30, 2016 @ Rs 3 per share *	-	-	-	-	-	-	(330,750)	(330,750)
Transfer from profit and loss account to exploration, evaluation and development reserve	-	-	-	272,995	-	-	(272,995)	-
Transfer from exploration, evaluation and development reserve to capital redemption reserve fund	-	-	8,513,516	(8,513,516)	-	-	-	-
Transfer from profit and loss account to undistributed percentage return reserve	-	161,374	-	-	-	-	(161,374)	-
Transfer from profit and loss account to capital redemption reserve fund	-	-	776,485	-	-	-	(776,485)	-
Transfer from profit and loss account to self insurance reserve	-	-	-	-	-	100,000	(100,000)	-
Transfer from reserve for Mari Seismic Unit to profit and loss account	-	-	-	-	(422,329)	-	422,329	-
Balance as at June 30, 2016	1,102,500	426,867	10,590,001	-	-	100,000	4,746,555	16,965,923
Total comprehensive income for the year:								
Profit for the year	-	-	-	-	-	-	9,136,194	9,136,194
Other comprehensive loss	-	-	-	-	-	-	(2,172)	(2,172)
	-	-	-	-	-	-	9,134,022	9,134,022
Final cash dividend for the year ended June 30, 2016 @ Rs 2.10 per share * - note 5.2	-	(112,234)	-	-	-	-	(119,291)	(231,525)
First interim cash dividend for the year ended June 30, 2017 @ Rs 3 per share *	-	-	-	-	-	-	(330,750)	(330,750)
Transfer from profit and loss account to undistributed percentage return reserve	-	181,803	-	-	-	-	(181,803)	-
Transfer from profit and loss account to self insurance reserve	-	-	-	-	-	500,000	(500,000)	-
Balance as at June 30, 2017	1,102,500	496,436	10,590,001	-	-	600,000	12,748,733	25,537,670

* Distribution to owners - recorded directly in equity

The annexed notes 1 to 50 form an integral part of these financial statements.

Lt Gen Ishfaq Nadeem Ahmad, HI (M), (Retd)
Managing Director / CEO

Qaiser Javed
Director

Notes to and Forming Part of the Financial Statements
For the year ended June 30, 2017

1. LEGAL STATUS AND OPERATIONS

1.1 Mari Petroleum Company Limited ("the Company") is a public limited company incorporated in Pakistan on December 4, 1984 under the Companies Ordinance, 1984. The shares of the Company are listed on the Pakistan Stock Exchange Limited. The Company is principally engaged in exploration, production and sale of hydrocarbons. The registered office of the Company is situated at 21 Mauve Area, 3rd Road, G-10/4, Islamabad.

1.2 Revision in Mari Wellhead Gas Price formula

The previous gas price mechanism for Mari field was governed by Mari Gas Well Head Price Agreement ("the Agreement") dated December 22, 1985 between the President of Islamic Republic of Pakistan and the Company. Effective July 1, 2014, the Agreement has been replaced with revised Mari Wellhead Gas Price Agreement (2015) ("Revised Agreement") dated July 29, 2015 in line with the Economic Coordination Committee (ECC) decision explained below:

Effective July 1, 2014, the cost plus wellhead gas pricing formula was replaced with a crude oil price linked formula which provides a discounted wellhead gas price to be gradually achieved in five years from July 1, 2014. Mari field wellhead gas price for the year has been determined in line with the revised formula as approved by ECC. The revised formula provides dividend distribution to be continued for next ten years in line with the previous cost plus formula. Accordingly, the shareholders are entitled to a minimum return of 30%, net of all taxes, on shareholders' funds which is to be escalated in the event of increase in the Company's gas or equivalent oil production beyond the level of 425 MMSCFD at the rate of 1%, net of all taxes, on shareholder's funds for each additional 20 MMSCFD of gas or equivalent oil produced, prorated for part thereof on annual basis, subject to a maximum of 45%. Any residual profits for the next ten years are to be reinvested for exploration and development activities in Mari as well as outside Mari field.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified by SECP and directives issued under the repealed Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the repealed Companies Ordinance, 1984 shall prevail.

During the year, the Companies Act, 2017 (the new Companies Act) was enacted and promulgated by the SECP on May 30, 2017. However, SECP has notified through Circular No. 17 of July 20, 2017 that companies whose financial year closes on or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984.

2.2 Adoption of new and revised laws, standards and interpretations

2.2.1 The following standards, amendments and interpretations are effective for the year ended June 30, 2017. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

	Effective from accounting period beginning on or after
Amendments to IFRS 10 'Consolidated Financial Statements', IFRS 12 'Disclosure of Interests in Other Entities' and IAS 28 'Investments in Associates and Joint Ventures' - Investment Entities: Applying the consolidation exception.	January 1, 2016
Amendments to IFRS 11 'Joint Arrangements' - Accounting for acquisitions of interests in joint operations.	January 1, 2016
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure initiative.	January 1, 2016
Amendments to IAS 16 'Property Plant and Equipment' and IAS 38 'Intangible Assets' - Clarification of acceptable methods of depreciation and amortization.	January 1, 2016
Amendments to IAS 16 'Property Plant and Equipment' and IAS 41 'Agriculture' - Measurement of bearer plants.	January 1, 2016
Amendments to IAS 27 'Separate Financial Statements' - Amendments reinstating the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements.	January 1, 2016

Certain annual improvements have also been made to a number of IFRSs.

2.2.2 New accounting standards / amendments and IFRS interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

	Effective from accounting period beginning on or after
Amendments to IFRS 2 'Share-based Payment' - Clarification on the classification and measurement of share-based payment transactions.	January 1, 2018
Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' - Sale or contribution of assets between an investor and its associate or joint venture.	Date to be determined. Earlier adoption is permitted
Amendments to IAS 7 'Statement of Cash Flows' - Amendments as a result of the disclosure initiative	January 1, 2017
Amendments to IAS 12 'Income Taxes' - Recognition of deferred tax assets for unrealised losses	January 1, 2017
Amendments to IAS 40 'Investment Property': Clarification on transfers of property to or from investment property	January 1, 2018

	Effective from accounting period beginning on or after
IFRIC 22 'Foreign Currency Transactions and Advance Consideration': Provides guidance on transactions where consideration against non-monetary prepaid asset / deferred income is denominated in foreign currency.	January 1, 2018
IFRIC 23 'Uncertainty over Income Tax Treatments': Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'.	January 1, 2019

Certain annual improvements have also been made to a number of IFRSs.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 9 – Financial Instruments
- IFRS 14 – Regulatory Deferral Accounts
- IFRS 15 – Revenue from Contracts with Customers
- IFRS 16 – Leases
- IFRS 17 – Insurance Contracts

2.2.3 During the year, the Companies Act, 2017 (the new Companies Act) was enacted and promulgated by the SECP on May 30, 2017. However, SECP has notified through Circular No. 17 of July 20, 2017 that companies whose financial year closes on or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Accordingly, the Company shall prepare the financial statements for periods closing after June 30, 2017 in accordance with the provisions of the new Companies Act, which is not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

2.3 Critical accounting estimates and judgements

The preparation of financial statements in conformity with the approved accounting standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgment about carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

In the process of applying the Company's accounting policies, the management has made the following estimates, assumptions and judgements which are significant to these financial statements:

a) Estimation of natural gas reserves used for amortization / impairment

Gas reserves are an important element in impairment testing for development and production assets of the Company. Estimates of these reserves are inherently imprecise, require the application of judgement and are subject to future revision. Proved reserves are estimated by reference to available reservoir and well information, including production and pressure trends for producing reservoirs and, in some cases, subject to definitional limits, to similar data from other producing reservoirs. All proved reserve estimates are subject to revision, either upward or downward, based on new information, such as from development drilling and production activities or from changes in economic factors, including contract terms or development plans. Changes to the Company's estimates of proved reserves, particularly proved developed reserves, also affect the amount of depreciation, impairment and amortization recorded in the financial statements for fixed assets related to hydrocarbon production activities.

b) Provision for decommissioning cost

Provision is recognized for the future decommissioning and restoration of oil and gas wells, production facilities and pipelines at the end of their economic lives. The timing of recognition requires the application of judgement to existing facts and circumstances, which can be subject to changes. Estimates of the amounts of provision are based on current legal and constructive requirements, technology and price levels. Because actual outflows can differ from estimates due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amount of provision is regularly reviewed and adjusted to take account of such changes.

c) Property, plant and equipment

The Company reviews the useful lives of property, plant and equipment on regular basis. Any change in the estimates may affect the carrying amounts of respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment, if any.

d) Exploration and evaluation assets / expenditure

The Company's accounting policy for exploration and evaluation expenditure results in certain items of expenditure being capitalized for an area of interest where it is considered likely to be recoverable by future exploration or sale or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. This policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. If, after having capitalized the expenditure under the policy, a judgement is made that recovery of the expenditure is unlikely, the relevant capitalized amount is written off to the profit and loss account.

e) Development and production expenditure

Development and production activities commence after sanctioning by the approving authority. Judgement is applied by the management in determining when a project is economically viable before obtaining project sanction approval. In exercising this judgement, management is required to make certain estimates and assumptions similar to those described above for capitalized exploration and evaluation expenditure. Any such estimates and assumptions may change as new information becomes available. If, after having commenced development activity, a judgement is made that a development and production asset is impaired, the appropriate amount is written off to the profit and loss account.

f) Employee benefits

Certain actuarial assumptions have been adopted as disclosed in note 38 to the financial statements for determination of present value of defined benefit obligations and fair value of plan assets.

g) Income taxes

In making the estimates of income taxes currently payable by the Company, the management takes into account the income tax law applicable to the Company and the decisions of appellate authorities on certain issues in the past. This involves judgement on the future tax treatment of certain transactions. Deferred tax is recognized based on the expectation of the tax treatment of these transactions.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented in these financial statements.

3.1 Basis of measurement

These financial statements have been prepared under the historical cost convention except provision for decommissioning cost that has been measured at present value and the obligation under employee defined benefit plans that is carried at present value of defined benefit obligations net of fair value of plan assets.

3.2 Functional and presentation currency

These financial statements are presented in Pakistan Rupees (Rupees) which is the functional currency of the Company. All figures are rounded off to the nearest thousands of Rupees.

3.3 Taxation

Current

Provision for current taxation is based on taxable income at the applicable tax rates after taking into account tax credits and tax rebates, if any.

Deferred

The Company accounts for deferred taxation on all timing differences, using the 'liability method' in respect of all major temporary differences between carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent, it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses and tax credits can be utilized. Deferred taxation has been calculated at the estimated effective tax rate of 32% after taking into account the availability of depletion allowance and royalty.

3.4 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events and, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

3.5 Provision for decommissioning cost

Estimated decommissioning and restoration costs, which are primarily in respect of abandonment and removal of wells and production facilities at Mari Field and the Company's proportionate share in joint operating fields, are based on current requirements, technology and price levels and are stated at present value. The associated asset retirement costs are capitalized as part of property, plant and equipment, development and production assets and exploration and evaluation assets and amortized on unit of production basis over the total proved reserves of the relevant field. The liability is recognized once an obligation (whether legal or constructive) crystallizes in the period when a reasonable estimate of the fair value can be made; and a corresponding amount is recognized in property, plant and equipment, development and production assets and exploration and evaluation assets.

The present value is calculated using amounts discounted over the useful economic life of the reserves. Any change in the present value of the estimated expenditure is dealt with prospectively and reflected as an adjustment to the provision and a corresponding adjustment to property, plant and equipment, development and production assets and exploration and evaluation assets. The unwinding of discount on decommissioning provision is recognized as finance cost.

The provision has been discounted using discount rate of 10.75% per annum (2016: 10.75% per annum).

3.6 Employee benefits

The Company operates:

i) Defined benefit funded and unfunded plans for its management and non-management employees. The amounts arising as a result of remeasurements on employee retirement benefits are recognized immediately in other comprehensive income. Past service cost and curtailments are recognized in profit and loss account, in the period in which change takes place.

Actuarial valuation is conducted periodically using the "Projected Unit Credit Method" and the latest valuation was carried out as at June 30, 2017. The results of the valuation are summarized in note 38 to these financial statements.

ii) Defined contribution provident fund for its employees for which contributions of Rs 63.45 million (2016: Rs 56.85 million) are charged to income for the year. The contributions to the fund are made by the Company at the rate of 10% per annum of the basic salary.

iii) The Company has the policy to provide for compensated absences of its employees in accordance with respective entitlement on cessation of service; related expected cost thereof has been included in the financial statements.

3.7 Property, plant and equipment

Property, plant and equipment except freehold land are stated at cost less accumulated depreciation and impairment loss, if any. Freehold land is stated at cost. Cost in relation to property, plant and equipment comprises acquisition and other directly attributable costs and decommissioning cost as referred in note 3.5 to these financial statements.

Depreciation on property, plant and equipment is charged to income using the straight line method at rates specified in note 14 to these financial statements so as to write off the cost of property, plant and equipment over their estimated useful lives.

Depreciation on additions to property, plant and equipment is charged from the month in which an asset is available for use while no depreciation is charged for the month in which the asset is derecognized.

Subsequent costs are included in the assets' carrying amounts when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Carrying amount of parts so replaced, if any, is derecognized. All other repairs and maintenance are charged to income as and when incurred. Gains and losses on disposals are credited or charged to income in the year of disposal.

Capital work in progress is stated at cost less impairment loss, if any, and transferred to respective item of property, plant and equipment when available for intended use.

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If any such indication exists, the recoverable amount of such assets is estimated and impairment losses are recognized in the profit and loss account. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset in prior years. A reversal of the impairment loss is recognized as income in the profit and loss account.

3.8 Exploration and evaluation assets

The Company applies the "successful efforts" method of accounting for Exploration and Evaluation (E&E) expenditures. Under this method of accounting, exploratory/evaluation drilling expenditures are initially capitalized as intangible E&E assets in cost centers by well, field or exploration area, as appropriate, till such time that technical feasibility and commercial viability of extracting gas and oil are demonstrated.

Major costs capitalized include material, chemical, fuel, well services, rig costs, cost of recognizing provisions for future site restoration and decommissioning and any other cost directly attributable to a particular well. All other exploration costs including cost of technical studies, seismic acquisition and processing, geological and geophysical activities are charged currently against income as exploration and prospecting expenditure. Costs incurred prior to having obtained the legal rights to explore an area are charged directly to the profit and loss account as and when incurred.

Tangible assets used in E&E activities, other than stores held, including the Company's vehicles, drilling rigs and other property, plant and equipment used by the Company's exploration function are classified as property, plant and equipment. However, to the extent that such a tangible asset is consumed in developing an intangible E & E asset, the amount reflecting that consumption is recorded as part of the cost of the intangible E&E asset. Such intangible costs include directly attributable overheads, together with the cost of other materials consumed during the exploration and evaluation phases.

Intangible E&E assets relating to each exploration license/field are carried forward, until the existence or otherwise of commercial reserves have been determined subject to certain limitations including review for indications of impairment. If commercial reserves have been discovered, the carrying value after any impairment loss of the relevant E&E assets is then reclassified as development and production assets. Otherwise, the capitalized costs are written off as dry hole costs.

Intangible E&E assets are not amortized.

Intangible E&E assets are assessed for impairment when facts and circumstances indicate that carrying amounts may exceed the recoverable amounts of these assets. Such indicators include, the point at which a determination is made as to whether or not commercial reserves exist, the period for which the Company has right to explore has either expired or will expire in the near future and is not expected to be renewed, substantive expenditure on further exploration and evaluation activities is not planned or budgeted and any other event, that may give rise to indication that such assets are impaired.

Where an impairment loss subsequently reverses, the carrying amount of the Intangible E & E asset is increased due to the revised recoverable amount but limited to the extent of the carrying amount that would have been determined had no impairment loss being recognized for the Intangible E & E asset in prior years. A reversal of the impairment loss is recognized as income in the profit and loss account.

3.9 Development and production assets

Development and production assets represent the cost of developing the discovered commercial reserves, together with the capitalized E&E expenditures transferred from intangible E&E assets as outlined in note 3.8 above. The cost of development and production assets also includes the cost of acquisitions of such assets, directly attributable overheads, and the cost of recognizing provisions for future site restoration and decommissioning. Development and production assets are amortized on a unit of production basis, which is the ratio of oil and gas production in the year to the estimated quantities of commercial reserves at the end of the year plus the production during the year.

Changes in the estimates of commercial reserves or future field development costs are dealt with prospectively. Acquisition cost of leases, where commercial reserves have been discovered, are capitalized and amortized on unit of production basis.

Impairment test of development and production assets is also performed whenever events and circumstances arising during the development and production phase indicate that carrying amounts of the development and production assets may exceed their recoverable amount. Such circumstances depend on the interaction of a number of variables, such as the recoverable quantities of hydrocarbons, the production profile of the hydrocarbons, the cost of the development of the infrastructure necessary to recover the hydrocarbons, the production costs, the contractual duration of the production concession and the net selling price of the hydrocarbons produced.

The carrying amounts are compared against expected recoverable amounts of the oil and gas assets, generally by reference to the present value of the future net cash flows expected to be derived from such assets.

3.10 Stores and spares

These are valued at the lower of cost and net realizable value less allowance for obsolete and slow moving items. Material in transit is valued at cost. Cost is determined on the moving average basis and comprises cost of purchases and other costs incurred in bringing the items to their present location and condition. Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred in order to make a sale.

When stores and spares meet the definition of property, plant and equipment, they are classified as stores and spares held for capital expenditure, classified under property, plant and equipment.

3.11 Foreign currencies

Pakistan Rupees is the functional as well as reporting currency of the Company. Transactions in foreign currencies are recorded at the rate of exchange prevailing on the date of the transaction. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rate of exchange prevailing at the balance sheet date. All exchange differences are taken to the profit and loss account.

3.12 Revenue recognition

Revenue from sale of gas, oil and LPG is recognized on delivery of the same to customers. Effect of adjustment, if any, arising from revision in sale price is reflected as and when the prices are finalized with the customers and/or approved by the Government. Finance income is recognized when it is probable that economic benefits associated with the transaction will flow to the Company and the amount can be measured reliably on proportionate basis with reference to the principal outstanding and the applicable rate of return. Revenue from services is recognised when the related services are rendered.

3.13 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost using the effective interest method.

Preference shares, which are mandatorily redeemable by the Company are classified as liabilities. The profit on these preference shares is recognized in the profit and loss account as finance cost.

3.14 Borrowing cost

Borrowing costs which are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. The Company suspends capitalization of borrowing costs during extended period when active development of a qualifying asset is suspended. All other borrowing costs are charged to profit and loss account.

3.15 Interest in joint arrangements

A joint arrangement is one in which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exist only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Investments in joint arrangements are classified as either joint operations or joint ventures, depending on the contractual rights and obligations that each investor has, rather than the legal structure of the joint arrangement. The Company has assessed the nature of its joint arrangements and determined them to be joint operations.

3.16 Joint operations

The Company classifies a joint arrangement as a joint operation when the Company has the rights to the assets, and obligations for the liabilities, of the arrangement and accounts for each of its share of assets, liabilities, revenues and expenses. These are accounted for on the basis of latest audited financial statements and where applicable, the cost statements received from the operator of the joint operations, for the intervening period upto the balance sheet date.

3.17 Impairment of non-financial assets

Assets that have an indefinite useful life, for example land, are not subject to depreciation and are tested annually for impairment. Assets that are subject to depreciation are reviewed for impairment at each balance sheet date, or wherever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount for which the asset's carrying amount exceeds its recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each balance sheet date. Reversals of the impairment loss are restricted to the extent that asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no new impairment loss had been recognised. An impairment loss or reversal of impairment loss is recognised in income for the year.

3.18 Financial instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument and de-recognised when the Company loses control of the contractual rights that comprise the financial assets and in case of financial liabilities when the obligation specified in the contract is charged, cancelled or expired. All financial assets and liabilities, other than at fair value through profit or loss assets and liabilities, are initially recognised at fair value. Financial assets and liabilities carried at fair value through profit or loss are initially recognised at fair value and transaction costs are charged to income for the year. These are subsequently measured at fair value, amortized cost or cost, as the case may be. Any gain or loss on derecognition of financial assets and financial liabilities is included in income for the year.

3.19 Financial assets

The Company classifies its financial assets in the following categories: investments at fair value through profit or loss, held-to-maturity investments, loans and receivables, and available for sale investments. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the company commits to purchase or sell the asset.

(i) Held-to-maturity investments

Investments with fixed payments and maturity that the Company has the intent and ability to hold to maturity are classified as held-to-maturity investments and are carried at amortized cost less impairment losses.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The Company's loans and receivables comprise 'Trade debts', 'Loans and advances', 'Interest accrued', Other receivables', 'Deposits' and 'Cash and bank balances' in the balance sheet. Loans and receivables are carried at amortized cost using the effective interest method less allowance for any uncollectible amounts.

An allowance for uncollectible amounts is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms. Significant financial difficulties of the counter party, probability that the counter party will enter bankruptcy or financial reorganization, and default or delinquency in payments (more than the credit period specified in sales agreements) are considered indicators that the amount is uncollectible. When the amount is uncollectible, it is written off against the allowance.

3.20 Impairment of financial assets

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

3.21 Trade and other payables

Liabilities for trade and other payables are carried at their amortized cost which approximates the fair value of the consideration to be paid in the future for goods and services received.

3.22 Trade debts and other receivables

Trade debts and other receivables are recognised and carried at their amortized cost less an allowance for any uncollectible amounts. Carrying amounts of trade and other receivables are assessed on a regular basis and if there is any doubt about the realizability of these receivables, appropriate amount of provision is made.

3.23 Off-setting of financial assets and liabilities

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet if the Company has a legally enforceable right to set-off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

3.24 Cash and cash equivalents

Cash and cash equivalents, for the purposes of cash flow statement, comprise cash in hand and at bank and include short term highly liquid investments that are readily convertible to the known amounts of cash and are subject to an insignificant risk of change in value.

3.25 Dividend distribution

Dividend is recognized as a liability in the financial statements in the period in which it is declared.

3.26 Research and development costs

Research and development costs are charged to income as and when incurred.

3.27 Operating leases

Rentals payable for vehicles under operating leases are charged to profit and loss account over the term of the relevant lease.

3.28 Operating segments

Segment reporting is based on the operating (business) segments of the Company. An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. An operating segment's operating results are reviewed regularly by the Chief Executive Officer / Board of Directors to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The business segments are engaged in providing products or services which are subject to risks and rewards which differ from the risk and rewards of other segments. Segments reported are exploration and production, Mari Seismic Unit and Mari Drilling Unit.

	Note	2017	2016
		(Rupees in thousand)	
4. ISSUED, SUBSCRIBED AND PAID UP CAPITAL			
24,850,007 (2016: 24,850,007) ordinary shares of Rs 10 each issued for cash		248,500	248,500
11,899,993 (2016: 11,899,993) ordinary shares of Rs 10 each issued for consideration other than cash	4.1	119,000	119,000
73,500,000 (2016: 73,500,000) ordinary shares of Rs 10 each issued as bonus shares	4.2	735,000	735,000
		1,102,500	1,102,500

4.1 This represents shares allotted to the Government of Pakistan and Fauji Foundation in consideration for transfer of assets and liabilities of Pak Stanvec Petroleum Project.

4.2 As at June 30, 2017, 608,364 (2016: 608,364) bonus shares have not been issued pending resolution of issue relating to deduction of withholding tax on issuance of bonus shares.

	2017	2016
	(Percentage)	
4.3 Major shareholding of the Company is as follows:		
Fauji Foundation	40.00*	40.00*
Oil and Gas Development Company Limited (OGDCL)	20.00*	20.00*
Government of Pakistan	18.39	18.39

* Pattern of shareholding includes 367,500 and 183,750 bonus shares of Fauji Foundation and OGDCL respectively, which have not been issued as at year end as referred to in note 4.2.

4.4 Application of IFRS 2 - Share Based Payment

On August 14, 2009, the Government of Pakistan (GoP) launched Benazir Employees' Stock Option Scheme (the "Scheme") for employees of certain State Owned Enterprises (SOEs) and non-State Owned Enterprises (non-SOEs) where GoP holds significant investments. The Scheme is applicable to permanent and contractual employees who were in employment of these entities on the date of launch of the Scheme, subject to completion of five years vesting period by all contractual employees and by permanent employees in certain instances.

The Scheme provides for a cash payment to employees on retirement or termination based on the price of shares of respective entities. To administer this Scheme, GoP shall transfer 12% of its investment in such SOEs and non-SOEs to a Trust Fund to be created for the purpose by each of such entities. The eligible employees would be allotted units by each Trust Fund in proportion to their respective length of service and on retirement or termination such employees would be entitled to receive such amounts from Trust Funds in exchange for the surrendered units as would be determined based on market price for listed entities or breakup value for non-listed entities. The shares relating to the surrendered units would be transferred back to GoP.

The Scheme also provides that 50% of dividend related to shares transferred to the respective Trust Fund would be distributed amongst the unit-holder employees. The balance 50% dividend would be transferred by the respective Trust Fund to the Central Revolving Fund managed by the Privatization Commission of Pakistan for the payment to employees against surrendered units. The deficit, if any, in Trust Funds to meet the re-purchase commitment would be met by GoP.

The Scheme, developed in compliance with the stated GoP policy of empowerment of employees of the State Owned Enterprises, needs to be accounted for by the covered entities, including the Company, under the provisions of the amended International Financial Reporting Standard to share based payment (IFRS 2). However, keeping in view the difficulties that may be faced by the entities covered under the Scheme, the Securities and Exchange Commission of Pakistan on receiving representation from some of the entities covered under the scheme and after having consulted the Institute of Chartered Accountants of Pakistan vide their letter number CAIDTS/PS& TAC/2011-2036 dated February 2, 2011 has granted exemption to such entities from the application of IFRS 2 to the Scheme vide SRO 587 (I)/2011 dated June 7, 2011.

Had the exemption not been granted, the staff costs of the Company for the year would have been higher by Rs 913.48 million, profit for the year would have been lower by Rs 429.33 million, earnings per share would have been lower by Rs 3.89 per share and reserves would have been higher by Rs 1,089.88 million.

The Company understands that the Scheme is currently under review by the GoP, the impact of which cannot be determined as of June 30, 2017.

4.5 Rights and Privileges in the Participation and Shareholders Agreement (PSA)

A Participation and Shareholders Agreement (PSA) was signed among sponsor shareholders i.e. Fauji Foundation, Government of Pakistan (GoP) and Oil and Gas Development Company Limited (OGDCL) on June 3, 1985 which contained the rights and privileges of the parties. PSA was later amended through a Supplemental PSA dated July 25, 1992.

Right of First Refusal

If any of the sponsor shareholders desires to sell or transfer its shares in the Company in whole or in part, the remaining sponsor shareholders shall have the first option to purchase such shares subject to the conditions and in the manner prescribed in the PSA.

Board Selection

The membership of the Board of Directors of the Company shall reflect as closely as possible the proportion in which shares of the Company are held by the sponsor shareholders and others.

Management Right

The management of the affairs and the business of the Company shall vest in and be conducted by Fauji Foundation through a Managing Director exclusively nominated by Fauji Foundation.

	Note	2017	2016
		(Rupees in thousand)	
5. UNDISTRIBUTED PERCENTAGE RETURN RESERVE			
Balance at beginning of the year		426,867	395,331
Transferred from profit and loss account	5.1	181,803	161,374
Final dividend:			
for the year ended June 30, 2016	5.2	(112,234)	-
for the year ended June 30, 2015		-	(129,838)
Balance at end of the year		496,436	426,867

5.1 This represents the amount of distributable profits for the year related to undistributable percentage return reserve.

5.2 The Board of Directors in its meeting held on August 11, 2016 had proposed a final cash dividend for the year ended June 30, 2016 @ Rs 2.10 per share amounting to Rs 231.525 million, which was subsequently approved by the shareholders in Annual General Meeting held on September 27, 2016. Out of this, Rs 112.234 million has been appropriated out of undistributed percentage return reserve while the balance amount of Rs 119.291 million represents undistributed guaranteed return for the year ended June 30, 2016.

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

	Note	2017	2016
		(Rupees in thousand)	
6. OTHER RESERVES			
Capital redemption reserve fund	6.1	10,590,001	10,590,001
Self insurance reserve	6.2	600,000	100,000
		11,190,001	10,690,001
6.1 Capital redemption reserve fund			
Balance at beginning of the year		10,590,001	1,300,000
Transferred from profit and loss account		-	776,485
Transferred from exploration, evaluation and development reserve		-	8,513,516
Balance at end of the year		10,590,001	10,590,001

6.1.1 This reserve was created for redemption of redeemable preference shares in the form of cash to the preference shareholders.

	2017	2016
	(Rupees in thousand)	
6.2 Self Insurance Reserve		
Balance at beginning of the year	100,000	-
Transferred from profit and loss account	500,000	100,000
Balance at end of the year	600,000	100,000

6.2.1 The Company has set aside a specific reserve for self insurance of general assets, vehicles and personal accident for security personnel.

	Note	2017	2016
		(Rupees in thousand)	
7. PROFIT AND LOSS ACCOUNT			
Undistributed return	7.1	138,805	119,291
Unappropriated balance		12,609,928	4,627,264
		12,748,733	4,746,555

7.1 This represents the balance amount of distributable return to shareholders on account of increase in hydrocarbons production.

	Note	2017	2016
		(Rupees in thousand)	
8. LONG TERM FINANCING			
Redeemable preference shares - unsecured	8.1	-	-
Long term loans - secured	8.2	4,172,727	1,000,000
		4,172,727	1,000,000
8.1 Redeemable preference shares - unsecured			
Non-voting, non-cumulative redeemable preference shares		127,764	151,774
Current maturity		(127,764)	(151,774)
		-	-

8.1.1 As at June 30, 2017: 5,335,946 preference shares (2016: 5,335,946) have not been issued pending resolution of issue relating to deduction of withholding tax on issuance of bonus shares. Further, 7,440,495 preference shares (2016: 9,841,452) have not been claimed / redeemed by certain minority shareholders.

	Note	2017	2016
		(Rupees in thousand)	
8.2 Long term loans - secured			
Loan for infill wells	8.2.1		
Opening balance		1,000,000	-
Amount received during the year		-	1,000,000
		1,000,000	1,000,000
Current maturity of long term loans		(100,000)	-
		900,000	1,000,000
Loan for Zarghun field development			
Opening balance		-	332,505
Amount repaid during the year		-	(332,505)
		-	-
Loan for exploration and development projects	8.2.2		
Opening balance		-	-
Amount received during the year		4,000,000	-
		4,000,000	-
Current maturity of long term loans		(727,273)	-
		3,272,727	-
Long term loans - secured		4,172,727	1,000,000
Current maturity of long term loans		827,273	-

8.2.1 A long term finance facility amounting to Rs 1,000 million has been availed from MCB Bank Limited for financing four infill wells in Mari D&P Lease Area (Habib Rahi Limestone Reservoir). The entire amount of facility was drawn on December 31, 2015. Mark-up for the said loan is to be paid semi-annually in arrears on the outstanding facility amount at six months KIBOR + 0.15% per annum. The mark-up rate has been revised downward to six months KIBOR + 0.10% per annum from December 31, 2016.The effective mark-up rate for the year ended June 30, 2017 was 6.23% (2016: 6.67%) per annum. The loan is repayable in ten equal semi-annual installments after two years grace period from the date of first disbursement. The loan is secured by a pari passu charge by way of hypothecation over all present and future current and fixed assets (excluding land and building, petroleum reconnaissance and exploration licenses and development leases) of the Company amounting to Rs 1,334 million.

8.2.2 A long term finance facility amounting to Rs 9,000 million has been availed from Habib Bank Limited for financing exploration and developmental projects to be carried out in various fields/blocks. An amount of Rs 4,000 million has been availed from the facility upto June 30, 2017. Mark-up is payable semi-annually in arrears on the outstanding facility amount at six months KIBOR + 0.05% per annum. The effective mark-up rate for the period ended June 30, 2017 was 6.14% (2016: Nil) per annum. The loan is repayable in eleven equal semi-annual installments after six months grace period from the date of first disbursement. The loan is secured by a pari passu hypothecation charge and floating charge over all present and future current, movable and fixed assets (excluding land and building, petroleum reconnaissance and exploration licenses and development leases) of the Company amounting to Rs 12,000 million.

	Note	2017	2016
		(Rupees in thousand)	
9. DEFERRED LIABILITIES			
Provision for decommissioning cost	9.1	6,741,532	5,955,235
Provision for employee benefits - unfunded	9.2	506,794	447,409
Provision for compensated leave absences		207,195	149,059
Deferred income		28,291	24,872
		7,483,812	6,576,575
9.1 Provision for decommissioning cost			
Balance at beginning of the year		5,955,235	4,944,791
Provision made during the year		371,770	540,704
Revision due to change in estimates		(225,661)	(61,825)
Unwinding of discount		640,188	531,565
Balance at end of the year		6,741,532	5,955,235
The above provision is analysed as follows:			
Wells		6,007,743	5,273,950
Production facilities including gathering lines		733,789	681,285
		6,741,532	5,955,235

It is expected that cash outflows resulting from decommissioning will occur between 2018 to 2050.

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2017

		Note	2017	2016
			(Rupees in thousand)	
9.2	**Provision for employee benefits - unfunded**			
	Post retirement leave benefits for management employees	38.2	363,152	323,012
	Post retirement medical benefits for management employees	38.2	73,148	61,619
	Pension plan for non-management employees	38.2	70,494	62,778
			506,794	447,409
10.	**TRADE AND OTHER PAYABLES**			
	Creditors		782,016	907,989
	Accrued liabilities		2,591,509	2,491,103
	Joint operating partners		1,143,668	680,531
	Retention and earnest money deposits		61,644	49,261
	Gratuity funds		180,733	1,513,578
	Gas development surcharge		4,701,334	5,823,126
	General sales tax		3,890,996	3,105,435
	Excise duty		158,484	151,447
	Gas Infrastructure Development Cess (GIDC)		40,329,433	18,570,635
	Royalty		153,704	23,947
	Workers' Welfare Fund		1,109,854	977,351
	Workers' Profit Participation Fund	10.1	61,787	353,170
	Unclaimed dividend		17,274	10,140
	Unpaid dividend		8,733	11,508
			55,191,169	34,669,221
10.1	**Workers' Profit Participation Fund**			
	Balance at beginning of the year		353,170	355,276
	Allocation for the year		593,787	353,170
	Interest on delayed payments @ 38.25% (2016: 39.16%) per annum		17,765	18,295
			611,552	371,465
			964,722	726,741
	Amount paid to the Fund		(902,935)	(373,571)
	Balance at end of the year		61,787	353,170
11.	**CURRENT MATURITY OF LONG TERM FINANCING**			
	Redeemable preference shares - unsecured	8.1	127,764	151,774
	Long term loans - secured	8.2	827,273	-
			955,037	151,774

		2017	2016
		(Rupees in thousand)	
12.	**INTEREST ACCRUED ON LONG TERM FINANCING**		
	Profit accrued on redeemable preference shares	194,589	195,084
	Interest accrued on long term loans	59,963	1,070
		254,552	196,154

13. CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

Indemnity bonds given to Collector of Customs against duty concessions on import of vehicles amounted to Rs 5.23 million (2016: Rs 5.23 million).

		2017	2016
		(Rupees in thousand)	
13.2	**Commitments**		
	Capital expenditure:		
	Share in joint operations	4,961,303	6,091,496
	Mari field, Mari Seismic Unit and Rigs	1,443,039	212,269
		6,404,342	6,303,765

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2017

14. PROPERTY, PLANT AND EQUIPMENT

DESCRIPTION	Freehold land	Leasehold land	Buildings on freehold land	Buildings on leasehold land	Roads and bridges	Drilling rig, tools and equipment	Equipment and general plant	Computers and allied equipment	Gathering lines	Furniture and fixtures	Vehicles-heavy	Vehicles-light	Decommissioning Cost-Mari field and Joint Operations' production facilities including gathering lines (note 3.5)	Stores and spares held for capital expenditure (note 20.2)	Capital work in progress (note 14.1)	Total
	(Rupees in thousand)															
As at July 1, 2015																
Cost	622,476	102,224	1,029,085	710,450	192,562	3,406,457	4,211,731	223,262	2,329,205	97,268	686,765	363,445	286,671	-	596,012	14,857,613
Accumulated depreciation	-	12,977	386,871	88,479	119,145	1,022,599	1,124,107	131,757	1,415,985	56,603	456,917	228,204	39,436	-	-	5,083,080
Net book value	622,476	89,247	642,214	621,971	73,417	2,383,858	3,087,624	91,505	913,220	40,665	229,848	135,241	247,235	-	596,012	9,774,533
Year ended June 30, 2016																
Opening net book value	622,476	89,247	642,214	621,971	73,417	2,383,858	3,087,624	91,505	913,220	40,665	229,848	135,241	247,235	-	596,012	9,774,533
Additions	-	-	11,653	26,658	-	121,729	548,098	194,432	54,699	6,368	-	56,408	146,911	-	1,846,210	3,013,166
Revision due to change in estimates of provision for decommissioning cost	-	-	-	-	-	-	-	-	-	-	-	-	(1,743)	-	-	(1,743)
Disposals																
Cost	-	-	-	-	-	-	(221,505)	(4,200)	-	(644)	(2,700)	(4,980)	-	-	-	(234,029)
Accumulated depreciation	-	-	-	-	-	-	51,858	3,973	-	518	2,700	4,980	-	-	-	64,029
	-	-	-	-	-	-	(169,647)	(227)	-	(126)	-	-	-	-	-	(170,000)
Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,728,317)	(1,728,317)
Tangible assets of Sujawal field transferred from exploration and evaluation assets	-	-	6,910	-	-	-	1,111,579	1,160	185,123	85	-	6,183	-	-	-	1,311,040
Depreciation charge	-	(1,487)	(46,409)	(35,287)	(10,577)	(295,118)	(404,388)	(40,363)	(159,531)	(6,419)	(111,846)	(48,400)	(15,402)	-	-	(1,175,227)
Net book value	622,476	87,760	614,368	613,342	62,840	2,210,469	4,173,266	246,507	993,511	40,573	118,002	149,432	377,001	-	713,905	11,023,452
As at July 1, 2016																
Cost	622,476	102,224	1,047,648	737,108	192,562	3,528,186	5,649,903	414,654	2,569,027	103,077	684,065	421,056	431,839	-	713,905	17,217,730
Accumulated depreciation	-	14,464	433,280	123,766	129,722	1,317,717	1,476,637	168,147	1,575,516	62,504	566,063	271,624	54,838	-	-	6,194,278
Net book value	622,476	87,760	614,368	613,342	62,840	2,210,469	4,173,266	246,507	993,511	40,573	118,002	149,432	377,001	-	713,905	11,023,452
Year ended June 30, 2017																
Opening net book value	622,476	87,760	614,368	613,342	62,840	2,210,469	4,173,266	246,507	993,511	40,573	118,002	149,432	377,001	-	713,905	11,023,452
Additions	72,487	-	134,791	18,028	6,201	41,985	510,880	25,025	124,348	25,904	5,267	39,969	-	-	1,944,424	2,949,309
Revision due to change in estimates of provision for decommissioning cost	-	-	-	-	-	-	-	-	-	-	-	-	(20,735)	-	-	(20,735)
Disposals																
Cost	-	-	-	-	-	-	(134)	(1,110)	-	-	-	(2,755)	-	-	-	(3,999)
Accumulated depreciation	-	-	-	-	-	-	23	918	-	-	-	1,432	-	-	-	2,373
	-	-	-	-	-	-	(111)	(192)	-	-	-	(1,323)	-	-	-	(1,626)
Tangible assets of Karak, Sukkur and Hala blocks transferred from exploration and evaluation assets	-	-	-	29,821	1,016	-	443,932	578	-	132	-	9,140	-	-	-	484,619
Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	1,643,387	(1,954,462)	(311,075)
Depreciation charge	-	(1,487)	(48,528)	(36,142)	(9,083)	(286,809)	(559,716)	(80,269)	(189,882)	(6,775)	(104,242)	(60,800)	(51,541)	-	-	(1,435,274)
Net book value	694,963	86,273	700,631	625,049	60,974	1,965,645	4,568,251	191,649	927,977	59,834	19,027	136,418	304,725	1,643,387	703,867	12,688,670
As at June 30, 2017																
Cost	694,963	102,224	1,182,439	784,957	199,779	3,570,171	6,604,581	439,147	2,693,375	129,113	689,332	467,410	411,104	1,643,387	703,867	20,315,849
Accumulated depreciation	-	15,951	481,808	159,908	138,805	1,604,526	2,036,330	247,498	1,765,398	69,279	670,305	330,992	106,379	-	-	7,627,179
Net book value	694,963	86,273	700,631	625,049	60,974	1,965,645	4,568,251	191,649	927,977	59,834	19,027	136,418	304,725	1,643,387	703,867	12,688,670
Annual rates of depreciation (%)	-	1-3	5	5	10	5-33.33	10	25	10	10	30	20				

Property, plant and equipment includes Rs 19.55 million (2016: Rs 27.64 million), which represents the net book value of line heaters rented to an associated company, Foundation Power Company Daharki Limited. It also includes assets amounting to Rs. 158.08 million (2016: Nil), being Company's share in joint operations operated by others (assets not in the possession of the Company).

	2017	2016
	(Rupees in thousand)	
14.1 Capital work in progress		
Mari Field		
Infill wells and Pirkoh wells		
Land	-	33,505
Stores and spares	-	82,139
Plant and equipment	-	7,900
	-	123,544
Up front wells and production facilities		
Land	-	15,636
Stores and spares	-	6,649
Plant and equipment	10,813	10,813
	10,813	33,098
Mari Deep and SML wells		
Stores and spares - Mari Deep wells	172,126	-
Stores and spares - SML wells	22,903	-
	195,029	-
Others	41,084	10,950
	246,926	167,592
Support of production		
Land, buildings, roads and bridges	172,462	171,313
Plant, machinery and others	284,479	375,000
	456,941	546,313
	703,867	713,905
14.2 The depreciation charge has been allocated as follows:		
Operating expenses	836,687	570,322
Other income		
Mari Seismic Unit - Net	291,922	292,488
Rig - Net	88,579	131,500
Mari Seismic Data Processing Unit - Net	19,223	16,664
Development and production assets	59,789	234
Exploration and evaluation assets	139,074	164,019
	1,435,274	1,175,227

14.3 Detail of property and equipment as at June 30, 2017 relating to Mari Seismic Unit is as follows:

Description	Cost	Accumulated Depreciation	Net Book value
		(Rupees in thousand)	
Buildings on freehold land	21,901	3,986	17,915
Equipment	2,341,801	633,939	1,707,862
Computers and allied equipment	3,439	2,606	833
Furniture and fixture	186	17	169
Vehicles	301,273	295,149	6,124
Capital work in progress	30,999	-	30,999
	2,699,599	935,697	1,763,902

14.4 Detail of property, plant and equipment disposed off during the year is as follows:

Description	Cost	Net Book value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of purchaser
		(Rupees in thousand)				
Plant and equipment	134	111	13	(98)	Company policy	Ex - employee of the Company
Computers	492	192	71	(121)	Company policy	Ex - employees of the Company
Computers	618	-	62	62	Company policy	Various employees of the Company
Vehicles	2,755	1,323	276	(1,047)	Company policy	Ex - employee of the Company
	3,999	1,626	422	(1,204)		

14.5 Detail of significant immovable fixed assets as at June 30, 2017 is as follows:

Description	Location	Approximate Area of Land
Wells, production / processing facilities, housing colony/residential area, field office, liaison office, warehouse and guest house	Sindh	2,396.81 acres
Land and Head Office building	Islamabad	3.29 acres
Wells, production / processing facilities, residential area, field office and warehouse	Balochistan	101 acres
Wells, production / processing facilities and guest house	KPK	37 acres
Wells, production / processing facilities and field office / residential area	Punjab	61.3 acres

15. DEVELOPMENT AND PRODUCTION ASSETS

Description	Producing fields		Sub total	Decommissioning cost	Total
	Wholly owned	Joint operations			
			(Rupees in thousand)		
As at July 1, 2015					
Cost	4,614,891	387,479	5,002,370	824,479	5,826,849
Accumulated amortization	(3,006,892)	(23,899)	(3,030,791)	(608,343)	(3,639,134)
Net book value	1,607,999	363,580	1,971,579	216,136	2,187,715
Year ended June 30, 2016					
Opening net book value	1,607,999	363,580	1,971,579	216,136	2,187,715
Additions	182,217	-	182,217	123,078	305,295
Leftover inventory transferred to stores and spares	-	(39,381)	(39,381)	-	(39,381)
Transfer from exploration and evaluation assets	-	767,509	767,509	67,058	834,567
Revision due to change in estimates of provision for decommissioning cost	-	-	-	(28,419)	(28,419)
Amortization for the year	(104,881)	(121,623)	(226,504)	(31,210)	(257,714)
Net book value	1,685,335	970,085	2,655,420	346,643	3,002,063
As at July 1, 2016					
Cost	4,797,108	1,115,607	5,912,715	986,196	6,898,911
Accumulated amortization	(3,111,773)	(145,522)	(3,257,295)	(639,553)	(3,896,848)
Net book value	1,685,335	970,085	2,655,420	346,643	3,002,063
Year ended June 30, 2017					
Opening net book value	1,685,335	970,085	2,655,420	346,643	3,002,063
Additions	847,435	290,054	1,137,489	271,281	1,408,770
Transfer from property, plant and equipment	-	96,486	96,486	-	96,486
Transfer from exploration and evaluation assets	-	3,658,868	3,658,868	187,112	3,845,980
Revision due to change in estimates of provision for decommissioning cost	-	-	-	(196,555)	(196,555)
Amortization for the year	(72,926)	(605,933)	(678,859)	(68,007)	(746,866)
Net book value	2,459,844	4,409,560	6,869,404	540,474	7,409,878
As at June 30, 2017					
Cost	5,644,543	5,161,015	10,805,558	1,248,034	12,053,592
Accumulated amortization	(3,184,699)	(751,455)	(3,936,154)	(707,560)	(4,643,714)
Net book value	2,459,844	4,409,560	6,869,404	540,474	7,409,878

15.1 Additions include borrowing costs capitalized during the year amounting to Rs 4.30 million (2016: Nil).

	Note	2017	2016
		(Rupees in thousand)	
16. EXPLORATION AND EVALUATION ASSETS			
Balance at beginning of the year		10,084,055	9,399,602
Additions during the year	16.2	2,364,373	4,752,802
Left over inventory transferred to stores and spares		(513,544)	(259,934)
Transfer to development and production assets		(3,845,980)	(834,567)
Tangible assets transferred to Property, plant and equipment		(484,619)	(1,311,040)
Revision due to change in estimates of provision for decommissioning cost		(8,371)	(31,664)
Impairment of wells and decommissioning cost		-	(968,835)
Cost of dry and abandoned wells written off		(1,531,246)	(417,461)
Depreciation for the year		(92,560)	(244,848)
		(4,111,947)	684,453
Balance at end of the year		5,972,108	10,084,055

16.1 Exploration and evaluation assets include Company's share of net book value of tangible assets amounting to Rs 26.64 million (2016: Rs 683.52 million). This also includes assets amounting to Nil (2016: Rs 211.80 million), being Company's share in joint operations operated by others (assets not in the possession of the Company).

16.2 It includes additions amounting to Rs 100.489 million (2016: Rs 271.122 million) on account of provision for decommissioning cost.

	Note	2017	2016
		(Rupees in thousand)	
17. LONG TERM LOANS AND ADVANCES			
Considered good - secured			
Executives	17.1	31,597	28,858
Other employees	17.1	22,117	20,397
		53,714	49,255
Less: amount due within twelve months shown under current loans and advances	22		
Executives		13,953	16,310
Other employees		7,528	5,876
		21,481	22,186
		32,233	27,069

17.1 Reconciliation of carrying amount of loans and advances to executives and other employees is as follows:

	Balance as at July 1, 2016	Disbursements during the year	Repayments / Transfers during the year	Balance as at June 30, 2017
	(Rupees in thousand)			
Executives	28,858	28,806	26,067	31,597
Other employees	20,397	19,187	17,467	22,117
Total	49,255	47,993	43,534	53,714
Year ended June 30, 2016	36,794	49,846	37,385	49,255

17.2 The maximum amount due from executives at the end of any month during the year was Rs 42.68 million (2016: Rs 41.62 million).

17.3 Loans and advances to employees are for general purpose and for house rent advance which are recoverable in 12 to 60 equal monthly instalments respectively and are secured by an amount due to the employee against provident fund. These loans and advances are interest free. These do not include any amount receivable from the Chief Executive and Directors.

	2017	2016
	(Rupees in thousand)	
18. LONG TERM DEPOSITS AND PREPAYMENTS		
Deposits	25,982	15,084
Prepayments	20	20
	26,002	15,104
19. DEFERRED INCOME TAX ASSET		
Balance at beginning of the year	2,680,622	2,392,765
Credit for the year:		
Profit and loss account	(521,223)	281,350
Statement of comprehensive income	2,909	6,507
	(518,314)	287,857
Balance at end of the year	2,162,308	2,680,622

19.1 The balance of deferred tax is in respect of following temporary differences:

	2017	2016
	(Rupees in thousand)	
Exploration expenditure charged to profit and loss account but to be claimed in tax return in future years	3,927,072	3,678,114
Accounting and tax depreciation / amortization	(2,003,099)	(1,224,381)
Provision for employee benefits - unfunded	162,174	143,171
Provision for doubtful debts	76,161	83,718
	2,162,308	2,680,622

	Note	2017	2016
		(Rupees in thousand)	
20. STORES AND SPARES			
Stores	20.1	674,924	1,761,601
Spares		340,076	405,727
		1,015,000	2,167,328
20.1 Stores include share in joint operations operated by the Company		244,713	708,058

20.2 During the year, an amount of Rs 1,643.387 million in respect of stores and spares has been classified as stores and spares held for capital expenditure, classified under property, plant and equipment.

	2017	2016
	(Rupees in thousand)	
21. TRADE DEBTS		
Due from related parties - considered good		
Central Power Generation Company Limited	3,888,959	2,548,887
Foundation Power Company Daharki Limited	3,323,360	2,952,921
Fauji Fertilizer Company Limited	14,431,598	1,566,979
Sui Southern Gas Company Limited	1,235,478	1,152,835
Sui Northern Gas Pipelines Limited	406,141	197,590
Foundation Gas	1,268	-
	23,286,804	8,419,212
Due from others - considered good		
Engro Fertilizer Limited	4,908,487	719,451
Fatima Fertilizer Company Limited	25,035,199	16,678,152
Byco Petroleum Pakistan Limited	614,192	614,192
National Refinery Limited	36,518	25,962
Attock Refinery Limited	349,215	352,795
Pakistan Refinery Limited	31,553	17,363
Western Power Company (Private) Limited	56,266	19,869
Pak Arab Refinery Limited	21,316	40,473
Petrosin CNG (Private) Limited	86,535	-
	54,426,085	26,887,469

21.1 Trade debts due from related parties and trade debts due from others are net of provision for doubtful debts amounting to Rs 238.00 million (2016: Rs 238.00 million) and Rs Nil (2016: Rs 23.61 million) respectively.

21.2 The maximum aggregate amount due from related parties at the end of any month during the year was Rs 23,286.80 million (2016: Rs 13,212.38 million).

21.3 Trade debts include Gas Infrastructure Development Cess (GIDC) withheld by customers amounting to Rs 38,420 million (2016: Rs 14,087 million).

	Note	2017	2016
		(Rupees in thousand)	
22. LOANS AND ADVANCES			
Considered good			
Current portion of long term loans and advances	17		
Executives		13,953	16,310
Other employees		7,528	5,876
		21,481	22,186
Advances to employees against expenses		28,013	18,120
Advances to suppliers and others		559,319	474,808
Receivables from joint operating partners		1,031,252	922,342
		1,640,065	1,437,456
23. SHORT TERM INVESTMENTS			
Held-to-maturity			
Local currency term deposits with banks	23.1	3,604,596	-

23.1 They have a maximum maturity period of 3 months, carrying profit ranging from 5.40% to 6.75% (2016: Nil) per annum.

	2017	2016
	(Rupees in thousand)	
24. SHORT TERM PREPAYMENTS		
Prepaid insurance	52,461	36,509
Others	13,236	43,684
	65,697	80,193

25. INTEREST ACCRUED

It includes Rs 4.52 million (2016: Rs 0.07 million) from Askari Bank Limited, a related party.

	2017	2016
	(Rupees in thousand)	
26. INCOME TAX PAID IN ADVANCE		
Balance at beginning of the year	1,503,388	1,011,359
(Provision) / credit for the year:		
Profit and loss account	(1,492,042)	(791,347)
Statement of comprehensive income	(4,520)	80,964
	(1,496,562)	(710,383)
Income tax paid during the year	1,135,493	1,202,412
Balance at end of the year	1,142,319	1,503,388

	Note	2017 (Rupees in thousand)	2016
27. CASH AND BANK BALANCES			
Cash in hand		1,378	1,273
Balances with banks on:			
Deposit accounts	27.1	3,225,389	505,233
Current accounts		96,429	119,648
		3,321,818	624,881
		3,323,196	626,154

27.1 These include foreign currency accounts amounting to US$ 4.24 million (2016: US$ 0.90 million) having mark-up rate of 0.5% (2016: 0.5%) per annum. The mark-up rate for local currency accounts ranges from 3.75% to 6.00% (2016: 3.78% to 6.50%) per annum.

27.2 Balances with banks include Rs 92.28 million (2016: Rs 99.81 million) held in joint bank account with respective DCO(s) of the operated concessions in line with the instructions of Directorate General of Petroleum Concessions (DGPC) related to unspent social welfare obligation of the operated concessions.

27.3 Cash and bank balances include Rs 1,402.80 million (2016: Rs 271.35 million) held with Askari Bank Limited, a related party.

27.4 Running finance facility

A running finance facility of Rs 2,000 million was availed from MCB Bank Limited for meeting working capital requirements and operating expenses. This facility was reduced to Rs 1,000 million from December 20, 2016 and was completely discontinued from May 08, 2017. The facility was utilized from time to time. Mark-up for the said facility was to be paid quarterly on the outstanding balance availed at one month KIBOR + 0.10% per annum. The effective mark-up rate for the year ended June 30, 2017 was 6.31% (2016: 6.59%) per annum. The facility was secured by a pari passu charge by way of hypothecation over all present and future current and fixed assets (excluding land and building, petroleum reconnaissance and exploration licenses and development leases) of the Company amounting to Rs 2.667 billion. The bank has been requested to provide the NOC for vacating the security charge.

	Note	2017 (Rupees in thousand)	2016
28. GROSS SALES TO CUSTOMERS			
Sale of:			
Gas	28.1	94,357,681	92,845,166
Crude Oil	28.2	2,041,417	1,745,840
Less: Transportation charges		85,145	60,081
		1,956,272	1,685,759
Condensate	28.3	443,044	454,907
Less: Transportation charges		16,215	22,561
		426,829	432,346
Liquefied Petroleum Gas (LPG)	28.4	1,267	218
Own consumption		33,925	34,230
		96,775,974	94,997,719

	2017 (Rupees in thousand)	2016
28.1 This represents sale of gas as per details below:		
Mari Field	87,775,299	87,574,724
Sujawal block	4,490,459	3,407,381
Zarghun block	766,304	696,131
Hala block	1,016,632	1,032,652
Sukkur block	52,606	66,292
Karak block	235,905	67,986
Kohat block	20,476	-
	94,357,681	92,845,166
28.2 This represents sale of crude oil as per details below:		
Karak block	1,820,208	1,351,886
Ghauri block	221,209	393,954
	2,041,417	1,745,840
28.3 This represents sale of condensate as per details below:		
Mari Field	94,057	88,102
Sujawal block	303,278	309,116
Hala block	40,530	52,207
Zarghun block	5,179	5,482
	443,044	454,907

28.4 This represents sale of LPG from Hala block.

28.5 Sale of gas includes sale from Sukkur, Sujawal and Zarghun blocks invoiced on provisional prices. There may be adjustment in gross sales upon issuance of final wellhead prices notification by Oil and Gas Regulatory Authority (OGRA).

	Note	2017	2016
		(Rupees in thousand)	
29. OPERATING EXPENSES			
Salaries, wages and benefits	29.1	3,261,182	2,929,676
Employee benefits		263,595	211,252
Rent, rates and taxes		107,426	161,721
Legal and professional services		26,267	189,430
Fuel, light, power and water		135,275	137,039
Maintenance and repairs		728,307	561,286
Insurance		61,809	49,276
Depreciation of property, plant and equipment		836,687	570,322
Depreciation on exploration and evaluation assets		92,560	244,848
Amortization of development and production assets and decommissioning cost		746,866	257,714
Employees medical and welfare		313,556	258,373
Field and other services		1,212,927	1,042,689
Travelling		80,366	92,570
Communications		23,043	27,116
Printing and stationery		18,341	14,972
Office supplies		26,380	13,689
Technical software		127,645	43,811
Auditor's remuneration and tax services	29.2	2,845	11,496
Mobile dispensary and social welfare		207,759	118,324
Training		94,368	71,256
Advertisement		3,407	7,984
Books and periodicals		754	490
Public relations and social activities		11,001	11,885
Directors' fee and expenses		11,064	14,664
Freight and transportation		17,450	7,446
Subscriptions		7,594	3,762
Reservoir study and production logging		44,805	23,990
Seismic Processing / Reprocessing		35,012	-
Reversal of provision for doubtful debts	29.3	(23,614)	(140,217)
Miscellaneous		72,893	76,701
		8,547,570	7,013,565
Less: Recoveries from joint operating partners	29.4	1,097,559	1,249,956
		7,450,011	5,763,609
Operating expenses includes block-wise operating expenses as follows:			
Sukkur block		36,823	35,198
Hala block		232,555	211,392
Kohat block		1,096	957
Karak block		350,269	218,972
Sujawal block		315,379	271,178
Zarghun block		153,950	165,275
Ghauri block		92,865	110,122
		1,182,937	1,013,094

29.1 Salaries, wages and benefits include operating lease rentals amounting to Rs 42.54 million (2016: Rs 34.31 million) in respect of company leased vehicles.

	2017	2016
	(Rupees in thousand)	
29.2 Auditor's remuneration and tax services		
Statutory audit	1,455	1,455
Review of half yearly accounts, special reports and other certifications	1,043	1,285
Tax services	-	8,169
Out of pocket expenses	347	587
	2,845	11,496

29.3 It includes Rs Nil (2016: Rs 146.45 million) reversal of provision related to doubtful debts of related parties.

	Note	2017	2016
		(Rupees in thousand)	
29.4 Recoveries from joint operating partners			
Time write cost		873,939	889,764
Overheads		212,667	344,993
Computer and equipment support cost		10,953	15,199
		1,097,559	1,249,956
30. EXPLORATION AND PROSPECTING EXPENDITURE			
Mari Field			
3D seismic data acquisition	30.2	24,226	1,589,509
Joint operations			
Cost of dry and abandoned wells written off		1,531,246	417,461
Impairment of wells		-	968,835
Prospecting expenditure	30.3	2,325,325	3,486,321
		3,856,571	4,872,617
		3,880,797	6,462,126

	2017 Working Interest (%)	2016	2017 (Rupees in thousand)	2016
OPERATED BLOCKS				
Zarghun Field	35.00	35.00	66,566	70,922
Ziarat Block	60.00	60.00	40,060	360,272
Karak Block	60.00	60.00	203,508	368,477
Hanna Block *	100.00	100.00	-	12,065
Harnai Block	40.00	40.00	13,433	5,479
Sujawal Block	100.00	100.00	2,206,312	1,662,844
Sukkur Block	58.82	58.82	33,287	127,833
Ghauri Block	35.00	35.00	21,987	496,070
Peshawar East Block	98.16	98.16	20,243	20,861
Bannu West Block **	35.00	-	13,109	-
Khetwaro Block *	51.00	51.00	(19,532)	183,000
			2,598,973	3,307,823
NON - OPERATED BLOCKS				
Hala Block	35.00	35.00	31,330	201,301
Kohat Block	20.00	20.00	303,539	163,404
Bannu West Block **	10.00	10.00	57,261	2,735
Kohlu Block	30.00	30.00	6,637	7,488
Kalchas Block	20.00	20.00	2,760	743,979
Shah Bandar Block	32.00	-	886,336	-
Zindan Block *	35.00	35.00	(30,265)	445,887
			1,257,598	1,564,794
			3,856,571	4,872,617

* Company has relinquished these blocks and GOP's approval is pending in this respect.

** Operatorship of Bannu West Block was transferred from Tullow Pakistan to MPCL on March 21, 2017 after acquiring additional working interest of 25%.

30.1 Exploration and prospecting expenditure represents cost other than drilling expenditure directly charged to profit and loss account as referred in note 3.8 to these financial statements.

30.2 This includes services rendered and invoiced by Mari Seismic Unit amounting to Rs 1.359 million (2016: Rs 1,563.266 million)

30.3 This includes services rendered and invoiced by Mari Seismic Unit amounting to Rs 240.426 million (2016: Rs 1,205.730 million).

	2017 (Rupees in thousand)	2016
31. OTHER CHARGES		
Workers' Profit Participation Fund	593,787	353,170
Workers' Welfare Fund	132,503	148,773
	726,290	501,943

	Note	2017 (Rupees in thousand)	2016
32. OTHER (EXPENSES) / INCOME			
Mari Seismic Unit (loss) / income - net	32.1	(354,950)	1,009,318
Rig loss - net	32.2	(435,497)	(449,037)
Mari Seismic Data Processing Unit loss - net	32.3	(44,639)	(46,516)
Line heaters rental income		5,755	14,324
(Loss) / gain on disposal of property and equipment		(1,204)	5,705
Miscellaneous		10,207	25,995
		(820,328)	559,789

32.1 Break-up of Mari Seismic Unit (loss) / income - net is as follows:

	2017	2016
Income:		
Mari Seismic Unit income	241,785	2,768,996
Interest income on bank deposits	17,601	5,251
	259,386	2,774,247
Less: Expenses		
Operating expenses	322,372	1,302,711
Depreciation of property and equipment	291,922	292,488
Loss on disposal of property and equipment	-	169,644
Bank charges	42	86
	614,336	1,764,929
	(354,950)	1,009,318

32.2 Break-up of Rig loss - net is as follows:

	2017	2016
Income:		
Rig rental income	127,570	479,884
Less: Expenses		
Operating expenses	474,488	797,421
Depreciation on property and equipment	88,579	131,500
	563,067	928,921
	(435,497)	(449,037)

32.3 Break-up of Mari Seismic Data Processing Unit loss - net is as follows:

	2017	2016
Income:		
Mari Seismic Data Processing Unit income	46,055	13,325
Less: Expenses		
Operating expenses (net of recoveries from joint operating partners)	71,471	43,177
Depreciation on property and equipment	19,223	16,664
	90,694	59,841
	(44,639)	(46,516)

	2017	2016
	(Rupees in thousand)	
33. FINANCE INCOME		
Interest income on bank deposits	212,126	236,730
Interest income on short term investments	20,880	-
Interest income on delayed payments from a joint operating partner	-	104,000
	233,006	340,730
34. FINANCE COST		
Interest on long term financing	197,624	45,860
Interest on short term running finance - secured	11,615	-
Unwinding of discount on provision for decommissioning cost	640,188	531,565
Exchange gain	(72,496)	(23,841)
Interest on Workers' Profit Participation Fund	17,765	18,295
Bank charges	3,390	2,179
	798,086	574,058
35. PROVISION FOR TAXATION		
Current	1,492,042	791,347
Deferred	521,223	(281,350)
	2,013,265	509,997

	2017	2016
	(Percentage)	
35.1 Reconciliation of effective tax rate		
* Applicable tax rate	48.48	46.81
Tax effect of depletion allowance and royalty payments	(26.08)	(38.00)
Others	(4.34)	(1.04)
Effective tax rate	18.06	7.77

* The applicable tax rate is the weighted average of tax rates applicable to income from oil and gas concessions and income from other activities.

	2017	2016
	(Rupees in thousand)	
36. EARNINGS PER SHARE - BASIC AND DILUTED		
Profit for the year (Rupees in thousand)	9,136,194	6,051,455
Distributable earnings (Rupees in thousand)	651,357	611,415
Number of ordinary shares outstanding (in thousand)	110,250	110,250
Earnings per ordinary share (in Rupees)	82.87	54.89
Distributable earnings per ordinary share (in Rupees)	5.91	5.55

There is no dilutive effect on the basic earnings per ordinary share of the Company.

36.1 Distributable earnings reflect return to shareholders for the year ended June 30, 2017 @ 42.59% (2016: 40.82%) per annum on shareholders' funds as referred to in the "Revised Agreement".

37. CASH AND CASH EQUIVALENTS

For the purpose of cash flow statement, cash and cash equivalents comprise the following:

	2017	2016
	(Rupees in thousand)	
Cash and bank balances	3,323,196	626,154
Short term investments	3,604,596	-
	6,927,792	626,154

38. EMPLOYEE BENEFITS

The results of the actuarial valuation carried out as at June 30, 2017 and June 30, 2016 are as follows:

	2017		2016	
	Management Gratuity	Non-Management Gratuity	Management Gratuity	Non-Management Gratuity
	(Rupees in thousand)			
38.1 Funded benefits				
Reconciliation of payable to defined benefit plan				
Present value of defined benefit obligations	1,375,739	723,867	1,232,879	684,778
Fair value of plan assets	(1,223,102)	(695,771)	(379,591)	(24,488)
Liability recognized in balance sheet	152,637	28,096	853,288	660,290
Movement in payable to defined benefit plan				
Balance as at beginning of year	853,288	660,290	114,552	44,900
Expense for the year	152,637	28,096	83,288	230,290
Funds advanced to the Company by the Fund / (returned by the Company)	(770,000)	(430,000)	770,000	430,000
	235,925	258,386	967,840	705,190
Contribution to fund during the year	(83,288)	(230,290)	(114,552)	(44,900)
Balance as at end of year	152,637	28,096	853,288	660,290
Movements in the present value of defined benefit obligation				
Present value of defined benefit obligation at beginning of the year	1,232,879	684,778	1,165,045	476,989
Service cost	134,630	31,859	130,420	15,441
Interest cost on defined benefit obligation	92,190	49,018	112,728	45,287
Actual benefits paid during the year	(51,734)	(32,343)	(69,612)	(44,825)
Re-measurements: Actuarial (gain) / loss on obligation	(32,226)	(9,445)	(105,702)	191,886
Present value of defined benefit obligation at end of the year	1,375,739	723,867	1,232,879	684,778

	2017		2016	
	Management Gratuity	Non-Management Gratuity	Management Gratuity	Non-Management Gratuity
	(Rupees in thousand)			
Movement in fair value of plan assets				
Balance as at beginning of year	379,591	24,488	1,050,493	432,089
Contributions during the year	83,288	230,290	114,552	44,900
Interest income on plan assets	86,152	32,283	101,953	41,108
Funds returned by the Company /				
(advanced to the Company by the Fund)	770,000	430,000	(770,000)	(430,000)
Remeasurement gain / (loss) on plan assets	(44,195)	11,053	(47,795)	(18,784)
Benefits paid during the year	(51,734)	(32,343)	(69,612)	(44,825)
Balance as at end of year	1,223,102	695,771	379,591	24,488
Plan assets comprise of:				
Deposit with banks and mutual funds	1,223,102	695,771	379,591	24,488
Expense for the year:				
Recognized in profit and loss account				
Current service cost	134,630	31,859	130,420	15,441
Interest cost	92,190	49,018	112,728	45,287
Interest income on plan assets	(86,152)	(32,283)	(101,953)	(41,108)
	140,668	48,594	141,195	19,620
Recognized in statement of comprehensive income				
Remeasurement loss / (gain) on obligations -				
effect of experience adjustment	(32,226)	(9,445)	(105,702)	191,886
Remeasurement loss / (gain) on plan assets	44,195	(11,053)	47,795	18,784
	11,969	(20,498)	(57,907)	210,670
Total expense for the year	152,637	28,096	83,288	230,290
Actual return on plan assets	41,957	43,336	54,158	22,324

	Management Gratuity	Non-Management Gratuity
	(Rupees in thousand)	
Projected benefit payments from gratuity fund are as follows:		
For the year 2018	53,108	109,426
For the year 2019	227,404	41,157
For the year 2020	273,190	60,972
For the year 2021	185,223	148,899
For the year 2022	103,581	79,954
For the years 2023-27	1,135,547	551,156

38.2 Un-funded benefits

	2017			2016		
	Management		Non-Management	Management		Non-Management
	Post Retirement Leaves	Post Retirement Medical	Pension	Post Retirement Leaves	Post Retirement Medical	Pension
	(Rupees in thousand)					
Reconciliation of payable to defined benefit plan						
Present value of defined benefit obligations	363,152	73,148	70,494	323,012	61,619	62,778
Movement in payable to defined benefit plan						
Balance at beginning of the year	323,012	61,619	62,778	294,486	55,998	38,158
Expense for the year	55,359	14,152	7,716	40,113	8,544	24,620
	378,371	75,771	70,494	334,599	64,542	62,778
Payments during the year	(15,219)	(2,623)	-	(11,587)	(2,923)	-
Balance at end of the year	363,152	73,148	70,494	323,012	61,619	62,778
Expense for the year:						
Recognized in profit and loss account						
Current service cost	33,904	1,540	2,178	34,378	1,978	1,610
Interest cost	23,418	4,437	4,623	28,712	5,457	3,786
Immediate recognition of actuarial gain	(1,963)	-	-	(22,977)	-	-
	55,359	5,977	6,801	40,113	7,435	5,396
Recognized in statement of comprehensive income						
Remeasurement loss / (gain) on obligations:						
Effect of experience adjustment	-	8,175	6,537	-	1,109	9,298
Effect of changes in financial assumptions	-	-	(5,622)	-	-	9,926
	-	8,175	915	-	1,109	19,224
Total expense for the year	55,359	14,152	7,716	40,113	8,544	24,620

38.3 The principal actuarial assumptions used in the actuarial valuation of the defined benefit plans are as follows:

	2017	2016
	(Per annum)	
- Discount rate	7.75%	7.25%
- Expected rate of salary increase	7.75%	7.25%
- Expected rate of pension increase	3.00%	3.00%
- Increase in cost of medical benefits	7.75%	7.25%

38.4 Sensitivity analysis and weighted average number of years

	Weighted average number of years as at June 30, 2017	Effect on payable to defined benefit plan of			
		Discount rate 0.5% point		Salary/Medical rate 0.5% point	
		increase	decrease	increase	decrease
		(Rupees in thousand)		(Rupees in thousand)	
Management Gratuity	6.85	(49,599)	53,079	52,825	(49,823)
Non-Management Gratuity	5.85	(20,627)	21,745	21,641	(20,720)
Management Post Retirement Medical	7.89	(2,886)	3,102	13	(13)

38.5 The employee benefit expenses (funded and unfunded) are recognized in profit and loss account for the year as per following details:

Description	2017	2016
	(Rupees in thousand)	
Employee benefits - Operating expenses	207,355	159,949
Employees medical and welfare - Operating expenses	10,758	7,913
Mobile dispensary and social welfare - Operating expenses	5,087	3,167
Rig - Other income	27,017	36,606
Mari Seismic Unit - Other income	5,157	5,497
Mari Seismic Data Processing Unit - Other income	2,025	627
	257,399	213,759

39. OPERATING SEGMENTS

39.1 Basis of segmentation

As explained in note 3.28, the Company has three strategic divisions based on the main types of activities, which are considered its reportable segments. The following summary describes the operations of each reportable segment:

Reportable segments	Operations
Exploration and Production	includes all upstream business activities
Mari Seismic Unit	includes 2D/3D seismic data acquisition
Mari Drilling Unit	includes onshore drilling services

The Chief Executive officer and Board of Directors review the internal management reports of each division quarterly.

39.2 Information about reportable segments

Information related to each reportable segment is set below. Segment profit / (loss) before tax is used to measure performance because management believes that this information is the most relevant in evaluating the results of the respective segment. Accordingly, information about segment assets and liabilities is not presented.

	Exploration and Production	Mari Seismic Unit	Mari Drilling Unit	Total
	(Rupees in thousand)			
Year ended June 30, 2017				
Revenue from external customers	96,775,974	-	127,570	96,903,544
Inter-segment revenue	-	241,785	1,425,203	1,666,988
	96,775,974	241,785	1,552,773	98,570,532
Operating expenses	5,773,898	322,372	1,253,757	7,350,027
Depreciation and amortization	1,676,113	291,922	287,442	2,255,477
Cost of dry and abandoned wells written off	1,531,246	-	-	1,531,246
Other (expenses) / income	(29,881)	-	-	(29,881)
Finance income	233,006	17,601	-	250,607
Finance cost	798,086	40	-	798,126
Profit / (loss) before taxation	11,939,906	(354,948)	11,574	11,596,532
Year ended June 30, 2016				
Revenue from external customers	94,997,719	-	479,884	95,477,603
Inter-segment revenue	-	2,768,996	1,018,988	3,787,984
	94,997,719	2,768,996	1,498,872	99,265,587
Operating expenses	4,690,725	1,302,711	1,278,656	7,272,092
Depreciation and amortization	1,072,884	292,488	295,754	1,661,126
Impairment of wells	968,835	-	-	968,835
Cost of dry and abandoned wells written off	417,461	-	-	417,461
Other (expenses) / income	(492)	(169,644)	-	(170,136)
Finance income	340,730	5,251	-	345,981
Finance cost	574,058	86	-	574,144
Profit / (loss) before taxation	6,001,171	1,009,318	(75,538)	6,934,951

39.3 Reconciliation of segments' revenue and profit before taxation

		2017	2016
		(Rupees in thousand)	
i)	Revenue from reportable segments	98,570,532	99,265,587
	Elimination of inter-segment revenue - Mari Drilling Unit	(1,425,203)	(1,018,988)
	Revenue of the Company	97,145,329	98,246,599
39.3.1	**Revenue of the Company comprises:**		
	- Gross sales to customers	96,775,974	94,997,719
	- MSU - other income	241,785	2,768,996
	- Rig - other income	127,570	479,884
		97,145,329	98,246,599
ii)	Profit before taxation from reportable segments	11,596,532	6,934,951
	Elimination of inter-segment profit - Mari Drilling Unit	(447,073)	(373,499)
	Profit before taxation of the Company	11,149,459	6,561,452

Other information

Revenue from external customers for products of the Company is disclosed in note 28.

Revenue from major customers of the Company constitutes 97% of the total revenue during the year ended June 30, 2017 (2016: 98%).

40. FINANCIAL INSTRUMENTS

	Loans and receivables	
	2017	2016
	(Rupees in thousand)	
40.1 Financial assets and liabilities		
Financial assets		
Maturity up to one year		
Trade debts	54,426,085	26,887,469
Loans and advances	1,052,733	944,528
Interest accrued	47,031	3,961
Short term investments	3,604,596	-
Cash and bank balances	3,323,196	626,154
Maturity after one year		
Long term loans and advances	32,233	27,069
Long term deposits	25,982	15,084
	62,511,856	28,504,265

	Other financial liabilities	
	2017	2016
	(Rupees in thousand)	
Financial liabilities		
Maturity up to one year		
Trade and other payables	55,191,169	34,669,221
Current maturity of long term financing	955,037	151,774
Interest accrued on long term financing	254,552	196,154
Maturity after one year		
Provision for decommissioning cost	6,741,532	5,955,235
Deferred income	28,291	24,872
Long term financing	4,172,727	1,000,000
Provision for employee benefits - unfunded	506,794	447,409
Provision compensated leave absences	207,195	149,059
	68,057,297	42,593,724

40.2 Credit quality of financial assets

The credit quality of Company's financial assets have been assessed below by reference to external credit ratings of counterparties determined by the Pakistan Credit Rating Agency Limited (PACRA), JCR - VIS Credit Rating Company Limited (JCR-VIS) and Moody's. The counterparties for which external credit ratings were not available have been assessed by reference to internal credit ratings determined based on their historical information for any defaults in meeting obligations.

	Rating	2017	2016
		(Rupees in thousand)	
Trade debts			
Counterparties with external credit rating	A1+	39,873,846	17,816,833
	A1	9,873,466	4,303,346
	A2	31,553	17,363
Counterparties without external credit rating		4,647,220	4,749,927
		54,426,085	26,887,469
Loans and advances			
Counterparties without external credit rating			
Joint operating partners and employees with no default in the past		1,052,733	944,528
Interest accrued			
Counterparties with external credit rating	A1+	47,031	3,961
Short term investments			
Counterparties with external credit rating	A1+	3,604,596	-
Bank balances			
Counterparties with external credit rating	A1+	3,321,818	624,499
	A1	-	366
	A2	-	16
		3,321,818	624,881
Long term loans and advances			
Counterparties without external credit rating			
Receivable from employees		32,233	27,069
Long term deposits			
Counterparties without external credit rating		25,982	15,084

40.3 Financial risk management

40.3.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk, interest rate risk and price risk). The Company's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. To manage credit risk, the Company maintains procedures covering the function for credit approvals, granting and renewal of counterparty limits and monitoring of exposures against these limits. As part of these processes, the financial viability of all counterparties is regularly monitored and assessed.

The Company's credit risk exposures are categorised under the following headings:

Counter parties

The Company conducts transactions with the following major types of counterparties:

Trade Debts

Trade debts are essentially due from fertilizer, power generation and distribution companies and the Company does not expect these companies to fail to meet their obligations. The sales to the Company's customers are made under gas purchase and sale agreements signed between the Company and its customers with the prior approval of Oil and Gas Regulatory Authority (OGRA), the Government of Pakistan.

As of June 30, 2017, trade debts of Rs 49,658 million (2016: Rs 20,020 million), withheld by customers, were past due but not impaired. The ageing analysis of past due trade debts is as follows:

	2017		2016	
	(Rupees in thousand)			
	Gross	Impairment	Gross	Impairment
Due from related parties				
Past due 0-30 days	2,971,766	-	1,577,506	-
Past due 30-60 days	2,482,162	-	238,561	-
Past due 60-90 days	2,383,198	-	-	-
Over 90 days	11,144,630	238,000	1,505,851	238,000
	18,981,756	238,000	3,321,918	238,000
Due from others				
Past due 0-30 days	1,731,314	-	941,099	23,614
Past due 30-60 days	1,465,975	-	757,290	-
Past due 60-90 days	1,219,089	-	766,324	-
Over 90 days	26,498,239	-	14,494,646	-
	49,896,373	238,000	20,281,277	261,614

Cash and investments

The Company limits its exposure to credit risk by investing in liquid securities and maintaining bank accounts only with counterparties that have a credit rating of at least A1+. Given these high credit ratings, management does not expect any counterparty to fail to meet its obligations.

b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquidity to meet its liability when due under both normal and stress conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company maintains sufficient cash and bank balances. At June 30, 2017, the Company had financial assets of Rs 62,511,856 thousand (2016: Rs 28,504,265 thousand).

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the maturity date. The amounts disclosed in the table are undiscounted cash flows:

	Less than 1 year	Between 1 to 5 years	Over 5 years
	(Rupees in thousand)		
As at June 30, 2017			
Trade and other payables	55,191,169	-	-
Interest accrued on financing	254,552	-	-
Provision for decommissioning cost	35,559	78,787	8,461,773
Long term financing	955,037	4,172,727	-
Provision for employee benefits - unfunded	-	-	506,794
Provision for compensated leave absences	-	-	207,195
Deferred credits	-	28,291	-
As at June 30, 2016			
Trade and other payables	34,669,221	-	-
Interest accrued on financing	196,154	-	-
Provision for decommissioning cost	-	722,583	7,421,858
Long term financing	151,774	1,000,000	-
Provision for employee benefits - unfunded	-	-	447,409
Provision for compensated leave absences	-	-	149,059
Deferred credits	-	24,872	-

c) Market risk

Market risk is the risk that changes in market prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on financial instruments.

i) Currency risk

Currency risk is the risk that changes in foreign exchange rates will affect the Company's income or the value of its holdings of financial instruments. The objective of currency risk management is to manage and control currency risk exposures within acceptable parameters, while optimizing the return on financial instruments.

Exposure to foreign currency risk

The Company's exposure to currency risk is as follows:

	2017	2016	2017	2016
	(Rupees in thousand)		(US$ in thousand)	
Cash and bank balances	445,707	94,514	4,245	903
Trade debts	523	522	5	5
Loans and advances	1,031,252	922,342	9,821	8,809
Trade and other payables	(1,301,049)	(1,518,805)	(12,391)	(14,506)
	176,433	(501,427)	1,680	(4,789)

The following significant exchange rates applied during the year:

	Average rate		Closing rate	
	2017	2016	2017	2016
	(Rupees)		(Rupees)	
US$ 1	104.75	104.48	105.00	104.70

Foreign currency sensitivity analysis

A 10 percent variation of the Pak Rupee against the US$ at June 30, would have affected profit or loss after tax by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Change in foreign exchange rates	Effect on profit after tax	Effect on equity
		(Rupees in thousand)	
2017			
US$	+10%	8,292	8,292
	-10%	**(8,292)**	**(8,292)**
2016			
US$	**+10%**	**(23,567)**	**(23,567)**
	-10%	**23,567**	**23,567**

ii) Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

At the reporting date, the interest rate profile of the Company's interest-bearing financial instruments was:

	2017	2016
	(Rupees in thousand)	
Financial assets		
Cash and bank balances	3,225,389	505,233
Short term investments	3,604,596	-
Trade debts	1,390,247	231,431
	8,220,232	736,664
Financial liabilities		
Long term financing	5,127,764	1,151,774

The effective interest rates for the financial assets and liabilities are mentioned in respective notes to the financial statements.

Interest rate sensitivity analysis

At June 30, 2017 if interest rates had been 50 basis points higher/ lower and all other variables were held constant, the Company's profit after tax for the year ended June 30, 2017 would increase/ decrease by Rs 73 million (2016: increase/ decrease by Rs 10 million). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

iii) Price risk

Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Company does not have financial assets and liabilities whose fair value or future cash flows will fluctuate because of changes in market prices.

40.3.2 Capital risk management

The Company's objective when managing capital is to safeguard the Company's ability to remain as a going concern and continue to provide returns to shareholders and benefits to other stakeholders.

In order to achieve the above objectives, the Company may issue new shares through right issue or raise financing from financial institutions.

40.4 Fair value of financial instruments

All financial assets and financial liabilities are initially recognised at the fair value of consideration paid or received, net of transactions cost as appropriate and subsequently carried at amortized cost. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The carrying values of financial assets and liabilities approximate their fair values.

41. INTEREST IN JOINT OPERATIONS

The Company has working interests in the following operated and non operated fields / blocks in Pakistan:

	2017	2016
	Working interest (%)	
Field / block		
Operated by MPCL		
Zarghun Field	35.00	35.00
Ziarat Block	60.00	60.00
Karak Block	60.00	60.00
Hanna Block *	100.00	100.00
Harnai Block	40.00	40.00
Sujawal Block	100.00	100.00
Sukkur Block	58.82	58.82
Ghauri Block	35.00	35.00
Peshawar East Block	98.16	98.16
Bannu West Block **	35.00	10.00
Khetwaro Block *	51.00	51.00
Non-Operated		
Hala Block	35.00	35.00
Kohat Block	20.00	20.00
Kohlu Block	30.00	30.00
Kalchas Block	20.00	20.00
Zindan Block *	35.00	35.00
Shah Bandar Block	32.00	-

* Company has relinquished these blocks and GOP's approval is pending in this respect.

** Operatorship of Bannu West Block was transferred from Tullow Pakistan to MPCL on March 21, 2017 after acquiring additional working interest of 25%.

42. INFORMATION ABOUT JOINT OPERATIONS

	Non current assets	Current assets	Non current liabilities	Current liabilities
	(Rupees in thousand)			
As at June 30, 2017				
Share in joint operations operated by the Company				
Zarghun Field	1,712,856	682,506	124,141	49,100
Ziarat Block	262,540	29,510	186,842	34,788
Karak Block	5,024,129	484,834	384,332	209,658
Hanna Block	81,846	7,727	-	4,253
Harnai Block	-	44,691	-	6,668
Sujawal Block	3,902,506	150,005	378,515	178,748
Sukkur Block	240,378	141,189	129,544	9,562
Ghauri Block	756,695	115,980	84,196	46,472
Peshawar East Block	-	43,935	-	12,019
Bannu West Block	-	29,256	-	3,427
Khetwaro Block	2,122	35,770	-	12,616
Share in joint operations operated by others				
Hala Block	2,067,399	2,766	283,916	137,427
Kohat Block	-	55,229	38,916	103,174
Kohlu Block	-	154	-	4,401
Kalchas Block	35,196	3,479	-	1,227
Zindan Block	7,008	7,750	-	202
Shah Bandar Block	-	-	-	886,336
	14,092,675	1,834,781	1,610,402	1,700,078
As at June 30, 2016				
Share in joint operations operated by the Company				
Zarghun Field	1,440,531	174,864	81,559	105,718
Ziarat Block	33,407	258,527	168,706	56,254
Karak Block	5,033,603	699,540	347,027	513,538
Hanna Block	-	99,301	-	16,938
Harnai Block	-	36,848	-	16,651
Sujawal Block	3,892,622	210,058	251,039	150,990
Sukkur Block	340,716	45,220	122,202	3,616
Ghauri Block	728,865	248,731	76,024	66,460
Peshawar East Block	-	10,186	-	8,505
Khetwaro Block	-	90,675	-	17,463
Share in joint operations operated by others				
Hala Block	2,057,140	432	297,756	464,877
Kohat Block	-	47,529	35,138	-
Bannu West Block	-	24	-	10,134
Kohlu Block	-	1,301	-	5,968
Kalchas Block	29,180	283	-	65,430
Zindan Block	-	608	-	48,007
	13,556,064	1,924,127	1,379,451	1,550,549

43. DISCLOSURE REQUIREMENTS FOR ALL SHARES ISLAMIC INDEX

Following information has been disclosed with reference to circular no. 14 of 2016 dated April 21, 2016, issued by the Securities and Exchange Commission of Pakistan relating to "All Shares Islamic Index".

	Description	Explanation
i)	Loans and advances - Asset	Non-interest bearing
ii)	Deposits - Asset	Non-interest bearing
iii)	Long term financing - Liability	Interest bearing
iv)	Segment revenue	Disclosed in note 39
v)	Relationship with banks having Islamic windows	Following is the list of banks with which the Company has a relationship with Islamic window of operations:
		1. Askari Bank Limited (Islamic & Conventional both)
		2. Bank Alfalah Limited (Islamic & Conventional both)
		3. Meezan Bank Limited

			Rupees in thousand
vi)	Bank balances as at June 30, 2017		
		Placed under interest arrangement	2,640,770
		Placed under Shariah permissible arrangement	681,048
			3,321,818
vii)	Short term investments as at June 30, 2017	Placed under interest arrangement	3,404,596
		Placed under Shariah permissible arrangement	200,000
			3,604,596
viii)	Interest income on bank deposits for the year	Placed under interest arrangement	203,136
	ended June 30, 2017	Placed under Shariah permissible arrangement	26,591
			229,727
ix)	Interest income on short term investments for	Placed under interest arrangement	20,643
	the year ended June 30, 2017	Placed under Shariah permissible arrangement	237
			20,880
x)	All sources of other income	Disclosed in note 32	
xi)	Exchange gain	Earned from actual currency fluctuations	

Disclosures other than above are not applicable to the Company.

44. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in these financial statements as remuneration and allowances including all benefits, to chief executive, directors and executives of the Company is as follows:

	2017		2016	
	Chief Executive	Executives	Chief Executive	Executives
	(Rupees in thousand)			
Managerial remuneration	5,814	670,156	5,885	602,657
Company's contribution to provident fund	581	55,113	588	48,865
Company's contribution to gratuity fund	1,727	152,446	1,527	135,546
Housing and utilities	8,101	636,423	7,700	575,888
Other allowances and benefits	10,986	750,605	7,154	724,710
Bonuses	11,654	1,104,493	10,199	884,804
	38,863	3,369,236	33,053	2,972,470
Number of persons including those who worked part of the year	2	391	1	363

The above were also provided with medical facilities, gratuity and post retirement leave benefits. The chief executive and certain executives were provided with free use of Company maintained cars, residential telephones and use of club facilities. Executives based at plant site, Daharki, are also provided with schooling and subsidized club facilities.

In addition 13 (2016: 13) directors were paid aggregate fee of Rs 10,821 thousand (2016: Rs 13,893 thousand).

	2017	2016
45. NUMBER OF EMPLOYEES		
Total number of employees as at the year end	1,142	1,380
Average number of employees during the year	1,111	1,381

46. TRANSACTIONS WITH RELATED PARTIES

Fauji Foundation holds 40% shares of the Company, therefore, all subsidiaries and associated undertakings of Fauji Foundation are related parties of the Company. Other related parties comprise of associated companies, directors, major shareholders, key management personnel and employees' retirement benefit funds as disclosed in note 44 to the financial statements. Transactions with related parties, other than remuneration and benefits to directors and key management personnel, are as follows:

	2017	2016
	(Rupees in thousand)	
Sale of gas and LPG to related parties is as follows:		
Fauji Fertilizer Company Limited	39,176,122	41,858,340
Foundation Power Company Daharki Limited	6,745,438	7,613,180
Foundation Gas	1,267	217
Central Power Generation Company Limited	11,655,810	5,480,208
Sui Southern Gas Company Limited	6,306,387	5,165,771
Sui Northern Gas Pipelines Limited	2,924,650	2,803,757
Line heaters rental income	5,755	14,324
Interest income on bank accounts	137,663	200,533
Interest income on short term investments	4,324	-
Reversal of provision for doubtful debts	-	(146,448)
Contribution to funded employee benefit plans	313,578	159,452

47. INFORMATION RELATING TO PROVIDENT FUND

Mari Petroleum Company Limited (MPCL) Employees' Provident Fund is a defined contribution plan for benefit of employees of the Company. The details are as follows:

	2017	2016
Net assets (Rupees in thousand)	833,696	681,377
Cost of investments made (Rupees in thousand)	748,152	624,657
Percentage of investments made (Percentage)	90%	92%
Fair value of investments (Rupees in thousand)	748,152	624,657
Break-up of investments:		
Bank, term deposits and mutual funds (Rupees in thousand)	748,152	624,657

All investments out of Provident Fund have been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2017

48. CORRESPONDING FIGURES

Corresponding figures have been rearranged in balance sheet to conform to current year's presentation. Further, following changes have been made in corresponding figures to conform to current year's presentation:

	(Rupees in thousand)
Balance sheet	
Amount reclassified to "Other reserves" from "Capital redemption reserve fund"	10,590,001
Amount reclassified to "profit and loss account" from "Other reserves"	4,746,555
Profit and loss account	
Amount reclassified to "Rig - net" in "Other income" from "Allied services" in "Operating expenses"	27,295

49. NON - ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on July 27, 2017 has proposed a final cash dividend for the year ended June 30, 2017 @ Rs 2.2 per share for approval of the members in Annual General Meeting.

50. GENERAL

50.1 Capacity and Production

Product	Unit	Actual production for the year
Gas	MMSCF	243,835
Condensate	Barrels	92,310
Crude Oil	Barrels	461,771
LPG	Metric ton	20

Due to the nature of operations of the Company, installed capacity of above products is not relevant.

50.2 These financial statements have been authorized for issue by the Board of Directors of the Company on July 27, 2017.

Lt Gen Ishfaq Nadeem Ahmad, HI (M), (Retd)
Managing Director / CEO

Qaiser Javed
Director

Definition and Glossary of Terms

2D Seismic

Exploration method of sending energy waves or sound waves into the earth and recording the wave reflections to indicate the type, size, shape, and depth of subsurface rock formations. 3-D seismic provides two dimensional information.

3D Seismic

Exploration method of sending energy waves or sound waves into the earth and recording the wave reflections to indicate the type, size, shape, and depth of subsurface rock formations. 3-D seismic provides three dimensional information.

Abbreviations

AGM	Annual General Meeting
BBLs	Barrels
BOE	Barrels of Oil Equivalent
BSCF	Billion Standard Cubic Feet
CCG	Code of Corporate Governance
CDC	Central Depository Company of Pakistan Limited
CFO	Chief Financial Officer
COO	Chief Operating Officer
CSR	Corporate Social Responsibility
D&P	Development and Production
DGPC	Director General Petroleum Concessions
E&P	Exploration and Production
EBITDA	Earnings Before Interest Taxes Depreciation and Amortization
EPS	Earnings Per Share
EWT	Extended Well Test
G&G	Geological and Geophysical
GIDC	Gas Infrastructure Development Cess
GoP	Government of Pakistan
GPA	Gas Price Agreement
HR&R	Human Resource and Remuneration
HRL	Habib Rahi Limestone
HSE	Health, Safety and Environment
IEE/EIA	Initial Environmental Examination / Environmental Impact Assessment
IMS	Integrated Management System
ISMS	Information Security Management System
ISO	International Standards Organization
JV	Joint Venture
KIBOR	Karachi Inter-Bank Offer Rate
KPIs	Key Performance Indicators
LPG	Liquified Petroleum Gas
MD/CEO	Managing Director/ Chief Executive Officer
MDU	Mari Drilling Unit
MMSCF	Million Standard Cubic Feet
MSD	Mari Services Division
MSPC	Mari Seismic Processing Centre
MSU	Mari Seismic Unit
P/E	Price to Earnings Ratio
SECP	Securities and Exchange Commission of Pakistan
SML	Sui Main Limestone
SRO	Statutory Regulatory Order
SUL	Sui Upper Limestone
TRCF	Total Recordable Case Frequency

ڈائریکٹرز رپورٹ

ہم اپنی رپورٹ کے ساتھ کمپنی کے آڈٹ شدہ مالیاتی گوشوارے اور 30 جون 2017 کو ختم ہونے والے مالی سال کی رپورٹ پیش کرنے پر خوشی محسوس کر رہے ہیں۔

مالیاتی نتائج

مذکورہ سال کے لیے منافع اور رقوم کی تقسیم درج ذیل ہے:۔

منافع	روپے "000"
ٹیکس کی ادائیگی کے بعد رواں سال کا منافع	9,136,194
Other Comprehensive Loss	(2,172)
آگے منتقل ہونے والی غیر منقسم رقوم	4,746,555
	13,880,577
تقسیم	
30 جون 2016 کو ختم ہونے والے سال کے لیے حتمی منقسم منافع	(119,291)
30 جون 2017 کو ختم ہونے والے سال کے لیے پہلا عبوری نقد منافع 30 فیصد کی شرح سے	(330,750)
Undistributed Percentage Return Reserve	(181,803)
سیلف انشورنس ریزرو (Self Insurance Reserve)	(500,000)
رواں سال کا میزانیہ	(1,131,844)
	12,748,733

زیر جائزہ سال کے دوران مجموعی سیلز **96,776** ملین روپے ہوئی ہیں جبکہ گزشتہ سال مجموعی 94,998 ملین روپے تھیں۔ اس اضافے کی سب سے اہم وجہ فروخت کے حجم میں اضافہ رہا۔ کمپنی نے گزشتہ سال قومی خزانے کو 77,328 ملین روپے کا فائدہ پہنچایا تھا جبکہ اس سال یہ رقم 74,298 ملین رہی۔ اس سال آپریٹنگ اخراجات 7,450 ملین روپے رہے جبکہ گزشتہ سال یہ اخراجات 5,764 ملین روپے تھے۔

مالیاتی گوشواروں کے آپریٹنگ نتائج اس سال کے 9,136 ملین روپے کا منافع ظاہر کرتے ہیں جبکہ گزشتہ سال منافع 6,051 ملین روپے تھا۔ منافع میں اضافے کی وجہ خالص فروخت میں اضافہ، وسائل کی تلاش اور ان کے متوقع اخراجات میں کمی ہے۔ تاہم منافع کاری میں کمی کی وجہ سے ٹیکسز، آپریٹنگ اخراجات اور رائلٹی میں اضافہ ہوا ہے۔

گزشتہ سال کے 54.89 روپے فی شیئر آمدن کے مقابلے میں اس سال فی شیئر آمدن بڑھ کر 82.87 روپے فی شیئر (EPS) ہو گئی۔ قابل تقسیم منافع کی بنیاد پر فی شیئر آمدن گزشتہ سال 5.55 روپے فی شیئر سے بڑھ کر 5.91 روپے فی شیئر ہو گئی۔

اس سال شیئر مالکان کے منافع کی شرح بڑھ کر 42.59 فیصد ہو گئی جبکہ گزشتہ سال یہ شرح 40.82 فیصد تھی۔ منافع میں یہ اضافہ پیداواری سطح میں ہونے والے اضافے کے تناسب سے ہے۔

کیش فلو (Cash Flow) کی حکمت عملی

گزشتہ سال کے 626 ملین روپے کے مقابلے میں اس سال کیش اور اس کے مساوی 6,928 ملین روپے ہیں۔ اس سال کے دوران کمپنی کی آپریٹنگ سرگرمیوں سے 7,120 ملین روپے کمائے گئے جنھیں سرمایہ کاری اور تلاش کی سرگرمیوں کے لیے استعمال کیا گیا۔

ڈیویڈنڈ (Dividends)

کمپنی نے 30 جون 2017 کو ختم ہونے والے سال کے لیے 3 روپے فی عمومی شیئر (30 فیصد) [2016: 3 روپے فی عمومی شیئر] (30 فیصد) کے لحاظ سے عبوری ڈیویڈنڈ کا اعلان کیا۔ علاوہ ازیں 30 جون 2016 کو ختم ہونے والے سال کے لیے حتمی کیش ڈیویڈنڈ/منافع 2.10 فی شیئر (21 فیصد) کا اعلان بھی رواں سال کے دوران کیا گیا۔

غیر ملکی زرمبادلہ کی بچت اور حکومتی محاصل اور ریونیو

MPCL قومی معیشت میں اہم کردار ادا کرتی ہے۔ کمپنی کے ماڑی فیلڈ اور دیگر مشترکہ منصوبوں سے نکلنے والی قدرتی گیس، کنڈنسیٹ، خام تیل اور ایل پی جی کی پیداوار کا حصہ مالی

پراکسی ای ووٹنگ فارم

Mari Petroleum Company Limited

21 – Mauve Area, 3rd Road, G–10/4, Islamabad www.mpcl.com.pk
Tel: 051-111-410-410, Fax: 051-2352859

MPCL

اختیار-1 Option-1

کسی دوسرے شخص کو بطور نمائندہ (پراکسی) مقرر کرنے کیلئے

میں/ہم ________ ساکن ________ بطور ممبر (ز) ماری پیٹرولیم کمپنی لمیٹڈ حامل ________ عام حصص، رجسٹرڈ فولیو / سی ڈی سی اکاؤنٹ نمبر ________ محترم ________ فولیو / سی ڈی سی اکاؤنٹ نمبر (اگر ممبر ہو) ساکن ________ یا اُن کے حاضر نہ ہونے کی صورت میں محترم ________ فولیو / سی ڈی سی اکاؤنٹ نمبر ________ (اگر ممبر ہو) ساکن ________ کو اپنے / ہمارے ایماء پر کمپنی کے مورخہ 26 ستمبر 2017 کو ہونے والے 33 ویں سالانہ اجلاس عام میں شرکت کرنے اور حق رائے دہی استعمال کرنے کیلئے یا کسی بھی التوا کی صورت میں اپنا / ہمارا نمائندہ (پراکسی) مقرر کرتا ہوں / کرتے ہیں۔

اختیار-2 Option-2

کمپنیز (ای ووٹنگ) قوانین 2016ء کے مطابق کسی دوسرے شخص کو بطور نمائندہ (پراکسی) مقرر کرنے کیلئے

میں/ہم ________ ساکن ________ بطور ممبر (ز) ماری پیٹرولیم کمپنی لمیٹڈ حامل ________ عام حصص، رجسٹرڈ فولیو / سی ڈی سی اکاؤنٹ نمبر ________ انٹرمیڈیری کے ذریعے ای ووٹنگ کا اختیار دیتا ہوں / دیتے ہیں اور اس کے ذریعے Execution Officer (________) کی بطور نمائندہ (پراکسی) کی تقرری کی منظوری دیتا ہوں / دیتے ہیں مزید یہ کہ میں / ہم کمپنیز (ای ووٹنگ) قوانین 2016ء کے مطابق ای ووٹنگ کا استعمال کروں گا / کریں گے اور اسکے ذریعے قراردادوں کے انتخاب کا مطالبہ کرتا ہوں / کرتے ہیں۔

نمائندے (پراکسی) کے دستخط

پانچ روپے کے رسیدی ٹکٹ پر ممبر کے دستخط

گواہان		گواہان	
1) دستخط	________	2) دستخط	________
نام	________	نام	________
پتہ	________	پتہ	________
شناختی کارڈ نمبر	________	شناختی کارڈ نمبر	________
پاسپورٹ نمبر	________	پاسپورٹ نمبر	________

نمائندہ (پراکسی) کی تقرری سے متعلق نکات:

اختیار-1 (option) کے تحت مقرر کردہ نمائندہ (پراکسی) کی دستاویز تحریری طور پر مقرر کرنے والے کے ہاتھ سے لکھی گئی ہو یا اس کے اختیار کے تحت مقرر کردہ وکیل کی طرف سے ہونی چاہیے۔ اگر مقرر کردہ کمپنی ہے تو نمائندہ کی دستاویز کمپنی کی عام مہر (Common Seal) کے ساتھ مجاز افسر یا ان کے مقرر کردہ وکیل کی طرف سے ہونی چاہیے۔

اختیار-1 (option) کے تحت ہر لحاظ سے مکمل اور دستخط شدہ نمائندہ (پراکسی) کی تقرری کی دستاویز عام اجلاس کے وقت سے کم از کم 48 گھنٹے قبل موصول ہو جانی چاہیے۔ بصورت دیگر پراکسی کی دستاویز درست تصور نہیں ہوگی۔

اختیار-2 (option) کے تحت ای ووٹنگ کی دستاویز عام اجلاس کے دن سے کم از کم دس یوم قبل کمپنی کے رجسٹرڈ آفس واقع 21-ماؤ ایریا، تھرڈ روڈ، جی-10/4 اسلام آباد میں جمع کرائی جائے یا ای میل کے ذریعے info@mpcl.com.pk پر بھیجی جائے۔

اگر کمپنی کو کم از کم پانچ یا اس سے زیادہ کسی ایک جگہ پر رہائش پذیر اراکین ان کی ووٹنگ کی طاقت دس فیصد سے کم نہ ہو کی طرف سے انتخاب کی درخواست موصول ہو گی تو کمپنی ای ووٹنگ کا بندوبست کرے گی۔

ویڈیو کانفرنس کی سہولت کیلئے فارم

کسی دوسرے شخص کو بطور نمائندہ (پراکسی) مقرر کرنے کیلئے میں/ہم ________ ساکن ________ بطور ممبر (ز) ماری پیٹرولیم کمپنی لمیٹڈ حامل ________ عام حصص، رجسٹرڈ فولیو / سی ڈی سی اکاؤنٹ نمبر ویڈیو کانفرنس کی سہولت بمقام ________ چاہیں گے۔

رکن کے دستخط

سال17-2016 میں بلحاظ توانائی 32,316,176 بیرل (2016: 30,480,222 بیرل) تھا۔ اس کے نتیجے میں رواں سال کے دوران غیر ملکی زرمبادلہ کی بچت تقریباً **172** بلین روپے (2016: 142 بلین روپے) ہوئی۔ جبکہ خام تیل کی اوسط قیمت 50.69 ڈالرفی بیرل جبکہ ڈالر کے ساتھ تبادلے کی اوسط شرح 104.75 روپے رہی۔ (2016: 44.45 ڈالرفی بیرل اور ڈالر کے مقابلے میں روپے کی اوسط شرح 104.48 روپے)۔

اس کے علاوہ MPCL نے سال کے دوران سرکاری خزانے کو 74,298 ملین روپے (16-2015 کے دوران 77,328 ملین روپے) کا فائدہ پہنچایا۔ یہ رقم گیس ڈویلپمنٹ سرچارج، گیس انفراسٹرکچر ڈویلپمنٹ سیس، سیلز ٹیکس، ایکسائز ڈیوٹی، رائلٹی اور انکم ٹیکس کی مد میں دی گئی۔

آپریشنز

کمپنی نے اپنی دیرینہ روایت کو جاری رکھتے ہوئے اپنے تمام صارفین کو سال 17-2016 کے دوران گیس کی بلاتعطل فراہمی جاری رکھی۔

صارفین کی ضرورت کے مطابق ماڑی فیلڈ سے روزانہ MMSCF 633 کی اوسط سے مجموعی طور پر MMSCF 231,147 گیس اور 16,149 بیرل کنڈینسیٹ (44 بیرل روزانہ) نکالے گئے جبکہ پچھلے سال اسی مدت کے دوران MMSCF 605 یومیہ کی اوسط سے MMSCF 221,383 گیس اور 19,361 بیرل کنڈینسیٹ (53 بیرل یومیہ) نکالے گئے۔

علاوہ ازیں مشترکہ منصوبوں سے اس مدت کے دوران 461,771 بیرل خام تیل (1,265 بیرل یومیہ)، 76,161 بیرل کنڈینسیٹ (209 بیرل یومیہ) اور MMSCF 12,688 گیس (MMSCF 35 یومیہ) اور 20 میٹرک ٹن ایل پی جی (0.05 میٹرک ٹن یومیہ) کی پیداوار اور فروخت ہوئی جبکہ گزشتہ سال کے دوران 379,894 بیرل خام تیل (1,038 بیرل یومیہ)، 73,158 بیرل کنڈینسیٹ (200 بیرل یومیہ)، MMSCF 10,640 گیس (MMSCF 29 یومیہ) گیس اور 25 میٹرک ٹن (0.07 میٹرک ٹن یومیہ) ایل پی جی کی پیداوار ہوئی اور فروخت کی گئی۔

کمپنی کے صارفین میں اینگرو فرٹیلائزر کمپنی لمیٹڈ (EFL)، فوجی فرٹیلائزر کمپنی لمیٹڈ (FFC)، فاطمہ فرٹیلائزر کمپنی لمیٹڈ (FFCL)، فاؤنڈیشن پاور کمپنی ڈہرکی لمیٹڈ (FPCDL)، سنٹرل پاور جنریشن کمپنی لمیٹڈ (CPDCL)، سوئی سادرن گیس کمپنی لمیٹڈ (SSGPL)، سوئی ناردرن گیس پائپ لائنز کمپنی لمیٹڈ (SNGPL)، اٹک آئل ریفائنری لمیٹڈ، نیشنل ریفائنری لمیٹڈ، پاکستان ریفائنری لمیٹڈ، پاک عرب ریفائنری لمیٹڈ، ویسٹرن پاور کمپنی (پرائیویٹ) لمیٹڈ، پیٹرو سن سی این جی (پرائیویٹ) لمیٹڈ اور فاؤنڈیشن گیس شامل ہیں۔

تلاش، آپریشنل اور ترقیاتی سرگرمیاں

پاکستان میں آن شور بلاکس میں کمپنی کے زیرکار مفادات درج ذیل ہیں:-

نمبر شمار	بلاک / فیلڈ کا نام	ایم پی سی ایل کا زیرکار مفاد	آپریٹر کا نام
1۔	ماڑی فیلڈ	100 فیصد	MPCL
2۔	زرغون ساؤتھ فیلڈ	35 فیصد	MPCL
3۔	سجاول بلاک	100 فیصد	MPCL
4۔	کرک بلاک	60 فیصد	MPCL
5۔	غوری بلاک ☆☆☆	35 فیصد	MPCL
6۔	سکھر بلاک	58.8 فیصد	MPCL
7۔	زیارت بلاک	60 فیصد	MPCL
8۔	ہنگاما بلاک ☆☆	100 فیصد	MPCL
9۔	ہرنائی بلاک	40 فیصد	MPCL
10۔	کھیوواڑہ بلاک ☆☆	51 فیصد	MPCL
11۔	پشاور ایسٹ بلاک	98.16 فیصد	MPCL
12۔	بنوں ویسٹ بلاک ☆☆☆☆	35 فیصد	MPCL
13۔	ہالہ بلاک	35 فیصد	PPL
14۔	زمزان بلاک ☆☆	35 فیصد	PPL
15۔	شاہ بندر بلاک	32 فیصد	PPL
16۔	کوہلو بلاک	30 فیصد	OGDCL
17۔	کلچاس بلاک ☆☆☆	20 فیصد	OGDCL
18۔	کوہاٹ بلاک	20 فیصد	OGDCL

☆ بنوں ویسٹ بلاک کی ملکیت 21 مارچ 2017 کو ٹلو پاکستان سے MPCL کو منتقل ہوئی، اس سے بلاک کے مزید 25 فیصد زیرکار مفادات کمپنی کے پاس آگئے۔

☆☆ ان بلاکس کے لیے DGPC کی منظوری درکار ہے۔

☆☆☆ غوری بلاک میں 30 فیصد، بنوں ویسٹ بلاک میں 20 فیصد اور کلچاس بلاک میں 30 فیصد اضافی مفادات کے حصول کیلئے گفت و شنید جاری ہے۔

17-2016ء کے لیے منصوبہ (آپریٹڈ اور نان آپریٹڈ بلاکس)

کنویں

وسائل کی تلاش کی جارحانہ حکمت عملی کے تحت مالی سال 17-2016ء کے دوران **9** کنویں کھودنے کا منصوبہ بنایا گیا، ان میں سے 8 پر کام مکمل کرلیا گیا جبکہ غیر فعال بلاک میں ایک کنویں پر کام جاری ہے، تفصیلات حسب ذیل ہیں۔

آپریٹڈ (Operated) بلاکس

کنواں	قسم	بلاک / فیلڈ	سٹیٹس
شہباز 1	آزمائشی کنواں	ماڑی فیلڈ	گیس کی دریافت
شاہین 1	آزمائشی کنواں	ماڑی فیلڈ	گیس کی دریافت
بھٹائی 2	تشخیصی کنواں	ماڑی فیلڈ	گیس کی پیداوار
بھٹائی 3	تشخیصی کنواں	ماڑی فیلڈ	گیس کی پیداوار
سجاول ڈیپ 1	آزمائشی کنواں	سجاول بلاک	خشک کنواں
عتیق 1	آزمائشی کنواں	سجاول بلاک	گیس / کنڈینسیٹ کی دریافت
زیڈ ایس 3	ترقیاتی کنواں	زرغون فیلڈ	گیس کی پیداوار

غیر فعال بلاکس

کنواں	قسم	بلاک / فیلڈ	سٹیٹس
بتار X1	آزمائشی کنواں	ہالہ بلاک	گیس کی دریافت
زرباب 1	آزمائشی کنواں	ہالہ بلاک	27 جون 2017ء سے کھدائی شروع

سیسمک (SEISMIC)

آپریٹڈ (Operated) بلاکس

مالی سال کے دوران کمپنی نے مختلف بلاکس میں 146 لائن کلومیٹرز 2D سیسمک (Seismic) ڈیٹا اور 3 لائن کلومیٹر کشادہ لائن ڈیٹا حاصل کیا۔

منصوبہ برائے 18-2017ء (آپریٹڈ اور نان آپریٹڈ)

کنویں

کنویں کھودنے کی رفتار کو جاری رکھتے ہوئے سال 18-2017 کے دوران ریکارڈ **13** کنویں کھودنے کا منصوبہ ہے، یہ کنویں کمپنی کے فعال اور غیر فعال بلاکس میں کھودے جائیں گے، اس کی تفصیلات حسب ذیل ہیں۔

آپریٹڈ(Operated) بلاکس

کنواں	قسم	بلاک/فیلڈ	فرم/فرم کا گروپ
ٹیپو-1	آزمائشی	ماڑی فیلڈ	فرم کا اپنا منصوبہ
شاہین	تشخیصی	ماڑی فیلڈ	فرم کا اپنا منصوبہ
ایم ڈی-16	تشخیصی	ماڑی فیلڈ	فرم کا اپنا منصوبہ
بھٹائی-5	ترقیاتی	ماڑی فیلڈ	فرم کا اپنا منصوبہ
پراسپیکٹ-3 (ایل گورو)	آزمائشی	ماڑی فیلڈ	فرم کا گروپ تعمیر کرے گا
پی کے ایل	آزمائشی	ماڑی فیلڈ	فرم کا گروپ تعمیر کرے گا
دھریاں-1	آزمائشی	غوری	فرم کا اپنا منصوبہ
سرغر-1	آزمائشی	کرک	فرم کا اپنا منصوبہ
بولان ایسٹ	آزمائشی	زیارت	فرم کا اپنا منصوبہ

غیر فعال بلاکس

کنواں	قسم	بلاک/فیلڈ	فرم/فرم کا گروپ
کوہاٹ	آزمائشی	کوہاٹ	فرم کا گروپ تعمیر کریگا
زرباب X-1	آزمائشی	ہالہ	فرم کا اپنا منصوبہ
قمر X-1	آزمائشی	ہالہ	فرم کا اپنا منصوبہ
شاہ بندر X-1	آزمائشی	شاہ بندر	فرم کا اپنا منصوبہ

سیسمک (SEISMIC) ڈیٹا کا حصول (آپریٹڈ اور نان آپریٹڈ)

آپریٹڈ (Operated) بلاکس

کمپنی 750 مربع کلومیٹر 3D ڈیٹا جبکہ 300 لائن کلومیٹر 2D سیسمک Seismic ڈیٹا حاصل کرے گی، کمپنیوں کا گروپ 173 لائن کلومیٹر ڈیٹا حاصل کرے گا۔

نان آپریٹڈ (Non Operated) بلاکس

کمپنیوں کے گروپ کے تحت 130 مربع کلومیٹر 3D سیسمک ڈیٹا اور 119 لائن کلومیٹر ڈیٹا حاصل کیا جائے گا، کمپنی خود 306 لائن کلومیٹر 2D سیسمک ڈیٹا حاصل کرے گی۔

ماڑی D&P لیز

G&G سرگرمیاں

ماڑی فیلڈ سے حاصل کیا گیا 1,079 مربع کلومیٹر 3D سیسمک Seismic ڈیٹا ماڑی D&P لیز میں آزمائشی، تشخیصی اور ترقیاتی استعداد کو بہتر بنانے کے حوالے سے نئی راہیں دکھا رہا ہے، اس سے ڈھانچہ جاتی استعداد کے حوالے سے بھی مدد ملی ہے جس کیلئے اب جارحانہ تلاش اور آزمائشی کھدائی کا عمل جاری ہے۔ اس طرح سے مندرجہ ذیل آزمائشی سرگرمیاں/اسٹڈیز جاری ہیں۔

☆ تھرڈ پارٹی سٹریٹی گرافک سٹڈی شروع کر دی گئی ہے جسے میسرز جیو سائنسز ویلز یو کے مکمل کرے گی، اس کا مقصد خاص طور پر زیریں گورو بی سینڈ اور Sui Main Limestone / Sui Upper Limestone (SML/SUL) کی سطح کے حوالے سے استعداد کا تعین کرنا ہے۔ مزید برآں کمپنی خود بھی ایک مساوی اسٹڈی کر رہی ہے۔

☆ سیسمک Seismic خصوصیات کے ذریعے چلتن فارمیشن میں فریکچر نیٹ ورک کیلئے سویٹ سپاٹ کی نشاندہی کا عمل جاری ہے۔

☆ SML میں تنگ گیس کی استعداد کا اندازہ لگایا جا رہا ہے۔

☆ پیشگی اور ضروری وائر لائن لاگ کی منصوبہ بندی کی جا چکی ہے جبکہ ٹیپو-1 کی کھدائی کا حتمی جائزہ مسامبر فارمیشن میں سخت ریت کی صلاحیت پر منحصر ہوگا۔

☆ موجودہ پیداواری سطح ہائے انچ آر ایل، ایس یو ایل/ایس ایم ایل اور لوئر گورو بی سینڈ کے لیے جامع ترقیاتی حکمت عملی اختیار کی جا رہی ہے، اے وی او انورژن، سیسمک خصوصیات اور کور ڈیٹا جیسے طریقہ کار استعمال کیے جا رہے ہیں۔

چار SML کنووں کی کھدائی

سال 17-2016ء کے دوران ماڑی D&P لیز میں SML/SUL فارمیشنز میں چار کنویں کھودنے کی مہم پایہ تکمیل تک پہنچ گئی۔

آخری کنویں بھٹائی 3 کی کھدائی کا آغاز 31 مارچ 2017ء کو ہوا اور اس کا مقصد SML/SUL ذخائر میں ہائیڈروکاربن استعداد کی جانچ کرنا ہے۔ کنویں کی کامیابی سے 1,188 میٹر تک کھدائی کی گئی۔ یہ کنواں اب ایک کامیاب گیس پیداواری کنواں ہے جس سے SML/SUL فارمیشن سے مجموعی طور پر 2.04 MMSCFD گیس، 60/40 انچ چوک سائز پر 211 PSI کی WHFP، اور 1.45 MMSCFD گیس جس کے ساتھ 64/24 انچ چوک سائز پر 497 PSI کی WHFP شامل ہیں، نکالی جا رہی ہیں۔ طویل تجربوں کے بعد 8 مئی 2017ء کو کھدائی کا سامان ریلیز کیا گیا۔ کھدائی کا کام 145 دن میں مکمل کیا گیا، منصوبے کی یہ مدت 150 دن تھی، نہ صرف یہ بلکہ 3 سے 4 ملین ڈالر کے برابر لاگت کی بھی بچت ہوئی۔

SML فارمیشن میں مزید تشخیص کے لیے 18-2017ء کی پہلی سہ ماہی کے دوران بھٹائی اور شاہین کے ڈھانچے میں دو تشخیصی کنووں کی کھدائی کا منصوبہ بنایا گیا ہے۔ کنووں کا ڈیزائن مکمل ہو چکا ہے اور گہرائی میں لوڈ برداشت کرنے والے سامان کے حصول کا کام جاری ہے۔

آزمائشی کنویں ٹیپو-1 کی کھدائی

ماڑی D&P لیز میں ٹیپو 1 آزمائشی کنویں کی کھدائی کا کام 5 جولائی 2017ء کو شروع ہوا، اس کا مقصد لوئر گورو بی اینڈ میسو سینڈز، ایس ایم ایل اور سمبار فارمیشن میں 3,950 میٹر گہرائی تک ہائیڈروکاربن استعداد کا جائزہ لینا ہے۔ 26 جولائی 2017ء تک 1,189 میٹر تک کھدائی کر لی گئی ہے۔

پیداوار میں اضافہ

26 جولائی 2017ء کو کمپنی کی گیس پیداوار MMSCF 746.50 کی بلند ترین سطح پر پہنچ گئی۔

مالی سال 17-2016ء کے دوران انچ آر ایل ذخائر سے روزانہ اوسط پیداوار 573 MMSCFD رہی۔ 17-2016ء کے دوران پیداوار میں اضافے کی پالیسی کے تحت کمپنی 310 دن تک اضافی قیمت کیلئے اہل قرار پائی (کھاد بنانے والے صارفین کیلئے سالانہ ٹرن اراؤنڈ کے طریقہ کار میں تبدیلی کی گئی)۔ مالی سال کے دوران فروخت کیا گیا مجموعی اضافی حجم 17,999 MMSCF تھا۔

جینکو GENCO گدو نے 27 مئی 2017ء کو طویل تاخیر کا شکار کمپریسرز کی تنصیب کا آرڈر دیا۔ ایم پی سی ایل نے کمپریسرز کی تنصیب کے سارے عمل میں مکمل تعاون فراہم کیا ہے، کمپنی نے تنصیب کی جگہ پر اپنے انجینئرنگ اور فیبریکیشن کے وسائل فراہم کئے ہیں۔ ایم پی سی ایل کی مدد سے شٹ ڈاؤن کا وقت تین دن سے کم ہو کر اپنی تکمیل کے وقت دو دن پر آ گیا۔ جینکو نے فروری 2017ء سے مختص 110 MMSCFD گیس وصول کرنا تھی تاہم جینکو نے اپنا مکمل کوٹہ 21 جون 2017ء سے لینا شروع کیا۔ کمپریسرز Reliability Guarantee Testing (RGT) کی مدت کے دوران بار بار تعطل کا مسئلہ پیش آ رہا ہے جو کہ نئے نصب ہونے والے کمپریسرز کیلئے ایک معمولی بات ہے۔

زرغون جنوبی D&P لیز

پیداواری عمل

زیڈ ایس 3 کنویں کے اضافے نے ایم پی سی ایل کو سالانہ کم سے کم حجم کی سطح 4 بی سی ایف تک رہنے میں کافی مدد دی ہے۔ آغاز میں زرغون فیلڈ پر کنٹرولنگ کا کام مینوئل طریقے سے شروع ہوا تاہم اب جدید خود کار کنٹرولنگ سسٹم موجود ہے۔

سجاول بلاک

جی اینڈ جی سرگرمیاں

728 مربع کلومیٹر 3D سیسمک ڈیٹا کی باضابطہ تشریح کا کام مکمل ہو چکا ہے۔ نئے کنووں کی کھدائی سے قبل خطرات سے بچنے اور بلاک میں باقی ماندہ ہائیڈروکاربن استعداد کا اندازہ لگانے کیلئے سجاول ڈیپ 1 کنویں کے ڈیٹا کا استعمال اور داخلی طور پر اے وی او انورژن سٹڈی کی جا رہی ہے۔

آزمائشی کنوؤں کی کھدائی

لوئر گورو فارمیشن میں اپر سینڈز کے ہائیڈروکاربن استعداد کا اندازہ لگانے کے لیے قیتل 1 آزمائشی کنویں کی کھدائی کا کام 9 مارچ 2017ء کو شروع ہوا اور 2,320 میٹر تک کھدائی کی گئی۔ اپر سینڈز میں ٹیسٹنگ کے دوران کنویں سے گیس کا بہاؤ 5 MMSCFD اور کنڈینسیٹ 64 / 40 چوک سائز میں 586 PSI پریشر کے ساتھ 21 بیرل یومیہ رہا۔ کنویں کو پیداواری عمل کا حصہ بنانے کی تیاریاں جاری ہیں۔

سجاول X-1 سے پیداوار میں اضافہ

سجاول ایکس 1 میں WHFP کے بالمقابل گرتی ہوئی شرح بہاؤ کو کنٹرول کرنے کے لیے MPCL نے کمپریشن سسٹم تشکیل دیا ہے۔ کمپریسر پیکج اوکلاہاما امریکہ سے 22 مئی 2017ء کو سائٹ پر پہنچا۔ کمپریسر کو پلانٹ کا حصہ بنانے کے لیے سول، مکینیکل اور الیکٹریکل کام پیکج کے پہنچنے سے پہلے ہی شروع کر دیا گیا تا کہ تنصیب کو کم سے کم وقت میں مکمل کر دیا جائے۔ یہ منصوبہ یومیہ گیس پیداوار کو 5.5 MMSCFD سے بڑھا کر 10 MMSCFD تک لانے میں مدد دے گا۔

کرک بلاک

G&G سرگرمیاں

اضافی 312 لائن کلومیٹر اور 37.5 لائن کلومیٹر لائن 2D کے سیسمک ڈیٹا کی پری سٹیک ڈیپتھ مائیگریشن (PSDM) مکمل ہو گئی ہے جس کے بعد اس کی اندرونی تفہیم بھی مکمل کر لی گئی ہے۔ اس کی بنیاد پر سرگھر Surghar کے امکانات کو واضح کرنے کا کام جاری ہے تا کہ کنویں کی ممکنہ کھدائی شروع ہو سکے۔ اس کے علاوہ 450 لائن کلومیٹر 2D لائن اور 37.5 لائن کلومیٹر لائن کا سیسمک ڈیٹا حاصل کرنے کی منصوبہ بندی بھی کی گئی ہے تا کہ یا تو سرگھر Surghar ساؤتھ تک رسائی کا امکانات واضح ہو جائیں یا پھر اس کے برعکس نتائج سامنے آ سکیں۔

کالاباغ-1A دریافت کی ترقی

MPCL چاہتی ہے کہ وہ کالاباغ 1A پر جلد پیداوار والے یونٹ لگا کر ای ڈبلیو ٹی EWT انجام دے۔ پروڈکشن اور پراسیسنگ کی سہولیات کے لئے تعمیر اور تنصیب کا کام 25 مارچ 2017 کو مکمل کر لیا گیا ہے۔ SNGPL نے 15 مئی 2017 کو اپنی تعمیراتی ٹیم کو متحرک کیا تا کہ "8 x 800M کے قطر والی گیس ٹرانسپورٹ پائپ لائن بچھائی جا سکے اور یہ کام 14 جون 2017 تک مکمل کر لیا گیا۔

ڈی جی گیس نے 03 اپریل 2017 کو کالاباغ سے SNGPL تک 5-6 MMSCFD گیس منتقل کر دی۔ گیس کی فروخت کی شرائط کی دستاویز کو پہلے ہی SNGPL کے ساتھ حتمی شکل دی جا چکی ہے۔

ہالینی فیلڈ میں جاری سرگرمیاں

ہالینی ڈیپ-1 کنویں سے قدرتی پیداوار جاری ہے جبکہ ہالینی x-1 کنواں مصنوعی گیس لفٹ کے ذریعے کام کر رہا ہے۔ یہ دونوں کنویں 1,680 BOPD تک پیداوار دے رہے ہیں اور ان سے وابستہ گیس کا حجم 2.5 MMSCFD ہے۔

ممکنہ پیداواری مقامات کا تعین کرنے کے لیے گیس لفٹ آپٹیمائزیشن اسٹڈی / تجربات کیے گئے۔ ہالینی x-1 کے مختلف چوک chokes پر ٹیسٹ کیے گئے جو 1.5-3 MMSCFD تک انجکشن کی مختلف شرحوں کے ساتھ انجام دیے گئے۔ جائزے کے بعد کنویں کا Optimal Production پوائنٹ سیٹ کر دیا گیا ہے اور اس میں گیس کا داخلہ (انجکشن) 64/58 انچ پر 2 MMSCFD ہے۔

غوری بلاک

G&G سرگرمیاں

3D Seismic ڈیٹا تفہیم کی بنیاد پر دوسرے تشخیصی کنویں وھیران-1 کی 8 جون 2017 کو نشاندہی کی گئی۔ کنویں کی کھدائی دسمبر 2017 میں ہونے کا امکان ہے اور یہ کنواں ستمبر 2018 تک مکمل ہو جائے گا۔

غوری x-1 کنویں سے متعلق سرگرمیاں

پیداوار میں کمی کے رجحان کا جائزہ لینے کے بعد کنویں کے اندر جیٹ پمپ کے معائنے اور اس کی بحالی کے لئے کام کیا گیا۔ BHP سروے بھی کرایا گیا ہے۔ کنویں کے اندر کا پریشر 739 PSI ریکارڈ کیا گیا جو پہلے 1,052 PSI تھا۔ جیٹ پمپس کی تنصیب کا کام انتہائی درستگی اور مربوط منصوبہ بندی کے ساتھ کیا گیا۔ اس کام میں درپیش چیلنجز کو سمجھنے کے لئے خطرات کا جامع اور تفصیلی جائزہ لیا گیا جس میں جیٹ پمپ کو منتخب پروفائلز سے گزارنا، رننگ ٹول کو منتخب سے غیر منتخب درجے پر لانا اور تنصیب کے بعد نوزل کی پلگنگ کو روکنا شامل ہیں۔ جیٹ پمپ نوزل کی سیل کٹ دوبارہ چڑھانے کے بعد کنویں سے پیداوار دوبارہ شروع ہو گئی ہے اور اس میں پہلی پیداوار کے مقابلے میں 80-90 BOPD اضافہ ریکارڈ کیا گیا ہے۔

سکھر بلاک

G&G سرگرمیاں

ماڑی Seismic پراسیسنگ سینٹر (MSPC) میں 500 لائن کلومیٹر 2D Seismic ڈیٹا کی ری پراسیسنگ جاری ہے۔ 300 لائن کلومیٹر (firm) اور 173 لائن کلومیٹر (contingent) کے حصول کے لیے 2D سیسمک ڈیٹا کی خاطر دی گئی بولیوں کا عمل مکمل ہو گیا ہے اور اس کے لیے ماڑی Seismic یونٹ (MSU) کو کنٹریکٹ دے دیا گیا ہے۔ 2D Seismic ڈیٹا کے حصول سے تشخیصی کنوؤں کی کھدائی کے لیے SML لیول کے امکانات کی نشاندہی میں مدد ملے گی۔

کوٹ-1A میں تعمیر و ترقی

کوٹ-1A اوسطاً 0.8 MMSCFD گیس اور 900 BPD پانی فراہم کر رہا ہے اس کنویں میں گیس کی پیداوار میں مسلسل کمی ہو رہی ہے۔ وہاں جاری فیلڈ آپریشنز کو ان کی تجارتی اہمیت اور معاشی پہلوؤں سے جانچا جا رہا ہے جس سے ظاہر ہوتا ہے کہ یہاں سرگرمیاں اس وقت تک جاری رہ سکتی ہیں جب تک گیس کی پیداوار کی سطح فیلڈ کی کم قیمت پر 0.6 MMSCFD تک گر نہ جائے۔ ماضی کے اس سنگ میل کو عبور کرنا اس لئے ممکن ہوا تھا کیونکہ کمپنی نے پراسیسنگ کے مکمل طریقہ کار پر عملدرآمد کے باوجود آپریشنل اخراجات کی سطح opex کو برقرار رکھا تھا۔

زیارت بلاک

G&G سرگرمیاں

220 لائن کلومیٹر 2D Seismic ڈیٹا کی ری پراسیسنگ کو M/S GT Poland میں مکمل کیا گیا ہے۔ ری پراسیسڈ 2D Seismic ڈیٹا کی تفہیم مکمل ہو چکی ہے اور اس وقت بولان ایسٹ کے امکانات پر کنویں کے مقام کو حتمی شکل دی جا رہی ہے جس کی وعدے کے مطابق کھدائی کا کام 2017-18 میں ہوگا۔

پشاور ایسٹ بلاک

MPCL نے DGPC سے درخواست کی ہے کہ وہ متعلقہ سکیورٹی ایجنسیوں سے سکیورٹی کلیئرنس حاصل کریں تا کہ اس بلاک میں تشخیصی سرگرمیوں کو شروع کیا جا سکے اور اس معاملے میں یہ درخواست بھی کی گئی ہے کہ این او سی کی فراہمی تک لائسنس کے ابتدائی فیز میں وقت کی درستگی / تلافی کی جائے۔

بنوں ویسٹ بلاک

بنوں ویسٹ بلاک میں تشخیصی سرگرمیوں کو انتہائی تیز رفتاری سے انجام دیا جا رہا ہے۔ اس کے نتیجے میں دو ہفتوں کا جیالوجیکل فیلڈ ورک، 425 لائن کلومیٹر کی ری پراسیسنگ اور اس کی تفہیم کا کام مکمل ہو چکا ہے۔ MPCL سے آپریٹر کی ذمہ داری لینے کے بعد سے یہ کام تین ماہ کی ریکارڈ مدت میں مکمل ہوا ہے۔ یہ بات بھی قابل ذکر ہے کہ 2005 میں یہ بلاک ملنے کے بعد پہلی مرتبہ عملی طور پر کوئی تشخیصی سرگرمی انجام دی گئی ہے۔

جیولاجیکل اور جیوفزیکل نتائج کی بنیاد پر مشترکہ منصوبے Joint Venture نے اس پروگرام اور 2017-18 کے بجٹ کی منظوری دی جس میں 3D Seismic کی ڈیزائننگ بھی شامل تھی۔ 3D Seismic ڈیٹا کے حصول کے کام کی منصوبہ بندی تیز رفتار بنیادوں پر کی گئی ہے تا کہ نومبر 2018 تک تشخیصی کنویں کا تعین کرنے کے امکان کو واضح کیا جا سکے۔

ہالہ بلاک

G&G سرگرمیاں

525 مربع کلومیٹر کے علاقے کے 3D سیسمک ڈیٹا کی ری پراسیسنگ کا کام مکمل ہو چکا ہے جبکہ Seismic Inversion کا کام جاری ہے جو اگست 2017 تک مکمل کر لیا جائے گا۔ اس کے بعد چھٹے تشخیصی کنویں قمر X-1 کے مقام کو حتمی شکل دینے کے لیے تفہیم ہوگی جس کے ساتھ ضرباب X-1 کنویں کی کھدائی پہلے ہی جاری ہے۔

ضرباب X-1 کی کھدائی

ضرباب X-1 کی کھدائی کا کام 27 جون 2017 کو شروع ہوا تھا اور اسے 26 جولائی 2017 تک 4,046 میٹر کی گہرائی تک Parh فارمیشن میں کھودا گیا تا کہ لوئر گورو میسو سینڈز Lower Goru Massive Sands کے ہائیڈروکاربن پوٹینشل کا جائزہ لیا جا سکے گا۔

شاہ بندر بلاک

DGPC نے 20 جون 2017 کو PPL کے 32 فیصد ورکنگ انٹرسٹ (DOA) کی ... MPCL کو منتقل کرنے کیلئے DOA کی منظوری دے دی ہے۔

MDU نے NPT (غیر تقیری وقت) کے بغیر ہی تمام کنوؤں کو ریکارڈ مدت میں کھودا ہے جو اس بات کی علامت ہے کہ کمپنی اعلیٰ معیار کی خدمات فراہم کر رہی ہے۔

ماڑی سیسمک پراسیسنگ سروس سینٹر (MSPC)

MSPC نے فروری 2017 میں اپنی صلاحیتوں کو 24 کور نائم پراسیسنگ سے بڑھا کر 96/256 کور نائم اور ڈیپتھ پراسیسنگ تک پہنچا دیا ہے۔ اس سے MSPC کو کم وقت اور بہتر معیار کے ساتھ ڈیپتھ پراسیسنگ سروس فراہم کرنے کا موقع ملے گا۔

MSPC کے ماہرین کو گہرائی کی تصویر کشی کے معاملے میں سافٹ ویئر اور ہارڈ ویئر کی تجدید کے حوالے سے تربیت لینے کے لیے CGG فرانس بھیجا گیا اور مذکورہ تربیت اپریل 2017 میں ختم ہوگئی جس کے بعد MSPC اب خود بھی ڈیپتھ پراسیسنگ کے عمل سے نمٹنے کے قابل ہو گیا ہے۔

MSPC نے 932 کلومیٹر 3D ڈیٹا کی پراسیسنگ اور ری پراسیسنگ کا کام بھی مکمل کر لیا ہے (سجاول۔ 528 مربع کلومیٹر، شیخان۔ 87 مربع کلومیٹر، غوری۔ 217 مربع کلومیٹر، ماڑی۔ 100 مربع کلومیٹر اور 1,297 لائن کلومیٹر 2D کی پراسیسنگ اری پراسیسنگ (کرک۔ 147.20 لائن کلومیٹر اور 45 وسی لائن، سجاول۔ 172.35 لائن کلومیٹر، جھانگرا ویسٹ۔ 220.475 لائن کلومیٹر، دھوڑی نارتھ۔ 64.675 لائن کلومیٹر، حسن ابدال۔ 205.085 لائن کلومیٹر اور ہنوں ویسٹ۔ 442.60 لائن کلومیٹر)۔

MSPC نے AVO/Inversion کی طرف سے Seismic Reservoir Characterization کا چیلنج بھی لیا ہے۔ براہ راست HC اشاریوں کے لیے مختلف تکنیک استعمال کر کے ذخائر کا تعین کرنے کی اس مقداری اپروچ نے اس صنعت میں ایک معیاری سرگرمی کی حیثیت حاصل کر لی ہے۔ اس لحاظ سے MSPC نے 1,080 مربع کلومیٹر کی ماڑی فیلڈ کے پری سٹیک سائمٹینیئس ایلاسٹک انورژن پراجیکٹ کو بھی مکمل کر لیا ہے جبکہ سجاول بلاک میں 720 مربع کلومیٹر پر AVO / Inversion کا کام جاری ہے۔

پراسیسنگ، ری پراسیسنگ، AVO / Inversion اور کے نتائج کی خوب پذیرائی ہوئی اور MSPC کی خواہش ہے کہ وہ موجودہ اور مستقبل کے منصوبوں میں اپنی خدمات کا معیار برقرار رکھے اور اس میں اضافہ بھی کرے۔

صنعتی تعلقات

ماڑی فیلڈ سمیت کمپنی کے تمام منصوبوں کے مقامات پر کام کا ماحول اور مجموعی صنعتی تعلقات انتہائی خوشگوار رہے۔ ان مقامات پر تفریحی اور حوصلہ افزا سرگرمیوں سے کام کے ماحول میں ہم آہنگی پیدا ہوئی اور مختلف مقامات پر ملازمین نے ان سرگرمیوں کو بہت سراہا۔

انسانی وسائل کی ترقی

E&P کمپنیوں کی کامیابی بلاشبہ ان کے انسانی وسائل کے معیار میں پوشیدہ ہے۔ MPCL میں سب سے بنیادی اور قیمتی ظاہری اثاثہ انسانی سرمایہ ہے جس میں صرف اس ادارے میں کام کرنے والے لوگ ہی شامل نہیں ہیں بلکہ یہاں کے تجربات، رویوں، صلاحیتوں، ثقافت اور مہارتوں وغیرہ کا ایک وسیع امتزاج ہے۔ انسانی سرمائے کا منصوبہ بندی کی حکمت عملی سے بہت مثبت تعلق ہے اور اس کا پھر مزید اثر کامیابی پر بھی پڑتا ہے۔ کمپنی نے اپنے ملازمین کے لئے کام کا شاندار ماحول فراہم کیا ہے تا کہ روزمرہ ذمہ داریوں کی ادائیگی کے حوالے سے ان کی صلاحیتوں میں اضافہ ہو سکے۔

انفارمیشن ٹیکنالوجی

MPCL اپنی کاروباری ضروریات کے مطابق جدید ترین آئی ٹی نظام استعمال کرتی ہے۔ کمپنی مختلف فنی اور سرگرم شعبوں کے درمیان تعلق پر بہت زیادہ توجہ دیتی ہے۔ اس طریقہ کار سے ایسے نظاموں کے چناؤ اور نفاذ میں مدد ملتی ہے جو تخمینی، آپریشنل اور دیگر منسلک شعبوں کی پیشہ ور ٹیموں کے درمیان زیادہ تعلق پیدا کرتے ہیں جس سے مختلف E&P سرگرمیوں کے حوالے سے منصوبہ بندی، رابطے اور فیصلہ سازی میں مدد ملتی ہے۔

صحت، سلامتی اور ماحول (HSE)

ادارے کے ملازمین نے سال 17-2016 میں بھی HSE مینجمنٹ سسٹم کے نفاذ کے لیے پر عزم قیادت، انتظامی وابستگی اور شراکت کا بھرپور مظاہرہ جاری رکھا۔ HSE مینجمنٹ سسٹم کے نفاذ، HSE کی پالیسیوں میں تسلسل، طریقہ کار اور عملی گائیڈ لائنز نے HSE کے مقاصد اور اہداف کے حصول کو یقینی بنایا۔

سرٹیفکیشن کے لیے غیر ملکی آڈیٹرز کے IMS/ISMS انٹرنیشنل سٹینڈرڈز ISO 9001, 14001, 18001, 27001 سال 17-2016 کے لیے 27001 آڈٹ بھی کامیابی سے مکمل ہوئے۔ ہیڈ آفس اور کراچی آفس سمیت کسی بھی پیداواری تنصیبات میں معیار سے ہٹ کر کوئی بات نہیں پائی گئی۔

سال 17-2016 میں نقصان دہ حادثات میں قابل ذکر کمی ہوئی ہے۔ کمپنی کے ریکارڈز کے مطابق یہ بہترین اجتماعی کارکردگی تھی (ملازمین اور کنٹریکٹ پر رکھی گئی افرادی قوت کو ملا کر)۔ یہاں ٹوٹل ریکارڈ ایبل کیس فریکوئنسی (TRCF) مالی سال 17-2016 کے لیے 0.13 رہی جبکہ اس کا ہدف (TRCF) 0.5 تھا۔

کمپنی کے کاروبار کے ماحول پر اثرات

E&P انڈسٹری میں ایک اہم کردار کی حامل کمپنی (MPCL) ہونے کے ناطے پاکستان کے کھاد کے شعبے کو قدرتی گیس فراہم کر کے معیشت کو فروغ دے رہی ہے جس کے نتیجے میں زرعی پیداوار کو بڑھانے کے لیے یوریا کھاد استعمال کی جاتی ہے۔ اس طرح مقامی معیشتوں کو فروغ اور نمو حاصل ہوتا ہے۔ اپنے طریقہ ہائے کار کو ماحولیاتی لحاظ سے پائیدار بنانے کے لیے ہم کئی قسم کے اقدامات کرتے ہیں تا کہ ارد گرد کے ماحول پر منفی اثرات مرتب نہ ہوں۔ آپریشنل سرگرمیوں کے آغاز سے قبل ہمیشہ ماحولیاتی خطرے کے جائزہ کی تحقیقات کی جاتی ہیں۔ خواہ سیسمک ڈیٹا کا حصول ہو، ڈرلنگ آپریشنز ہوں یا پروڈکشن مراکز کا قیام ہو۔ ماحولیاتی پروگراموں کے مستقل استحکام کو یقینی بنانے کے لیے MPCL تصدیق و توثیق کے سوئس ادارے کے ذریعے آئی ایس او سرٹیفیکیشن۔ 14001 ماحولیات۔ مینجمنٹ سسٹم بھی حاصل کر چکی ہے۔

کاروباری سطح پر، ماحولیاتی کارکردگی کے بنیادی اشارات کی نگرانی کو ریگولیٹری اداروں کو پیش کردہ رپورٹوں میں شامل کیا گیا ہے۔ تمام آپریشنل سرگرمیوں میں ماحولیاتی کوالٹی کے قومی معیارات (NEQs) کی تعمیل کو بھی یقینی بنایا گیا ہے۔

تجارتی وسماجی ذمہ داری (CSR)

MPCL نے کمیونٹیوں کی خدمت/معاونت کرنے کے لیے CSR کے حوالے سے اپنے طریقہ کار میں ایک موثر تبدیلی کی ہے۔ اب دفتروں میں بیٹھ کر کام کرنے کے طریقہ کار کے علاوہ کمپنی پائیدار خدمات کی عملی فراہمی پر زیادہ توجہ دے رہی ہے۔ **کمپنی نے CSR سرگرمیوں پر سال 17-2016 کے دوران 207.76 ملین روپے خرچ کیے ہیں۔**

اپنی کمیونٹیوں کے لیے خدمات کی فراہمی کو یقینی بنانے کے سلسلے میں مذکورہ خدمات پر عمل درآمد کرنے والے شراکت داروں (این جی اوز/ترقیاتی شعبے کی تنظیمیں) کو اپنے ساتھ شامل کر لیا گیا ہے جن کے پاس خدمات کی فراہمی پر عملدرآمد کرنے والے ماہرین موجود ہیں۔ انھوں نے MPCL CSR کے اعلیٰ اثرات کے حامل اور پائیدار منصوبوں کو چلانے کے لیے طریقہ وضع کیا ہے۔

ہمیں اپنے معاشرے کے ساتھ باہمی تعلقات برقرار رکھنے کا مکمل احساس ہے۔ اسی لیے ہم تعلیم، صحت، پانی کی فراہمی کے منصوبوں، انسان دوست عملیات اور مواصلاتی نظام کو بہتر بنانے کے لیے مختلف اقدامات کرنے کے ضمن میں مسلسل سرمایہ کاری کرتے ہیں۔

اپنی کمیونٹیوں کی خدمات کے علاوہ MPCL متعلقہ فریقوں/اسٹیک ہولڈرز کے ساتھ مسلسل مصروف کار رہتے ہوئے CSR کے حوالے سے تمام اسٹیک ہولڈروں کی خوشحالی اور تحفظ کو یقینی بناتی ہے تا کہ ISO 26000 کے رہنما اصولوں کے مطابق سماجی ذمہ داریوں کے بہترین طریقوں کو برقرار رکھا جائے۔

سماجی بہبود کے امور پر مبنی DGPC کے 2017 میں نظرثانی شدہ رہنما اصولوں پر عمل درآمد کو بھی یقینی بنایا گیا ہے۔

ماضی میں E & P کمپنیوں نے DCs کی مشاورت کے ساتھ منصوبے تیار کیے تھے اور ان پر عمل درآمد کیا گیا تھا۔ جبکہ یہی عمل اب سماجی بہبود کی کمیٹی انجام دے گی جس کے صدر متعلقہ ایم این اے ہوں گے اور اس کے ارکان میں متعلقہ ایم پی اے، ڈی سی، ناظم اور E & P کمپنی کا نمائندہ ہوگا۔ یہ کمیٹی ان منصوبوں پر ڈی سی کے ذریعے عملدرآمد کرائے گی۔

کارپوریٹ گورننس/تجارتی نظم و نسق

بورڈ کا ڈھانچہ

نمبر شمار	ڈائریکٹر	کیٹگری
1۔	لیفٹیننٹ جنرل خالد نواز خان (ر)	نان ایگزیکٹو ڈائریکٹر
2۔	لیفٹیننٹ جنرل اشفاق ندیم احمد (ر)	ایگزیکٹو ڈائریکٹر
3۔	جناب قیصر جاوید	نان ایگزیکٹو ڈائریکٹر
4۔	ڈاکٹر ندیم عنایت	نان ایگزیکٹو ڈائریکٹر
5۔	میجر جنرل ممتاز احمد باجوہ (ر)	نان ایگزیکٹو ڈائریکٹر
6۔	بریگیڈیئر راشد ولی جنجوعہ (ر)	نان ایگزیکٹو ڈائریکٹر
7۔	جناب ساجد سکندر جلال	نان ایگزیکٹو ڈائریکٹر
8۔	قاضی محمد سلیم صدیقی	نان ایگزیکٹو ڈائریکٹر

JV شراکت کاروں نے کنویں کی کھدائی کے تجارتی لحاظ سے قابل عمل امکان کو وضع کرنے یا اس کے برخلاف جانے سے پہلے Jhim South جھم سائوتھ کو مزید ڈی رسک de-risk کرنے کا فیصلہ کیا ہے۔

کوہلو بلاک

اس علاقے میں سکیورٹی خدشات کی وجہ سے تشخیصی سرگرمیاں روک دی گئی ہیں۔

کلچاس بلاک

G&G سرگرمیاں

306 لائن کلومیٹر اور 119.5 لائن کلومیٹر 2D سیسمک ڈیٹا کے حصول کے لئے آپریٹر نے بولیاں طلب کیں۔ پانچ کمپنیوں نے اپنی فنی اور مالی تجاویز پیش کیں۔ ان بولیوں کا فنی جائزہ مکمل ہو چکا ہے جبکہ مالی جائزے کی تکمیل کا کام جاری ہے۔

کوہاٹ بلاک

G&G سرگرمیاں

241 لائن کلومیٹر 2D سیسمک ڈیٹا کی پراسیسنگ کا کام OGDCL کے سیسمک پراسیسنگ سینٹر میں جاری ہے جبکہ اس کے Initial Pre Stack Time Migration (PSTM) نتائج موصول ہو چکے ہیں جن کی تفہیم کا کام بھی جاری ہے۔ JV شراکت کاروں نے ٹانڈا جی کے علاقے میں 232 مربع کلومیٹر کے 3D سیسمک ڈیٹا کو تیسرے فریق سے ری پراسیس کرانے پر اتفاق کیا ہے تاکہ کنویں کی تنصیب کی نشاندہی کے امکانات یا دیگر معاملات پر اعتماد کی سطح کو بڑھایا جا سکے۔

OGDCL نے شیخان سائوتھ پراسپیکٹ کی بھی تجویز دی ہے تاکہ وہاں ایک تشخیصی کنواں کھودا جائے جو 36 BCF (GIIP) وسائل کا حامل ہو اور جس کی گہرائی 2,500 میٹر ہو۔ آپریٹر کی اس تجویز پر کمپنی غور کر رہی ہے۔

ترک شدہ بلاکس

مندرجہ ذیل بلاکس کو ترک کرنے کے لیے DGPC کو درخواستیں جمع کرا دی گئی ہیں۔

ہانہ بلاک	Operated	(MPCL کا حصہ 100 فیصد)
کھیلو ازوبلاک	Operated	(MPCL کا حصہ 51 فیصد)
زندان بلاک	Non Operated	(MPCL کا حصہ 35 فیصد)

نئی کاروباری مہمات

نئے بلاکس کا حصول

کمپنی نے موجودہ ذخائر کو بڑھانے کے تین سالہ تشخیصی منصوبے کے بعد لیز کے تبادلے کے ذریعے نئے بلاکس کے حصول کی مہم شروع کی ہے تاکہ ذخائر کی بنیاد پر ترقی کی حکمت عملی کو وسعت دی جا سکے۔ اس طریقے پر عمل کرتے ہوئے MPCL کو تلو پاکستان ڈویلپمنٹ لمیٹڈ کے ساتھ شرائط نامے (Head of Terms) پر دستخط کا موقع ملا تاکہ درج ذیل بلاکس میں زیر کار مفاد حاصل کیا جا سکے، ابھی اسے MPCL اور Tullow کے بورڈ آف ڈائریکٹرز اور GoP کی منظوری درکار ہے:

- بنوں ویسٹ بلاک میں 20 فیصد اضافی Additional working interest کا حصول جس سے MPCL کا وہاں کل زیر کار مفاد 55 فیصد ہو جائے گا۔
- بلاک۔28 میں 95 فیصد Additional working interest کا حصول۔
- کلچاس بلاک میں 30 فیصد زیر کار مفاد کا حصول جس سے MPCL کا کل زیر کار مفاد 50 فیصد تک پہنچ جائے گا۔
- مزید یہ کہ MPCL غوری بلاک میں بھی 30 فیصد اضافی حصے کے حصول کے لئے مذاکرات کر رہا ہے جس سے MPCL کا Additional working interest 65 فیصد ہو جائے گا۔

نئے بلاکس کا جائزہ

MPCL مستقل بنیادوں پر مختلف E&P کمپنیوں کے ساتھ تشخیصی بلاکس کے ڈیٹا پر نظرثانی کر رہا ہے تاکہ لیز کے تبادلے یا آپریٹرشپ کے ممکنہ مواقع حاصل ہو سکیں جس سے ذخائر کی ترقی کی حکمت عملی کو وسعت دینے کے لئے تشخیصی پورٹ فولیو کو بڑھایا جا سکے۔ لیز کے تبادلے کے چودہ ممکنہ مواقع کا جائزہ لیا جا چکا ہے جبکہ تو بلاکس کا دوبارہ جائزہ لینے کے بعد وہاں تشخیصی سرگرمیوں کا لائسنس حاصل کرنے کے لیے درخواست دے دی گئی ہے۔

عالمی بلاکس / ممالک

MPCL مسلسل منتخب عالمی بلاکس / ممالک کا بھی جائزہ لے رہا ہے تاکہ وہاں بھی لیز کے تبادلے کے ممکنہ مواقع سے فائدہ اٹھایا جا سکے۔ اس لحاظ سے سات ممکنہ ممالک کا جائزہ لیا گیا ہے (کینیڈا، مصر، موزمبیق، تنزانیہ، مڈغاسکر، موریطانیہ، انڈونیشیا اور عراق)۔

اس کے علاوہ سمندر پار مشترکہ منصوبے کے تحت درج ذیل پانچ بلاکس کا بھی جائزہ لیا جا رہا ہے۔

دین بلاک	پنڈاوا پرائما، انڈونیشیا
47 PEL بلاک	سیریکا انرجی، نمیبیا
1/06 FEL بلاک	سیریکا انرجی، آئرلینڈ
1/09 FEL بلاک	سیریکا انرجی، آئرلینڈ
4/13 FEL بلاک	سیریکا انرجی، آئرلینڈ

ماڑی سروسز ڈویژن (MSD)

ماڑی سیسمک یونٹ (MSU)

MSU کا قیام 2012 میں عمل میں آیا تھا۔ اس نے اب تک تین منصوبے مکمل کیے ہیں جن میں دو 3D اور ایک 2D منصوبہ شامل ہیں۔ ان منصوبوں کی ریکارڈ مدت میں تکمیل اور اس کے ساتھ اعلیٰ معیار کے حامل ڈیٹا نے اسے مقامی E&P مارکیٹ کو کنٹرول کرنے کا بھرپور موقع دے دیا ہے۔

سیرسل 508XT (دنیا کے جدید ترین ریکارڈنگ نظاموں میں سے ایک)، فریکٹر پر نصب ڈرل رگیز (HY-T100D)، جنکر و بڑا انسانوں کے اٹھانے کے قابل آلات، اٹلس کوپکو کمپریسرز (XAVS 206C) اور کوبرا کو بھی جیک ہیمرز کی نصب کا کام جنوری تا مارچ 2017 کامیابی سے مکمل کرا لیا گیا۔ اس سے MSU کو یہ صلاحیت حاصل ہو گئی ہے کہ وہ دیگر کمپنیوں کے عملے کے مقابلے میں انتہائی جدید دکھائی دے رہا ہے۔

MSU اوپن مارکیٹ میں نئے سیسمک مواقع کی تلاش میں سرگرداں ہے۔ اس حوالے سے پاکستان میں کام کرنے والی بڑی E&P کمپنیوں کو بولیاں جمع کرا دی گئی ہیں جن میں OGDCL اور PPL بھی شامل ہیں۔

دو 3D منصوبوں (ماڑی فیلڈ اور بھوال بلاک) اور ایک 2D منصوبے کی ریکارڈ وقت میں تکمیل کے نتیجے میں کمپنی کو بچت کی مد میں بھاری فائدہ حاصل ہوا ہے۔

اس وقت MSU ساز و سامان سے پوری طرح لیس 1x3D (Sercel 428 XL) عملے اور 1x2D (Sercel 508 XT) عملے کی خدمات کی پیشکش کر رہا ہے۔

ماڑی ڈرلنگ یونٹ (MDU)

اس وقت MDU تین ڈرلنگ رگیز چلا رہا ہے جن میں رگ ماڑی 1 (HP1500)، رگ ماڑی 2 سکائی ٹاپ بریو سٹر (HP300) اور رگ ماڑی 3 (HP2500) شامل ہیں جن میں 7000± میٹر کم یا زیادہ گہرائی تک کھدائی کی گنجائش موجود ہے۔ MDU نے 17-2016 میں سات کنوؤں کی کھدائی کامیابی سے مکمل کی ہے۔

رگ ماڑی 1 نے پانچ کنوؤں کی کھدائی اور جانچ کا عمل مکمل کر لیا ہے جن کے نام شہباز X-1 (تشخیصی کنواں)، زرغون سائوتھ۔3 (ترقیاتی کنواں)، شاہین۔1 (تشخیصی کنواں)، بھٹائی۔2 (appraisal کنواں) اور بھٹائی۔3 (appraisal کنواں) شامل ہیں اور ان کی اوسط گہرائی 1,150 تا 1,900 میٹر ہے۔ رگ ماڑی 1 اس وقت بھٹائی۔3 کنویں کے مقام کے قریب ہے جہاں سے اسے ماڑی D&P میں MD16 کی طرف روانہ کیا جائے گا اور اس کی ہدفی گہرائی 3,000 میٹر تک ہو گی۔

رگ ماڑی 3 نے سجاول ڈیپ۔1 تشخیصی کنویں کی کھدائی اور جانچ کا کام 4,100 میٹر تک کامیابی سے مکمل کر لیا ہے اور حقیق۔1 تشخیصی کنویں کی گہرائی کا کام 2,300 میٹر گہرائی تک مکمل ہو چکا ہے۔ یہ منصوبے سجاول ایکسپلوریشن لائسنس کے تحت مکمل ہوئے ہیں۔ رگ ماڑی 3 اب ماڑی D&P میں ٹیپو۔1 کنویں کی طرف بڑھ چکا ہے جس کی ہدفی گہرائی 4,000 میٹر ہے۔

رگ ماڑی۔HP300 (سکائی ٹاپ) اپنی تجدید اور تنصیب کے بعد اب 1,000 میٹر گہرائی تک کے کنویں کھودنے کے لیے تیار ہے۔ رگ ماڑی 2 اب ماڑی D&P میں PKL کی طرف منتقل ہونے کے لیے تیار ہے جس کی ہدفی گہرائی 500 میٹر ہے اور جس سے امکانات کا تعین ہو گا۔

نمبر شمار	ڈائریکٹر	کیٹگری
9	جناب شاہد یوسف	نان ایگزیکٹو ڈائریکٹر
10	جناب زاہد میر	نان ایگزیکٹو ڈائریکٹر
11	جناب احمد حیات لک	نان ایگزیکٹو ڈائریکٹر
12	جناب شاہد غفار	نان ایگزیکٹو ڈائریکٹر
13	انجینئر ایس ایچ مہدی جمال	آزاد نان-ایگزیکٹو ڈائریکٹر

لیفٹیننٹ جنرل اشفاق ندیم احمد (ر) نے سال رواں کے دوران ایک خالی اسامی پر بورڈ میں شمولیت اختیار کر لی۔

لیفٹیننٹ جنرل ندیم احمد (ر) سال رواں کے دوران بورڈ چھوڑ گئے۔

سی ای او کے علاوہ بورڈ کے چیئرمین

لیفٹیننٹ جنرل خالد نواز خان (ر) بورڈ کے چیئرمین ہیں اور لیفٹیننٹ جنرل اشفاق ندیم احمد (ر) کمپنی کے سی ای او ہیں۔ کیونکہ بورڈ کے چیئرمین کمپنی کے سی ای او کے علاوہ ہوتے ہیں۔

رسمی تعارف اور ڈائریکٹرز ٹریننگ پروگرام

بورڈ میں شمولیت کے بعد ہر ایک ڈائریکٹر کو MPCL میمورنڈم اینڈ آرٹیکلز ایسوسی ایشن، MPCL کی اہم پالیسیوں، شراکت اور حصص مالکان کے معاہدے، ماڑی گیس کے منبع کی قیمت کے معاہدے، مینیجنگ ڈائریکٹر کے مختار عام/ پاور آف اٹارنی، پیٹرولیم کی تلاش اور پیداوار پالیسی 2012، کوڈ آف کارپوریٹ گورننس/ ضابطہ برائے تجارتی نظم و نسق اور MPCL کی تازہ ترین سالانہ رپورٹ پر مشتمل تعارف پیش کیا جاتا ہے۔ کمپنی کا سیکرٹری نئے ڈائریکٹر کو تجارتی ڈھانچے، بورڈ اور ڈائریکٹر کا انفرادی کردار اور ذمہ داریاں، مجموعی ڈھانچے، کمپنی کی تاریخ اور آپریشنز/ منصوبوں کی نمایاں خصوصیات پر بریفنگ دیتا ہے۔

MPCL ڈائریکٹرز ٹریننگ پروگرام سے متعلق ضابطے کے جملہ تقاضوں سے آگاہ ہے اور اس امر کو یقینی بنانے کی کوششیں کر رہی ہے کہ 30 جون 2018 تک بورڈ کے کم از کم آدھے ڈائریکٹرز SECP کے منظور شدہ کسی بھی ٹریننگ پروگرام میں شرکت کر کے مصدقہ اور سند یافتہ ڈائریکٹرز بن جائیں۔

بورڈ کے اجلاس

مالی سال 17-2016 کے دوران بورڈ آف ڈائریکٹرز کے پانچ اجلاس ہوئے۔ ان اجلاس میں ڈائریکٹرز کی شرکت حسب ذیل رہی ہے:۔

ڈائریکٹر	اجلاسوں میں شرکت
لیفٹیننٹ جنرل خالد نواز خان (ر)	05
لیفٹیننٹ جنرل ندیم احمد (ر)	03
لیفٹیننٹ جنرل اشفاق ندیم احمد (ر)	03*
جناب قیصر جاوید	05
ڈاکٹر ندیم عنایت	04
میجر جنرل ممتاز احمد باجوہ (ر)	05
بریگیڈیئر راشد ولی جنجوعہ (ر)	05
جناب ساجد سکندر جلال	05
قاضی محمد سلیم صدیقی	05
جناب شاہد یوسف	04
جناب زاہد میر	05
جناب احمد حیات لک	05
جناب شاہد غفار	04
انجینئر ایس ایچ مہدی جمال	05

* جنوری 2017 میں بورڈ میں شامل ہوئے اور ایم ڈی کے طور پر ایک اجلاس میں شریک ہوئے

بورڈ آف ڈائریکٹرز کی کمیٹیاں

کمپنی کے بورڈ آف ڈائریکٹرز کمپنی کے آپریشنز/ منصوبوں اور معاملات کا نہایت موثر طریقے سے جائزہ لیتے ہیں۔ جملہ امور کی موثر انجام دہی کے لیے بورڈ نے تین کمیٹیاں تشکیل دی ہیں۔ ان کمیٹیوں کو ان کے متعلقہ شعبوں سے متعلق فوری انتظامی فیصلوں کو یقینی بنانے کے لیے ذمہ داری سونپی گئی ہے۔

آڈٹ کمیٹی

تشکیل و ترتیب

کمپنی کے بورڈ آف ڈائریکٹرز نے کارپوریٹ گورننس کے ضابطے پر عمل کرتے ہوئے ایک آڈٹ کمیٹی تشکیل دی ہے جو فی الحال مندرجہ ذیل ڈائریکٹرز پر مشتمل ہے:۔

ڈائریکٹر	عہدہ
جناب قیصر جاوید	صدر
جناب شاہد یوسف	رکن
جناب احمد حیات لک	رکن
جناب شاہد غفار	رکن
انجینئر ایس ایچ مہدی جمال	رکن

اجلاسوں میں شرکت

مالی سال 17-2016 کے دوران آڈٹ کمیٹی کے چھ اجلاس منعقد ہوئے تھے۔ ان اجلاسوں میں ڈائریکٹرز کی شرکت درج ذیل رہی ہے:۔

ڈائریکٹر	اجلاسوں میں شرکت
جناب قیصر جاوید	06
جناب شاہد یوسف	05
جناب احمد حیات لک	06
جناب شاہد غفار	06
انجینئر ایس ایچ مہدی جمال	06

تکنیکی کمیٹی

تشکیل و ترتیب

بورڈ کی تکنیکی کمیٹی فی الحال مندرجہ ذیل ڈائریکٹرز پر مشتمل ہے:۔

ڈائریکٹر	عہدہ
بریگیڈیئر راشد ولی جنجوعہ (ر)	صدر
میجر جنرل ممتاز احمد باجوہ (ر)	رکن
جناب ساجد سکندر جلال	رکن
قاضی محمد سلیم صدیقی	رکن
جناب زاہد میر	رکن

اجلاسوں میں شرکت

مالی سال 17-2016 کے دوران تکنیکی کمیٹی کے دو اجلاس منعقد ہوئے۔ ان اجلاسوں میں ڈائریکٹرز کی شرکت درج ذیل ہے:۔

ڈائریکٹر	اجلاسوں میں شرکت
بریگیڈیئر راشد ولی جنجوعہ (ر)	02
میجر جنرل ممتاز احمد باجوہ (ر)	02
جناب ساجد سکندر جلال	02
قاضی محمد سلیم صدیقی	02
جناب زاہد میر	02

HR اور معاوضے کی کمیٹی

تشکیل و ترتیب

ضابطہ برائے کاروباری نظم و نسق کی تعمیل میں بورڈ آف ڈائریکٹرز نے ایک HR اور معاوضے کی کمیٹی تشکیل دی ہے جس میں فی الحال مندرجہ ذیل ڈائریکٹرز شامل ہیں:۔

ڈائریکٹر	عہدہ
ڈاکٹر ندیم عنایت	صدر
جناب زاہد میر	رکن
انجینئر ایس ایچ مہدی جمال	رکن (خود مختار نان ایگزیکٹیو ڈائریکٹر)

اجلاسوں میں شرکت

مالی سال 17-2016 کے دوران HR&R کمیٹی کے دو اجلاس منعقد ہوئے۔ ان اجلاسوں میں ڈائریکٹرز کی شرکت درج ذیل ہے:۔

ڈائریکٹر	اجلاسوں میں شرکت
ڈاکٹر ندیم عنایت	02
جناب زاہد میر	02
انجینئر ایس ایچ مہدی جمال	02

حصص کے تازہ ترین انداز

30 جون 2017 تک حصص کے انداز دکھانے والا گوشوارہ منسلک ہے۔

کوڈ آف کارپوریٹ گورننس (CCG)

سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) نے کوڈ آف کارپوریٹ گورننس (CCG) جاری کیا ہے تاکہ بہتر تجارتی نظم و نسق کا لائحہ عمل اختیار کیا جائے اور ہر ایک اندراج شدہ کمپنی بہترین طریقوں پر عمل کرے۔ CCG میں اسٹاک ایکسچینج (اب پاکستان اسٹاک ایکسچینج) کے قواعد و ضوابط شامل ہیں جن کی درج شدہ کمپنیاں تعمیل کرتی ہیں۔

کمپنی CCG کے بہترین طریقوں پر مکمل عمل کرنے کی ہر ممکن کوشش کرتی ہے۔ کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے تیار کردہ CCG کے بہترین طریقوں کی تعمیل کے بیان کا جائزہ لیا گیا اور کمپنی کے بیرونی آڈیٹرز نے ان کی تصدیق کی۔

ڈائریکٹرز کا بیان

کمپنی کے ڈائریکٹرز مندرجہ ذیل کی توثیق کرتے ہیں:۔

a۔ کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالیاتی گوشوارے تمام معاملات کو واضح طور پر پیش کرتے ہیں جن میں آپریشنز/منصوبوں کے نتائج، رقم کی آمد و رفت اور کاروباری سرمایہ کی تبدیلیاں شامل ہیں۔

b۔ کمپنی کے کھاتوں (بک آف اکاؤنٹ) کا باقاعدہ حساب کتاب رکھا جاتا ہے۔

c۔ مالیاتی گوشواروں کی تیاری کے لیے ہمیشہ مناسب اور متعلق اکاؤنٹنگ پالیسی اختیار کی جاتی ہے اور حساب داری کے گوشوارے ہمیشہ انتہائی منطقی اور محتاط اندازوں پر مشتمل ہوتے ہیں۔

d۔ پاکستان میں لاگو "انٹرنیشنل فنانشل رپورٹنگ سٹینڈرڈز" کو حساب داری کے گوشواروں کی تیاری کے لیے بروئے کار لایا گیا ہے۔

e۔ ڈائریکٹرز ذمہ دار ہیں اور انھوں نے اس امر کو یقینی بنالیا ہے کہ انٹرنل کنٹرول/ اندرونی نگہداری کا نظام مضبوط بنیادوں پر استوار ہے اور موثر طریقے سے روبہ عمل ہے جس پر مسلسل نظر بھی رکھی جاتی ہے۔

f۔ کمپنی کے قائم رہنے کے حوالے سے کسی بھی قسم کا کوئی خدشہ نہیں پایا جاتا۔

g۔ ڈائریکٹرز کی رپورٹ میں گذشتہ برس کے انتظامی نتائج سے واضح انحراف کی وجوہ کو اس رپورٹ میں پیش کیا گیا ہے۔

h۔ مذکورہ ضوابط میں بیان کردہ کارپوریٹ گورننس کے بہتر طریقوں کی کسی بھی قسم کی خلاف ورزی نہیں کی گئی۔

i۔ گزشتہ دس سال کا بنیادی انتظامی و مالی ڈیٹا منسلک ہے۔

j۔ متعلقہ آڈٹ شدہ اکاؤنٹس کی بنیاد پر 30 جون 2016 تک کی سرمایہ کاری کی مالیت بشمول بینک ڈیپازٹس اور مختلف فنڈز سے حاصل شدہ آمدن درج ذیل ہے:۔

کارکنوں کا پراویڈنٹ فنڈ (Contributory Provident Fund)	624.61 ملین روپے
انتظامی عملے کا گراایچویٹی فنڈ (Managment staff gratuity fund)	1,154.84 ملین روپے
غیر انتظامی عملے کا گراایچویٹی فنڈ (Non-managment staff gratuity fund)	456.63 ملین روپے

k۔ مالیاتی گوشوارے کے نوٹ 10 میں بیان کردہ 30 جون 2017 تک قابل الادا تمام اہم سرکاری لیویز ماسوائے گیس ڈویلپمنٹ سرچارج اور گیس انفرا سٹرکچر ڈویلپمنٹ سیس کے جمع کرادی گئی ہیں، نیز یہ بھی واجب الادا ہونے پر ادا کی جارہی ہے۔

مابعد بیلنس شیٹ واقعات

بورڈ آف ڈائریکٹرز نے 27 جولائی 2017 کو منعقدہ اپنے اجلاس میں 30 جون، 2017 کو ختم ہونے والے سال کے لیے سالانہ اجلاس عام میں ارکان کی منظوری کے لیے 2.2 روپے فی شیئر کی شرح سے ایک حتمی کیش ڈیویڈنڈ کی تجویز دی ہے۔

کمپنی جیسا کہ صفحہ 187 میں بیان کیا گیا ہے کہ ہنوں ویسٹ، بلکچاس اور غوری بلاکس تیز فارم ان بلاک 28 میں اظہار دلچسپی کے لیے گفت و شنید کر رہی ہے۔

آڈیٹرز

موجودہ آڈیٹرز میسرز ڈیلوئٹی یوسف عادل، چارٹرڈ اکاؤنٹنٹس اپنی خدمات سے سبکدوش ہو جائیں گے۔ انھوں نے اپنی اہلیت کی بنیاد پر کمپنی کے آڈیٹرز کے طور پر اگلے سال کے لیے دوبارہ تقرری کے لیے اپنی خدمات پیش کی ہیں۔ آڈٹ کمیٹی نے اگلے سال کے لیے میسرز ڈیلوئٹی یوسف عادل، چارٹرڈ اکاؤنٹنٹس کی دوبارہ تقرری کی سفارش کی ہے۔

اظہار تشکر

بورڈ آف ڈائریکٹرز کمپنی کے تمام ملازمین کی کوششوں اور محنت و لگن کی تعریف کرتا ہے جنھوں نے انتظامیہ کو اس قابل بنایا کہ وہ کمپنی کو موثر طور پر چلائے اور اپنے صارفین کو ہائیڈروکاربن کی مسلسل پیداوار اور فراہمی کو سارا سال جاری رکھے۔ بورڈ نے ڈہرکی کی مقامی انتظامیہ کے ساتھ ساتھ دیگر مقامات، صوبائی حکومتوں، وفاقی حکومت کے مختلف محکموں خاص طور پر پٹرولیم و قدرتی وسائل کی وزارت، وزارت خزانہ، تیل اینڈ گیس کی ریگولیٹری اتھارٹی، پٹرولیم مراعات، آئل اینڈ گیس کے ڈائریکٹریٹ، فوجی فاؤنڈیشن اور آئل اینڈ گیس ڈویلپمنٹ کمپنی لمیٹڈ کی انتظامیہ کے تعاون اور مسلسل امداد فراہم کرنے پر ان کا شکریہ ادا کیا۔

لیفٹیننٹ جنرل خالد نواز خان (ر)، ہلال امتیاز
چیئرمین

اسلام آباد
27 جولائی 2017

AFFIX CORRECT POSTAGE

The Company Secretary
MARI PETROLEUM COMPANY LIMITED
21–Mauve Area, 3rd Road,
Sector G–10/4,
ISLAMABAD.

Form of Proxy / E-Voting

Mari Petroleum Company Limited

21 – Mauve Area, 3rd Road, G–10/4, Islamabad
Tel: 051-111-410-410, Fax: 051-2352859

Option 1

Appointing other person as Proxy

I/We ______________ of______________ , being member(s) of Mari Petroleum Company Limited, holder of ______________ Ordinary Share(s) as per Registered Folio/CDC Account No. ________ , hereby appoint Mr. ______________ Folio / CDC Account No. ______________ (if member) of ______________ or failing him, Mr. ______________ Folio / CDC Account No. ______________ (if member) of ______________ , as my / our Proxy in my / our absence to attend and vote for me / us, and on my / our behalf at the 33rd Annual General Meeting of the Company to be held on Septmber 26, 2017 and at any adjournment thereof.

Signed under my / our hand(s) this ____________ day of __________ 2017.

Option 2

E-voting as per the Companies (E-Voting) Regulations, 2017

I/We ______________ of ______________ , being member(s) of Mari Petroleum Company Limited, holder of ______________ Ordinary Share(s) as per Registered Folio / CDC Account No. ______________ , hereby opt for e-voting through Intermediary and hereby consent the appointment of Execution Officer ______________ as Proxy and will exercise e-voting as per the Companies (e-voting) Regulations, 2016 and hereby demand for poll for resolutions.

My secured email address is ______________ . Please send login details, password and electronic signature through email.

____
Signature of Proxy

____
Signature of Member
(Signature should agree with specimen signature registered with the Company)

Signed in the presence of:

Signature of Witnesses ______________
Name: ______________
Address: ______________
____
CNIC No. ______________

Signature of Witnesses ______________
Name: ______________
Address: ______________
____
CNIC No. ______________

NOTES FOR APPOINTING PROXY:

This instrument appointing a proxy under option 1 shall be in writing under the hand of the appointer or his attorney duly authorized in writing, or if the appointer is a corporation either under the common seal or under the hand of an official or attorney so authorized.

The instrument appointing a proxy under option 1 and the power of attorney or other authority (if any), under which it is signed or a notarially certified copy of that power of authority, shall be deposited at the office of the Company not less than 48 (forty eight) hours before the time for holding the meeting at which the person named in the instrument proposes to vote, and in default the instrument of a proxy shall not be treated as valid.

The instrument of e-voting under option 2 shall be deposited in advance in writing at least ten days before holding of general meeting, at the registered office of the company at 21-Mauve Area, Sector G-10/4, Islamabad or through email at info@mpcl.com.pk.

The Company will arrange for e-voting if the company receives demand for poll from atleast five members or by any member or members having not less than one tenth of the voting power.

FORM FOR VIDO CONFERENCE FACILITY

I/We ______________ of ______________ , being member(s) of Mari Petroleum Company Limited, holder of ______________ Share(s) as per Registered Folio/CDC A/c No.__________ , hereby opt for Video Conference facility at ______________

____
Signature of member(s)

AFFIX
CORRECT
POSTAGE

The Company Secretary
MARI PETROLEUM COMPANY LIMITED
21–Mauve Area, 3rd Road,
Sector G–10/4,
ISLAMABAD.

MPCL

HEAD OFFICE:
21-Mauve Area, 3rd Road, Sector G-10/4, Islamabad-44000
UAN: +92 51 111 410 410 | **Fax:** +92 51 2352859

KARACHI LIAISON OFFICE:
D-87, Block-4, Kehkashan Clifton, Karachi- 75600, P.O. Box: 3887
UAN: +92 21 111 410 410 | **Fax:** +92 21 35870273

DAHARKI FIELD OFFICE:
Daharki, District Ghotki
UAN: +92 723 111 410 410 | **Fax:** +92 723 660402

QUETTA LIAISON OFFICE:
26, Survey-31, Defence Officers Housing Scheme, Airport Road, Quetta
Tel: +92 81 2821052, 2864085, 2839790 | **Fax:** +92 81 2834465

mpcl.com.pk