Energy with energy

Mari Petroleum Company Limited
MPCL
www.mpcl.com.pk

Annual Report 2018

COVER *Story*

Oil and gas originate over millennia from the organisms deposited at the sea floor or lake beds. After thermal maturity, oil and gas are generated and then migrate to porous rocks and are occasionally trapped in confined reservoirs waiting to be discovered by knowledgeable and resolute men and women. It is commonly said that the oil and gas traps first occur in the minds of the earth scientists before they are discovered through a multitude of professional experts employing sophisticated and expensive technologies. The final act in the exploration is of drilling a well to the target depth for the final test. The Cover page shows the mast of MPCL's own rig of 2500 horse power which is the largest sized rig in the Country. Soon after its induction into service, it succeeded in making an oil and gas discovery at Halini Deep in Karak Block in 2016.

On acquiring a new exploration area, an E&P company undertakes a time-consuming and expensive programme spread over six to eight years covering acquisition and study of geological/geophysical data, geological surveys, seismic data acquisition and interpretation, drilling, testing and development of discovered fields. Success in E&P operations results from an integrated effort by expert geologists, geophysicists, reservoir engineers, production and drilling engineers, business planners, financial and HSC experts etc. MPCL takes pride in its expert workforce that have succeeded in making the Company a leader of E&P industry in the Country.

No E&P company can have a future of growth and success unless it continues to increase its rate of production and at the same time its underground reserves of oil and gas. It is an uphill combination which characterises this industry as high cost and high risk and which renders it a case of constant endeavour. Challenges in the life of an E&P company only increase and multiply in complexity. Operating in this highly competitive environment, we owe it to all our men and women who work in unison to a common goal with singular commitment. It is this factor of excellence that creates a yet more successful story of a record setting 2018.

Central Manifold, Mari Gas Field

Contents

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
Web: www.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

Field Offices/Camps
In addition, the Company has field offices/camps/production sites at the following locations:

- Sujawal (Sindh)
- Sukkur (Sindh)
- Karak & Kalabagh (KPK & Punjab)
- Bannu West (KPK)
- Ghauri (Punjab)
- Zarghun (Balochistan)

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
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@gmail.com

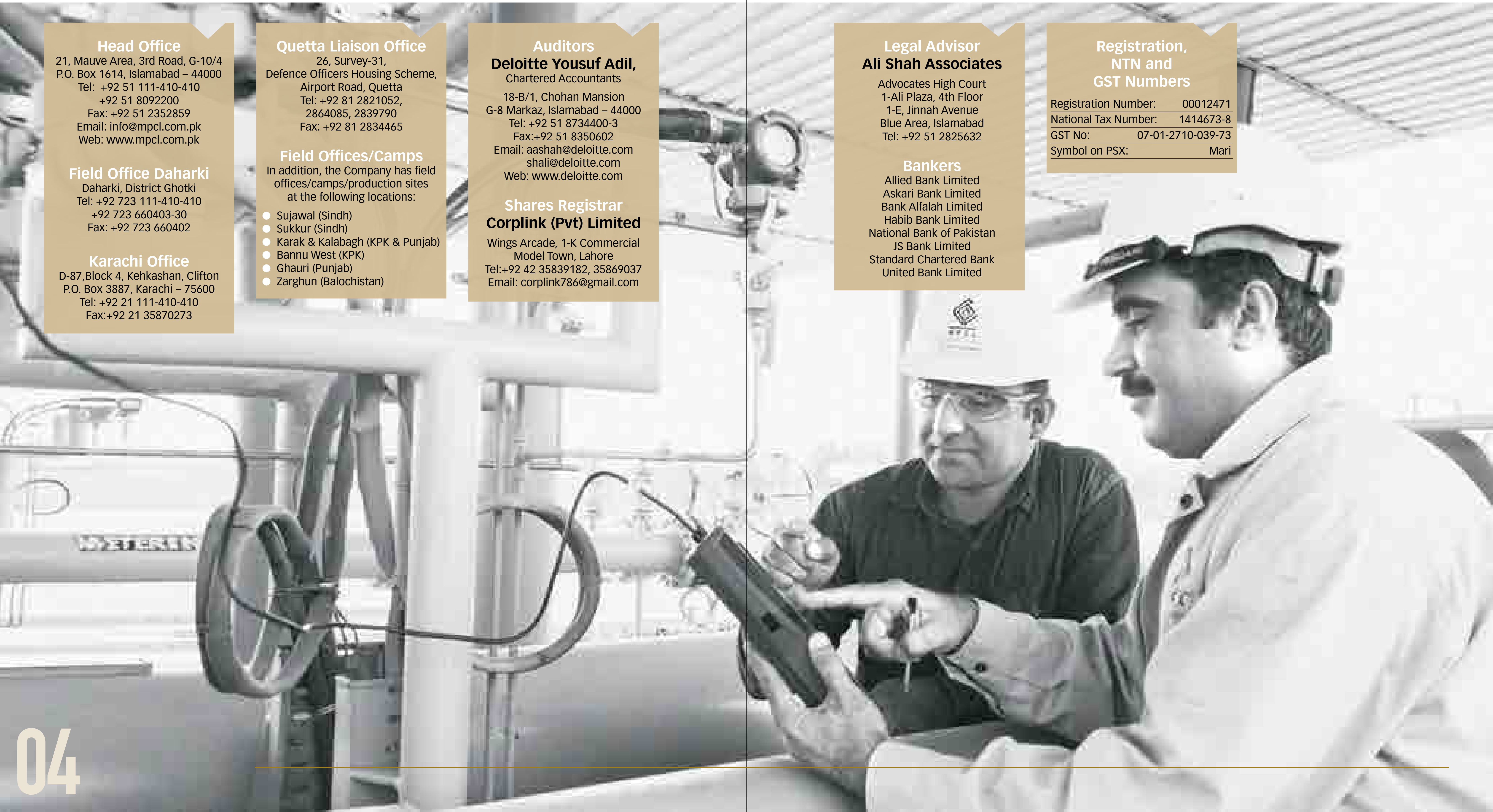
Legal Advisor
Ali Shah Associates

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
Standard Chartered Bank
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 PSX:	Mari



NOTICE OF Annual General Meeting

Notice is hereby given that the 34th Annual General Meeting of the Shareholders of Mari Petroleum Company Limited will be held on Thursday, October 18, 2018 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:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Accounts of the Company for the year ended June 30, 2018 together with the Directors' and Auditors' reports thereon.

2. To approve, as recommended by the Board of Directors, the payment of final dividend @ Rs. 2.50 per share (25%) for the financial year ended June 30, 2018. This is in addition to interim dividend @ Rs. 3.50 per share (35%) already paid.

3. To appoint Auditors for the year 2018-19 and fix their remuneration.

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

SPECIAL BUSINESS

5. To approve the issue of bonus shares in the ratio of one share for every ten shares held (i.e., 10%) as recommended by the Board of Directors in their meeting held on August 30, 2018; and if thought fit, pass the following Resolution as Ordinary Resolution.

RESOLUTION

"RESOLVED that sum of Rs. 110,250,000/- (One Hundred Ten Million Two Hundred Fifty Thousand Only) out of the Reserves of the Company available for appropriation as at June 30, 2018, be capitalised and applied for the issue of 11,025,000 (Eleven Million Twenty Five Thousand) ordinary shares of Rs. 10/- each as fully paid bonus shares to the members of the Company whose names will appear on the Register of Members as at the close of business on October 11, 2018 in proportion of one share for every ten shares held (i.e. 10%), and that such shares shall rank pari passu in every respect with the existing ordinary shares of the Company.

FURTHER RESOLVED that the fractional entitlement of the Members shall be consolidated into whole shares and sold in the Stock Exchange. The sale proceeds thereof shall be donated as deemed appropriate by the Board.

FURTHER RESOLVED that the bonus shares to be issued against 5% Bonus Shares which are subjudice before Sindh High Court be withheld by the Company till the final decision of SHC in the matter.

FURTHER RESOLVED that the Company Secretary be and is hereby authorised to give effect to this resolution and to do or cause to do all acts, deeds and things that may be necessary or required for the issue, allotment and distribution of the bonus shares."

A statement under Section 134(3) of the Companies Act, 2017, pertaining to the Special Business referred above is annexed to this Notice.

By order of the Board

Assad Rabbani
Company Secretary

Islamabad:
September 26, 2018

NOTES:

1. **Book Closure**
The Share Transfer Books of the Company will remain closed from October 12, 2018 to October 18, 2018 (both days inclusive). Transfers, in order, received at the Company's Shares Registrar, M/s Corplink (Pvt) Limited, Wings Arcade, 1-K Commercial, Model Town, Lahore, at the close of business on October 11, 2018 will be treated as in time for the purpose to determine the entitlement for the payment of Final Dividend, issue of Bonus Shares and to attend the Annual General Meeting (AGM).

2. **Attending AGM in person or through Proxy**
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.
The individual members or representatives of corporate members of the Company in CDC must bring original CNIC 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.

3. **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 accounts designated by the entitled shareholders. Therefore, for making compliance to the provisions of the law, all those physical shareholders who have not yet submitted their IBAN 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/corp-forms. All those shareholders of the Company in CDC who have also not provided their IBAN bank account details are also requested to provide the same to their Participants in CDC and ensure that their IBAN bank account details are updated. In case of unavailability of IBAN, the Company would be constrained to withhold dividend in accordance with the Companies (Distribution of Dividends) Regulations, 2017.

4. **Deduction of Income Tax from Dividend and Exemptions from deduction**
The current prescribed rates for the deduction of withholding tax under Section 150 of the Income Tax Ordinance, 2001 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 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 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 the 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	Shareholding Proportion	CNIC No. (Copy attached)	Signatures

The joint accounts information must reach our Shares Registrar within 10 days of this notice. In case of non-receipt of the information, it will be assumed that the shares are equally held by Principal Shareholder and the 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.

Members seeking exemption from deduction of income tax or are eligible for deduction at a reduced rate are requested to submit a valid tax certificate or necessary documentary evidence as the case may be.

Mari Seismic Crew at Work at Bannu West Block

5. **Consent for Video Conference Facility**
In accordance with Section 132 (2) of the Companies Act, 2017, Members can avail video conference facility for this Annual General Meeting at Karachi and Lahore, provided the Company receives consent from the members holding aggregate 10% or more shareholding and residing at above locations, at least 7 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-2018.

6. **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 on the appointment of Execution Officer by the Intermediary as Proxy.

7. **Transmission 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/investor-relations/financial-reports at least twenty one (21) days prior to the date of the Annual General Meeting.

As approved by the shareholders in Annual General Meeting held on September 27, 2016, Annual Audited Accounts of the Company for the year ended June 30, 2018 are being dispatched to the shareholders through CD. However, in accordance with Section 235 (1) of the Companies Act, 2017, 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 Statement of Financial Position and Statement of Profit or Loss, 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/corp-forms.

8. **Change of address**
Members are requested to notify the changes, if any, in their mailing addresses to the Company's Shares Registrar as soon as possible.

9. **Contact Details**
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 Registrar, M/s Corplink (Pvt.) Limited, Wings Arcade, 1-K Commercial, Model Town, Lahore. Phone: 042-35916714, 042-35916719. Email: shares@corplink.com.pk or corplink786@gmail.com.

Statement Under Section 134(3) of the Companies Act, 2017

This statement sets out the material facts concerning the Special Business, given in agenda item No. 5 of the Notice to be transacted at the 34th Annual General Meeting of the Company.

Issue of Bonus Shares

The Directors are of the view that the Company's financial position and its undistributed reserves justify the capitalisation of free reserves amounting to Rs. 110,250,000/- (One Hundred Ten Million Two Hundred Fifty Thousand Only) out of the Reserves of the Company available for appropriation as at June 30, 2018 be capitalised and applied for the issue of 11,025,000 (Eleven Million Twenty Five Thousand) ordinary shares of Rs.10/- each as fully paid bonus shares in the ratio of one bonus share for every ten ordinary shares held (i.e. 10%). The Directors directly or indirectly are not personally interested in this issue except to the extent of their shareholding in the Company.

Pursuant to Rule 6 (iii) of the Companies (Issue of Capital) Rules, 1996, the Auditors have certified that the Free Reserves retained after the issue of the bonus shares will not be less than 15% of the enhanced Paid-up Capital after the issue of 11,025,000 bonus shares of Rs.10/- each.

By order of the Board

Islamabad:
September 26, 2018

Assad Rabbani
Company Secretary

COMPANY *Profile*

Mari Petroleum is an integrated exploration and production company, currently managing and operating Pakistan's largest gas reservoir at Mari Gas Field, Daharki, Sindh.

With 18% market share, Mari Petroleum is the second largest gas producer in the Country with cumulative daily production of 100,000 barrels of oil equivalent.

The Company's exploration and production assets are spread across all the four provinces of Pakistan. The Company enjoys the highest exploration success rate of 70%, much higher than industry average of 33% (national) and 14% (international). At the same time, it is the most cost efficient E&P Company in the Country with lowest operational cost of only 10% of the gross sales.

The Company plays a pivotal role in ensuring food security of Pakistan as around 80% urea production in the Country is based on MPCL supplied gas. The Company also supplies gas for power generation and domestic consumers.

To its credit, Mari Petroleum has the unique record of maintaining uninterrupted gas supply to its customers from Mari Field for the last fifty years without availing even the permitted outages.

Mari Petroleum is an ISO certified Company for Quality, Environment, Information Security, Occupational Health & Safety and has achieved Advanced Level in ISO Certification for Social Responsibility.

MPCL has emerged as a blue-chip company at the stock exchange. During the last two years, the Company also won a number of awards from various independent bodies not only for its financial and operational performance and reporting but also for its management, HR, HSE, and CSR practices.

Principal Business Activities

MPCL is primarily an exploration and production company in the upstream segment of the petroleum industry. Its principal business activities include oil and gas exploration, drilling, field development, production and distribution of hydrocarbons (including natural gas, crude oil, condensate and LPG) as well as provision of E&P related services on commercial basis.

Major Brands, Products and Services

MPCL is a major producer of natural gas. It also produces crude oil, condensate and LPG. All the products of the Company are generic and are supplied to midstream and downstream customers without any specific brand name. The Company also provides 2D/3D seismic data acquisition, seismic data processing, drilling rigs and allied services.

Major Customers/Markets

The gas produced by the Company is supplied to fertiliser manufacturers, power generation and gas distribution companies, while crude oil and condensate are supplied to the refineries for further processing. The Company only caters to local customers with no activity in the export market.

Ownership, Operating Structure and relationship with Group Companies

Mari Petroleum is a Public Limited Company operating in the Private Sector. The Management of the Company is vested in Fauji Foundation. The Company is listed on Pakistan Stock Exchange with current market capitalisation of around Rs. 170 billion. Major Shareholders of the Company include Fauji Foundation (40%), Government of Pakistan (18.39%), OGDCL (20%), and General Public (21.61%). All Fauji Foundation group companies as well as OGDCL are the associated companies of MPCL.

OUR *History*

Mari Gas Field was originally owned by Pakistan Stanvac Petroleum Project, a joint venture formed in 1954 between Government of Pakistan and M/s Esso Eastern Incorporated, having 49% and 51% ownership interests, 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, M/s 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 under the Mari Gas Wellhead Price Agreement (Mari GPA).

In 1994, the Government divested 50% of its share 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 fertiliser 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.

The Company 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 2D/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 by the Government, 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 (Mari Field) and avail gas price incentive on incremental field production offered in 2012 Petroleum Policy.

Mari Field marked its Golden Jubilee on December 22, 2017. These were 50 years of meticulous operations and true professionalism as evidenced by uninterrupted supply of hydrocarbons to the Company's downstream customers.

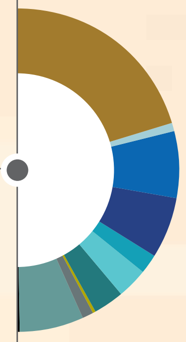
KEY *Financials*

		2017-18	2016-17
Revenues	Rupees in million	100,601.62	96,188.65
Net sales	Rupees in million	40,676.37	28,175.49
Profit for the year	Rupees in million	15,374.34	9,136.19
Dividend	Percentage	60*	52
Property, plant and equipment - at cost	Rupees in million	22,345.12	20,315.85
Number of shares issued and subscribed	Shares in million	110.25	110.25

* Final dividend of 25% for the year ended June 30, 2018 has been proposed by the Board of Directors for approval of the members in Annual General Meeting to be held on October 18, 2018.

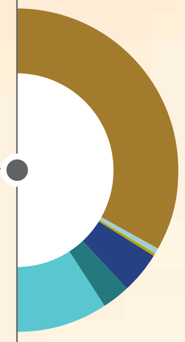
Financial Year 2017-18 was the *best ever* in the history of the Company in terms of Production and Profitability.

APPLICATION OF REVENUES EARNED 2017-18



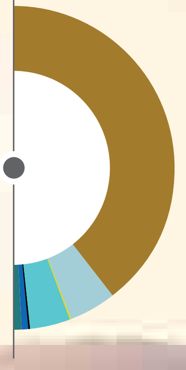
Gas infrastructure development cess **40.70%**
Other charges **1.70%**
General sales tax **13.70%**
Operating expenses **11.70%**
Exploration & prospecting expenditure **4.30%**
Royalty **6.10%**
Taxation **5.80%**
Finance cost **0.70%**
Excise Duty **2.20%**
Gas development surcharge **12.90%**
Other Comprehensive loss **0.20%**

EQUITIES AND LIABILITIES 2017-18



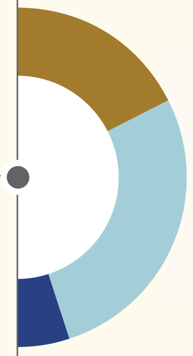
Current liabilities **66.60%**
Issued, subscribed and paid-up capital **0.77%**
Undistributed percentage return reserve **0.43%**
Other reserves **8.46%**
Deferred liabilities **5.51%**
Profit and loss account **18.23%**

ASSETS 2017-18



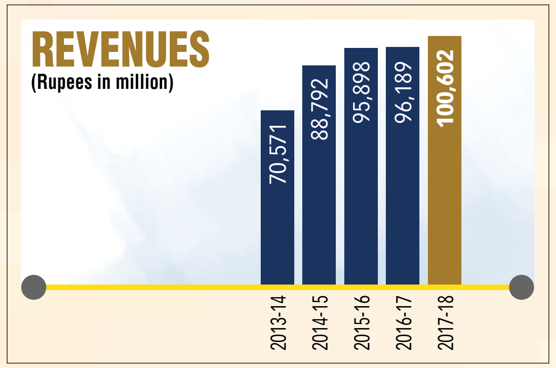
Current assets **79.35%**
Property, plant and equipment **9.20%**
Long term loans & advances **0.03%**
Development and production assets **8.25%**
Long term deposits & prepayments **0.04%**
Exploration and evaluation assets **1.87%**
Deferred income tax asset **1.26%**

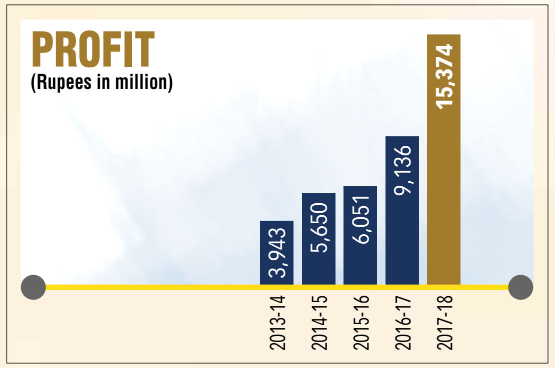
HUMAN RESOURCE 2017-18

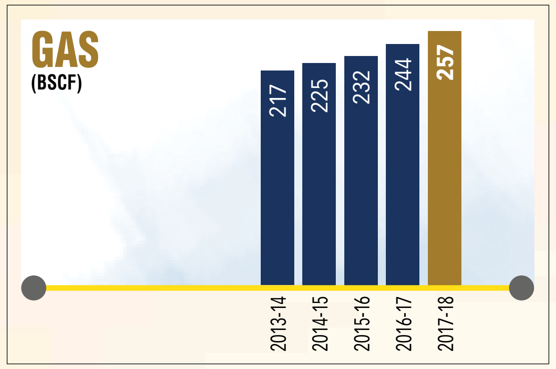


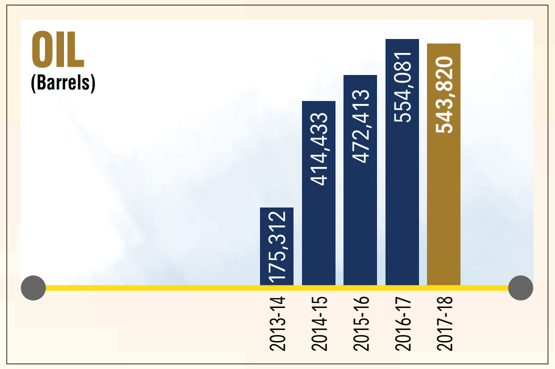
Management **478**
Non-Management **675**
Trainees **34**

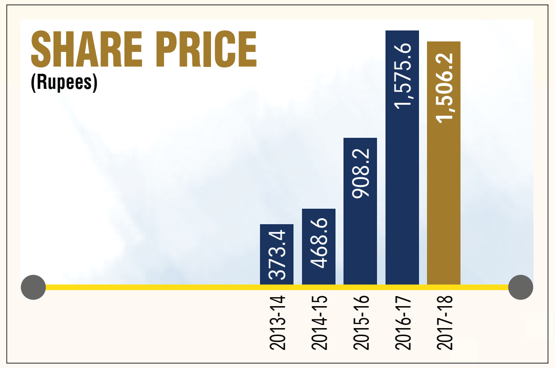
The above manpower includes 51 female employees (4% higher than last year)











OUR *Vision*

MPCL envisions becoming an international integrated 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 optimising production for maximising 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 resource.
- Aligning the interests of our shareholders, human resource, customers and other stakeholders to create significant business value characterised by excellent financial results, outstanding professional accomplishments and superior performance.

QUALITY *Policy*

In order to ensure that our products and services are of the highest quality, we engage skilled and qualified personnel, employ state of the art technology and adhere to the best industry practices. We have implemented a quality management system to ensure that all our operations and activities are in line with the requirements of ISO 9001:2008 (Quality Management System).

Significant Changes FROM PRIOR YEARS

There have been no significant changes from prior years except that the term "integrated" has been added after the term "international" in the Vision Statement duly approved by the Board of Directors.

IMS *Policy*

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

MD MPCL Visiting Zarghun Gas Field, Balochistan

CODE OF *Conduct*

MPCL employees gathered to pay tribute to the Father of the Nation on his Death Anniversary

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 according to accounting principles in the books of accounts. Falsification of its books, any of the recorded bank accounts and transactions are strictly prohibited.

Conflict of Interest
The Directors and employees of the Company must recognise 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 be on arm's length basis.

Compliance with Laws, Directives & Rules
Compliance shall be ensured 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 its 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 to which the information relates.

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 race, gender, religion, color, age or disability subject to suitability for the job.

Compliance
All Company 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*

- Innovative Solutions
- Goal Driven Teamwork
- Ethics and Transparency
- Loyalty and Commitment
- Professional Excellence

PROFILE OF *Board of Directors*

Lt Gen Syed Tariq Nadeem Gilani (Retd)
Managing Director, Fauji Foundation
Chairman MPCL Board

Lt Gen Syed Tariq Nadeem Gilani (Retd) joined MPCL Board on January 10, 2018 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 Bin Qasim Ltd, Fauji Fertilizer Company Ltd, Fauji Cement Company Ltd, Askari Cement Ltd, Askari Bank Ltd, Fauji Kabirwala Power Company Ltd, Fauji Trans Terminal Ltd, Foundation Power Company Daharki Ltd, Daharki Power Holdings Ltd, FFC Energy Ltd, Foundation Wind Energy-I Ltd, Foundation Wind Energy-II (Pvt) Ltd, Fauji Akbar Portia Marine Terminals (Pvt) Ltd, Fauji Meat Ltd, Fauji Foods Ltd, FFBL Foods Ltd, FFBL Power Company Ltd, Fauji Fresh n Freeze Ltd, and Fauji Infraavest Foods Ltd.

He was commissioned in Pakistan Army on 26 Oct 1979 with the coveted President's Gold Medal. During his illustrious career, he commanded a brigade, division and a Corps. He has also held the prestigious appointments of Commandant Armed Forces War College, NDU, Islamabad and Chief of Logistics Staff at General Headquarters. He also served in Saudi Arabian Armed Forces from 1983 to 1985 on secondment from Pakistan Army. He is a graduate of US Army Artillery School, Fort Sill Oklahoma, Command and Staff College Camberley (UK), Armed Forces War College NDU Islamabad, and US Army War College, Carlisle Barracks, Pennsylvania. He holds Master's degrees in War Studies from Quaid-e-Azam University, Islamabad and Strategic Studies from US Army War College, USA.

In recognition of his meritorious services, he was awarded Hilal-e-Imtiaz (Military).

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 environment 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 member 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 (Pvt) 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 member 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 Javaid Iqbal Nasar (Retd)
Director Welfare (Health)
Fauji Foundation

Maj Gen Javaid Iqbal Nasar (Retd) joined MPCL Board on February 12, 2018. He is a non-executive Director and member of the Board's Technical Committee. He is also on the Boards of Fauji Fertilizer Company Ltd, FFC Energy Ltd, Fauji Fresh n Freeze Ltd, Fauji Kabirwala Power Company Ltd.

He is a Graduate of Command and Staff College Quetta and National Defence University, Islamabad. He also holds a Master's Degree in War Studies from Quaid-e-Azam University, Islamabad.

He was commissioned in the Army in October 1979 and held various prestigious command and staff positions.

In recognition of his outstanding services, he was awarded Hilal-e-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 (Pvt) 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.

Mr Sajid Mehmood Qazi
Joint Secretary
Ministry of Energy

Mr. Sajid Mehmood Qazi joined MPCL Board on March 26, 2018, representing shareholding interest of Government of Pakistan. He is a non-executive director and member of the Board's Technical Committee.

He joined Civil Services of Pakistan in 1995. He was exposed to the working of Ministries of Economic Affairs, Commerce & Textile and Narcotics Control and has served at crucial positions in Supreme Court of Pakistan and National Accountability Bureau. He has also performed the duties of a diplomat at Pakistan's Consulate in Manchester, UK, as Counsellor Community Affairs. Before joining the Ministry of Petroleum, he was working as Director General in the Overseas Pakistanis Foundation.

Mr. Qazi has strong interest in Economics, Public Administration and Law. He earned LLM from Warwick University, UK as a Chevening Scholar. He is an avid reader of contemporary history and also follows his passion of hiking and landscape photography in his leisure time.

Qazi Mohammad Saleem Siddiqui
Director General (Petroleum Concessions)
Ministry of Energy

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 (Gas)
Ministry of Energy

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. He was also involved in looking after policy related work pertaining to the import of LNG/LPG.

Mr. Shahid Yousaf holds a Master's Degree in Geology with specialisation 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 Manzoor Ahmed
Managing Director / CEO
NITL

Mr. Manzoor Ahmed joined MPCL Board on September 25, 2017, representing shareholding interest of General Public (Minority Shareholders). He is a non-executive director and a member of Board's Audit Committee.

He assumed the position of Managing Director NITL on September 14, 2017. He is also the Chief Operating Officer of NITL for the last 7 years and has been successfully managing the investment portfolio worth over Rs. 100 billion.

He possesses over 28 years of experience of mutual fund industry and has held many key positions within NITL pertaining to capital market operations, investments, research and liaison with industry bodies and regulatory authorities.

He holds an M.B.A. degree and a D.A.I.B.P. diploma. At present, he is a candidate of CFA Level III. He is a certified director from Pakistan Institute of Corporate Governance. He has also attended various training courses organised by locally and internationally reputed institutions like London Business School, UK and Financial Markets World, USA.

He represents NITL on the Boards of many leading national and multinational companies.

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 a non-executive, independent Director and President 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 a Certified Internal Auditor from the Institute of Internal Auditors, USA and a Diploma Associate of the Institute of Bankers in Pakistan.

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

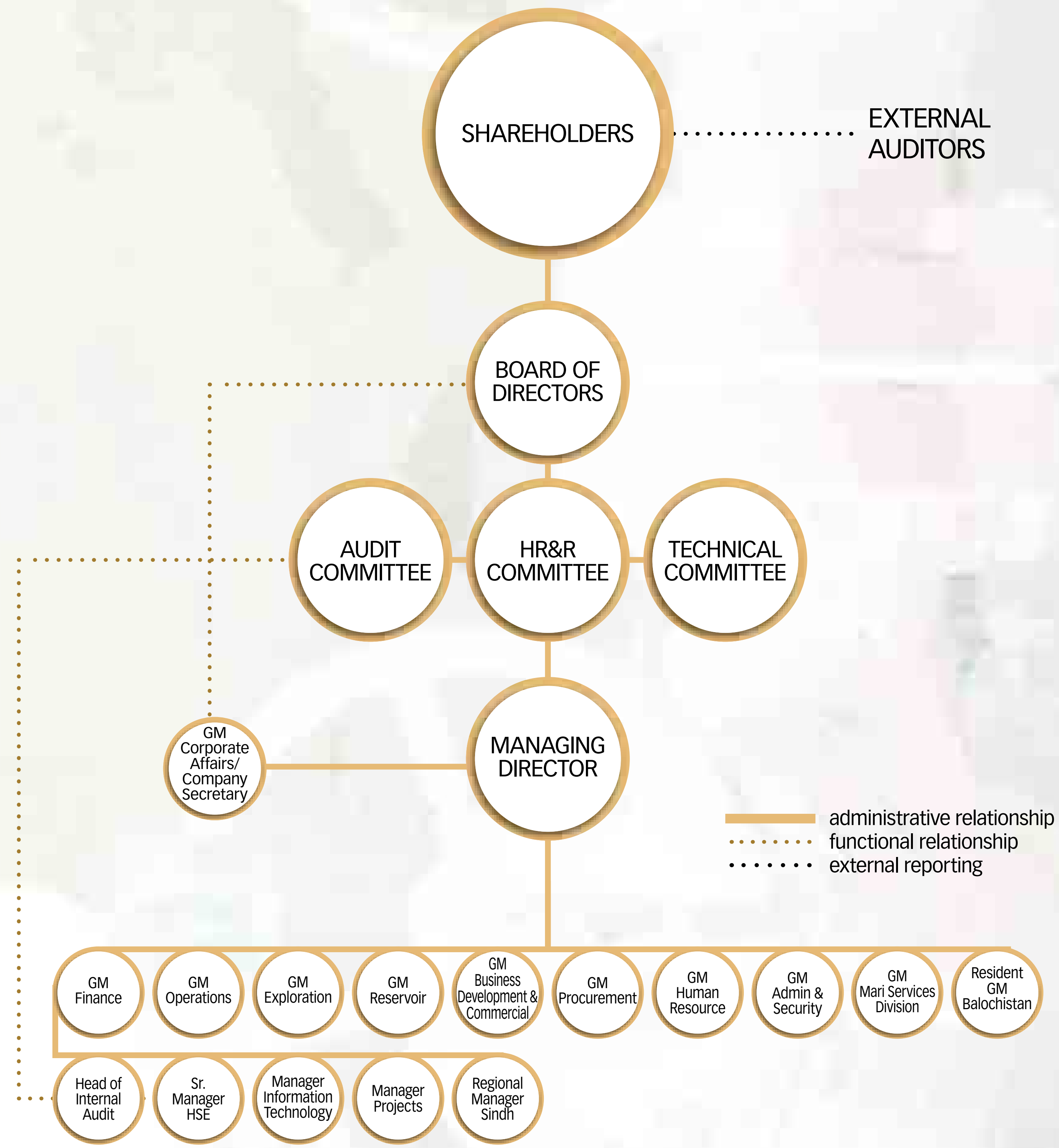
Mr Assad Rabbani
GM Corporate Affairs / Company Secretary
Mari Petroleum Company Limited

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

Organogram



Chairman's REVIEW

MPCL has a diverse and balanced Board which not only represents the shareholders proportionately but also covers the related fields of its core business through a mix of professional expertise. The institutional directors have been appointed for specific expertise which is invaluable for overall Board performance. They also bring into the Board resourcefulness, diverse experience as they sit on the boards of other business units of the Fauji Foundation, OGDCL and the Government of Pakistan. The Board Members bring into effect an extraordinary blend of leadership, finance, economics, engineering, legal, corporate law, oil & gas exploration and production disciplines, business management skills and experiences covering adequately all areas of MPCL's business undertakings.

I have urged the Board Members to meticulously prepare for the agenda items to initiate objective and in-depth discussion leading to optimum decision making. The Management responds to the Board in proportion to the quality and objectivity of its deliberations and I observed with satisfaction that the queries and guidance of the Board Members improved the performance of the Management.

The essence of the performance of a business unit is aptly reflected by its financial performance and common industrial indicators. In reviewing the financial performance of the MPCL, the Board took cognisance of other E&P companies operating in the Country for identifying areas requiring improvement and further consolidation. The Board noted with appreciation the record setting production of natural gas, the principal commodity of MPCL, during the year of the highest ever output of 770 Million Cubic Feet of gas on January 30, 2018 and the highest daily average of 713 Million Cubic Feet of gas during the year. This enabled MPCL to achieve an increase in profit after tax of 68.28%. The Company has been offering the highest dividend to the shareholders within the constraints of the conditions of the dismantling of the Mari Gas Pricing Agreement concluded in 2014.

The Company has been alert to the emerging trends in clean energy driven by concerns with carbon emissions resulting from the combustion of fossil fuels. They have sensed the stress that may come on upstream oil and gas business for mitigation measures on one hand and diversification of business activities on the other. While critically evaluating the diversification proposals, the Board successfully guided the Management to the approval of a power plant

In concluding my brief review, I want to especially compliment the MD MPCL for his untiring efforts, extraordinary commitment and visionary leadership of the Company to meet the expectations of the shareholders.

I also express my deep gratitude to the shareholders for reposing confidence in me, the Board of Directors and the Management of the MPCL for their cooperation and commitment for ongoing improvements.

Lt Gen Syed Tariq Nadeem Gilani
HI (M), (Retd)
Chairman
MPCL Board of Directors

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

Managing Director's OUTLOOK

Joining MPCL in January 2017, I reset the strategic direction of the MPCL management on a steeper trajectory by building on the achievements of my predecessors. The E&P industry globally had gone through a financial challenge of reduced revenues from the sale of produced oil and gas due to the 2015 oil price plunge. The price shock, the ongoing developments of alternative fuel and greater threats of carbon emissions motivated the E&P companies to assess the rising stress on their core business for prudent diversifications for augmenting the revenues and supporting the objectives in exploration and production. Accordingly, the Company succeeded in obtaining the approval of the Mari Board for proceeding with technical/commercial feasibility of a 180 MW power plant based on the low heating value gas produced by it. Another area of diversification business that MPCL had been visualising related to the commercial production of food quality liquid carbon dioxide for sale to the beverage industry. This possibility was advanced during the year through a feasibility study for taking the final investment decision targeting the start of commercial production during Summer of 2019.

Apart from the global challenges faced by the E&P industry, we continued to experience critical shortage of new exploration acreages because of an ongoing delay in the Government's Bidding Rounds. MPCL was specially affected in view of our aggressive exploration targets rendered possible by our greater earnings after lifting of the Gas Price Agreement (GPA) constraints. The Company farmed into selected blocks held by other companies within the Country and is reviewing promising opportunities for farming into exploration and production assets abroad. We succeeded in securing partnership along with operatorship in promising blocks of Bannu West in KPK and Block-28 in Balochistan. It is worth noting that both the blocks had remained dormant because of the perceived security threats as the previous operators had not been able to undertake any work in the field. It gives me great satisfaction in reporting that the Company initiated a fast-track exploration drive in the strategic Bannu West Block and Mari's own Seismic Unit successfully completed 98 line kilometer of 2-D seismic survey covering the identified exploration leads. Based on the interpretation of this data, an exploration well site has been selected for drilling during the following year. For more drilling sites, a large 3-D seismic survey covering

672 sq km has been undertaken in the Block which is progressing well. Preparations have also been initiated for start of field work in Block-28 that remained dormant for nearly three decades. It may be mentioned that operatorship of both these blocks was given to the MPCL in view of its unmatched track record of successful operations in security sensitive areas of Balochistan and KPK especially the Waziristan.

In addition, the Company achieved major breakthroughs in acquiring 30% working interest share in Kalchas Block (Balochistan and Punjab), 30% additional working interest in Ghauri Block (Punjab), 25% in Bela West Block (Balochistan) and 13.33% in Kohat Block (KPK). These acquisitions have enabled MPCL to launch an even more aggressive exploration programme for discovery of larger deposits of oil and gas to arrest the historical trend of depleting reserves. The Company has concluded MOUs with three international companies including MOL (Hungary), KUFPEC (Kuwait) and PGNiG (Poland) for strategic cooperation and joint evaluation of business opportunities with Pakistan and abroad.

Nearly 87% of MPCL's production of gas comes from the Mari Habib Rahi Lime Stone reservoir which has been in uninterrupted production for over 50 years. Like any other field, it is now declining in produced volume and surface pressure. The projected plateau of the committed sale volume of 640 MMSCFD was to end in February 2019. The Company undertook an in-house research based on the proven simulation model of the HR reservoir which led to the extension of the plateau period of the enhanced production level of 650 MMSCFD by over 4 years up to July 2023 through drilling of 19 additional infill wells at selected locations within the field. A new drilling campaign was therefore initiated and the first two wells were drilled before the end of the year. The Company will continue to take appropriate measures for optimising the remaining production from the principal asset.

MPCL accords highest priority to enhanced gas production for availing the substantially higher incremental gas price. It achieved a significant success when the Government Regulator accepted our arguments for not depriving the Company of the incremental price benefit when the clients were not able to accept the gas owing to the shutting down of plants during the annual turn arounds. Accordingly, the benchmark threshold was reduced from 577.5 to 525 MMSCFD during the declared annual turnarounds, which resulted in our qualifying for the incremental price for the incremental production for 337 days out of the 365 days during the year. The total volume of the incremental gas during the year amounted to 27,797 MMSCF adding Rs. 10.5 billion to annual revenue which at normal price would have been only Rs. 2.63 billion. Our relentless efforts in increasing the production of oil and gas led to an historical benchmark of 770 MMSCF gas from all fields on 30 January 2018. MPCL climbed another new high of average daily production of 713 MMSCFD gas during 2017-18 besides daily production of 1,910 barrels of oil and 410 barrels of condensate. Our gas production capacity has now increased to over 900 MMSCFD and during the coming year our actual production is expected to cross 775 MMSCFD which will make MPCL the second largest gas producing company in the Country.

A far-reaching decision by my predecessors of creating an in-house Mari Services Division (MSD) with adequate drilling, seismic data acquisition and processing capabilities continues to give an edge to MPCL compared with most E&P companies in the Country. It is essentially because of our in-house services capability that we are able to pursue ambitious exploration and drilling programmes and have been successful in developing a comprehensive five year exploration schedule.

MSD is now running in green despite providing for the depreciation of the expensive equipment cost. Seeing the overriding advantage, MPCL has now taken a decision to raise, equip and operationalise the second seismic data acquisition crew. This will not only enable MSD to meet our own operational requirements effectively but also enable it to compete for opportunities of business of other E&P companies.

Financial performance and business growth remain as the most crucial factors of success for a commercial entity. MPCL achieved a new benchmark when its gross sales crossed the Rs. 100 billion level during the year and the net profit increased by 68.28% to a record level of Rs. 15.4 billion. Dividend to the Shareholders also increased by 8% to 60%.

Zarghun Gas Field, Balochistan

An exploration well Tipu-1, in Mari D&P area, resulted in a substantial discovery of 143 MMSCF gas in place. Two other important exploration wells of Dharian in Ghauri Block (Punjab) and Bolan East-1 in Ziarat Block (Balochistan) were at an advanced stage of drilling at the close of the year with expectations of positive results.

MPCL received distinction and encouraging recognition by multiple national and international corporate institutions and won a number of prestigious awards notably the First Prize in Oil & Gas Sector for The Best Management Practices by the Management Association of Pakistan, Joint Second Runner-up in the category of SAARC Anniversary Award for Corporate Governance by the South Asian Federation of Accountants, First Position Award for Annual Report 2016-17 in the Fuel and Energy Sector by ICAP & ICMAP and the Company of the Year and the Fastest Growing Company of the Year Awards by the RCCI. The growing recognition of MPCL corporate achievements is inspiring all members of its team to continue to exert their best efforts for greater achievements.

Our operations extend over the far-flung remote areas in all the provinces. Personnel or equipment accidents can have debilitating effects on successful continuation of the expensive E&P operations. HSE, therefore, assumes a paramount importance in MPCL. We regularly organise training workshops and continue to improve our SOPs. With meticulous efforts we achieved the best ever Total Recordable Case Frequency of 0.11 for the entire workforce including the contract labour, far exceeding our target of 0.45 set for the year. We continually achieve greater and greater international certifications and have been recognized with Awards for excellent HSE practices.

MPCL has taken another far reaching step to embrace a growing global trend of Enterprise Risk Management (ERM) practice. Although various departments of the Company have been observing a relevant checklist of risks inherent in their departmental functions and operations, there had been no policy of integrating departmental risks into a holistic undertaking at the company level. Apart from the myriad occupational risks in E&P operations, the age-old risk lies at the heart of petroleum exploration, which is high risk and high cost undertaking. Then there are risks associated with development of discovered assets, finalisation of sale deals and start of commercial transactions. At the top of it all is the risk of oil price fluctuations which affects the revenue from sale of oil and gas. As mentioned earlier, the E&P industry generically also faces a new threat from growing concerns for climate change and ingress of the clean and green energy. Realising the multitude of inherent risks associated with the E&P industry, MPCL has instituted a major programme of ERM.

Gearing up the team to meet the challenges of consistent improvements in all-round performance, cost reduction, technology assimilation on a sustainable basis remained my foremost occupation during the year. We reviewed and fine-tuned our vision and mission statements in line with the changing needs of the E&P industry and have introduced new techniques of human resource management and exposed a larger number of professionals to training within the country and abroad. We have also introduced the practice of in-house seminars by distinguished leaders of the industry exposing maximum number of professionals to the guest-lectures. In addition to sharpening the individual skills we have introduced team building workshops and use of psychometric techniques for improved matching of the individual capacity with the job requirement. Work stress is a well-known cause of lack of competitiveness and lower morale in the corporate world. We introduced interesting techniques for stress release especially for the senior cadre with useful results. Gender equality remains an important commitment in MPCL and a number of simulation exercises were conducted to empower our female workforce. MPCL takes pride in providing outstanding learning opportunities to the student interns every year which helps us to spot the talent and more importantly to project the image of the Company. 127 interns from leading universities successfully completed the 6 weeks internship during the year.

In my Company-wide address recently, I have invoked a few strategic questions to the management staff on protecting the interests of the shareholders and on increasing and optimally spending the profits for the stakeholders. I hope to conduct a brainstorming session to discuss the emerging responses for realignment of management direction.

Looking ahead we aim at consolidating the gains of this year, completing the Phase X of the Mari Field development, drilling the high risk high reward exploration wells in Bannu West Block and initiating exploration activities in the dormant Block 28 in Balochistan. We plan to commission the carbon dioxide liquefaction plant to take advantage of the onset of the peak seasonal demand of beverage in the coming year. We are also looking forward to completing the raising of the second seismic crew for enhancing our capacity to undertake more aggressive exploration schedule. Committing ourselves to greater achievements, we are poised for an exciting new year!

I assure our worthy Shareholders of our highest commitment to serving their interest and bringing them maximum possible benefits. Our constant endeavour to improve our performance is an indicative measure of our commitment to the Shareholders.

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

CALENDAR OF *Major Events*

01
Aug 2017
MPCL Wins Two Prestigious Awards at 30th RCCI International Achievement Awards 2017
a. Company of the Year
b. Fastest Growing Company of the Year Award

02
Aug 2017
MPCL Annual Report 2016 wins 1st Prize at Best Corporate and Sustainability Report Awards

03
Oct 2017
MPCL Awarded 1st Position at 5th Employer of the Year Awards 2016

04
Oct 2017
MOU Signed between MPCL and MOL for strategic cooperation

05
Nov 2017
Production commencement from exploratory well Aqeeq-1 in Sujawal Block

06
Nov 2017
Hydrocarbon Discovery at Exploratory Well Tipu-I in Mari D&P Lease Area

07
Dec 2017
Azadi-1 completed as Gas Producer in Mari D&P Lease Area

08
Dec 2017
Golden Jubilee of Uninterrupted Gas Supplies from Mari Field Daharki

09
Dec 2017
Appraisal Well Bhitai-5 Completed as Gas Producer in Mari D&P Lease Area

10
Feb 2018
MPCL Annual Report 2016 wins SAFA Award

11
Feb 2018
MOU signed between MPCL and KUFPEC for strategic cooperation

12
Feb 2018
1st Prize in Oil & Gas Sector at 33rd Corporate Excellence Awards

13
Mar 2018
Mari Petroleum & PGNiG sign MOU for strategic cooperation

14
May 2018
2nd Prize in Oil, Gas & Energy Sector at the13th Best Practices Award on Occupational Safety & Health 2017

15
June 2018
MPCL and Pakarab Fertilizer Limited sign Term Sheet for supply of 75 MMSCFD gas from Mari Field

RISKS AND *Opportunities Report*

As per Listed Companies (Code of Corporate Governance) Regulations 2017, the overall responsibility for governance of the Company's risks lies with the Board.

BOARD'S EFFORTS FOR DETERMINING THE COMPANY'S LEVEL OF RISK TOLERANCE

The Board has approved a Risk Management Policy to determine the Company's risk tolerance level. The Policy also provides guidelines to manage risks faced by the Company, and identifies roles and responsibilities for each level of risk management through standard processes and techniques.

The Board has approved hiring the services of I-Risk Group (a UK based Risk Management Consultancy) to improve risk management competencies and capabilities across the organisation. The project will start in the first week of September 2018 and will be completed in a period of 4 months. The deliverables of the consultancy assignment include:

- Assessment of the Company's current risk maturity level and preparation of an improvement roadmap for achieving the desired level.
- A comprehensive training needs analysis focused on identifying competency gaps and formulation of suitable trainings to address the identified gaps.
- Review of existing Risk Management Policy of the Company.

ASSESSMENT OF THE PRINCIPAL RISKS FACING THE COMPANY

The Board carries out periodic assessment of the principal risks faced by the Company, including those that would threaten its business model, future operational and financial performance, solvency and/or liquidity issues. The Board also reviews the risk mitigation strategies proposed/adopted by the Management, provides guidance and accords approval where required.

PRINCIPAL RISKS AND UNCERTAINTIES

Internal

a. Dependence on the Mari Field alone that generates bulk of production (95%) and revenues (89%).

b. Impending production decline from Mari Field due to natural depletion which could result in loss of conventional as well as incremental price revenue.

c. Appears to be a weakness on part of company when in reality its an inherent risk of this business

d. Inherent uncertainty and associated risk in the E&P business.

e. Probability of major accidents caused by natural causes, human error or negligence which can result in injuries, deaths, disruption of operations and associated losses.

f. Operational risks resulting from multifarious operations conducted in difficult terrain and far-flung areas that could disrupt operations, waste opportunities and escalate cost.

External

a. Oil business is subject to associated geopolitics and unpredictable oil price swings.

b. Fast emerging new technologies and trends that may gradually replace the use of fossil fuels.

c. International agreements on climate change that have triggered an urgency in reducing traditional use of fossil fuels.

d. Delay in fresh bidding round for new exploration licenses/blocks hampering Company's plans to expand its exploration portfolio for aggressive exploration to increase its reserves base, improve reserves replenishment ratio and increase production revenues.

e. Delay in requisite approvals from the Government in allocation of gas/condensates from new discoveries depriving the Company of sizeable revenues.

f. 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.

g. Delay in settlement of Company's dues by its customers due to circular debt issue (Power Sector) and litigation on imposition of GIDC (Fertiliser Sector), can negatively impact the Company's liquidity situation.

OPPORTUNITIES

Risks and opportunities are two sides of the coin in E&P industry.

Significant opportunities available to the Company include:

Core Business

- Potential for further enhancement of production from Mari Field.
- Room for incremental production from Goru-B reservoir of Mari Field.
- Discovery of new reserves through ongoing exploration.
- Geographical diversification by entering the international E&P market through farm-in in prospective blocks in other countries.

Diversification

- Diversification into an associated activity of power generation by setting up gas-fired power plants based on low BTU value gas from Goru-B reservoir of Mari Field; and
- setting up a carbon dioxide production plant to food grade gas for sale to beverage industry.

STRATEGIES ADOPTED BY THE COMPANY TO MITIGATE RISKS AND AVAIL OPPORTUNITIES

A. HRL Phase-X Development Project

The Company has devised HRL Phase-X progressive Development Project to extend the plateau period of HRL Reservoir. The Plan envisages drilling of 19 development wells, 30 km spur flow lines, debottlenecking of existing 22 km transmission pipelines and up-gradation of existing central manifolds. The Project is expected to extend current plateau period of HRL Reservoir to 2023 from the present timeframe of 2019.

B. Incremental Production from HRL Reservoir

Incremental production from HRL reservoir of Mari Field is the mainstay of MPCL's business strategy to enhance revenues for funding an aggressive exploratory and developmental programme. Accordingly, the Company produced 28 BCF incremental volume of gas during FY 2017-18. Sales revenue (net of Govt. levies) from the incremental production amounted to Rs. 10.53 billion which otherwise would have been only Rs. 2.63 billion at the normal price.

C. Aggressive Exploration Strategy

The Company followed the strategy of enhancement of Exploration Budget for FY 2018-19 to US$ 371 million from US$ 249 million of the year under review for aggressive exploratory efforts in Mari Field and other Blocks with particular focus on highly prospective blocks in KPK (Bannu west) and Balochistan (Block-28). The strategy led to the drilling of 6 exploratory, 3 appraisal and 2 development wells in the operated blocks achieving an exploration success rate of 70%. By adding 259 BCF in new recoverable reserves the Company was able to enhance reserves replenishment ratio to 43%. The production potential of the Company was also enhanced by 80 MMCFD. In the long run, the Company will benefit from its aggressive exploration strategy to enhance reserve replacement ratio for attaining sustainable future growth in production and revenues.

D. Expansion of Exploration Acreage

In the absence of fresh bidding round for new exploration blocks, the Company has pursued a strategy of 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 successfully acquired new and additional working interests in Bannu West (20%), Block-28 (95%), Kalchas (30%), Kohat (13.33%), Ghauri (30%) and with mutual concurrence of partners, approvals for MPCL's acquisition of 25% working interest in Bela West are in progress.

E. Expansion of Exploration Acreage - International

In view of the limited indigenous hydrocarbon potential, the Company is evaluating the strategy of farming-in opportunities in overseas exploration and producing assets to augment its reserves base and achieve sustainable future growth.

MPCL signed MOU with MOL Group of Hungary, Kuwait Foreign Petroleum Exploration Company and Polish Oil and Gas Company for strategic cooperation and joint evaluation of the potential business opportunities in national as well as international upstream exploration and production assets.

Several international blocks offered by Tullow and Polish Oil & Gas Company are currently under evaluation. IPR Energy Resources USA has also shown interest for joint bidding in international blocks which is under consideration.

Guiding Principles
FOR INTERNATIONAL EXPANSION

- Geo-Political Situation
- Economic Viability
- Reliable Partner(s)
- Limited Initial Partnership (5-10%)
- International Companies having working interest in Pakistan, if possible.

F. Diversification

MPCL has taken a strategic decision of diversification of setting-up a Power Project. It has completed the process of hiring of Owners Engineer by issuing an LOI to M/s Fichtner in March 2018. A Kick-off meeting was formally held with the OE and a site visit was jointly conducted on May 31, 2018. The Company hopes to complete the feasibility study by September 2018.

In view of technical and commercial viability of purifying and liquefying the carbon dioxide from the produced gas for sale to food industry, a proposal to establish a CO_2 Plant was initiated. After in-house evaluations, an independent third party consultant was hired to conduct the technical and commercial feasibility of the project. Consultant's report concluded that the project was technically and commercially viable. Accordingly, final investment decision has been taken and the FEED study is in progress to commission the plant in the coming fiscal year.

G. Operating Strategy

The Company follows best industry practices vis-à-vis use of technology, due diligence in decision making and strict compliance with HSE standards and practices. It also collaborates effectively with national security apparatus to ensure safety of personnel and assets in the security sensitive areas. As a result, the Company succeeded in achieving the lowest ever TRCF of 0.11 during the year and was able to initiate exploration activities in Bannu West falling in KPK and Waziristan. It has also made preparation for start of exploration in security sensitive areas of Block 28, Balochistan.

H. Changes in Regulatory Policy

The Company keeps a close watch on changes in regulations and promptly adjusts its business strategy and operations to take advantage of the offered incentives. Our decision of diversifying into power sector was motivated by the new Power Policy that gave the first right to set up a power plant to the producers of the low heating value gas.

KEY RISKS AND OPPORTUNITIES AFFECTING AVAILABILITY, QUALITY AND AFFORDABILITY OF CAPITALS IN THE SHORT, MEDIUM AND LONG TERM

The Company has a strong equity position with adequate equity capital for both medium and long term in the form of sufficient retained earnings after distribution of dividend to shareholders. This presents the opportunity of having greater degree of operational freedom and flexibility as it is a permanent source of funds available to the organisation without any explicit cost of interest or dividend. The Company, having zero debt to equity ratio can readily raise sufficient debt capital when needed at the most competitive terms.

STRATEGIC BUSINESS PLAN AND *Resource Allocation*

Strategic Business Plan serves as a blueprint of the Company's future activities. The Plan aims at:

a. Providing a framework for setting strategic direction of the Company;

b. providing a basis for more detailed planning (setting high level corporate objectives and targets);

c. aligning corporate resources and energies towards common objectives;

d. assisting benchmarking and corporate performance monitoring;

e. explaining the business objectives to all levels of management for informing, motivating and involving them; and

f. stimulating desired change and building on the past successes.

In view of changing internal and external business environment, the Plan is periodically reviewed and monitored to keep it relevant, strategically active and capable of channeling the corporate resources towards achievement of the 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 in the Plan.

Strategic Planning Process

The strategic planning process 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 is dynamically evolving over the time. While the overall direction is provided by the Managing Director, the strategies and COTs are evolved at the departmental level to ensure ownership and commitment of those responsible for implementing the plan.

Overall Strategic/ Corporate Objectives

To ensure balanced growth of the Company, MPCL Business Plan focuses on the following strategic areas while setting Company's annual corporate objectives and targets:

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

2. **Diversification:** This area focuses on diversification of the Company's operations by entering into related businesses such as power generation and carbon dioxide separation and purification projects.

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

4. **Internal Processes:** The focus is on refining of internal processes, use of modern technology and innovative techniques to increase efficiency in the Company's operational activities.

5. **Stakeholders:** The emphasis is on meeting the expectations of the Company's stakeholders including shareholders, JV partners, customers, employees and more importantly the local communities in the areas of Company's operations. Measurable targets are set for safety of operations (TRCF) and CSR spending.

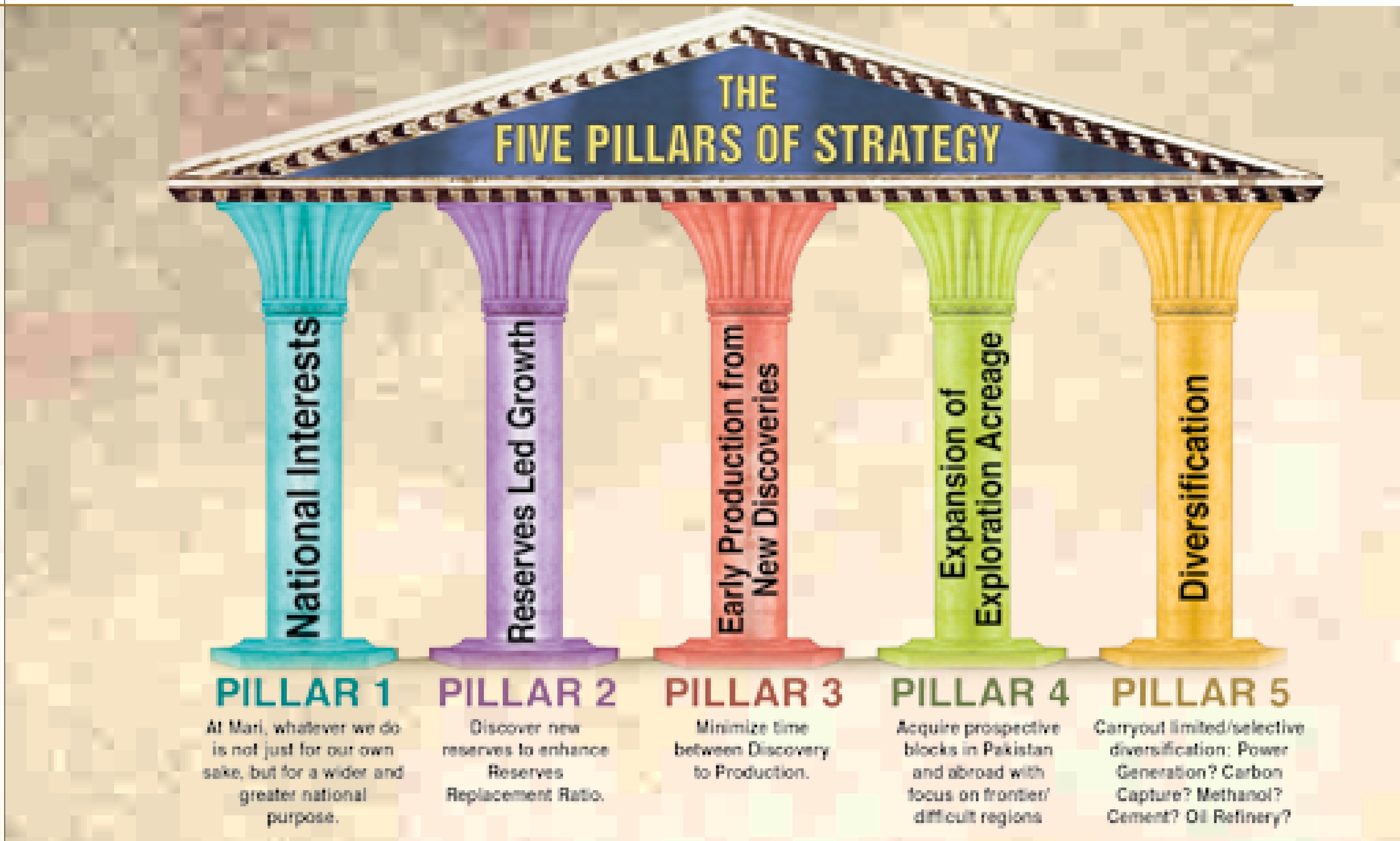
Short, Medium and Long Term Strategic Objectives

The objectives and targets in each focus area are classified into short, medium and long term:

a. **Short-Term (0-2 Years):** The Company aims to re-capitalize the business by the gains achieved through enhanced production during low price period and to re-focus on growth by revenue enhancement by acquiring producing assets, with an upside exploration potential, around the world to augment its cash flows in the short and medium term.

b. **Medium-Term (3-5 Years):** The Company plans to focus on investments aimed at adding high potential block in its portfolio to achieve positive reserves replacement ratio and sustainable production growth, besides revenue, diversification by extending its reach into power sector. This would be done by financial capacity achieved through revenue diversification and cash flow maximization in the short term.

c. **Long-Term (6-8 Years):** the Company places strategic focus on diversifying investments for adding value to its existing business and on securing sources of income other than core upstream business to ensure growth expansion on sustainable basis in varying oil price regimes. The Company shall not only be looking to transform into an international E&P Company but also aim to become an energy conglomerate in the future.



Management Strategies to Meet the Objectives

Actual plans and strategies implemented by the Management to achieve the objectives and targets for FY 2017-18 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 the specified time.

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

Key Performance Indicators

MPCL's business planning system is based on key performance indicators. The Company has implemented specialized management control systems for reviewing its past performance vis-à-vis a set of 'look-behind' key performance indicators (KPIs). The formulation of following year's business plan draws input from the preceding year's performance on the 'look-behind' KPIs listed in the following:

1. Finding and Development Cost per BOE of new reserves added
2. Reserves Replacement Ratio (%)
3. Exploration success rate
4. Drilling cost per meter
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

Since there has been no change in the core objectives and targets, the KPIs identified above will continue to be relevant in the future.

Significant Changes in Objectives and Strategies from the Previous Year

There has been no change in the Company's focus areas from those reported in the previous year. However, actual measureable targets are revised each year taking into consideration different internal and external factors. The size of MPCL's proposed power plant has been reduced from 280 MW to 180 MW in view of the availability of gas from Goru-B reservoirs.

Relationship Between the Company's Results and Management's Objectives

Actual financial and operational results during the year are directly linked with the Management's objectives for the year. The actions defined in Business Plan 2017-18 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 a robust recovery of profitability even in a globally challenging business environment.

Major Plans and Decisions

a. **Corporate Restructuring**

The Company's operational and financial performance has been outstanding during the year. The Company is supported by a robust statement of financial position and strong operational cash flows. Hence, there are no plans for financial or organisational restructuring. The Government had initiated the process for divestment of its residual shareholding in MPCL, but the process is now on hold. Hence, the ownership structure of the Company is expected to remain unchanged in foreseeable future.

The Company has made some internal re-alignments. Mari Seismic Processing Unit has been brought under Exploration Department while control of Skytop Brewster Rig has been handed over to Operations Department for smooth operations.

b. **Business Expansion**

Core Operations: The Company has been substantially enhancing its exploration budget. The budget for FY 2018-19 has been enhanced to US$ 371 million (firm and contingent) from US$ 249 million kept for 2017-18. As a result of an aggressive exploration strategy, yearly drilling of wells has increased from 2-3 wells in the past to 8-10 wells in recent years. Seismic data acquisition is in progress in Bannu West Block while seismic data acquisition projects in Sukkur, Block-28 and Ghauri Block are planned in the coming year. The Company has been pursuing expansion of exploration acreage within the Country and abroad. During the year the Company has acquired additional and new working interests in several blocks within the country and it plans to continue acquisition of working interests from other E&P companies within the country and abroad.

Diversification: The Management is fully cognizant that despite bringing in operational efficiencies and cutting of costs, long-term sustainability and growth is not possible without securing income from non-core activities. Hence, the management is pursuing several opportunities to diversify business to complement core operations as well as secure other sources of revenues. The details can be found in Risk and Opportunities Report.

c. **Discontinuation of Operations**

The Company has no plans to discontinue any of its major operations. However, the Management has reluctantly decided to relinquish Peshawar East Block because the Ministry of Defense has not approved the NOC to enter and work in the area. The JV Partner M/s KPOGCL has been taken on board regarding the relinquishment. Process will start after completion of the internal working.

Company's Most Significant Resources

The Company's most significant resources include the following:

Human Capital: MPCL's most valuable resource is its workforce. The Company has an appropriate mix of highly knowledgeable and talented young as well as experienced professionals providing simultaneously the right amount of energy and business acumen for the growth and development of the Company. In view of the Company's growing operations, its workforce has been gradually expanding in recent years.

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 were 613.4 MMBOE on June 30, 2018. Concerted efforts are being made to enhance the reserves replenishment ratio to at least 100% in the coming years.

Financial Resources: The Company had Rs. 40.19 billion in shareholders' reserves as of June 30, 2018.

E&P Allied Capabilities: In-house seismic data acquisition, processing and drilling capabilities at par with international standards provide the Company with greater flexibility and surety of required services especially in security sensitive areas. These capabilities have been pivotal in carrying out seismic data acquisition projects in Mari and Sukkur in the past and Bannu West at the present.

Resource Allocation & Capital Structure

Resource allocation is an important management activity that allows for effective execution of corporate strategies. The primary tool for making resource allocations is the budgeting process. At MPCL, strategic planning and budgeting are interlinked and integrated.

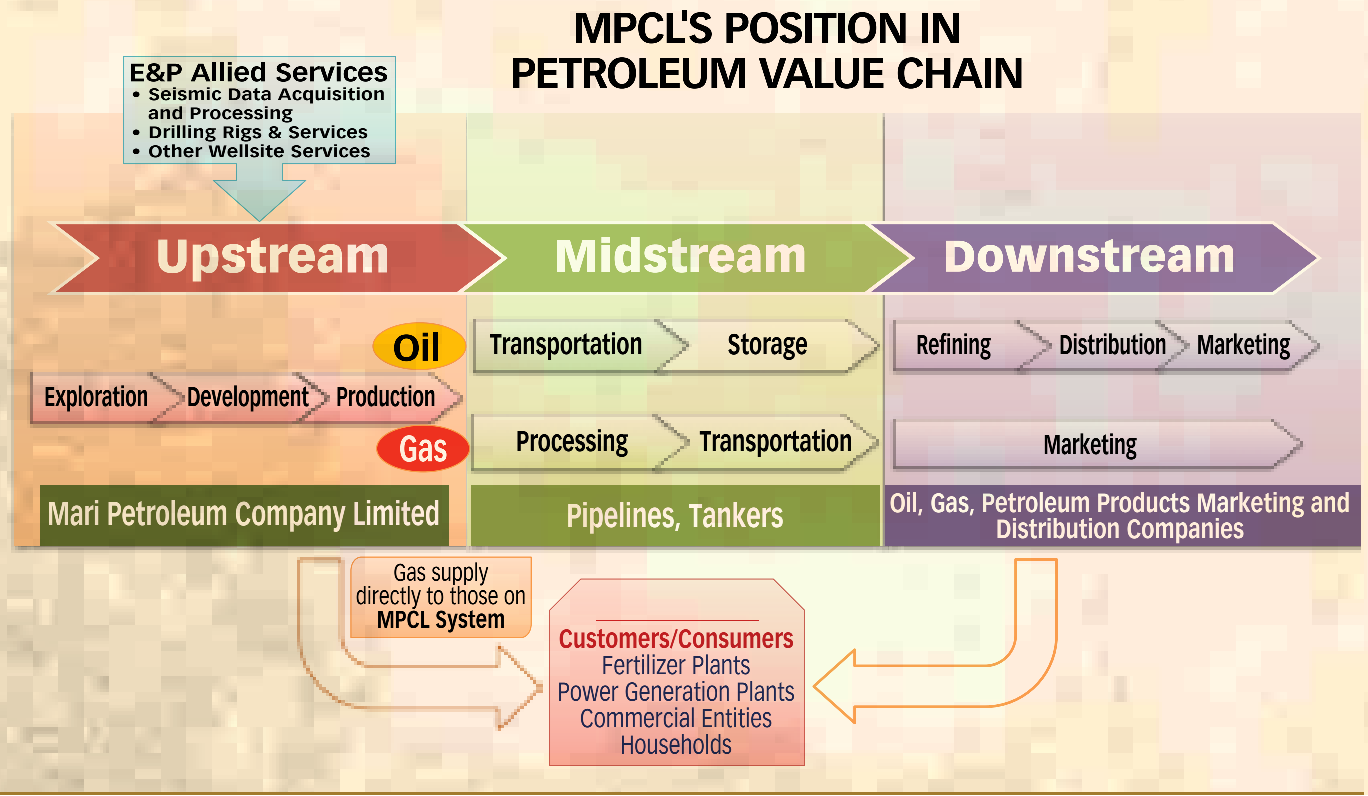
For instance, since the Company is pursuing a reserves-led growth strategy marked by an aggressive exploration and drilling programme and expansion of exploration acreage, sufficient resources have been allocated for exploration activities. Exploration budget for FY 2018-19 has been enhanced to US$ 371 million from US$ 249 million of last year.

Production from HRL Reservoir of Mari Field is pivotal to MPCL's plans for enhancement of revenues (both conventional and incremental) and meeting financial and production related targets of the business plan. Therefore, a budget of US$ 45 million has been allocated for HRL Phase-X Development Programme which envisages drilling of 19 development wells, 30 km spur flow lines, debottlenecking of existing 22 km transmission pipelines and up-gradation of existing central manifolds. Similarly, sufficient budgets have been earmarked for development activities at existing as well as upcoming fields, feasibility study of Mari Power Plant and installation of Carbon Capture Plant.

Apart from financial capital, other resources, in particular human resource, are also allocated in line with corporate objectives and targets for short, medium and long term. Most of the expansion in the Company's human capital has been in Exploration, Operations, Business Development and Mari Services Departments in line with growth of the Company's core operations, with proportionate increase in human capital in Finance, Procurement and Administration departments to provide expedient support to the core functions.

Inadequacy in the Capital Structure and plans to address such inadequacies: Total equity on June 30, 2018 was Rs. 40.19 billion, an increase of 57% over Rs. 25.54 billion at the end of the last year. The equity comprised of issued, subscribed and paid up capital, undistributed percentage return reserve, Profit & Loss account and other reserves. Enabled by strong operational cash flows, the Company paid all of its long term loans (around Rs. 5 billion) during the year. Resultantly, the Company's capital structure was 100% equity based on June 30, 2018.

The financial projections indicate adequacy of the capital structure for the foreseeable future. The Company plans to meet all of its financing requirements during the next year through available reserves. Borrowing from banks will only be used as a fall-back option.



BUSINESS OVERVIEW AND

Forward Looking Statements

MACRO LEVEL OVERVIEW

The recovery in global oil price continued in 2017-18 as the glut in global oil supply gradually disappeared as a result of production adjustments from OPEC and non-OPEC nations under the 'Declaration of Cooperation'. Oil price which averaged around $50 per barrel in 2016-17 touched $70 per barrel in 2017-18. The price is expected to remain stable during next 2-3 years due to increase in oil demand resulting from a strong world economy (mostly developing countries) and growth in demand for petrochemicals (mostly in USA, China and other developed countries). On the supply side, most of the increase in supply is expected to come from non-OPEC countries led by the US. Despite oil price stability, investment in the upstream sector has so far shown only modest signs of recovery from the lows of 2015-17.

In Pakistan, upstream sector remained quite active during the year although the much-awaited bidding round for new blocks remained elusive as before. 29 oil and gas exploration and production companies are working in Pakistan, out of which 11 are local. There have been quite a few discoveries of both oil and gas during the year but reserves replenishment remains quite low. Remaining recoverable gas reserves stand at about 20 TCF and oil reserves are at 344 million barrels. Indigenous production of natural gas has remained stagnant at 4 billion cubic feet per day for a few years and oil production has been fluctuating around 90,000 barrels per day. For oil and petroleum products, the Country has mainly remained dependent on imports since independence.

Natural gas contributes around 45 percent of Pakistan's primary energy supply mix. There is growing shortage of natural gas due to increase in gas demand and depletion of existing gas fields. In addition to exploitation of indigenous resources, efforts have been made to mitigate the shortfall through import of LNG mainly from Qatar. The LNG import has reached 7 million tons per annum.

Indigenous crude oil meets only 15 percent of the Country's total requirement, while 85 percent requirement is met through imports of crude oil and refined petroleum products. The indigenous and imported crude is refined by six major and two small refineries in the Country.

The downward trajectory of the Country's recoverable oil and gas reserves amid declining production volumes from maturing fields, projects a weaker outlook for indigenous oil and gas production in coming years. Most of the unexplored hydrocarbon potential in the Country remains in the frontier areas of KPK and Balochistan which are now opening out to cautious operations.

Key Sources of Uncertainty

The uncertainty in E&P operations emanates from multiple sources. Key sources of uncertainty for MPCL are as following:

- Crude oil price volatility
- Inherent risks in E&P business
- Security situation in areas of Company operations particularly in KPK and Balochistan
- Changes in Government policies concerning energy, petroleum and fertiliser sectors
- Regulatory issues
- Human errors and negligence
- Natural disasters and extreme weather conditions

Analysis of the Company's Current Performance vis-à-vis Targets

Financial year 2017-18 has been the most prolific year with highest ever production rates and profits. The Company posted a strong financial and operational performance with all major performance parameters following a positive trajectory.

Core Activities: The Company made one new hydrocarbon discovery in its operated blocks and also completed one appraisal and one development well during the year. The new discovery and appraisal well resulted in expected reserves addition of 143 BCF against a target of 181 BCF.

The Company produced a total of 34.02 million barrels of oil equivalent (MMBOE) compared with 32.32 MMBOE of last year. The Company was able to further enhance incremental production from HRL Reservoir as planned. Total incremental production of gas reached 27,797 MMCF compared with 17,999 MMCF of last year. The Company was also able to commence production from Aqeeq-1 well in Sujawal Block as per plan.

A record number of 10 wells were planned for FY 2017-18, out of which 05 wells were drilled during the year, while drilling of 04 wells was in progress at the close of the year. One well was carried forward to 2018-19 for arranging drilling materials as the plan changed from vertical to a dual lateral well.

In line with the target of expansion of exploration acreage in four new/existing blocks, the Company successfully acquired new/additional working interests in Bannu West, Block-28, Ghauri, Kalchas, Kohat Blocks and acquisition of working interest in Bela West is in progress.

Diversification: Work on setting-up of MPCL's pilot Power Project is in progress. An LOI of Owners Engineer has been issued to M/s Fichtner in March 2018. A Kick-off meeting was formally held with the OE and a site visit was jointly conducted on May 31, 2018. The Company hopes to complete the feasibility study by September 2018.

In view of technical and commercial viability, carbon dioxide will be separated from the produced HRL gas through a new processing plant and then purified to good grade for sale to beverages industry. After in-house evaluations, an independent third party consultant was hired to conduct the technical and commercial feasibility of the project. Consultant's Report concluded that the project was technically and commercially viable. Final Investment Decision has been made and FEED study is in progress to commission the plant in the next fiscal year.

Financial: During the year, gross sales exceeded Rs. 100 billion for the first time in the history of MPCL. Gross sales surged to Rs. 100.04 billion from 96.78 billion in the last year. Similarly, net sales reached an unprecedented level of Rs. 40.68 billion from Rs. 28.18 billion in the last year. The impact of increase in net sales was reflected in net profit, which jumped by 68% to reach a whopping Rs. 15.37 billion compared with Rs. 9.14 billion of the last year. Earnings per share also increased from Rs. 82.87 to Rs. 139.45 and after payment of final dividend, total dividend to the shareholders will amount to 60% (Rs. 6.0 per share) for the year besides announcement of 10% bonus shares. 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 9.98% of the gross sales.

Market Share Information

Product	Total Output	MPCL's Output	MPCL's Share
Gas (MMCSF)	723,329	132,320	18.3%
Oil & Condensate	16,286,766	399,023	2.4%

Source: *Pakistan Petroleum Information Service by LMKR on behalf of DGPC. Based on the data for Jan-Jun, 2018.*

Internal Processes: The Company continuously improved its internal business processes and was able to successfully implement SAP Plant Maintenance System at MPCL operated fields. Moreover, 872 Management System Procedures (MSPs) pertaining to all departments were revised and updated. In order to enhance overall competency level of 70-80% of technical workforce, the Company has successfully implemented Competency Management System whereby gaps between competency levels will be identified and rectified to ensure that competent personnel are in place to operate and maintain facilities efficiently and effectively.

Stakeholders: The Company managed to bring down Total Recordable Case Frequency (TRCF) to 0.11 against the target of 0.45. It was the lowest-ever TRCF in the history of the MPCL. The Company spent Rs. 221.4 million on CSR Projects in Mari and other operated Fields/Blocks.

Mari Seismic Crew at Work at Sukkur Block

FORWARD LOOKING STATEMENTS

Analysis of prior period forward looking disclosures

In last year's Annual Report, it was stated that the Company will pursue an aggressive exploration programme and will acquire new/additional exploration acreage, both locally and internationally, to expand exploration portfolio for implementing its aggressive exploration and drilling programme for arresting depletion trends and sustainable growth in production and revenues. To achieve these objectives, a huge exploration budget of US$ 249 million was earmarked for the year for exploration activities including acquisition of new/additional working interests. Actual performance of the Company and status of projects has been explained in the section titled "Analysis of the Company's Current Performance vis-à-vis the Targets".

Forward Looking Statement

MPCL has positioned itself for sustainable growth in the coming years. The Company has acquired 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 achieving a higher reserves replenishment ratio and consequently sustaining production, revenues and returns in the long-term.

The Company is also constantly looking for avenues to hedge itself from the oil price risk that faces the E&P sector as a whole. It is exploring avenues in the energy sector that can add value to the bottom line during the low oil price regimes. The Company is at advanced stages of diversifying into low BTU gas-based power generation, manufacturing of carbon dioxide from the produced gas into marketable food grade liquid carbon dioxide. It has also started looking into potential opportunities of diversifying into mid-and-downstream petroleum sectors of refineries, pipelines and retail outlets etc.

The feasibility study of the power project is progressing and the Company aims to get the requisite regulatory approvals during the coming year. Timely completion of the power project would provide a much needed diversified income stream to the Company.

Analysis of the Prospects of the Company

The prospects of the Company are very promising. 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$ 371 million for 2018-19. The drilling activity has jumped 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.

HRL Phase-X Development Project will help to extend the production plateau period of HRL Reservoir of Mari Field by 4 years up to 2023. As a result, the Company will be able to maintain minimum production threshold for getting the incentive price.

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%.

Source of Information and Assumptions Used for Projections/Forecasts in Forward Looking Statements

The information and assumptions used for projections and forecasts are sourced from PPIS, PPEPCA, Economic Survey of Pakistan etc. and a multitude of international oil & gas industry specific sources such as IEA. The data from external sources is combined with in-house exploration, production and financial data. After extensive examination and deliberations by the area-experts, the Company's business plan is developed to set the objectives and targets for coming year(s), providing a foundation for developing forward looking statements.

SEGMENTAL REVIEW OF *Business Performance*

Based on the different types 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. 12,501 million, during the year as compared to the last year which, coupled with increase in finance income by Rs. 533 million, has primarily resulted in an increase in profit before taxation. Mari Seismic Unit earned a profit of Rs. 54 million, through efficient use of resources, despite overall slump in the industry.

	Exploration and Production	Mari Seismic Unit	Mari Drilling Unit
		(Rupees in million)	
Profit / (Loss) before taxation			
2017-18	20,608.4	53.8	(29.7)
2016-17	11,939.9	(354.9)	11.6

BUSINESS RATIONALE OF MAJOR CAPITAL EXPENDITURES/ PROJECTS DURING THE YEAR AND FOR THOSE PLANNED FOR NEXT YEAR

All major capital expenditure/ projects during the year were in line with the Company's strategic objective of reserves enhancement, increase in production and expansion of exploration acreage and growth in allied business.

Major capital expenditure and projects planned for next years are to meet both the objectives of growth led by focusing on core business as well through diversification. Focus on core business requires capital expenditure and projects focused on enhancing its reserves base, through reserve-led growth strategy. Diversification will require entering into related businesses such as power generation and carbon capture. The Company plans to set up a gas fired combined cycle power generation unit, based on low BTU gas from Mari Lower Goru-B reservoir, which will provide the much needed synergy to MPCL's upstream business.

Mari Field Development PHASE-X

The Reservoir Engineering Department of MPCL has greatly improved the in-house management of the Company's oil and gas fields. It has fine-tuned the simulation model of the Habib Rahi Limestone Reservoir of the Mari Gas Field by updating the historical model with pressure and production data. The refined simulation model provided confidence to increase the production of gas from 525 to 630/650 MMSCFD. The rate of production was expected to start declining in 2019 affecting our ability to maintain our committed gas sale volumes beyond this time. The Department undertook an exhaustive in-house reservoir simulation study during the year to investigate the feasibility of extending the plateau of 630 MMSCFD by drilling of additional wells in the HRL reservoir. Multiple reservoir simulation realizations were run for well placements in the reservoir to determine optimum number of additional wells and their locations. The study indicated that drilling of 19 development wells in the HRL reservoir along with debottlenecking of the surface gathering network will enable MPCL to produce 650 MMSCFD up to 2023, thus extending the plateau by four years.

The plan was approved by the Board and the work was commenced immediately thereafter and by 31 August 2018 three new wells had been drilled and connected into the system. The data collected from these wells (logs and initial testing results) have increased our confidence that the projected flow rates and plateau period will be maintained with the drilling of the planned 19 wells.

The enhanced production and extended plateau period will ensure that the fertiliser plants will continue to receive the HRL gas for longer period than previously envisaged ensuring the food security of Pakistan.

HSE AND *Sustainable Development*

HSE management plays an important role in dealing with people, assets, environment and company reputation. Critical review of guidelines and procedures is essential to understand the effects of work related hazards on sustainable development. Occupational health and safety is built on three pillars of economy, environment and society. Sound HSE policies and environmental friendly practices enabled MPCL to maintain safety of employees and sustainability of its operations.

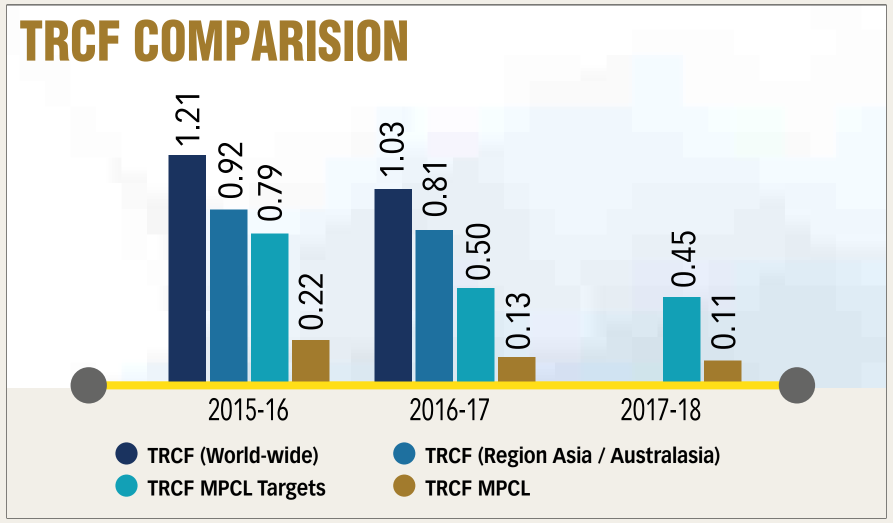
E&P industry is hazard prone and continues to encounter new HSE challenges to safe operations. Health, Safety and Environment (HSE) management thus assumes a profound importance in any E&P company. It is essential to pay due attention and allocate adequate resources for HSE objectives.

HSE STRATEGY

MPCL followed an effective strategy during the year and the focus remained on avoidance of work related fatalities; reduction of road traffic incidents; improvement of medical infrastructure and health care; reduction of oil spills from transportation and corroding pipelines; reduction of energy consumption and GHG emissions; reduction of hazardous waste in production processes and treatment of the accumulated waste for safe disposal and increase in HSE awareness among the entire workforce.

HSE PERFORMANCE MONITORING

Continuous assessment and monitoring are considered important steps to ensure that our facilities are reliable and available. Carefully developed KPIs were introduced to monitor and assess occupational health, safety and environment management. KPIs were established for better loss-control after due deliberations by the management for satisfying the statutory compliance and IMS requirements. MPCL is an IMS certified integrated E&P Company with its own in-house exploration, drilling, well completion, production, maintenance, pipeline network and associated services.



TOTAL RECORDABLE CASE FREQUENCY (TRCF)

The number of injurious incidents significantly reduced in 2017-18; Company recorded best-ever combined (employee and contractor workforce) TRCF of 0.11 for FY 2017-18 against the target (TRCF) of 4.5, which is lower than previous year.

ACHIEVEMENTS FOR THE YEAR 2017-18

Through a devoted and committed leadership, MPCL achieved the following milestones during the year:

- Company-wide External Certification Audit of Integrated Management System ISO 9001, 14001, 18001 & 27001 for the year 2017-18 was successfully carried out without any Major Non Compliance/Conformance for all certified locations.
- Rig Mari 3 and Mari Seismic Unit (MSU) have also been certified for IMS Certification in spite of facing a lot of security threats in the areas of operations. MSD has succeeded in completing seismic surveys in all security sensitive areas without any Lost Time Incidents (LTIs).
- Successful implementation of HSE promotional campaigns such as malaria and dengue prevention, no smoking, hand and finger injuries campaign, heat stress campaign, hazard hunt reporting and housekeeping campaign and competitions.
- Upgradation of HSEQ procedures in line with the current industrial practices
- 2nd Prize in Oil, Gas and Energy Sector for HSE performance by the Employer's Federation of Pakistan (EFP)

Policy for safety records of the Company

MPCL ensures top priority to HSE during execution of all activities. Commitment to HSE standards during execution of operational activities has always been demonstrated by our employees and contractors.

In FY 2017-18, we undertook special efforts to improve our HSE culture by conducting analysis of contributing factors to serious injuries and incidents; based on that analysis mitigation measures and revision of HSE procedures and policies was carried out. Findings were discussed in the HSE workshops conducted at all locations among all the tiers of employees and consequently HSE culture improved exponentially. The number of incidents reduced drastically and we recorded the lowest ever Total Recordable Cases in the history of MPCL.

Social and environmental responsibility policy

MPCL has demonstrated its commitment by acting responsibly towards introducing sustainable community development and social welfare schemes in our areas of operation. In line with our policy we ensured support to communities in a manner consistent with our values as we made a growing contribution to strengthen the agribusiness by providing uninterrupted supply of gas to urea manufacturers thus fueling the economy of the country.

We have used Risk Management System in all areas of operations to identify areas of concerns and developed mitigation plans for ensuring compliance to ISO OSHAS 18001 (Occupational Health & Safety Assessment Series) and EMS (Environmental Management System) 14001 enabling us to comply with environmental and labor legislations.

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.

We ensured well-being and safety of all the stakeholders in our value chain through continuous engagement with relevant communities, departments and regulators to uphold the best practices laid down in ISO 26000 Guidelines. This international standard helps organisations to effectively assess and address those social responsibilities that are relevant and significant to their mission and vision; operations and processes; customers, employees, communities, and other stakeholders; and environmental impact.

Fire Fighting Drill at Ghauri Field

CORPORATE
Social Responsibility

Karkan Primary School, Zarghun Ghar, Balochistan

OUR CSR PHILOSOPHY

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, we ensure the well-being and safety of all the stakeholders in our value chain through continuous engagement with relevant stakeholders to uphold the best practices in social responsibility as laid down in the ISO 26000 Guidelines.

OUR CSR POLICY

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.

In line with the Revised Guidelines, social welfare schemes against specified minimum financial obligations are identified and implemented by a "Social Welfare Committee" comprising of relevant MNA, MPA, DCO, Nazims of the District, Tehsil and union councils and representatives of concerned E&P company. The schemes are executed and monitored by concerned DCO through relevant agencies under intimation to the concerned MNA and the Union Council.

Major CSR Categories

CSR programme is divided into four major categories:

1. Statutory Obligations: As per Petroleum Concession Agreements, MPCL is under statutory obligation to spend US$ 30,000 in each of its operated blocks on social uplift of the local communities.
2. Spendings over and above the Statutory Obligations in JV blocks other than Mari Field.
3. CSR activities at Mari Field.
4. Production Bonus is paid on commencement of commercial production from a field and is deposited in the account of local administration for social welfare projects.

CSR INTERVENTIONS DURING FY 2017-18

The Company spent Rs. 221.4 million on numerous CSR Projects in its operational areas in all the four provinces of the Country. In addition,

Inauguration of Free Medical Camp, Daharki

US$ 600,000 (Rs. 69.42 million) were paid as Production Bonus to District Administrations of Jhelum and Rawalpindi during the year.

An amount of Rs. 69.4 million was spent in JV Blocks on account of Statutory Obligations, Rs. 112 million was spent in Mari Field Daharki and Rs. 40 million was spent in JV Blocks on various CSR Projects over and above the mandatory obligations. Social welfare projects were undertaken mainly in the priority areas of health, education, water supply and drainage schemes.

Major Projects Over and Above Statutory Obligations

Education

1. Financial assistance to development in literacy and for children education programme of Rs. 500,000
2. Financial assistance to Foundation University of Rs. 1 million
3. Financial assistance to Special Education School, Ghotki of Rs. 450,000

Health

1. Free Medical Camps in different operational areas of Rs. 1.7 million

Sports

1. MPCL Youth Tennis Sponsorship Programme of Rs. 8.6 million
2. Financial assistance to Pakistan Junior Hockey Team of Rs. 3.6 million
3. Sponsorship for All Pakistan Open Golf Championship 2017 of Rs. 1.21 million
4. Sponsorship for Margalla Football Club, Islamabad of Rs. 500,000

Miscellaneous

1. 10th All Pakistan Chambers Presidents Conference, at Gwadar of Rs. 1.5 million
2. Tree Plantation Campaign at different fields of Rs. 1.5 million
3. Mintaka Pass Expedition 2018 of Rs. 200,000

ADVANCE LEVEL IN ISO 26000 (SOCIAL RESPONSIBILITY GUIDELINES) ASSESSMENT

MPCL has been placed at "Advanced" Level of performance against global guidelines of ISO 26000:2010 (Social Responsibility Guidelines), in the assessment conducted during 27-30 November 2017. The highest rating, i.e. the "Role Model" Level, can only be achieved if "Role Model" is attained in all domains/standards of ISO 26000 (CSR, HR, Procurement, HSE & Field Operations). MPCL has achieved "Role Model" in Accountability, Ethical Behavior, Respect for Stakeholder's Interests, Respect for the Rule of Law, Respect for International Norms of Behavior and Respect for Human Rights. MPCL has become the only Oil & Gas Company in Pakistan to be formally assessed for ISO 26000, and the only Company to have achieved the Advanced Level rating.

Human Resource DEVELOPMENT

MPCL in line with its vision and mission statements considers competitive manpower with cutting edge expertise essential for its corporate goals. It also believes that job satisfaction, motivation and high morale are keys to success. It takes pride in engaging the best available professionals and also employs new techniques of human resource management for continuous improvements. In addition to effective in-house and on-job training, MPCL sends selected employees to profiled institutions/universities at home and abroad to stay abreast of the professional advances and also to strengthen the corporate loyalty.

TRAINING

MPCL shows a strong commitment amounting to a passion for continuous professional learning and knowledge sharing. A training-need-analysis is conducted round the year for identifying needs and opportunities for augmenting the professional expertise to meet the ongoing business challenges. Numerous opportunities are being provided for foreign and local training programmes and courses. Twenty five employees attended technical and 24 non-technical programmes abroad during the year. Similarly 36 attended technical and 73 non-technical within the country.

IN-HOUSE PROGRAMMES/ SEMINARS

Professional talks and seminars are commonly recognized for valuable exposure to expert knowledge and innovative technologies. MPCL follows a rich programme of in-house talks and seminars and 21 such sessions were conducted during the year. In-house seminars expose maximum employees to learning and broadening the professional base.

TEAM BUILDING ACTIVITY

MPCL conducted a team-building exercise in May 2018 to develop collaborative mindset, strengthen bonds among departments and employees and build mutual trust. The two-day programme was started with an ice breaking session conducted by a professional trainer. The participants were taken through a number of engaging and interactive learning exercises. They liked the activity and expressed commitments to applying them in their functions.

Team Building Exercise at Whispering Pines, Pir Sohawa

PSYCHOMETRIC TESTING

The Human Resource Department introduced Psychometric Testing in 2017. Two HR officers were sent to receive training on psychometric tools i.e. Personality Assessment (Occupational Personality Questionnaire 32r) and Ability tests (Verbal, Numerical and Verbal Reasoning). The OPQ32r is designed to assess the individual preferences between personalities while the Ability tests are designed to measure maximum performance.

The ability tool was introduced to facilitate the recruitment and selection process. So far, the tool has been applied on 39 new inductees in the Management cadre. The tests reflect the ability, aptitude and potential of the candidate to perform the jobs they are being considered for. During the Promotion Board 2017, 44 potential employees (who were likely to be promoted to key positions) were exposed to psychometric tests to facilitate the Promotion Board in comprehensive decision making.

HRD has now planned to apply psychometric tests for Succession Planning, conversion of Non-Management staff to Management and absorption of Trainees.

FOREIGN DEGREE PROGRAMME IN RENOWNED UNIVERSITIES

In order to provide an opportunity to its human capital, MPCL has recently launched a fully sponsored foreign degree programme for the desirous employees who aspire to study in Ivy League or other top ranking Universities of the world which stand out for their widespread and prestigious global reputation with a purpose to encourage the employees to expose themselves to quality education and international learning experiences. The programme includes Masters and Doctoral level degrees. This is dual benefit programme for the employees as well as the Company, besides being a welfare measure and is expected to deliver the perceived objectives in a long way.

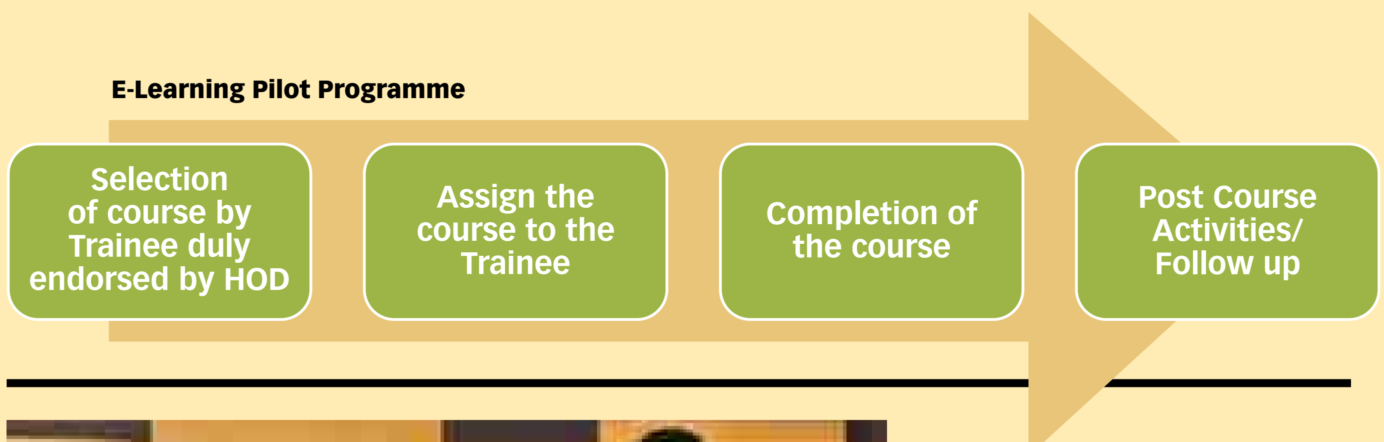
INDUSTRY ACADEMIA COOPERATION

Collaboration between industry and academic institutions has proved very useful in spawning practical application of innovative ideas.

The Silicon Valley, the largest innovation and technology center in the world, took birth through collaboration with Stanford University. This model is now gaining currency in the developing countries with positive outcomes. MPCL has been sponsoring the chair of the head of the School of Earth Sciences in the QAU. It has also been providing opportunities of professional lectures and visits to E&P projects in the field to the students and faculty of related disciplines of QAU Islamabad and NED Karachi. A team comprising GM HR, HR Specialist, Talent Acquisition and Psychometric Specialist, and Incharge Sajawal Gas Production field visited the HODs of electrical, mechanical, petroleum and chemical department of NED University to discuss modes of association and collaboration. The Team also visited UET Lahore and LUMS in October 2017 for the same purpose. GM (HR) and Talent Acquisition and Psychometric Specialist visited PIEAS in December 2017. During the year, MPCL organised field tours for about 200 students from NUST, NED, BUITEMS, NFC to its field locations of Ghauri Field, Mari Field Daharki and Sujawal Field.

E-LEARNING PILOT PROGRAMME

The E-Learning programme is intended to provide opportunity to the employees to improve their knowledge and enhance their skills to perform their jobs more efficiently. A pilot programme was launched for 12 technical trainees on December 20, 2017 to assess the efficacy of E-Learning. The trainees were assigned 10-12 learning courses and were required to complete all the modules in 2 months, which they did successfully. The process is explained with more clarity through the flowchart given below:



Keeping in view its efficacy, the MD has desired to arrange another session with more creative ideas and games and another series of this activity is planned to be held during September – November 2018.

EQ (EMOTIONAL QUOTIENT)

Emotional Intelligence is designed to provide useful skills to handle increasing levels of emotional stresses in the work environment. MPCL attaches great importance to the Emotional Intelligence and has introduced the Emotional Quotient (EQ) which leads to identifying, understanding and managing emotions positively for relieving job-related stresses, improving communication, diffusing tensions and promoting harmony.

Creativity through Painting Workshop at MPCL Head Office

CREATIVITY THROUGH PAINTING

MPCL introduces variable initiatives to stimulate creativity, innovation, production enhancement and stress release. It organised a weekly programme of painting at the Head Office from July to September 2017 and March to May 2018. It was mandatory for the management staff to participate in the programme. A very positive feedback was received at the end of every session. Employees felt rejuvenated by painting their thoughts/emotions and participating in stress relieving activities with other team members.

International Women' Day Celebrations at MPCL Head Office

INTERNATIONAL WOMEN'S DAY

International Women's Day (March 8) is globally celebrated to recognise the social, economic, cultural and political emancipation and achievements of the women. The Day also marks a call to action for accelerating the end to gender discrimination.

Keeping in view the importance of this day and giving a flavor of empowerment to MPCL female employees, an in-house awareness session on women empowerment was conducted at MPCL Head Office on the topic of "Rise Above (Women Empowerment)" by Ms. Shireen Naqvi (Carnelian) in 2017. In continuation of the same, the senior most female officer from each department was given the opportunity to perform the duties of General Manager/HOD followed by the next senior officer assuming the office of Manager and so on March 08, 2018.

CMS ONLINE TOOL

International Human Resources Development Corporation (IHRDC) has been a worldwide leader in training and competency development for the oil and gas industry for over 40 years. MPCL has acquired two of IHRDC's products/ services i.e Competency Management System (CMS) and e-Learning Module. CMS leads to building a database of job roles and required competencies and skill

Assess

- Provides a Comprehensive assessment process Including self-assessment, supervisor and qualities assessor assessments
- Determines competency skill gaps for each employee through assessment process
- Generates reports that provide an overview of the workforce's strengths and areas of valueability

Plan

- Allows employees to review their competency profile and build competency development plans
- Supervisors can train approve and rejects the plans and provide feedback and comments to the employees

Learn

- Once competency development plans are approved, employees can start the learning process
- When ready, employees can initiate the reassessment process to close skill gaps
- Supervisors can keep track of the employee learning progress throughout

levels. Furthermore, the Competency Management System enables automating and personalising learning plans for each learner. The software includes the following functions:

- Allows employers to evaluate employees' performance.
- Enables employees to showcase their skills and certifications.
- Identifies gaps in the competencies of the employees and suggests learning plans to fill those gaps.
- Makes training more prolific.

Mari Internship Ceremony-2017

The Company attaches great importance to annual internship programs for multiple objectives. Foremost objective is to provide opportunities of practical exposure to field application of the theoretical knowledge in E&P functions.

It also provides MPCL with an opportunity to spot and earmark bright interns for regular employment in future. The graduating interns become medium of projecting the reputation of the Company among the peer industry.

A total of 127 interns attended the Mari Internship Programme during 2017. The students were selected from the top HEC recognized universities of Pakistan to provide them a platform wherein they could compliment their professional knowledge with practical application. A 'Best Intern Award' was introduced for the first time during the year for making the internship programme more inspiring and motivational.

The Best Intern of the Year 2017 was awarded to Miss Ana Fatima Pasha, a graduate from the Lahore University of Management Sciences in Economics and Political Sciences.

Internship Ceremony, MPCL Head Office

Best Intern of the Year 2017

"LEARNING IS AN AMAZING PROCESS AND ACTUALLY FINDING SOMEBODY WHO IS EAGER TO MAKE YOU LEARN IS LIKE HITTING THE JACKPOT AND WELL, I DID. I WAS AWARDED BEST INTERN OUT OF OVER A HUNDRED OTHER INTERNS AFTER THE COMPLETION OF SIX WEEKS AND THERE IS NO TRICK OR OVER EFFICIENCY YOU NEED TO SHOW TO REACH A GOAL LIKE THAT.

HONESTY, CONSISTENCY AND HARD WORK ARE THOSE THREE WORDS THAT LEAVE YOUR PALMS FULL EVERY SINGLE TIME. SO DON'T LET GO OF THEM AND KEEP AIMING FOR THE STARS AND IN NO TIME YOU'LL HAVE YOUR OWN GALAXY"

Ms. Sohab Mushtaq

Senior Manager Accounts Declared Chartered Accountant (CA) Woman of the Year 2018

Ms. Sohab Mushtaq, Senior Manager Accounts at MPCL has been declared CA Woman of the Year 2018. The Award was presented to her on CA Women's Day Celebration on April 14, 2018. The Awards are part of ICAP and the CA Women Committee's endeavours to recognise female chartered accountants for outstanding performance in their professional careers. The winners were selected by an independent jury, based on predefined criteria, from a list of candidates nominated by the members.

Ms. Sohab Mushtaq has been associated with MPCL since November 2004. She is an FCA from ICAP, an ACA from Institute of Chartered Accountants in England and Wales and a Sloan Masters in Leadership & Strategy from London Business School.

MPCL MANPOWER

MPCL permanent manpower, duly approved by the Board, has been expanding in line with the operational expansion and requirement. The total number of employees as at June 30, 2018 was 1,187 which includes 478 management, 675 non-management staff and 34 management trainees. However, the average number of employees during the period under review stood at 1,150.

DIVERSITY AND EQUAL OPPORTUNITY POLICY/PRACTICE

The Board has been emphasising the policy and practice of diversity in employment opportunities and a healthy gender balance opening greater opportunities to women in offices as well as in the fields. During the year, the percentage of female workforce increased by 4%. There is an effective policy in vogue that aggressively deals with harassment incidents to provide a safe and conducive work environment.

HUMAN RESOURCE MANAGEMENT POLICIES INCLUDING PREPARATION OF A SUCCESSION PLAN

MPCL has developed effective HR policies covering employment, training, professional development, performance management, succession planning, remuneration, benefits and compensation, and leave management etc. after thorough deliberations, industry benchmarking and striking a healthy balance between the interests of the Company and the employees. These policies have been outlined in respective Management System Procedures (MSPs), which are periodically reviewed for improvements and approval by the Board of Directors.

For continuous professional development of employees with the potential to fill key business leadership positions, a comprehensive Succession Plan is followed which ensures that experienced and capable employees are prepared to assume higher roles as these become available due to retirement or separation of key personnel. The plan is also instrumental in safeguarding the Company against key personnel risks, which arises from unplanned and unexpected changes at senior management levels.

London Business School

Students visit MPCL

A group of 20 students from London Business School (LBS) visited MPCL on April 2, 2018. The group's visit to MPCL was part of a weeklong trip to Pakistan led by LBS alum and Senior Manager Accounts MPCL, Ms. Sohab Mushtaq. This was the first ever LBS-Pakistan Trek. Students were taken to a whirlwind tour of Pakistan covering Lahore, Islamabad and Shogran. The initiative was aimed at changing the narrative of Pakistan in the eyes of International Community.

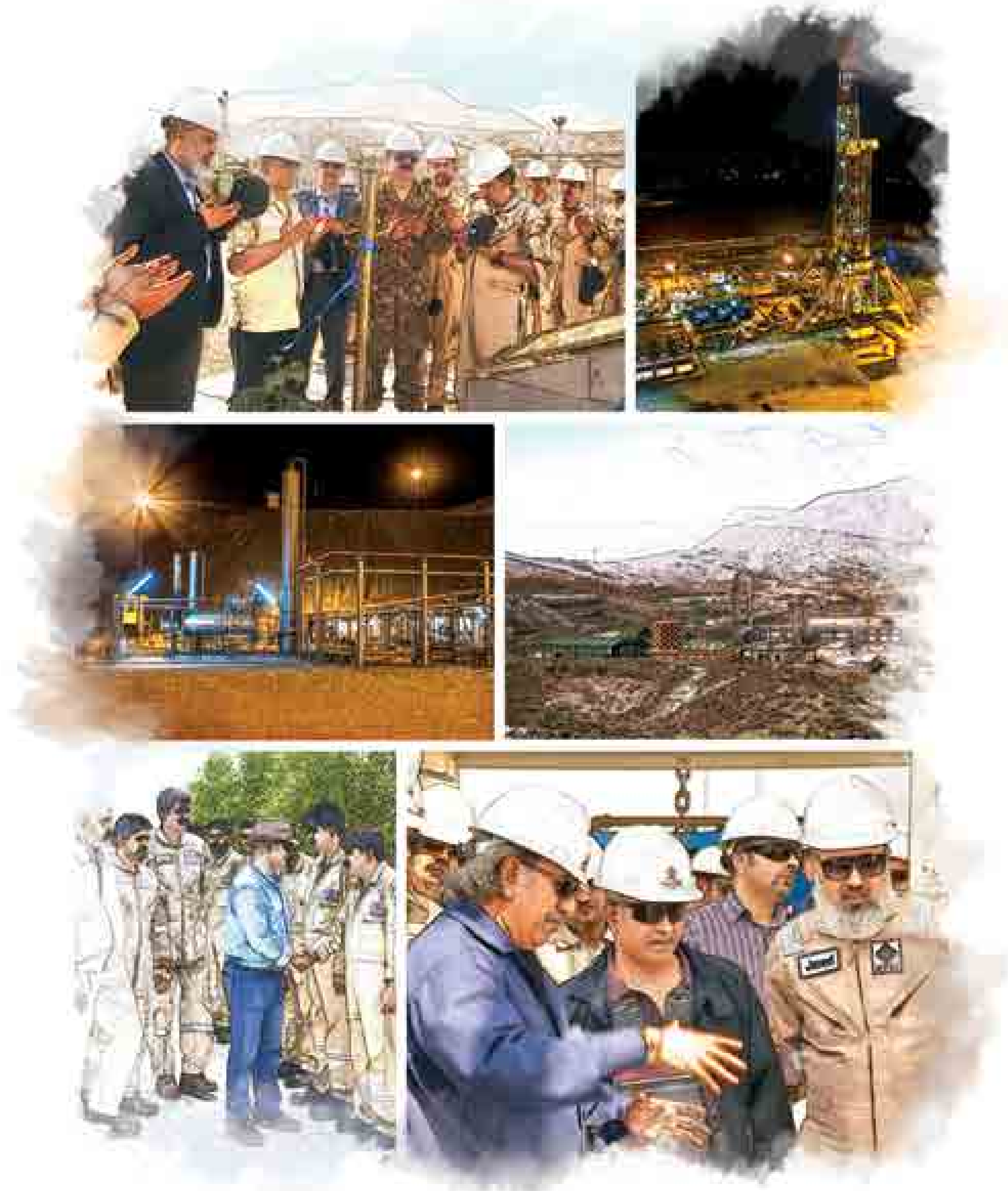
To quote Brandon, one of the trek participants:

“THEIR GENEROSITY IN OPENING THEIR BUSINESS AND THEIR PERSONAL CALENDARS TO WELCOME US IS PART OF WHAT MAKES PAKISTAN INCREDIBLE. THANK YOU MARI”

At MPCL, the group was welcomed by MPCL Management and given a presentation about MPCL's history and operations. After the presentation, the group was hosted for a lunch with MPCL Senior Management to allow them the opportunity to learn more about MPCL and its culture. Later in the week, MPCL hosted the group for a sumptuous dinner at Serena Hotel, where the students shared their views about and experiences in Pakistan during few days of exploration.

The students also reflected on how the visit helped them in gaining a better understanding of the Country's rich and diverse culture. They also acknowledged the warmth and hospitality of Pakistani people from every walk of life.

During their visit, the LBS students also met the then Honorable Prime Minister, Mr. Shahid Khaqan Abbassi to help facilitate an understanding of the geo-political narrative of Pakistan.



INFORMATION *Technology*

A technological paradigm shift incorporating key advancements in IT sector is indispensable to E&P industry's continued success. Mari Petroleum takes pride in adopting technology innovations as it champions corporate sustainability and operational excellence.

The company focuses strongly on effective interaction among all departments especially between technical and non-technical setups which necessitates the selection and implementation of leading information sharing systems. Efficient information systems provide greater integration across functional teams for effective planning, coordination and decision making in its core business of E&P activities.

Our exploration and reservoir departments use industry leading Geological & Geophysical interpretation and reservoir modeling software suites developed by renowned companies like Schlumberger and Halliburton. Integrated workflows provide geophysicists and geologists with critical collaborative capabilities that yield better geological insights. These systems help to improve exploration success rate leading to the increase in underground oil and gas assets.

Mari Seismic Data Processing Center (MSPC) is playing a vital role by providing high quality and state of the art 2D and 3D data processing facility that helps the Company in timely interpretation and selection of exploration prospects. MSPC is an integrated geoscience services center and is equipped with industry leading processing software and latest high-performance hardware. Its scalable infrastructure enables it to employ latest geophysical technology across the full spectrum of seismic imaging and reservoir characterisation.

Preservation and retrieval of E&P data is a crucial requirement of the E&P companies. They need to preserve and handle very large volumes of data for instant recall. Implementation of state of the art integrated E&P data management system has led MCPL to the introduction and adoption of industry's best practices regarding standardised data management related workflows in the Company. The system is helping exploration, production and reservoir professionals in effective planning, coordination and timely decision making during E&P related lifecycle.

SAP Plant Maintenance System (PMS) has been successfully implemented at all MPCL operated fields. The key benefit of SAP PMS includes the standardisation of maintenance processes across the organisation, better planning and scheduling, integrated PM processes with other functions and equipment level maintenance cost breakup including equipment history facilitating sound decisions in critical 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 alongwith the identification and overview of implementation of continual improvements in the ISMS systems.

DISASTER RECOVERY PLAN (DRP)

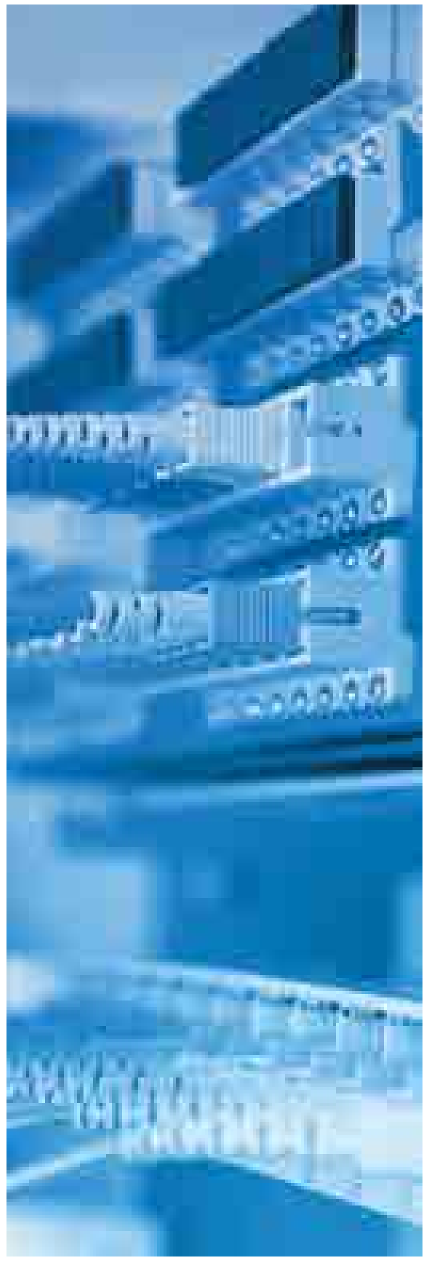
MPCL's DRP provides a structured approach to respond to unexpected incidents that threaten the Company's IT infrastructure encompassing hardware, software, networks, processes and people. Priorities and recovery time objectives for critical systems are developed in the light of business impact analysis. DRP is periodically tested and improved to help enhance the efficacy of recovery procedures, processes and ensure improvement of the Company's infrastructure readiness to minimise system down-time in disaster situations.

POLICY FOR SAFETY OF RECORDS

At MPCL, management of Company records is decentralised and decisions regarding 'retention period' and 'destruction' of records are made at departmental level keeping in view legal and operational requirements. All efforts are made to ensure proper handling of business records to protect them from loss, misuse or misappropriation. All confidential files, documents and records are kept in locked desks, file cabinets or offices except when in use; or are kept in office areas or secured facilities where access is granted only to the authorised individuals. Reasonable caution is exercised to avoid such files, documents and records being visible or accessible to unauthorised individuals.

MPCL adopts industry leading software systems to ensure secure and fast transmission of financial data for recording and reporting of financial transactions. It has implemented Microsoft SharePoint System that extends technological edge for safe and fast data storage and retrieval. It provides an effective business productivity platform equipped with well-integrated set of technologies to bring information management, access, collaboration, people-driven processes and critical document management in a single environment. The Company securely maintains soft copies of supporting financial documents and records in its SAP system, which is accessible only to authorised users. Regular backups of SAP System are also secured.

Hard copies of active business records are maintained in locations where they can be quickly and easily accessed i.e. storage space provided in each department. Records which are not frequently required are stored in secured store rooms in the Head Office Building as well as at separate premises.



MAJOR *Social Events*

It is important for an organisation to provide employees with ample opportunities to build quality relationships with their co-workers. Although, such opportunities can be provided on-the-job and in more formal ways, however, arrangement of informal get-togethers away from work undoubtedly are the most effective ways of bringing employees from various departments together to know one another in an informal environment, to interact and to have fun and entertainment. Relationships built in informal settings such as dinners, family galas, picnics, corporate retreats, sports competitions etc. have more personal touch, are deeper, longer lasting and easily carried into work life.

Living by the above philosophy, the Company arranged following major events during the year:

Annual Function of the Management Employees

Annual Function is an occasion for recognizing the extraordinary efforts of MPCL employees for achieving the Personnel, Departmental and Corporate level objectives and targets set for the year. Annual Function also allows the employees that come in from diverse cultures and backgrounds to know one another in an informal way, which may otherwise be impossible in their respective work routines.

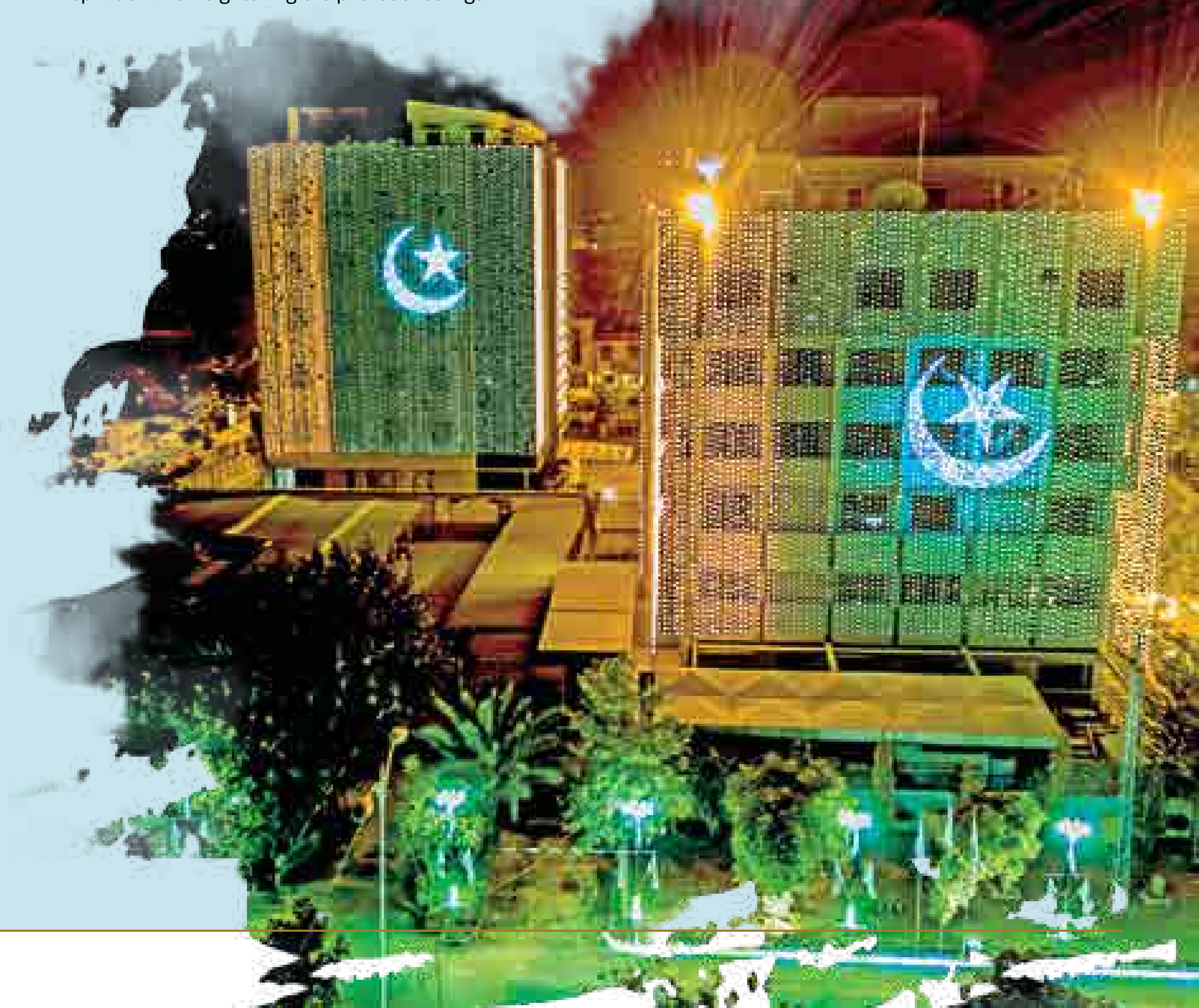
Keeping with its past tradition, the Company celebrated its Annual Function 2017 on January 13, 2018 at Serena Hotel Islamabad with traditional enthusiasm. Mr. Shahid Khaqan Abbasi, the then Honourable Prime Minister of Islamic Republic of Pakistan was the Chief Guest. Apart from Management Employees 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, the Chief Guest conferred Outstanding Performance Awards and the Best Field Trophy for the year 2017. Speaking on the occasion, the Chief Guest applauded MPCL's financial and operational performance and its contributions towards socio-economic development of the Country.

After a sumptuous dinner, music maestro Rahat Fateh Ali Khan enthralled the audience with his live musical performance.

Pakistan Resolution Day Celebrations

79th Pakistan Resolution Day was celebrated on 23rd March, 2018 with patriotic zeal and fervour at MPCL Head Office and field locations. Continuing with the past tradition, the Head Office building and adjoining areas were decorated with National and MPCL flags and illuminated with beautiful lights to commemorate Pakistan Day. The whole area was lit up in national colors of green and white, becoming a source of inspiration and heightening the patriotic feelings.



Mari Family Gala

A Family Gala was organised for Management employees and their families at Ayub Park, Rawalpindi on December 09, 2017. The event consisted of different activities including football and cricket matches, musical chair, relay race, tug of war etc. followed by high-tea and prize distribution. Kids playing area was also set-up with multiple activities for kids. The event was appreciated by all the participants.

Sports Events

Sports activities are very effective in enhancing the spirit of comradery, teamwork and cooperation among employees which ultimately leads to improved performance and productivity at work. Such activities also give the employees a true measure of their physical fitness. Regular participation in sports activities improves employees' health and quality of life in an otherwise sedentary lifestyle.

Realising the importance of sports in corporate life, different sports competitions were arranged for the employees for the first time in the history of the Company. Individual players and Departmental Teams participated in Table Tennis, Cricket, Futsal and Badminton competitions held over several weeks during April-May 2018. Management and non-management employees from all cadres enthusiastically participated in different competitions. Winners and Runner-ups were awarded trophies and medals as mementos of their participation.

All the employees gave a thumbs-up to the initiative. Sports activities will now be a permanent feature of corporate life at MPCL. Such competitions will be arranged every year with more sports added to the list.

AWARDS AND
Recognitions

During the year, the Company won a number of awards from various independent bodies not only for its financial and operational performance and reporting but also for its management, HSE, and CSR practices. Major awards won by the Company included:

1st Prize in Oil & Gas Sector at 33rd Corporate Excellence Awards

MPCL Annual Report 2016 wins SAFA Award in February 2018

1st Position for Annual Report 2016 in the Fuel and Energy Sector at Best Corporate Report Awards

1st Prize for Best HRM Practices 2017

Company of the Year and Fastest Growing Company of the Year Awards

First Position at 5th Employer of the Year Awards 2016

2nd Prize for Occupational Safety & Health Practices

IMPLEMENTATION OF *Listed Companies* (CODE OF CORPORATE GOVERNANCE) REGULATIONS 2017

In November 2017, the Securities and Exchange Commission of Pakistan issued the *Listed Companies (Code of Corporate Governance) Regulations 2017* (the Code), effective from January 01, 2018. The Regulations aim to revamp the Corporate Governance framework applicable to the listed companies.

Through the new Regulations, a number of significant changes have been introduced in the Corporate Governance framework. The changes mainly pertain to the number of simultaneous directorships, minimum number of independent directors on the board, female director, mechanism for evaluation of individual directors and the Committees of the board, composition of the committees, directors' remuneration, directors training, qualification of CFO, Head of Internal Audit and the Company Secretary, external audit and reporting and disclosures etc.

The Company adopted a proactive approach to implement the Code in true letter and spirit, by undertaking the following measures:

- The Code and its summary, highlighting the significant changes, were circulated to all the members of the Board for their information.
- The checklist for determining the compliance with the Code was updated.
- A Gap Analysis was carried out to identify the areas where action was needed and timelines were determined.
- In line with the Code's requirements, Engr. S. H. Mehdi Jamal, an independent director, was appointed as President of the Board's Audit Committee and HR&R Committee.
- TORs of the Board's Audit Committee and HR&R Committee were revised to incorporate new requirements stated in the Code.
- Although not required under the Code, the Company drafted the TORs of Board's Technical Committee to clarify its role and functions.
- **A Directors' Training Programme** was arranged at MPCL Head Office on August 28, 29 & 31, 2018. The programme was conducted by the Country's premier institute Pakistan Institute of Corporate Governance. In addition to MPCL Directors, CFO, Company Secretary and two other executives including one female officer, several Directors and senior executives of FF Group companies also attended the training.
- The Company also conducted an orientation session for the Directors on the *Companies Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2017* on August 30, 2018.
- Using in-house resources, the Company prepared/drafted the following:
    - Letter from the Chairman of the Board to newly appointed directors setting out their role, obligations, powers and responsibilities in accordance with the Companies Act 2017 and the Company's Articles of Association, their remuneration and entitlements.
    - Directors' Remuneration Policy
    - Self-Evaluation Templates for Board's Committees
    - Self-Evaluation Templates for Individual Directors


Directors Training Programme at MPCL Head Office

- The policy on "Acquisition and Disposal of Fixed Assets" was already in-place. However, the said Policy was updated in line with the requirements of the Code and renamed as "Policy for Acquisition, Disposal & Lease of Assets, Capital Expenditure, Planning and Control".
- To improve risk management competencies and capabilities across the organisation, the Company has hired the services of I-Risk Group (a UK based Risk Management Consultancy). The project will kick-start in the first week of September 2018 and will be completed in a period of 4 months. The deliverables of the consultancy assignment include:
    - Assessment of the Company's current risk maturity level and preparation of an improvement roadmap for achieving the desired target maturity level.
    - Preparation of a complete training needs analysis based on early view of competency gaps and provision of training to ensure gaps are addressed.
    - Review of existing Risk Management Policy of the Company

Updates on major risks faced by the Company and risk mitigation strategies adopted by the Management are a regular feature of the Managing Director's briefing to the Board in each Board meeting in compliance with Clause 14 of the Code.

- MPCL Risk Management Policy was first formulated in 2004. The policy is being revamped in line with new Codal and business requirements. The Policy will be presented to the Board, once finalised.

All the documents which required Board's approval were duly presented to the Board and approved. Work on other requirements of the Code is in progress.

COMPLIANCE EXCEEDING LEGAL REQUIREMENTS

All directors on MPCL Board along with two HODs and one female executive have acquired certification under directors' mandatory training programme. MPCL is now well ahead of the timelines as far as requirements of the Code pertaining to mandatory training of Directors, HODs and female executives is concerned.

CORPORATE *Governance*

ROLE OF THE CHAIRMAN AND THE MD/CEO

Chairman of the Board and MD/CEO of the Company have well defined separate but complimentary roles in line with the Companies Act 2017 and the Listed Companies (Code of Corporate Governance) Regulations 2017.

CHAIRMAN

Chairman is responsible for providing effective leadership to the Board particularly during Board and shareholders meetings. He sets the agenda of the Board meetings and ensures that reasonable time is available for discussion of the same. He creates the conditions of conducive environment for overall effectiveness of the Board, 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. At the start of the term of newly appointed directors, the Chairman informs them about their roles, responsibilities, duties and powers to help them effectively manage the affairs of the Company.

MD/CEO

The Managing Director is responsible for providing effective leadership to the management and employees and for 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 he regularly monitors actual performance against plans and takes remedial actions, where necessary.

OPERATIONS OF THE BOARD

The Board is responsible for setting strategic objectives, overseeing the effective management and control of the Company and identifying areas of significant business risk and ensures that policies and mechanisms are in place to adequately manage those risks.

The Board has delegated certain responsibilities to its committees for review and recommendations to the Board. All Committees operate in accordance with their TORs approved by the Board. The permanent Committees of the Board are the Audit Committee, Human Resource and Remuneration Committee, and Technical Committee. Any agenda or matter that requires Board's approval is first presented to relevant Committee of the Board, which after thorough deliberations presents its recommendations to the Board for final decision.

The Board has delegated the day to day management of the affairs of the Company to the management through the MD/CEO subject to the agreed authority limits as detailed in Clause 100 of MPCL Articles of Association and Managing Director's General Power of Attorney.

However, in line with the provisions of Section 183 of the Companies Act 2017, Clause 10 of the Listed Companies (Code of Corporate Governance) Regulations 2017, and Clause 73 of MPCL Articles of Association, the Board has reserved following matters to itself to maintain control over certain matters of strategic, sensitive or extraordinary nature or which exceed the thresholds set in the authority delegated to the management.

Attendance at Board Meetings

Director	Meetings Attended
Lt. Gen. Syed Tariq Nadeem Gilani (Retd)	02 [1]
Lt. Gen Khalid Nawaz Khan (Retd.)	02
Lt Gen Ishfaq Nadeem Ahmad (Retd)	05
Mr. Qaiser Javed	05
Dr. Nadeem Inayat	05
Maj. Gen. Javaid Iqbal Nasar (Retd.)	03 [2]
Maj. Gen. Mumtaz Ahmad Bajwa (Retd.)	01
Brig Raashid Wali Janjua (Retd.)	05
Mr. Sajid Mehmood Qazi	02 [3]
Mr. Sabino Sikandar Jalal	02
Qazi Mohammad Saleem Siddiqui	05
Mr. Shahid Yousaf	04
Mr. Zahid Mir	05
Mr. Ahmed Hayat Lak	05
Mr. Manzoor Ahmed	04 [4]
Mr. Shahid Ghaffar	01
Engr. S. H. Mehdi Jamal	05

1 Joined the Board in January 2018 in place of Lt Gen Khalid Nawaz Khan (Retd)
2 Joined the Board in February 2018 in place of Maj. Gen. Mumtaz Ahmad Bajwa (Retd.)
3 Joined the Board in March 2018 in place of Mr. Sabino Sikandar Jalal
4 Joined the Board in September 2017 in place of Mr. Shahid Ghaffar

Matters Reserved for the Board

a) Appointment and removal of (i) Board Members and its Committees including that of the Chairman (ii) of CFO, HIA and Company Secretary (iii) MPCL employees of Grade 26 and above, and (iv) of external auditors *

b) Directors' remuneration

c) Annual review of the performance of the Board, Committees and individual Directors

d) Strategy and direction, financial controls, legal and regulatory compliance, risk management, related party transactions, company's significant policies, changes to the company's capital structure, declaration of dividend and bonus shares*, diversification projects, acquisition and relinquishment of working interests and major capital expenditures

e) Major transactions which exceed MD's authority or which are outside the ordinary course of business

f) Delegation of authority to the Management.

[* subject to approval by the shareholders]

Formal Orientation Courses for Directors

Upon joining the Board, each director is provided with an orientation pack comprising of Memorandum and Articles of Association, Significant Policies, Participation and Shareholders Agreement, Mari GPA, MD's Power of Attorney, Petroleum Policy 2012, Code of Corporate Governance 2017 and latest Annual Report. The Company Secretary gives a briefing to the

new director, covering the salient features of corporate structure, roles and responsibilities of the Board, Committees and Individual Directors, overall structure, history and operations of the Company. Directors are also sent on local and foreign trainings and courses to acquaint them with latest developments and trends in corporate governance, finance, management and leadership practices.

Policy for Retention of Fee by an Executive Director

An executive director on MPCL Board may join the board of any other public or private company as non-executive director with the approval of MPCL Board. In such case, the executive director shall be entitled to retain in full the fee and/or other emoluments received from such other company against his/her services as a non-executive director.

Other Directorships of the Executive Director

MD MPCL is the only executive director on the Company's Board. He does not hold non-executive directorship in any other company. [However, he has served as Chairman PPEPCA (a not-for-profit organisation) from September 2017 to September 2018.]

Board's Policy on Diversity

MPCL has a diverse and balanced Board which not only represents the shareholders proportionately but also provides a mix of professional expertise in leadership, finance, economics, engineering, legal, corporate law, oil & gas exploration and production disciplines and business management skills and experiences covering adequately all areas of MPCL's business undertakings. Currently the Board comprises of one executive director, one independent director and twelve non-executive directors. Two of the directors represent shareholding interest of minority shareholders. The Board is committed to meeting the requirements pertaining to number of independent and female directors as they become applicable.

Female Directors on MPCL Board

The Board is committed to meeting the requirements pertaining to number of female directors as they become applicable on reconstitution of the Board in June 2019.

Security Clearance of Foreign Directors

MPCL has never had a foreign director on its Board. In case a foreign director is elected on MPCL Board in future, security clearance will be required from the Ministry of Interior through the SECP. A detailed SOP is in place for security clearance and provision of security to the foreigners coming into Pakistan to work with the Company. Security Section of MPCL Administration Department undertakes coordination with Ministry of Interior for all security related matters. Supporting documentation is provided by the Corporate Affairs Department.

Conflict of Interest

The Directors and employees of the Company must recognise that in the course of performing their duties there may be a situation where there is a conflict in the performance of such a duty and a personal associated interest they may have. Directors and employees are required to be aware of the conflict of interest provisions contained in the Companies Act 2017, Listed Companies (Code of Corporate Governance) Regulations 2017, MPCL Articles of Association, and MPCL Code of Conduct. They are also required to disclose their interests beforehand and are not allowed to be involved in the decision making regarding any transaction or matter in which they have vested interest. It is overriding intention of the Company that all business transactions conducted by it are on an arm's length-basis.

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 the minutes. During the year 2017-18, five such reports were presented to the Board. The Board is extremely satisfied with the performance of the incumbent Managing Director. Financial year 2017-18 was the best ever in the history of the Company in terms of production and profitability. Further details of the Company's progress and achievements under the incumbent MD/CEO are provided in Managing Director's Outlook and other relevant sections of the Annual Report.

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

The Audit Committee is, among other things, responsible for recommending to the Board of Directors the appointment of external

auditors by Company's shareholders and considers any questions of resignation or removal of external auditors, audit fees and provision by external auditors of any service to the Company in addition to the audit of its financial statements.

Terms of reference of the Audit Committee are as follows:

a) Determination of appropriate measures to safeguard the Company's assets.

b) Review of Annual and Interim 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 these regulations and other statutory and regulatory requirements; and
- all related party transactions.

c) Review of preliminary announcements of results prior to external communication and 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, audit plan, reporting framework and procedures 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 characterised 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.

n) Review of arrangement for staff and management to report to audit committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters and to recommend instituting remedial and mitigating measures.

o) Recommend to the board of directors the appointment of external auditors, their removal, audit fees, the provision of any service permissible to be rendered to the company by the external auditors in addition to audit of its financial statements. The Board of Directors shall give due consideration to the recommendations of the audit committee and where it acts otherwise, it shall record the reasons thereof.

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

q) Approval of resolutions for transfer of shares and issuance of duplicate share certificates of the Company, as per provisions of the Companies Act, 2017 (resolutions to be signed by any two members).

Attendance in the Audit Committee Meetings

Five meetings of the Audit Committee were held during the financial year 2017-18. The attendance of directors in the meetings was as under:

Director	Meetings Attended
Engr. S.H. Mehdi Jamal	05
Mr. Qaiser Javed	05
Mr. Shahid Yousaf	05
Mr. Ahmed Hayat Lak	05
Mr. Manzoor Ahmed	04
Mr. Shahid Ghaffar	01

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 following:

a) Recommend to the board for consideration and approval a policy framework for determining remuneration of directors (both executive and non-executive directors) and members of senior management. The definition of senior management will be determined by the board which shall normally include the first layer of management below the chief executive officer level.

b) Undertaking annually a formal process of evaluation of performance of the board as a whole and its committees either directly or by engaging external independent consultant and if so appointed, a statement to that effect shall be made in the Directors' Report disclosing name, qualifications and major terms of appointment.

c) Recommending the Human Resource Management policies to the Board.

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

e) Recommending to the Board of Directors the selection, evaluation, development, compensation (including retirement benefits) of the Chief Operating Officer, Chief Financial Officer, Company Secretary and Head of Internal Audit.

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

g) Where Human Resource and Remuneration consultants are appointed, their credentials shall be known by the committee and a statement shall be made by them as to whether they have any other connection with the company.

h) Review managements 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.

i) 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.

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

k) 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.

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

Attendance in the HR&R Committee Meetings

Two meetings of HR&R Committee were held during the financial year 2017-18. The attendance of the directors in the meetings was as under:

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

Technical Committee:

Salient Features

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

Terms of Reference

The Technical Committee shall be responsible to evaluate technical aspects of all projects/matters pertaining to the Company's core businesses i.e. Exploration & Production and allied services and make their recommendations for consideration of the Board. The projects/matters may, inter alia, include the following:

a) Annual Exploration, Appraisal and Development work programme and its Budget.

b) Farm-in and Farm-out opportunities including acquisition of working interest in a new block, acquisition of additional working interest in an existing block, partial or complete divestment of working interest in an existing block.

c) Relinquishment/surrender of working interest in an existing block.

d) Acquisition or disposal of plant, machinery and equipment pertaining to the Company's core operations and allied services, which exceed MD's authorised limit.

e) Capital expenditures pertaining to the Company's core operations and allied services not provided for in the approved annual budget and where these exceed MD's authorised limit.

f) Company's diversification projects.

g) Committee's annual self-evaluation as per Listed Companies (Code of Corporate Governance) Regulations 2017.

h) Any other matter that may be referred by the Board to the Committee.

Attendance in the Technical Committee meetings

Five meetings of the Technical Committee were held during the financial year 2017-18. The attendance of directors in the meeting was as under:

Director	Meetings Attended
Brig Raashid Wali Janjua (Retd)	05
Maj. Gen. Javaid Iqbal Nasar (Retd.)	03
Maj. Gen. Mumtaz Ahmad Bajwa (Retd.)	02
Mr. Sajid Mehmood Qazi	02
Mr. Sabino Sikandar Jalal	03
Qazi Mohammad Saleem Siddiqui	05
Mr. Zahid Mir	05

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 the 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

Director	Designation
Engr. S.H. Mehdi Jamal [1]	President
Mr. Qaiser Javed [2]	Member
Mr. Shahid Yousaf	Member
Mr. Ahmed Hayat Lak	Member
Mr. Manzoor Ahmed [2]	Member

1. Engr. S.H. Mehdi Jamal is an independent non-executive director
2. Mr. Qaiser Javed and Mr. Manzoor Ahmed both qualify as financially literate.

Audit Committee's Views on Financial Statements

The financial statements of the Company for FY 2017-18 were presented to the Audit Committee in its meeting held on August 27, 2018. The Audit Committee reported to the Board that the statements are fair, balanced and understandable. The statements provide the shareholders and other readers with detailed qualitative and quantitative information which they can use to assess the Company's current position and performance, business model and strategies as well as the Company's future prospects.

Audit Committee on Appointment of External Auditors

Every year, the Audit Committee makes its recommendations to the Board regarding the appointment of external auditors and their fee. The recommendations are based on performance of the Auditor, satisfactory rating under QCR programme of ICAP, and their eligibility to be re-appointed (including length of their term with the Company).

Presence of President Audit Committee in AGM

The President Audit Committee is present in each AGM to answer the questions pertaining to the Committee's activities during the year and other important matters which fall within the scope of the Committee's mandate.

INTERNAL CONTROL FRAMEWORK AND ROLE OF INTERNAL AUDIT

In Compliance with the requirements of Listed Companies (Code of Corporate Governance) Regulations 2017, the Board of Directors has set up Internal Audit function, which is headed by Head Internal Audit who reports to the Audit Committee of the Board.

Internal Audit Function is an independent assurance and consulting activity and is designed to add value and improve MPCL's operations. It helps the Company to accomplish its objectives by bringing a systematic, disciplined approach to evaluating and improving 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 the Internal Audit Department:

a) **Control Environment:** It sets the audit control tone of the 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 enables people to carry out their responsibilities.

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.

Access of Head of Internal Audit to Audit Committee

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

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 the Company as these relationships can impact MPCL's operations, revenues, corporate image and profile. MPCL maintains 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 the Shareholders and Participation Agreement, applicable corporate laws/rules/regulations/notifications, notably the Companies Act 2017, Listed Companies (Code of Corporate Governance) Regulations 2017, 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.

Briefing to the Shareholders

During each AGM, a detailed presentation on the Company's performance during the year and future plans is made by the Chairman. The presentation is followed by question answers session wherein the views of the minority shareholders are solicited, their concerns are addressed and suggestions are noted for suitable action.

Understanding of Major Shareholders' Views

Major shareholders of the Company are Fauji Foundation, OGDCL and Government of Pakistan who collectively hold 80% shares in the Company. Out of 12 non-executive directors currently on MPCL Board, 10 directors are nominees of/represent the major shareholders. Hence, these non-executive directors are well aware of the views of the major shareholders about the Company and adequately share those views with other directors and management of the Company during Board meetings.

Engagement with Regulators

- Relationship with SECP and PSX are managed as per applicable corporate laws/rules/regulations/ notifications, notably the Companies Act 2017, Listed Companies (Code of Corporate Governance) Regulations 2017, 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 Act 2017 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 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 the Company shares.

SHARE PRICE SENSITIVITY ANALYSIS

Investor Relations Section on the Company's website contains important information such as Share Price (along with turnover, market capitalisation 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)

33rd AGM of the Company was held on 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.

Agenda, Decisions and Implementation

Agenda Item-1: To receive, consider and adopt audited accounts of the Company for the year ended June 30, 2017 together with the Directors' and Auditors' Reports thereon.

Decision and Implementation:
A detailed presentation on the Company's operations during the FY 2016-17 and future plans of the Company was made by the Chairman. After Q&A session, the 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.

Agenda Item-2: To approve payment of Final Dividend @ Rs.2.20 (22%) per share for the year ended June 30, 2017.

Decision and Implementation:
Payment of dividend as recommended by the Board was approved by the Shareholders. It was also approved that the dividend on 5% Bonus Shares which are subjudice before Sindh High Court be withheld by the Company till the final decision of the Court in the matter. Accordingly, dividend warrants were dispatched to the Shareholders on October 05, 2017. Tax was deducted at the applicable rates and deposited in the Government Treasury.

Agenda Item-3: Appointment of auditors for the year ending June 30, 2019 and to fix their remuneration.

Decision and 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, 2019 at the fee agreed by the Board of Directors.

STEPS TO ENCOURAGE MINORITY SHAREHOLDERS' PARTICIPATION IN AGMs

Apart from being an event for decision-making on important matters, Annual General Meeting also provides a forum for two-way engagement with the shareholders, particularly the minority shareholders. Therefore, the Company takes the following measures to ensure meaningful participation of minority shareholders in AGM:

a) Notice of AGM is sent to every member of the Company at least 21 days before the meeting. The notice is also published in newspapers (both English & Urdu) having nationwide circulation. Moreover, the notice is also circulated from the forum of Pakistan Stock Exchange.

b) Annual Report of the Company is sent to each member of the Company before AGM in electronic (CD, email) or hard form (on request).

c) Video-link facility is provided to the shareholders (on demand), enabling them to participate in the AGM from a city other than Islamabad.

d) The shareholders are facilitated to appoint a proxy if they are unable to attend the AGM in person.

e) During AGM, a detailed briefing on the Company's performance and future plans is given to the shareholders. The shareholders are encouraged to raise queries and give suggestions relating to the Company's operations.

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 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 and other parties dealing with the Company, 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 the Code of Corporate Governance (CCG). The Statement of Compliance with the 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 2017-18 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.

A detailed write-up titled Implementation of Listed Companies

(Code of Corporate Governance) Regulations 2017 is also included in the Annual Report which details the proactive approach adopted by the Company to implement the new Code.

WHISTLE BLOWING POLICY

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. 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.

During the year, one complaint was lodged under the Whistleblowing Policy. However, after investigation it transpired that the complaint did not constitute a whistleblowing incident. The complaint was disposed-off as per applicable policies.

INVESTORS' GRIEVANCE 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 THE PERFORMANCE OF THE BOARD, BOARD'S COMMITTEES AND INDIVIDUAL DIRECTORS ALONG WITH DESCRIPTION OF CRITERIA USED

In line with the requirements of clause 10 (v) of Listed Companies (Code of Corporate Governance) Regulations 2017, a formal and effective mechanism is in place for annual evaluation of the Board's own performance, Members of the Board and of Board's Committees.

Mechanism for Board's 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 the Board and its Committees, functions and performance of the Board and its Committees, governance structure and practices, and Company Performance Monitoring System.

Mechanism for Board's Committees' Evaluation was approved by MPCL Board in its meeting held on April 16, 2018. Committees' Self Evaluation Template consists of 15 performance factors pertaining to the composition of the committee, mandate and functioning of the Committee, role of Committee's Chairman, general atmosphere and contribution of Committee Members.

Mechanism for Individual Directors Evaluation was approved by MPCL Board in its Meeting held on May 31, 2018. Individual Director's Self Evaluation Template consists of 24 performance factors which provide Directors with an opportunity to reflect upon their own competencies, their role, behavior, contributions and performance as Members of the Board.

In addition to the identified factors, Directors can also provide their subjective comments in the Comments section of the templates.

Board Evaluation Template and Individual Director's Template are forwarded to all Board Members, while Committees Evaluation Template is forwarded to Members of the respective Committees. The Directors are requested to rate each factor on a scale of 1 to 5. The scores are consolidated through a specially designed programme and mean value, standard deviation 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's opinion. If the value is more than 1, the opinion of Board is dispersed against that performance factor.

Results of Evaluation for FY 2017-18

Board Evaluation for the year 2017-18 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 overall governance of the affairs of the Company was satisfactory. The value of standard deviation was less than 1 against all performance factors showing unanimity in the opinions of the Directors against these factors.

Committees' and Individual Directors Evaluation is a new requirement and was conducted for the first time in FY 2017-18. The Evaluation 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 overall governance of the affairs of the Company was satisfactory. The value of standard deviation was less than 1 against all performance factors showing unanimity in the opinions of the Directors against these factors.

All the results of the evaluations along with suggestions/comments of the Directors were presented to the Board in its 173rd meeting held on August 30, 2018.

Board's Performance Evaluation by External Consultant

Board's performance evaluation is a relatively new concept in Pakistan. MPCL was among the first companies to devise and implement a mechanism for Board's performance in 2014-15 and since then, Board's evaluation has become a significant end-of-the-year activity. After weighing the pros and cons of different evaluation methods, the Company has adopted Self Evaluation Methodology for the Board. However, the Company may engage the services of an external consultant in future for improving the evaluation mechanism and/or conducting the evaluation.

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.

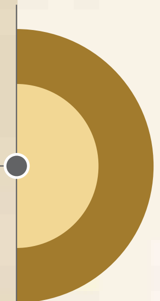
BOARD MEETINGS HELD OUTSIDE PAKISTAN

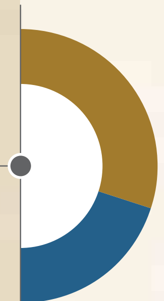
No Board meeting was held outside Pakistan during the year.

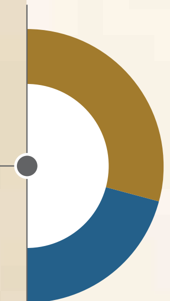
REPORTS OF THE SHARIAH ADVISORY BOARD

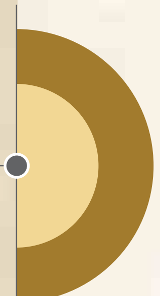
The Company is not required to have a Sharia Advisory Board. However, the Company is included in PSX KMI All Share Index and KMI 30 Index which track the performance of sharia compliant companies listed on Pakistan Stock Exchange.

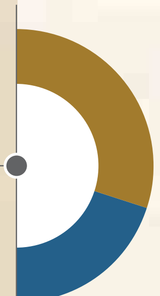
MPCL'S *Operated Blocks* & DEVELOPMENT AND PRODUCTION (D&P) LEASES

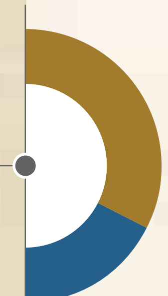
MARI
(D&P LEASE)
MPCL **100%**


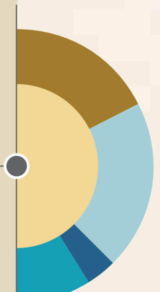
ZIARAT BLOCK
MPCL **60%**
PPL EUROPE **40%**


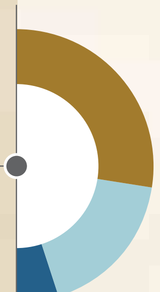
SUKKUR BLOCK
MPCL **58.82%**
PEL* **41.18%**
* Acquisition of PEL's entire 41.18% working interest by MPCL is in progress


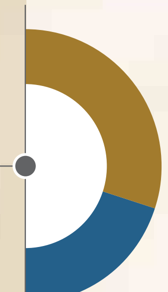
SUJAWAL
(D&P LEASE)
MPCL **100%**


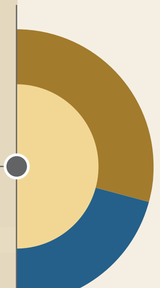
KARAK BLOCK
MPCL **60%**
MOL **40%**


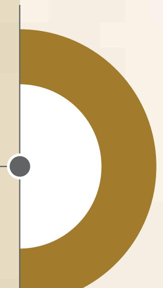
GHAURI BLOCK
MPCL **65%**
PPL **35%**


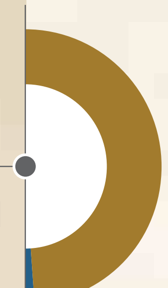
ZARGHUN SOUTH
(D&P LEASE)
MPCL **35.0%**
SPUD **40.0%**
PKP **7.5%**
GHPL **17.5%**


BANNU WEST BLOCK
MPCL **55%**
OGDCL **35%**
SEL **10%**


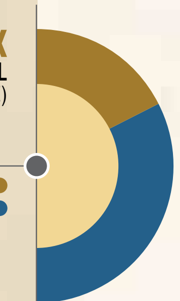
HARNAI BLOCK
MPCL **60%**
PPL EUROPE **40%**


KOONJ
(D&P LEASE)
MPCL **58.82%**
PEL **41.18%**


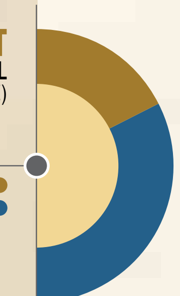
SUJAWAL BLOCK
MPCL **100%**


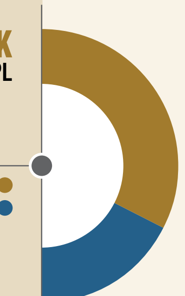
PESHAWAR EAST BLOCK
MPCL **98.19%**
KPOCGL **1.81%**


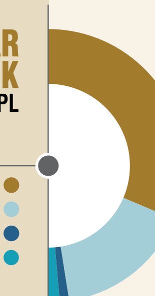
MPCL'S *Non-Operated Blocks* AND D&P LEASES

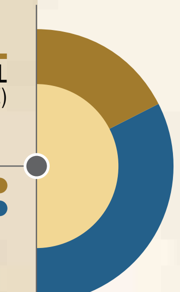
ADAM-X
Operator: PPL
(D&P LEASE)
MPCL **35%**
PPL **65%**


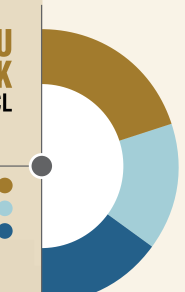
KALCHAS BLOCK
Operator: OGDCL
OGDCL **50%**
MPCL **50%**

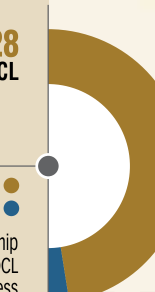

ADAM WEST
Operator: PPL
(D&P LEASE)
MPCL **35%**
PPL **65%**


HALA BLOCK
Operator: PPL
PPL **65%**
MPCL **35%**


SHAH BANDAR BLOCK
Operator: PPL
PPL **63.0%**
MPCL **32.0%**
GHPL **2.5%**
SEHPL **2.5%**


FAZL
Operator: PPL
(D&P LEASE)
MPCL **35%**
PPL **65%**


KOHLU BLOCK
Operator: OGDCL
OGDCL **40%**
MPCL **30%**
TULLOW **30%**


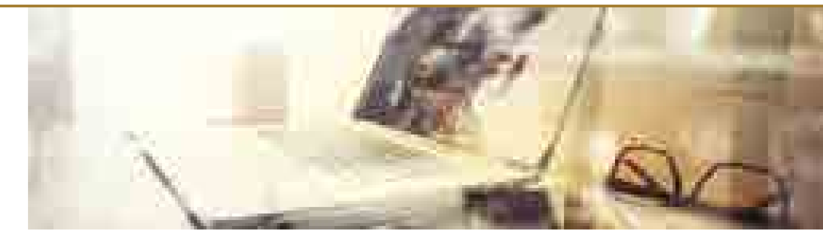
BLOCK 28
Operator: OGDCL
MPCL **95%**
OGDCL **5%**
*Transfer of operatorship of the Block from OGDCL to MPCL is in progress


KOHAT BLOCK
Operator: OGDCL
OGDCL **50.00%**
MPCL* **33.33%**
SEL **16.67%**
* Acquisition of Tullow's 13.33% working interest by MPCL has been approved by the DGPC


Performance INDICATORS

		2017-18	2016-17	2015-16	2014-15	2013-14	2012-13
PROFITABILITY RATIOS							
Operating profit	%	20.16	12.10	7.15	8.87	6.62	6.09
Net profit to sales	%	15.37	9.44	6.37	6.40	5.60	3.83
EBITDA margin to net sales	%	60.10	49.77	39.83	49.75	40.97	41.13
Operating leverage	Times	22.27	36.03	(1.89)	2.32	2.45	2.68
Return on equity	%	38.25	35.78	35.67	49.15	23.44	17.86
Return on capital employed	%	50.55	38.19	36.78	37.37	26.43	24.11
LIQUIDITY RATIOS							
Current ratio	Times	1.19	1.16	0.93	1.06	1.08	1.34
Quick / acid test ratio	Times	1.18	1.14	0.87	1.02	1.06	1.28
Cash to current liabilities	Times	0.16	0.12	0.02	0.12	0.14	0.43
Cash flow from operations to sales	Times	0.20	0.07	0.13	0.07	0.09	0.08
ACTIVITY / TURNOVER RATIOS							
Debtor turnover	Times	1.34	2.38	3.21	2.78	3.27	4.60
Total assets turnover	Times	0.69	1.03	1.60	1.34	1.18	1.85
Fixed assets turnover	Times	3.59	3.71	3.94	4.13	4.17	5.22
No. of days in receivables	Days	273	153	114	131	111	79
INVESTMENT / MARKET RATIOS							
Earnings per share (EPS) - basic and diluted	Rupees	139.45	82.87	54.89	51.25	35.77	26.35
Distributable earnings per share	Rupees	6.44	5.91	5.55	4.82	5.25	5.51
Price earnings - on the basis of earnings per share	Times	10.80	19.01	16.55	9.14	10.44	5.18
Price earnings - on the basis of distributable earnings per share	Times	233.88	266.61	163.64	97.22	71.13	24.79
Dividend yield	%	0.38	0.32	0.50	0.79	1.01	2.72
Dividend payout	%	88.51	86.29	81.08	77.18	72.00	67.33
Dividend cover - on the basis of earnings per share	Times	24.46	16.25	12.20	13.78	9.46	7.10
Dividend cover - on the basis of distributable earnings per share	Times	1.13	1.16	1.23	1.30	1.39	1.49
Dividends	Rupees in million	628.43	562.28	496.13	410.24	347.66	340.49
Cash dividend per share	Rupees	5.70	5.10	4.50	3.72	3.78	3.71
Stock dividend per share	%	-	-	-	20%	-	-
Market value per share							
Year end	Rupees	1,506.18	1,575.64	908.22	468.60	373.43	136.57
highest during the year	Rupees	1,809.41	1,750.00	982.48	764.32	391.40	163.99
lowest during the year	Rupees	1,398.38	905.10	363.18	351.14	136.97	90.06
Breakup value per share	Rupees	364.55	231.63	153.89	104.27	183.10	147.56
CAPITAL STRUCTURE RATIOS							
Debt to equity	%	00 : 100	14.04 : 85.96	5.57 : 94.43	44.69 : 55.31	1.94 : 98.06	10.22 : 89.78
Financial leverage	Times	0.003	0.20	0.07	0.95	0.10	0.18
Interest cover	Times	764.79	57.42	144.08	6.39	29.03	23.83
Weighted average cost of debt	%	6.09	6.00	6.99	10.38	10.28	10.83

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



RATIO ANALYSIS

Profitability Ratios

Net sales increased in 2017-18 due to increase in production as well as increase in incremental production from Mari field and higher wellhead prices, which coupled with increase in finance income and decrease in other expenses (net profit from Mari Seismic Unit of Rs. 54 million during the year as against loss of Rs. 355 million in the comparative year) resulted in enhanced operating profit margin and profit margin. Return on capital employed was increased to 50.55% from 38.19% due to increase in profit margin.

Liquidity Ratios

Current ratio of 1.19 times for 2017-18 showed an improvement of 0.03 times compared to 2016-17 mainly due to increase in short term investments & cash and bank balances. Cash to current liabilities ratio improved to 0.16 times compared to 0.12 times of last year on account of increase in cash and cash equivalents.

Activity / Turnover Ratios

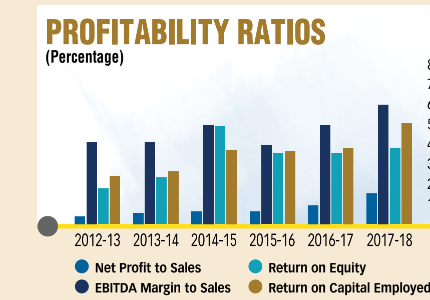
No. of days in receivables increased during the year as average trade debts increased because of GIDC withheld by fertiliser companies due to stay orders from various High Courts. Total assets turnover decreased owing to increase in total assets during the year 2017-18.

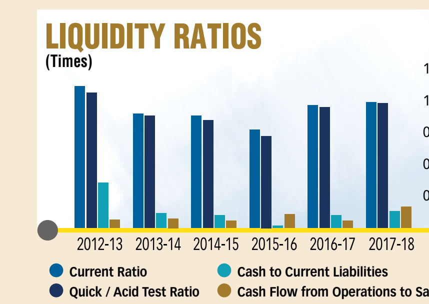
Investment / Market Ratios

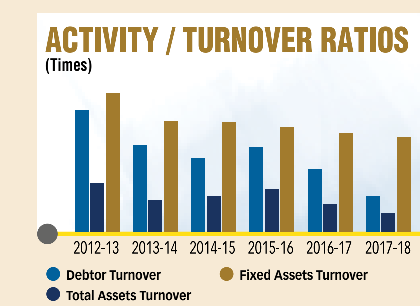
Earnings per share stood at Rs. 139.45 per share for the year ended June 30, 2018 registering an increase of 68.28% compared to last year on account of increase in profitability. Market value per share at year end stood at Rs. 1,506.18 per share, lower by around 4% as compared to last year. Breakup value of the Company improved to Rs. 364.55 per share, around 57% higher as compared to the last year, due to higher profit retention. Dividend payout ratio for 2017-18 was recorded at 88.51% against last year's 86.29%, translating into a total cash dividend per share of Rs. 5.70.

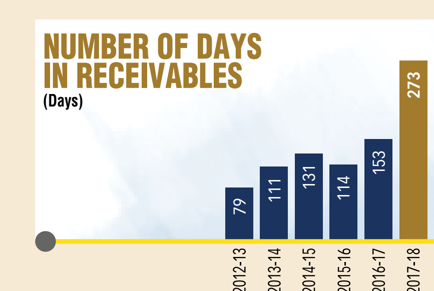
Capital Structure Ratios

There is no long term financing of the Company at the year-end due to the repayment of the long term loans. This has resulted in debt to equity ratio of 00 : 100 in 2017-18.

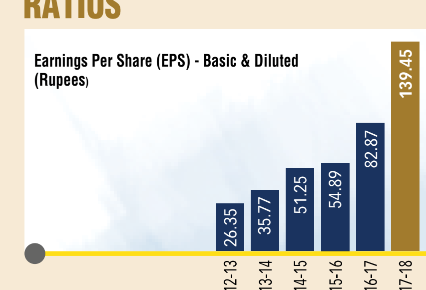


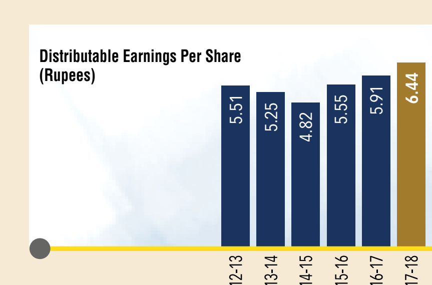


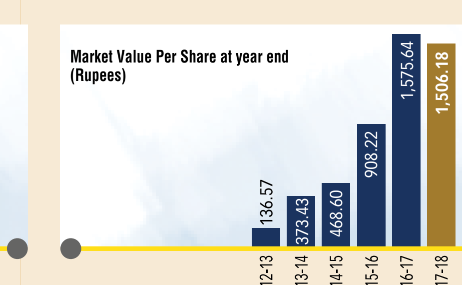




INVESTMENT/MARKET RATIOS





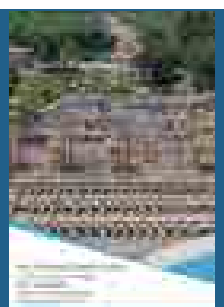


Variation in Results
OF INTERIM REPORTS WITH THE FINAL ACCOUNTS

	First Quarter ended September 30, 2017	Second Quarter ended December 31, 2017	Third Quarter ended March 31, 2018	Fourth Quarter ended June 30, 2018	Total for the year ended June 30, 2018
	(Rupees in thousand)				
Statement of Profit or Loss items					
Gross sales	24,537,870	23,051,981	24,778,078	27,674,910	100,042,839
Sales - net	9,335,478	8,681,506	10,574,687	12,084,697	40,676,368
Profit before taxation	5,091,093	3,962,774	5,946,571	5,291,106	20,291,544
Net profit	3,613,095	3,202,323	3,968,815	4,590,107	15,374,340

Analysis:

Higher gross sales in fourth quarter as compared to other quarters is mainly due to higher gas and condensate production. Net sales were higher in the third and fourth quarters mainly due to incremental production. Profit before taxation was higher for the third quarter in comparison to the remaining quarters is largely attributable to lower exploration and prospecting expenditures. Net profit posted for the third 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
64,712
(MMSCF)

CRUDE OIL
117,128
(Barrels)

CONDENSATE
22,659
(Barrels)

EARNINGS PER SHARE
32.77
(Rupees)

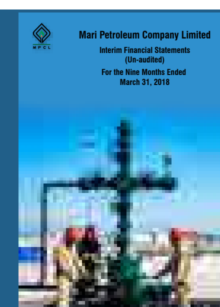
QUARTER 2

GAS
61,681
(MMSCF)

CRUDE OIL
103,804
(Barrels)

CONDENSATE
21,186
(Barrels)

EARNINGS PER SHARE
29.05
(Rupees)



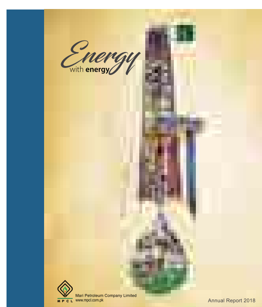
QUARTER 3

GAS
64,588
(MMSCF)

CRUDE OIL
97,750
(Barrels)

CONDENSATE
23,904
(Barrels)

EARNINGS PER SHARE
36.00
(Rupees)



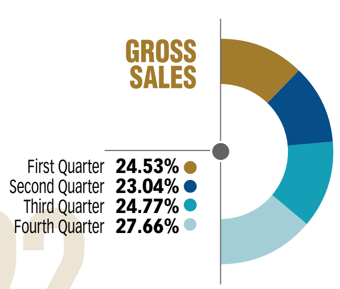
QUARTER 4

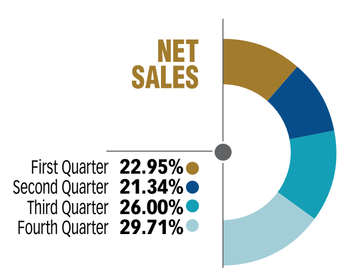
GAS
66,174
(MMSCF)

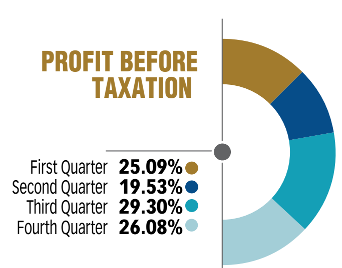
CRUDE OIL
107,899
(Barrels)

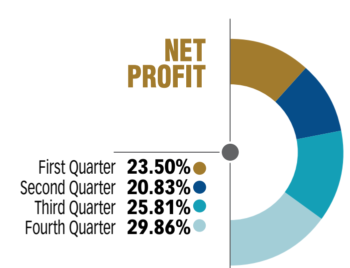
CONDENSATE
49,490
(Barrels)

EARNINGS PER SHARE
41.63
(Rupees)



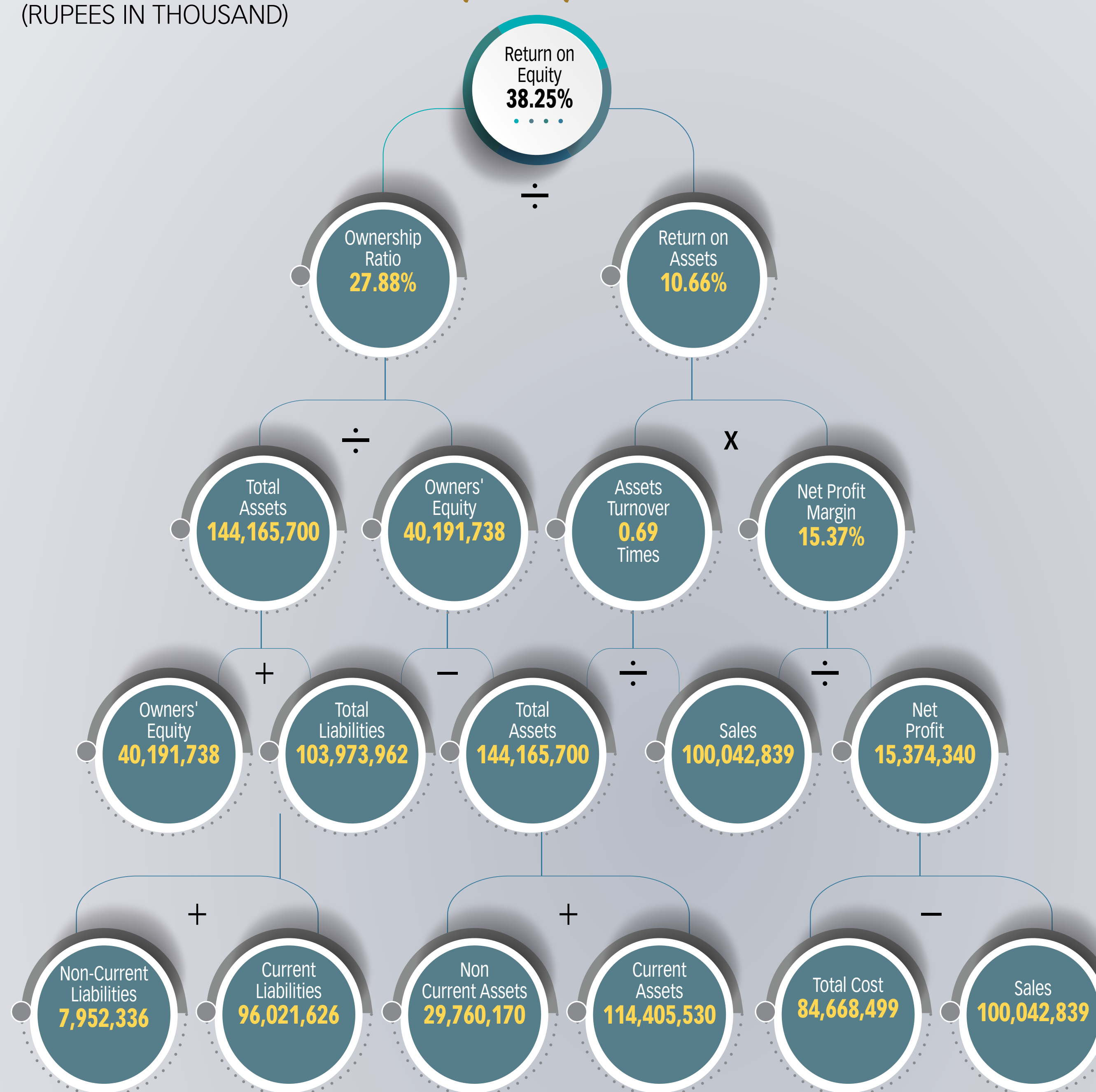






Return On Equity (DUPONT ANALYSIS)

(RUPEES IN THOUSAND)



Analysis

Total assets increased by 54% due to higher trade debts, short term investments and cash and bank balances at year end, which consequently increased the return on assets to 10.66% from 9.76% and ownership ratio to 27.88% from 27.29%. Net sales increased by 44.57% due to increase in production as well as increase in incremental production from Mari field and higher wellhead prices, which coupled with increase in finance income and decrease in other expenses (net profit from Mari Seismic Unit of Rs. 54 million during the year as against loss of Rs. 355 million in the comparative year) resulted in increase in net margin from 9.44% to 15.37%. This resulted in 38.25% return on equity compared to 35.78% earned in FY 2016-17.

SUMMARY OF THE *Statement of Cash Flows*

	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13
			(Rupees in million)			
Cash flows from operating activities	20,225.239	7,120.289	12,638.329	6,609.010	6,096.578	5,374.004
Cash flows from investing activities	(5,543.564)	(4,081.586)	(5,287.579)	(5,393.894)	(5,918.203)	(2,421.167)
Cash flows from financing activities	(5,903.205)	3,262.935	(11,625.231)	(1,621.744)	(1,379.671)	604.906
Increase / (Decrease) in cash and cash equivalents	8,778.470	6,301.638	(4,274.481)	(406.628)	(1,201.296)	3,557.743
Cash and cash equivalents at beginning of year	6,927.792	626.154	4,900.635	5,307.263	6,508.559	2,950.816
Cash and cash equivalents at end of year	15,706.262	6,927.792	626.154	4,900.635	5,307.263	6,508.559

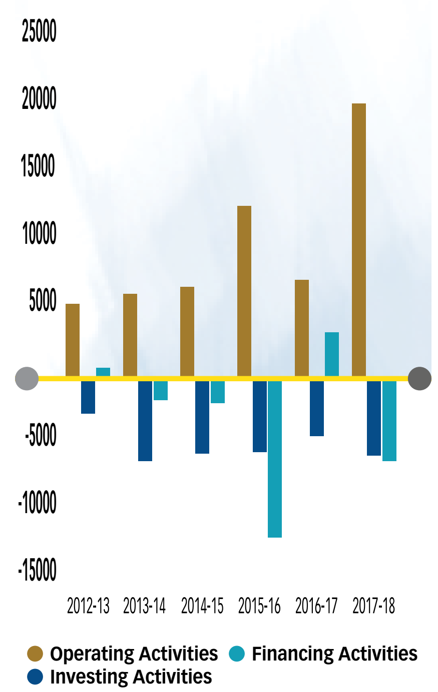
Direct Method Cash Flow

FOR THE YEAR ENDED JUNE 30, 2018

	2018	2017
	(Rupees in thousand)	
Cash flows from operating activities		
Cash receipts from customers	59,354,356	69,266,727
Cash paid to the Government for Government levies	(26,365,488)	(50,624,648)
Cash paid to suppliers and employees	(10,415,830)	(10,386,297)
Income tax paid	(2,347,799)	(1,135,493)
Cash provided by operating activities	20,225,239	7,120,289
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,182,761)	(1,091,333)
Development and production assets	(1,650,534)	(1,073,402)
Exploration and evaluation assets	(2,424,676)	(2,124,810)
Proceeds from disposal of property, plant and equipment	32,688	422
Interest received	681,719	207,537
Cash used in investing activities	(5,543,564)	(4,081,586)
Cash flows from financing activities		
Long term financing received	-	4,000,000
Long term financing repaid	(5,008,719)	(24,010)
Finance cost paid	(270,939)	(155,139)
Dividends paid	(623,547)	(557,916)
Cash (used in) / from financing activities	(5,903,205)	3,262,935
Increase in cash and cash equivalents	8,778,470	6,301,638
Cash and cash equivalents at beginning of year	6,927,792	626,154
Cash and cash equivalents at end of year	15,706,262	6,927,792

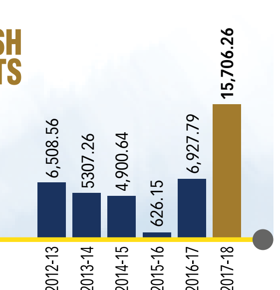
CASH FLOW ANALYSIS

(Rupees in million)



CASH & CASH EQUIVALENTS

AT YEAR END
(Rupees in million)



RELATED PARTIES AND *Related Party Transactions*

NAMES OF RELATED PARTIES WITH WHOM THE COMPANY HAD ENTERED INTO TRANSACTIONS OR HAD AGREEMENTS AND / OR ARRANGEMENTS IN PLACE DURING THE FINANCIAL YEAR

Name of Related Party	Basis of relationship	Percentage of Shareholding
Fauji Foundation	Entity with significant influence over the Company	40%
OGDCL	Entity with significant influence over the Company	20%
Gratuity funds (Management and Non-Management)	Post employment benefit plan	-
Provident fund	Post employment benefit plan	-
Chief Executive and Directors	Key management personnel	-

ANY CONTRACT OR ARRANGEMENT WITH THE RELATED PARTY OTHER THAN IN THE ORDINARY COURSE OF BUSINESS

Related party transactions neither deviate from the company's normal business operations nor are they made on terms that deviate from market equivalent.

APPROVED POLICY FOR RELATED PARTY TRANSACTIONS INCLUDING POLICY FOR DISCLOSURE OF INTEREST BY DIRECTORS IN THIS REGARD

There is an approved policy for related party transactions and all the 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.

Management's Responsibility

TOWARDS THE PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern.

COMPLIANCE OF *International Financial Reporting Standards* (IFRS) ISSUED BY THE INTERNATIONAL ACCOUNTING STANDARDS BOARD (IASB)

Financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of International Financial Reporting Standards (IFRS standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017. Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

Cash Flows
AND FINANCING ARRANGEMENTS

Analysis of Liquidity
The Company remained sufficiently liquid during the year owing to timely billing and recovery of invoices from the customers, which resulted in increase in cash and cash equivalents at the year end.

Analysis of Cash Flows
Cash and cash equivalents were Rs. 15,706 million as against Rs. 6,928 million in the previous year. During the year, an amount of Rs. 20,225 million was generated from operating activities of the Company, which was used mainly to undertake exploration activities, capital expenditures and repayment of long term loans.

Strategies to overcome liquidity problem
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 the quest to evade 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. The Company enjoys sound banking relationships and therefore has the capacity to arrange short term loan/ overdraft facility whenever required.

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 enjoys 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.

Defaults in payment of any debts
During the year, the Company has not defaulted on any payment of its debts and has rather repaid full amount of outstanding loans.

Contribution to National Exchequer

MPCL contributed around Rs. 70,409 million to the Government exchequer during the year (Rs. 74,298 million during 2016-17) mainly on account of gas development surcharge, gas infrastructure development cess, sales tax, excise duty, royalty and income 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 57% from the last year, due to increase in unappropriated profit for the year.

Non Current Liabilities
Noncurrent liabilities decreased due to repayment of long term financing during the year.

Current Liabilities
Overall, current liabilities increased by 70%. This is due to increase in trade and other payables mainly due to increase in GIDC payable. However, current maturity of long term financing has decrease due to repayment of loans.

ASSETS

Non Current Assets
Non-current assets have increased from Rs. 28.29 billion in 2016-17 to Rs. 29.76 billion in 2017-18, mainly due to increase in property, plant and equipment & development and production assets and strengthening the Company's asset base. However, exploration and evaluation assets have decreased due to transfer of assets to development and production assets.

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. 65.30 billion in 2016-17 to Rs. 114.41 billion in 2017-18, primarily on account of increase in trade debts due to GIDC withheld by the fertiliser companies, short term investments and cash & bank balances.

STATEMENT OF PROFIT OR LOSS

Gross Sales
Gross sales increased by 3.38% mainly due to increase in sales volume.

Exploration and Prospecting Expenditure
Exploration and prospecting expenditure decreased from Rs. 3.88 billion in 2016-17 to Rs. 3.69 billion in 2017-18. This decrease is mainly due to decrease in cost of dry and abandoned wells written off during the year.

Other Income / (Expenses)
There is decrease in other expenses by Rs. 613 million due to profit of Mari Seismic Unit as against loss in the last year.

Finance Cost
Finance cost has decreased by Rs. 158 million mainly due to decrease in interest on long term financing by Rs. 171 million which is offset by increase in Unwinding of discount on provision for decommissioning cost by Rs. 80 million.

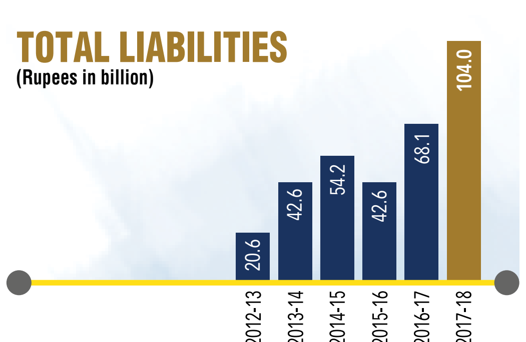
Profit for the Year
Profit after tax is Rs. 15.37 billion for the year 2017-18 as compared to Rs. 9.14 billion in the previous year. Increase in net sales and finance income and decrease in other expenses were the major reasons for increase in profitability. This was offset with increase in royalty, operating expenses, other charges and provision for taxation.

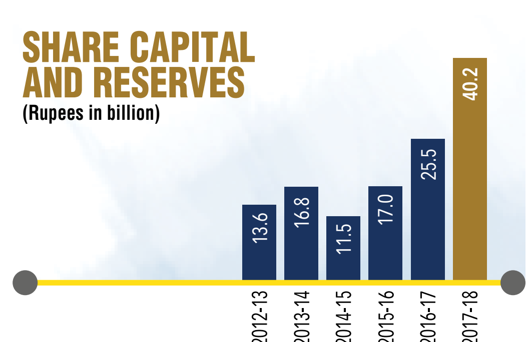
CASH FLOWS
Cash and cash equivalents were Rs. 15,706 million as against Rs. 6,928 million in the previous year. During the year, an amount of Rs. 20,225 million was generated from operating activities of the Company which was used mainly to undertake exploration activities, capital expenditures and repayment of long term loans.

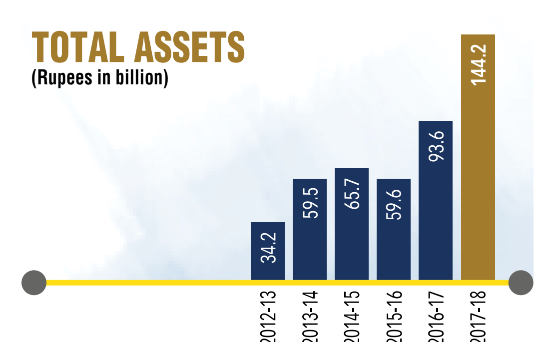
Horizontal Analysis - STATEMENT OF FINANCIAL POSITION

(Rupees in thousand)

	2018	18 vs 17 %age	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
EQUITY AND LIABILITIES												
Share capital and reserves												
Issued, subscribed and paid up capital	1,102,500	-	1,102,500	-	1,102,500	-	1,102,500	20.00	918,750	-	918,750	-
Undistributed percentage return reserve	613,109	23.50	496,436	16.30	426,867	7.98	395,331	(4.51)	414,014	(28.49)	578,994	37.84
Other reserves	12,190,001	8.94	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
Profit and loss account	26,286,128	106.19	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
	40,191,738	57.38	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
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
Deferred liabilities	7,952,336	6.26	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)
	7,952,336	(31.78)	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)
Current liabilities												
Trade and other payables	93,774,013	69.99	55,165,162	59.22	34,647,573	(4.38)	36,235,805	0.45	36,074,046	162.05	13,766,209	(13.15)
Unclaimed dividend	19,371	12.14	17,274	70.36	10,140	(1.87)	10,333	9.81	9,410	32.70	7,091	6.79
Unpaid dividend	11,514	31.84	8,733	(24.11)	11,508	(97.19)	410,241	338.53	93,550	(0.50)	94,016	1.40
Current maturity of long term financing	119,045	(87.54)	955,037	529.25	151,774	(90.70)	1,632,505	18.37	1,379,173	43.42	961,603	117.45
Interest accrued on long term financing	10,180	(96.00)	254,552	29.77	196,154	(82.32)	1,109,742	2,858.21	37,514	(10.76)	42,039	(25.29)
Provision for income tax	2,087,503	100.00	-	-	-	-	-	-	-	(100.00)	403,360	100.00
	96,021,626	70.25	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)
	144,165,700	54.03	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
ASSETS												
Non current assets												
Property, plant and equipment	13,266,282	4.55	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
Development and production assets	11,886,872	60.42	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)
Exploration and evaluation assets	2,689,549	(54.96)	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
Long term loans and advances	35,411	9.86	32,233	19.08	27,069	32.11	20,489	168.78	7,623	3.01	7,400	7.34
Long term deposits and prepayments	62,890	141.87	26,002	72.15	15,104	41.97	10,639	(41.97)	18,335	31.12	13,983	43.46
Deferred income tax asset	1,819,166	(15.87)	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
	29,760,170	5.19	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
Current assets												
Stores and spares	671,051	(33.89)	1,015,000	(53.17)	2,167,328	26.16	1,717,945	105.73	835,055	1.76	820,648	1.70
Trade debts	95,294,994	75.09	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)
Loans and advances	2,532,344	54.41	1,640,065	14.09	1,437,456	(18.11)	1,755,283	2.66	1,709,860	99.78	855,871	(18.45)
Short term investments	8,437,354	134.07	3,604,596	100.00	-	-	-	-	-	-	-	-
Short term prepayments	66,714	1.55	65,697	(18.08)	80,193	(34.45)	122,341	119.03	55,857	(16.47)	66,871	131.84
Interest accrued	103,183	119.39	47,031	1,087.35	3,961	106.09	1,922	(67.00)	5,824	(79.74)	28,750	67.00
Other receivables	30,982	(22.11)	39,779	86.47	21,333	550.00	3,282	(99.64)	913,739	192.01	312,917	293.82
Income tax paid in advance	-	(100.00)	1,142,319	(24.02)	1,503,388	48.65	1,011,359	59.13	635,545	100.00	-	(100.00)
Cash and bank balances	7,268,908	118.73	3,323,196	430.73	626,154	(87.22)	4,900,635	(7.66)	5,307,263	(18.46)	6,508,559	120.57
	114,405,530	75.19	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)
	144,165,700	54.03	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







ANALYSIS

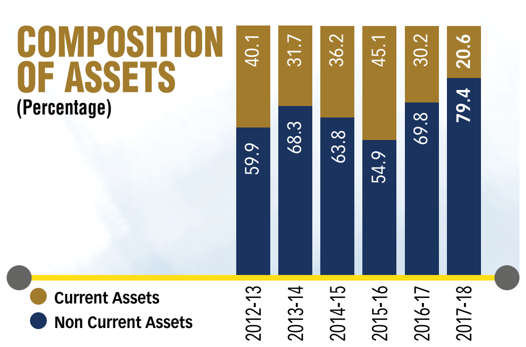
In 2017-18, total assets increased by 54.03% primarily due to increase in current assets. Increase in current assets is mainly due to increase in trade debts, short term investments & cash and bank balances.

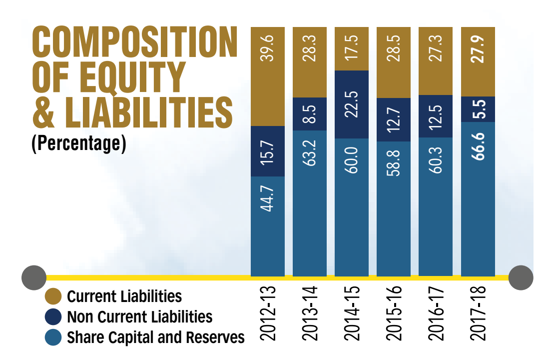
On equity and liabilities side, share capital and reserves increased by 57.38% mainly due to increase in profit and loss account. Non current liabilities decreased by 31.78% primarily due to repayment of long term financing while current liabilities increased by 70.25% principally due to increase in trade and other payables.

Vertical Analysis - STATEMENT OF FINANCIAL POSITION

(Rupees in thousand)

	2018	% age	2017	% age	2016	% age	2015	% age	2014	% age	2013	% age
EQUITY AND LIABILITIES												
Share capital and reserves												
Issued, subscribed and paid up capital	1,102,500	0.76	1,102,500	1.18	1,102,500	1.85	1,102,500	1.68	918,750	1.55	918,750	2.69
Undistributed percentage return reserve	613,109	0.43	496,436	0.53	426,867	0.72	395,331	0.60	414,014	0.70	578,994	1.69
Other reserves	12,190,001	8.46	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
Profit and loss account	26,286,128	18.23	12,748,733	13.62	4,746,555	7.97	35,537	0.05	9,749,472	16.40	6,952,345	20.33
	40,191,738	27.88	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
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
Deferred liabilities	7,952,336	5.52	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
	7,952,336	5.52	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
Current liabilities												
Trade and other payables	93,774,013	65.05	55,165,162	58.94	34,647,573	58.17	36,235,805	55.19	36,074,046	60.67	13,766,209	40.26
Unclaimed dividend	19,371	0.01	17,274	0.02	10,140	0.02	10,333	0.02	9,410	0.02	7,091	0.02
Unpaid dividend	11,514	0.01	8,733	0.01	11,508	0.02	410,241	0.62	93,550	0.16	94,016	0.27
Current maturity of long term financing	119,045	0.08	955,037	1.02	151,774	0.25	1,632,505	2.49	1,379,173	2.32	961,603	2.81
Interest accrued on long term financing	10,180	0.01	254,552	0.27	196,154	0.33	1,109,742	1.69	37,514	0.06	42,039	0.12
Provision for income tax	2,087,503	1.45	-	-	-	-	-	-	-	-	403,360	1.18
	96,021,626	66.61	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
	144,165,700	100.00	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
ASSETS												
Non current assets												
Property, plant and equipment	13,266,282	9.20	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
Development and production assets	11,886,872	8.25	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
Exploration and evaluation assets	2,689,549	1.87	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
Long term loans and advances	35,411	0.02	32,233	0.03	27,069	0.05	20,489	0.03	7,623	0.01	7,400	0.02
Long term deposits and prepayments	62,890	0.04	26,002	0.03	15,104	0.03	10,639	0.02	18,335	0.03	13,983	0.04
Deferred income tax asset	1,819,166	1.26	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
	29,760,170	20.64	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
Current assets												
Stores and spares	671,051	0.47	1,015,000	1.08	2,167,328	3.64	1,717,945	2.62	835,055	1.40	820,648	2.40
Trade debts	95,294,994	66.10	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
Loans and advances	2,532,344	1.76	1,640,065	1.75	1,437,456	2.41	1,755,283	2.67	1,709,860	2.88	855,871	2.50
Short term investments	8,437,354	5.85	3,604,596	3.85	-	-	-	-	-	-	-	-
Short term prepayments	66,714	0.05	65,697	0.07	80,193	0.13	122,341	0.19	55,857	0.09	66,871	0.20
Interest accrued	103,183	0.07	47,031	0.05	3,961	0.01	1,922	0.00	5,824	0.01	28,750	0.08
Other receivables	30,982	0.02	39,779	0.04	21,333	0.04	3,282	0.00	913,739	1.54	312,917	0.92
Income tax paid in advance	-	-	1,142,319	1.22	1,503,388	2.52	1,011,359	1.54	635,545	1.07	-	-
Cash and bank balances	7,268,908	5.04	3,323,196	3.55	626,154	1.05	4,900,635	7.46	5,307,263	8.93	6,508,559	19.04
	114,405,530	79.36	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
	144,165,700	100.00	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





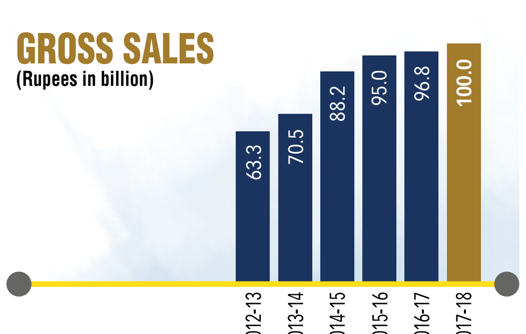
ANALYSIS

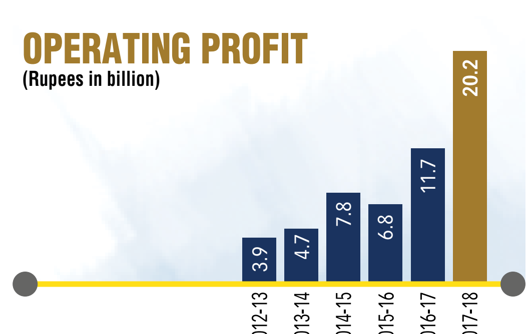
In the statement of financial position, total assets comprise of current assets 79.36% and non-current assets 20.64%. Current assets increased from last year mainly due to increase in trade debts, short term investments and cash and bank balances. Further increase in non current assets is mainly due to increase in property, plant and equipment and development and production assets. On the other side, non current liabilities decrease to 5.52% as compared to 12.45% of last year due to repayment of long term financing.

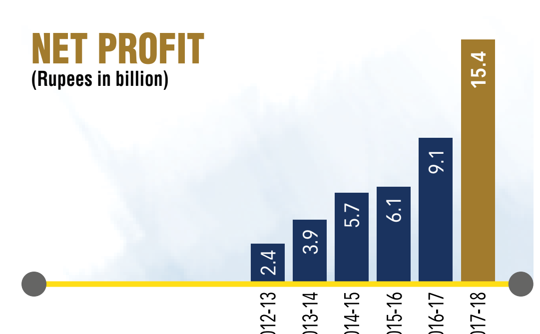
Horizontal Analysis - STATEMENT OF PROFIT OR LOSS

(Rupees in thousand)

	2018	18 vs 17 %age	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
Gross sales to customers	100,042,839	3.38	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
Gas development surcharge	11,029,741	(43.67)	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)
General sales tax	11,668,172	(15.11)	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
Excise duty	1,906,530	6.25	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
Gas infrastructure development cess	34,762,028	3.83	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
Wind fall levy	-	-	-	(100.00)	288,182	(63.73)	794,504	53.91	516,224	1.56	508,291	51.50
Surplus / (deficit) under the Gas Price Agreement	-	-	-	-	-	-	-	(100.00)	(133,949)	(107.72)	1,734,400	111.02
	59,366,471	(13.46)	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
Sales - net	40,676,368	44.37	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
Royalty	5,180,869	44.57	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
	35,495,499	44.34	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
Operating expenses	9,985,411	34.03	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
Exploration and prospecting expenditure	3,689,854	(4.92)	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
Other charges	1,447,747	99.33	726,290	44.70	501,943	0.65	498,725	54.61	322,563	(2.49)	330,809	169.27
	15,123,012	25.43	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
	20,372,487	62.53	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
Other income / (expenses)	(206,831)	(74.79)	(820,328)	(246.54)	559,789	1,495.66	35,082	(107.36)	(476,755)	(150.08)	951,976	167.14
Operating profit	20,165,656	72.14	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
Finance income	765,616	228.58	233,006	(31.62)	340,730	(34.13)	517,239	(12.87)	593,674	128.79	259,484	(41.94)
Finance cost	639,728	(19.84)	798,086	39.03	574,058	(67.90)	1,788,092	102.94	881,105	40.66	626,388	(18.68)
Profit before taxation	20,291,544	82.00	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
Provision for taxation	4,917,204	144.24	2,013,265	294.76	509,997	(43.43)	901,559	107.57	434,334	(59.31)	1,067,415	271.50
Profit for the year	15,374,340	68.28	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







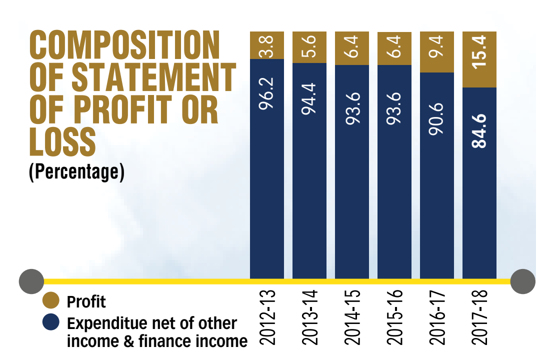
ANALYSIS

Increase in net sales and finance income and decrease in other expenses were the major reasons for increase in profitability in 2017-18 as compared to 2016-17. This was offset with increase in royalty, operating expenses, other charges and provision for taxation.

Vertical Analysis - STATEMENT OF PROFIT OR LOSS

(Rupees in thousand)

	2018	% age	2017	% age	2016	% age	2015	% age	2014	% age	2013	% age
Gross sales to customers	100,042,839	100.00	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
Gas development surcharge	11,029,741	11.03	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
General sales tax	11,668,172	11.66	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
Excise duty	1,906,530	1.91	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
Gas infrastructure development cess	34,762,028	34.75	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
Wind fall levy	-	-	-	-	288,182	0.30	794,504	0.90	516,224	0.73	508,291	0.80
Surplus / (deficit) under the Gas Price Agreement	-	-	-	-	-	-	-	-	(133,949)	(0.19)	1,734,400	2.74
	59,366,471	59.34	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
Sales - net	40,676,368	40.66	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
Royalty	5,180,869	5.18	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
	35,495,499	35.48	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
Operating expenses	9,985,411	9.98	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
Exploration and prospecting expenditure	3,689,854	3.69	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
Other charges	1,447,747	1.45	726,290	0.75	501,943	0.53	498,725	0.57	322,563	0.46	330,809	0.52
	15,123,012	15.12	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
	20,372,487	20.36	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
Other income / (expenses)	(206,831)	(0.21)	(820,328)	(0.85)	559,789	0.59	35,082	0.04	(476,755)	(0.68)	951,976	1.50
Operating profit	20,165,656	20.16	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
Finance income	765,616	0.77	233,006	0.24	340,730	0.36	517,239	0.59	593,674	0.84	259,484	0.41
Finance cost	639,728	0.64	798,086	0.82	574,058	0.60	1,788,092	2.03	881,105	1.25	626,388	0.99
Profit before taxation	20,291,544	20.28	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
Provision for taxation	4,917,204	4.92	2,013,265	2.08	509,997	0.54	901,559	1.02	434,334	0.62	1,067,415	1.69
Profit for the year	15,374,340	15.37	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



ANALYSIS

During 2017-18, profit was 15.37% which was over 60% higher as compared to 9.44% of last year.

Ten Years AT A GLANCE

Drilling of Dharian-1 at Ghauri Block

(Rupees in million)

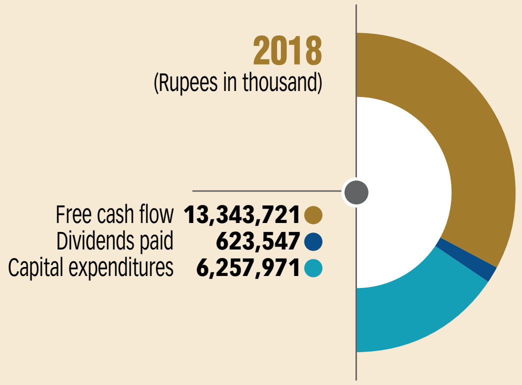
	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09
FINANCIAL										
Revenue	100,601.62	96,188.65	95,898.24	88,791.86	70,570.97	65,128.56	48,228.33	32,177.82	28,979.37	26,864.38
Government levies:										
Income tax, other charges, royalty,										
excise duty, general sales tax, gas										
development surcharge and gas										
infrastructure development cess	70,409.10	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
Sales - net	40,676.37	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
Operating profit	20,165.66	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
Profit before taxation	20,291.54	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
Profit for the year	15,374.34	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
Issued, subscribed and paid up capital	1,102.50	1,102.50	1,102.50	1,102.50	918.75	918.75	918.75	735.00	735.00	367.50
Reserves	39,089.24	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
Property, plant and equipment - at cost	22,345.12	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
Net current assets / (liabilities)	18,383.90	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
Long term liabilities including										
deferred liabilities	7,952.34	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
NATURAL GAS										
Development and production										
leases (sq. kilometres)	1,162.2	1,140.5	1,311.1	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)	10,655.8	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
Cumulative production (BSCF) *	5,602.4	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
Number of producing wells	135	127	124	119	118	114	107	99	98	89
Production (BSCF) *	257.16	243.84	232.0	224.7	217.3	211.2	206.5	187.8	179.7	169.7
Daily average (BSCF) *	0.705	0.668	0.634	0.616	0.595	0.579	0.564	0.515	0.492	0.465
OIL										
Production (barrels) *	543,820	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	-

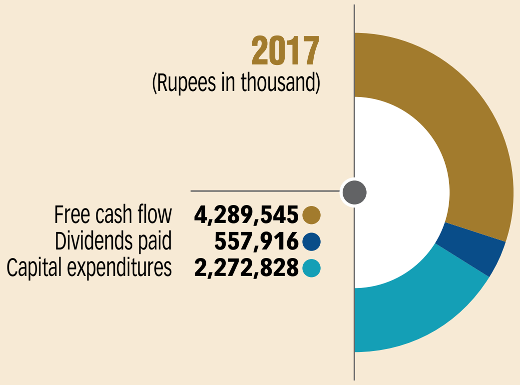
* MPCL's share

Free Cash Flow

(Rupees in thousand)

Description	30 June, 2018	30 June, 2017
Cash Provided by Operating Activities	20,225,239	7,120,289
Less: Capital Expenditures		
Purchase of Property, Plant & Equipment	2,182,761	1,091,333
Development and production assets	1,650,534	1,073,402
Exploration and evaluation assets	2,424,676	2,124,810
	6,257,971	4,289,545
Less: Dividends Paid	623,547	557,916
Free Cash Flow	13,343,721	2,272,828



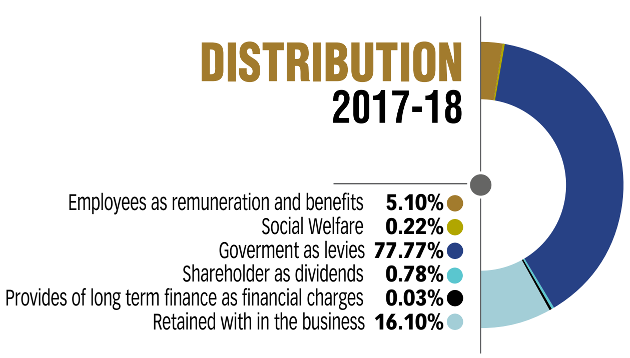


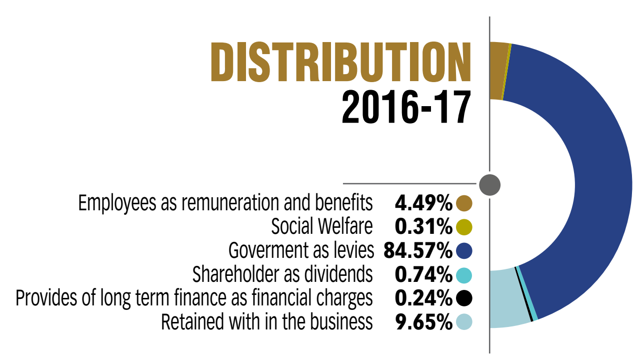
COMPOSITION OF LOCAL VERSUS IMPORTED MATERIAL AND *Sensitivity Analysis*

A substantial portion (~60%) of our annual procurement spend comprises of foreign equipment, materials and services while major spend remains in US dollars. Hence, exchange rate volatility is an important facet of our international sourcing that impacts the supplier selection decisions and can even make a supplier less competitive post award decision. Furthermore, in case of local procurement, our suppliers import a significant portion of materials that proportionately impact prices due to exchange rate fluctuation.

STATEMENT OF *Value Added*

	Year 2017-18 (Rs. in million)	% age	Year 2016-17 (Rs. in million)	% age
Gross sales to customers	100,042.84	110.50%	96,775.97	110.15%
Operating and exploration expenses	(9,020.69)	(9.96%)	(7,216.57)	(8.21%)
	91,022.15	100.54%	89,559.40	101.94%
Other incomes and other expenses	(487.42)	(0.54%)	(1,699.56)	(1.94%)
Total value added	90,534.73	100.00%	87,859.84	100.00%
DISTRIBUTED AS FOLLOWS:				
Employees as remuneration and benefits	4,618.15	5.10%	3,942.34	4.49%
Government as levies				
Direct	4,824.38	5.33%	1,624.55	1.85%
Indirect	65,584.72	72.44%	72,673.80	82.72%
	70,409.10	77.77%	74,298.34	84.57%
Shareholder as dividends	709.93	0.78%	651.36	0.74%
Social welfare	198.43	0.22%	275.91	0.31%
Providers of long term finance as financial charges	26.56	0.03%	209.23	0.24%
Retained within the business	14,572.56	16.10%	8,482.67	9.65%
	90,534.73	100.00%	87,859.84	100.00%





STATEMENT OF *Charity Account*

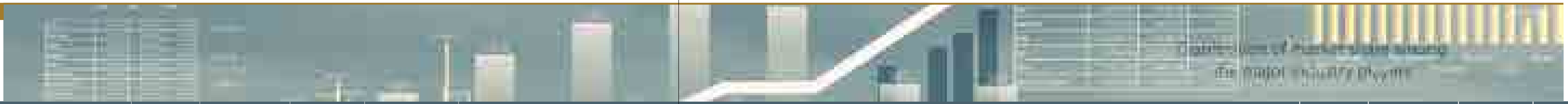
(Rupees in thousand)

Description	2017-18
Health care	105,003
Education	1,450
Social Welfare	91,975
	198,428

Pattern of Shareholding

AS AT JUNE 30, 2018

No. of Shareholders	Shareholding			Total shares held
705	1	TO	100	27,242
433	101	TO	500	118,201
366	501	TO	1,000	283,398
500	1,001	TO	5,000	1,120,375
100	5,001	TO	10,000	715,037
45	10,001	TO	15,000	585,021
14	15,001	TO	20,000	248,600
11	20,001	TO	25,000	240,292
9	25,001	TO	30,000	274,242
11	30,001	TO	35,000	361,566
13	35,001	TO	40,000	492,959
7	40,001	TO	45,000	302,902
11	45,001	TO	50,000	512,365
2	50,001	TO	55,000	103,810
3	55,001	TO	60,000	168,580
5	65,001	TO	70,000	339,023
2	70,001	TO	75,000	145,070
5	75,001	TO	80,000	388,516
1	80,001	TO	85,000	83,950
3	85,001	TO	90,000	260,800
3	90,001	TO	95,000	282,690
1	95,001	TO	100,000	100,000
2	100,001	TO	105,000	204,619
2	105,001	TO	110,000	214,960
1	110,001	TO	115,000	112,260
3	115,001	TO	120,000	357,295
1	120,001	TO	125,000	120,650
1	125,001	TO	130,000	125,773
1	130,001	TO	135,000	133,300
1	140,001	TO	145,000	143,900
1	150,001	TO	155,000	154,850
1	180,001	TO	185,000	182,440
1	185,001	TO	190,000	185,950
1	195,001	TO	200,000	198,960
3	200,001	TO	205,000	605,290
1	210,001	TO	215,000	210,330
2	215,001	TO	220,000	432,550
1	240,001	TO	245,000	240,370
1	255,001	TO	260,000	259,680
1	285,001	TO	290,000	286,800
1	305,001	TO	310,000	309,680
1	320,001	TO	325,000	320,700
1	365,001	TO	370,000	369,662
1	380,001	TO	385,000	383,279
1	400,001	TO	405,000	401,540
1	510,001	TO	515,000	510,911
1	605,001	TO	610,000	608,364
1	1,020,001	TO	1,025,000	1,023,110
1	1,265,001	TO	1,270,000	1,267,724
1	1,710,001	TO	1,715,450	1,715,431
1	1,765,001	TO	1,770,000	1,765,151
1	1,965,001	TO	1,970,000	1,966,821
1	2,410,001	TO	2,415,000	2,414,266
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	43,732,481
2,291				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 HBL Energy Fund	1	85,040	-	85,040	0.08
- CDC - Trustee ABL Stock Fund	1	259,680	-	259,680	0.24
- CDC - Trustee AKD Index Tracker Fund	1	4,941	43	4,984	0.00
- CDC - Trustee Al Ameen Islamic Dedicated Equity Fund	1	510,911	-	510,911	0.46
- CDC - Trustee Al Meezan Mutual Fund	1	320,700	1,400	322,100	0.29
- CDC - Trustee Al-Ameen Islamic Asset Allocation Fund	1	112,260	-	112,260	0.10
- CDC - Trustee Al-Ameen Shariah Stock Fund	1	309,680	-	309,680	0.28
- CDC -Trustee Alfalah Capital Preservation Fund II	1	7,300	-	7,300	0.01
- CDC -Trustee Alfalah GHP Alpha Fund	1	52,210	-	52,210	0.05
- CDC - Trustee Alfalah GHP Islamic Dedicated Equity Fund	1	45,497	-	45,497	0.04
- CDC - Trustee Alfalah GHP Islamic Stock Fund	1	125,773	-	125,773	0.11
- CDC - Trustee Alfalah GHP Islamic Value Fund	1	6,520	-	6,520	0.01
- CDC - Trustee Alfalah GHP Stock Fund	1	67,940	-	67,940	0.06
- CDC - Trustee Alfalah GHP Value Fund	1	47,220	54	47,274	0.04
- CDC - Trustee Alhamra Islamic Stock Fund	1	69,250	-	69,250	0.06
- CDC - Trustee APIF-Equity Sub Fund	1	11,200	-	11,200	0.01
- CDC - Trustee APIF - Equity Sub Fund	1	16,020	-	16,020	0.01
- CDC - Trustee Askari Equity Fund	1	2,100	-	2,100	0.00
- CDC - Trustee Atlas Islamic Stock Fund	1	74,910	-	74,910	0.07
- CDC - Trustee Atlas Stock Market Fund	1	154,850	-	154,850	0.14
- CDC - Trustee Faysal Asset Allocation Fund	1	3,000	-	3,000	0.00
- CDC - Trustee Faysal Islamic Asset Allocation Fund	1	10,000	-	10,000	0.01
- CDC- Trustee Faysal Stock Fund	1	3,000	-	3,000	0.00
- CDC - Trustee First Capital Mutual Fund	1	3,000	-	3,000	0.00
- CDC - Trustee First Habib Stock Fund	1	4,000	-	4,000	0.00
- CDC - Trustee HBL Stock Fund	1	198,960	-	198,960	0.18
- CDC - Trustee HBL Equity Fund	1	9,890	-	9,890	0.01
- CDC - Trustee HBL IPF Equity Sub Fund	1	6,000	140	6,140	0.01
- CDC - Trustee HBL Islamic Asset Allocation Fund	1	25,240	-	25,240	0.02
- CDC - Trustee HBL Islamic Equity Fund	1	43,110	-	43,110	0.04
- CDC - Trustee HBL Multi Asset Fund	1	7,280	-	7,280	0.01
- CDC - Trustee HBL PF Equity Sub Fund	1	7,760	-	7,760	0.01
- CDC - Trustee JS Islamic Dedicated Equity Fund (JSIDEF)	1	35,300	-	35,300	0.03
- CDC - Trustee JS Islamic Fund	1	88,080	-	88,080	0.08
- CDC - Trustee JS Islamic Pension Savings Fund - Equity Account	1	10,540	-	10,540	0.01
- CDC - Trustee JS Large Cap. Fund	1	43,732	-	43,732	0.04
- CDC - Trustee JS Pension Savings Fund - Equity Account	1	14,080	-	14,080	0.01
- CDC - Trustee KSE Meezan Index Fund	1	39,401	329	39,730	0.04
- CDC - Trustee Lakson Equity Fund	1	77,406	1,010	78,416	0.07
- CDC - Trustee Lakson Islamic Tactical Fund	1	3,065	-	3,065	0.00
- CDC - Trustee Lakson Tactical Fund	1	15,340	-	15,340	0.01
- CDC - Trustee MCB Pakistan Asset Allocation Fund	1	45,340	-	45,340	0.04
- CDC - Trustee MCB Pakistan Stock Market Fund	1	215,950	-	215,950	0.20
- CDC - Trustee Meezan Asset Allocation Fund	1	36,980	-	36,980	0.03
- CDC - Trustee Meezan Balanced Fund	1	83,950	300	84,250	0.08
- CDC - Trustee Meezan Energy Fund	1	79,050	-	79,050	0.07
- CDC - Trustee Meezan Islamic Fund	1	1,966,821	8,999	1,975,820	1.79
- CDC - Trustee NAFA Islamic Active Allocation Equity Fund	1	77,350	-	77,350	0.07
- CDC - Trustee NAFA Islamic Aseet Allocation Fund	1	286,800	-	286,800	0.26
- CDC -Trustee NAFA Islamic Energy Fund	1	120,650	-	120,650	0.11
- CDC - Trustee NAFA Islamic Principal Protected Fund - II	1	1,200	-	1,200	0.00
- CDC -Trustee NAFA Islamic Stock Fund	1	185,950	-	185,950	0.17
- CDC -Trustee NAFA Multi Asset Fund	1	27,200	-	27,200	0.02
- CDC -Trustee NAFA Stock Fund	1	401,540	-	401,540	0.36
- CDC - Trustee PICIC Growth Fund	1	182,440	-	182,440	0.17
- CDC - Trustee PICIC Investment Fund	1	94,880	-	94,880	0.09
- CDC - Trustee UBL Asset Allocation Fund	1	3,980	-	3,980	0.00
- CDC - Trustee UBL Dedicated Equity Fund	1	2,500	-	2,500	0.00
- CDC - Trustee UBL Retirement Savings Fund - Equity Sub Fund	1	48,170	-	48,170	0.04
- CDC - Trustee UBL Stock Advantage Fund	1	240,370	-	240,370	0.22
- CDC - Trustee Unit Trust Of Pakistan	1	79,680	-	79,680	0.07
- CDC - Trustee Meezan Dedicated Equity Fund	1	42,320	-	42,320	0.04
- CDC - Trustee Al-Ameen Islamic Ret. Sav. Fund- Equity Sub Fund	1	58,150	-	58,150	0.05
- CDC - Trustee Alhamrah Islamic Asset Allocation Fund	1	4,420	-	4,420	0.00
- CDC - Trustee First Habib Islamic Stock Fund	1	3,620	-	3,620	0.00
- CDC - Trustee HBL Islamic Stock Fund	1	75,030	-	75,030	0.07
- CDC - Trustee NAFA Asset Allocation Fund	1	55,050	-	55,050	0.05
- MCFSL - Trustee Askari Islamic Asset Allocation Fund	1	2,860	-	2,860	0.00
- MCFSL - Trustee JS Growth Fund	1	108,400	-	108,400	0.10
- MCBFSL - Trustee ABL Islamic Stock Fund	1	106,560	-	106,560	0.10
- MCBFSL - Trustee Allied Capital Protected Fund	1	3,340	-	3,340	0.00
- MCBFSL - Trustee JS Value Fund	1	66,020	-	66,020	0.06
- MCBFSL - Trustee Pak Oman Advantage Asset Allocation Fund	1	2,000	-	2,000	0.00
- MCBFSL - Trustee Pak Oman Islamic Asset Allocation Fund	1	5,500	-	5,500	0.00
- MCBFSL - Trustee ABL Islamic Dedicated Stock Fund	1	93,360	-	93,360	0.08
- MCBFSL - Trustee ABL Islamic Asset Allocation Fund	1	3,000	-	3,000	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
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	*	-	-	-	-
NIT and ICP					
- M/s Investment Corporation of Pakistan	1	3,332	-	3,332	0.00
- IDBL (ICP UNIT). (CDC)	1	2,598	-	2,598	0.00
- CDC - Trustee Natonal Investment (Unit) Trust (CDC)	1	2,414,266	38,238	2,452,504	2.22
- CDC - Trustee NIT - Equity Market Opportunity Fund (CDC)	1	369,662	4,887	374,549	0.34
Banks, Development Financial Institutions and Non-Banking Financial Institutions					
- National Development Finance Corp.	1	4,462	-	4,462	0.00

Categories of Shareholders

Categories of Shareholders	Numbers	Shares held	Pending Shares***	Total Shares	%age
- Bank Alfalah Limited	1	200,820	-	200,820	0.18
- Meezan Bank Limited	1	216,600	-	216,600	0.20
- National Bank of Pakistan	1	1,715,431	-	1,715,431	1.56
Insurance & Takaful Companies					
- Adamjee Life Assurance Co. Ltd - DGF	1	11,040	-	11,040	0.01
- Adamjee Life Assurance Company Limited	1	16,420	-	16,420	0.01
- Adamjee Life Assurance Company Limited-ISF	1	17,700	-	17,700	0.02
- Adamjee Life Assurance Company Ltd-IMF	1	94,450		94,450	0.09
- Alfalah Insurance Company Limited	1	5,500		5,500	0.00
- Askari General Insurance Co. Ltd	1	400		400	0.00
- Atlas Insurance Limited	1	4,500		4,500	0.00
- Century Insurance Company Ltd	1	4,830		4,830	0.00
- IGI Life Insurance Limited	1	4,207		4,207	0.00
- Jubilee General Insurance Company Limited	1	47,040		47,040	0.04
- Jubilee General Window Takaful Fund-PTF	1	1,000		1,000	0.00
- Jubilee Life Insurance Company Limited	1	1,023,110		1,023,110	0.93
- State Life Insurance Corp. Of Pakistan	1	1,267,724		1,267,724	1.15
- Takaful Pakistan Limited	1	2,740		2,740	0.00
- Pak Qatar Family Takaful Limited	1	38,980		38,980	0.04
- Dawood Family Takaful Limited	1	25,230		25,230	0.02
Modarabas					
- Crescent Standard Modaraba	1	200		200	0.00
- B.R.R. Guardian Modaraba	1	9,030		9,030	0.01
- First Al Noor Modaraba	1	160		160	0.00
Pension Funds					
- Trustees-ICI Pakistan Mngt Staff Pen. F	1	7,240		7,240	0.01
- Trustee National Bank of Pakistan Employees Pension Fund	1	383,279		383,279	0.35
- Pfizer Pakistan DC Pension Fund	1	3,650		3,650	0.00
- Unilever Pakistan DC Pension Fund (Sub Fund A)	1	6,450		6,450	0.01
- Unilever Pakistan DC Pension Fund (Sub Fund B)	1	5,250		5,250	0.00
- Unilever Pension Plan	1	600		600	0.00
- Wyeth Pakistan DC Pension Fund	1	490		490	0.00
- CDC - Trustee ABL Islamic Pension Fund - Equity Sub Fund	1	4,100		4,100	0.00
- CDC - Trustee ABL Pension Fund - Equity Sub Fund	1	4,300		4,300	0.00
- CDC - Trustee Meezan Tahaffuz Pension Fund - Equity Sub Fund	1	204,100	1,300	205,400	0.19
- CDC - Trustee NAFA Islamic Pension Fund Equity Account	1	31,100		31,100	0.03
- CDC - Trustee NAFA Pension Fund Equity Sub- Fund Account	1	24,600		24,600	0.02
- Trustee of Pak. Herald Publications (Pvt.) Ltd - SPF	1	2,700		2,700	0.00
- Trustee Pak Tobacco Co Ltd Staff Def Contri Pen Fd	1	3,200		3,200	0.00
- Trustee Pak Tobacco Co Ltd Staff Pension Fund	1	47,400		47,400	0.04
- Trustee ANPL Management Staff Pension Fund	1	2,730		2,730	0.00
- Trustee Millat Tractors Ltd. Employees Pension Fund	1	3,140		3,140	0.00
- Trustee Engro Corp Ltd Mpt Employees Def Contr Pension Fund	1	6,099		6,099	0.01
- Trustee Indus Motor Company Limited Employees Pension Fund	1	3,700		3,700	0.00
- Trustee of Crescent Steel & Allied Products Ltd-Pension Fund	1	292		292	0.00
- Trustee Pakistan Refinery Ltd Management Staff Pension Fund	1	6,000		6,000	0.01
- Trustee Sanofi-Aventis Pak. Senior Executive Pension Fund	1	3,200		3,200	0.00
- Trustee Shell Pakistan DC Pension Fund	1	8,130		8,130	0.01
- Trustee Shell Pakistan Management Staff Pension Fund	1	10,350		10,350	0.01

Categories of Shareholders	Numbers	Shares held	Pending Shares***	Total Shares	%age
- Trustee Shell Pakistan Staff Pension Fund	1	140		140	0.00
- Trustee The Kot Addu Power Co. Ltd. Employees Pension Fund	1	3,990		3,990	0.00
- Pakistan Herald Publications (Pvt) Ltd. Staff Pension Fund	1	1,000		1,000	0.00
- Trustee Pak Herald Publications (Pvt) Ltd. Staff Pension Fund	1	2,800		2,800	0.00
- Trustee Nestle Pakistan Ltd Managerial Staff Pension Fund	1	32,361		32,361	0.03
- CDC - Trustee AGIPF Equity Sub-Fund	1	1,330		1,330	0.00
- CDC - Trustee AGPF Equity Sub-Fund	1	1,100		1,100	0.00
- CDC - Trustee Pakistan Pension Fund - Equity Sub Fund	1	1,620		1,620	0.00
- CDC- Trustee Alhamra Islamic Pension Fund - Equity Sub Fund	1	9,880		9,880	0.01
Shareholders holdings 5% or more voting interest	**				
- Local Individuals	1,949	4,157,445		4,157,445	3.77
- Foreign Individuals	2	36,686		36,686	0.03
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	56	603,387		603,387	0.55
- Executives	4	15,965		15,965	0.01
- Foreign Companies	26	685,717		685,717	0.62
- Others	106	2,157,513		2,157,513	1.96
	2,291	109,641,636	608,364	110,250,000	100.00
* **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	15,965	-		15,965	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
-	-	-	-	-

*** 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.

Directors' REPORT

We are pleased to present our report together with the audited financial statements of the Company and the Auditors' report thereon for the year ended June 30, 2018.

FINANCIAL RESULTS

The profit and appropriations for the year are as follows:

	Rupees inthousand
Profit	
Profit for the year after taxation	15,374,340
Other comprehensive loss	(91,847)
Un-appropriated profit brought forward	12,748,733
	28,031,226
Appropriations	
Final dividend @ 22% for the year ended June 30, 2017	(138,805)
First interim cash dividend @ 35% for the year ended June 30, 2018	(385,875)
Undistributed Percentage Return Reserve	(220,418)
Self-insurance reserve	(1,000,000)
Total for the year	(1,745,098)
	26,286,128

Gross sales for the year under review increased to Rs. 100,043 million from Rs. 96,776 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. 70,409 million against Rs. 74,298 million, in the last year. The operating expenses were Rs. 9,985 million as against Rs. 7,450 million for the last year.

The operating results in the financial statements for the year show profit for the year of Rs. 15,374 million as against Rs. 9,136 million of the previous year. Increase in net sales and finance income and decrease in other expenses were the major reasons for increase in profitability. This was offset with increase in royalty, operating expenses, other charges and provision for taxation.

Earnings per share (EPS) for the year increased to Rs. 139.45 per share as compared to last year's Rs. 82.87 per share. EPS on the basis of distributable profits increased to Rs. 6.44 per share from Rs. 5.91 per share for the last year.

The rate of return to the shareholders for the year has increased to 44.40% against last year's 42.59%, which is in proportion to increase in production level.

CASH FLOW STRATEGY

Cash and cash equivalents were Rs. 15,706 million as against Rs. 6,928 million in the previous year. During the year, an amount of Rs. 20,225 million was generated from operating activities of the Company which was used mainly to undertake exploration activities, capital expenditures and repayment of long term loans.

DIVIDENDS

The Company has declared an interim dividend @ Rs. 3.50 per ordinary share (35%) for the year ended June 30, 2018. Further, final cash dividend @ Rs. 2.20 per share (22%) for the year ended June 30, 2017 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 and crude oil from its Mari Field and other joint ventures for the financial year 2017-18 in terms of energy equivalent was 34,023,810 barrels (2017: 32,316,176 barrels). This has resulted in foreign exchange saving of around Rs. 237 billion (2017: Rs. 172 billion) for the current year assuming an average crude oil price of US$ 62.90 per barrel and average foreign exchange rate of US$ = Rs. 110.59 during the year (2017: average crude oil price of US$ 50.69 per barrel and average foreign exchange rate of US$ = Rs. 104.75).

In addition, MPCL contributed around Rs. 70,409 million to the Government exchequer during the year (Rs. 74,298 million during 2016-17) mainly on account of gas development surcharge, gas infrastructure development cess, sales tax, excise duty, royalty and income taxes.

OPERATIONS

The Company in continuation of its longstanding tradition, continued un-interrupted gas supply to all its customers during the year 2017-18.

A cumulative 243,403 MMSCF of gas at a daily average of 667 MMSCF and 17,369 barrels of condensate (48 barrels per day) were produced from Mari Field during the year as against 231,147 MMSCF of gas at daily average of 633 MMSCF and 16,149 barrels of condensate (44 barrels per day) for the corresponding year as per the requirement / withdrawal of the customers.

In addition, 426,581 barrels of crude oil (1,169 barrels per day), 99,870 barrels of condensate (274 barrels per day) and 13,752 MMSCF of gas (38 MMSCF per day) was produced and sold from joint ventures during the year, whereas 461,771 barrels of crude oil (1,265 barrels per day), 76,161 barrels of

Production Operations at Ghauri Block

condensate (209 barrels per day), 12,688 MMSCF of gas (35 MMSCF per day) and 20 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, Pak Arab Fertilizers Limited, EGAS (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	65%	MPCL
6	Sukkur block	58.82%	MPCL
7	Ziarat block	60%	MPCL
8	Harnai block	60%	MPCL
9	Peshawar East block	98.16%	MPCL
10	Bannu West block	55%	MPCL
11	Hala block	35%	PPL
12	Shah Bandar block	32%	PPL
13	Block 28	95%*	OGDCL
14	Kohlu block	30%	OGDCL
15	Kalchas block	50%	OGDCL
16	Kohat block	20%	OGDCL

* Transfer of operatorship of the block from OGDCL to MPCL is in progress.

OPERATIONAL EXCELLENCE

Hydrocarbon production levels from all company operated fields have been managed optimally, which resulted in enhanced overall production in FY 2017-18. Although the field production rates are naturally declining due to depletion, however, productivity has been enhanced through minimizing the plant and equipment downtime and ensuring maximum availability of equipment by efficient utilization of manpower and resources. Asset integrity surveys were blended with professional experiences and technological usage to find advance solutions for up keeping the health of assets.

A well-planned and efficiently executed shutdown ensures a safe and reliable process.

Sujawal Annual Turnaround (ATA)

First ATA of Sujawal plant was performed from 8th – 14th July-2017 (7 days) against 11 target days. ATA has resulted into enhanced life of production and processing equipment. This has been manifested by the fact that zero unscheduled outage on processing plant has been noted since ATA.

Challenges

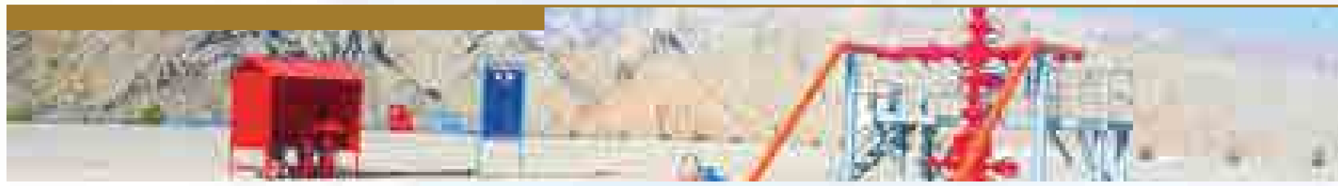
- Limited time span to cover plant activities
- Welding, Fabrication and Crane Operations in cramped area

Zarghun Annual Turnaround

First comprehensive ATA of Zarghun field was started on 1st July for target duration of 11 days. On-spec gas supply resumed to customer on 6th July (5 days ahead of planned date).

Challenges

- Limited time span to cover plant activities
- Unavailability of backup support due to remoteness of field
- Limited vendors willing to perform the job due to remote area



HIGHEST PRODUCTION

MPCL produced 770 MMSCF gas from all operated fields on January 30, 2018, which is the highest ever daily production level attained. This volume of gas is equivalent to 101,000 Barrel of crude oil in terms of energy equivalence.

PLANNED/DRILLED WELLS 2017-18

Operated blocks and D&P Leases

Well	Type	Block / Field	Status
Tipu-1	Exploratory	Mari Field	Gas discovery in B Sand
Azadi-1	Development	Mari Field	Gas producer in B Sand
Bhitai-5	Appraisal	Mari Field	Gas producer in SML
Dharian-1	Exploratory	Ghauri	Drilling is in progress
Sufi-1	Exploratory	Sukkur	Drilled and temporarily suspended for future evaluation
Bolan East-1	Exploratory	Ziarat	Wireline logs have been acquired and preparations are in progress to conduct testing
Shaheen-2	Appraisal	Mari Field	Location stacked and well shall be drilled during 2018-19
19 HRL Wells	Development	Mari Field	Wells stacked: 6 (Mari-102, Mari-103, Mari-104, Mari-105, Mari-106, Mari-107) Drilling completed: Mari-102 and Mari-103 Drilling in progress: Mari-104

Non Operated blocks

Well	Type	Block / Field	Status
Zarbab X-1	Exploratory	Hala	Drilled and suspended
Benari X-1	Exploratory	Shah Bandar	Drilling in progress
Qamar X-1	Exploratory	Hala	Preparations are in progress to conduct testing

At the beginning of the year 2017-18, 13 wells were planned including firm and contingent as per best industry practices. Out of which 3 contingent wells namely; Sheikhan South-1, Prospect-3 and Surghar X-1 required further de-risking before firming up and placing the well. Accordingly, plan was revised to drill 10 wells as part of the 2017-18 drilling campaign. However, drilling of Shaheen-2 was carried forward to 2018-19 for arranging LLIs as it was planned to be drilled as a dual lateral well. In addition, 19 development wells have been planned back to back in Mari D&P Lease to extend production plateau of Habib Rahi reservoir, out of which Mari 102 well was spud-in during 2017-18.

SEISMIC DATA ACQUISITION 2017-18

Details of the Company plan to acquire 2D and 3D Seismic data and actual data obtained are as follows:

Operated

Sukkur Block:

Planned: 617 Line km (Firm) and 214 Line km (Contingent) 2D

Actual: 758.76 Line km 2D seismic data acquisition has been completed on December 03, 2017.

Bannu West Block:

Planned: 3D: Zipper-I: 672 sq. km and Zipper-II: 178 sq. km

2D: 285 Line km (Firm) and 100 Line km (Contingent)

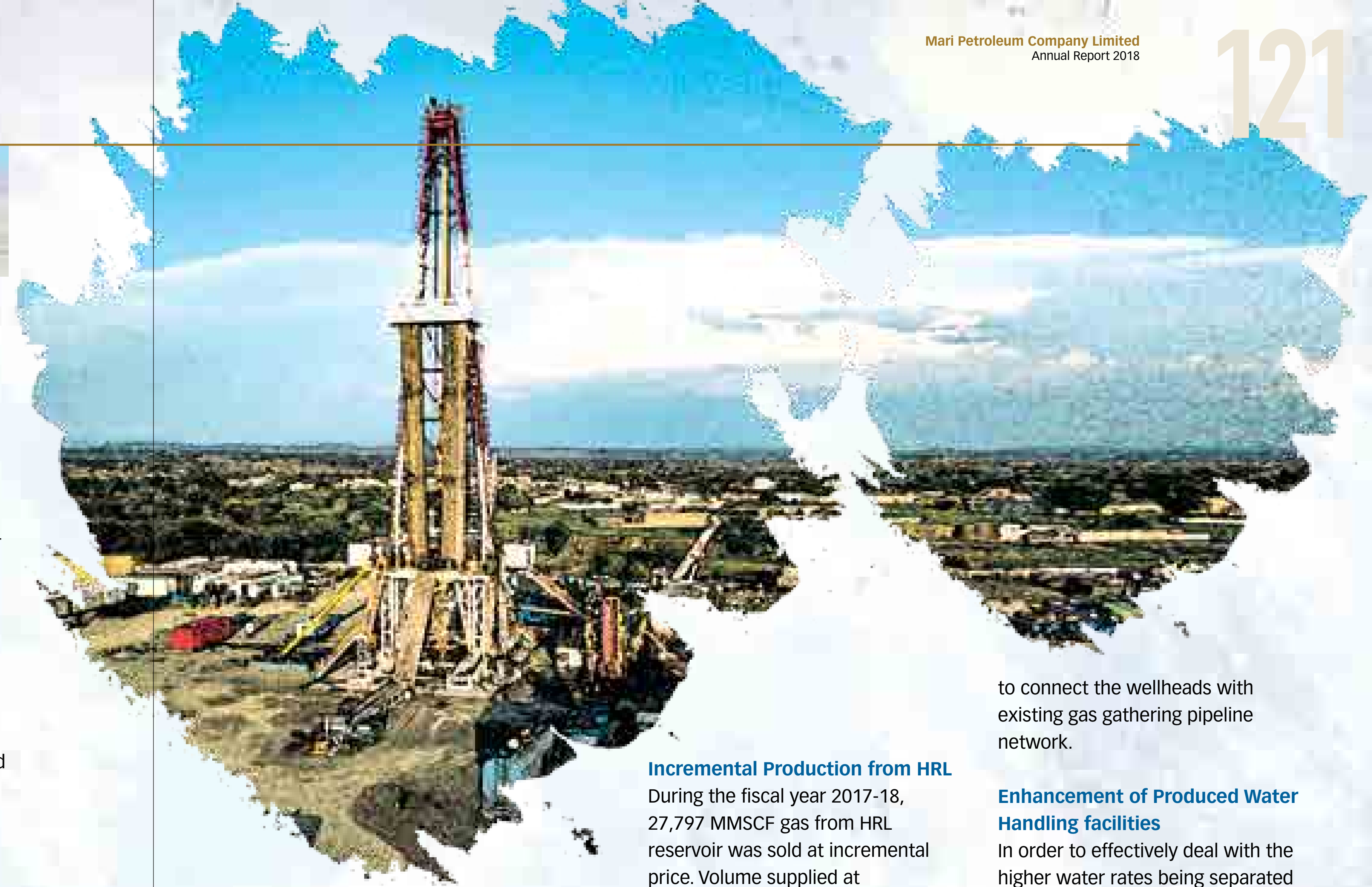
Actual: Acquisition of 99 line km 2D seismic data completed on April 3, 2018. Parameter testing for 3D seismic data has been completed and recording has commenced. Currently, 62 sq.km 3D seismic data has been acquired as of August 20, 2018.

Non-Operated

Kalchas Block:

Planned: 306 Line km (Firm) and 119.5 Line km (Contingent) 2D

Actual: Bids for acquisition of seismic data received on December 26, 2017. Three vendors i.e. M/s BGP, M/s Senshe and M/s Sino Geophysical have submitted their bids. Currently, Bid evaluation is in progress.



MARI D&P LEASE

Golden Jubilee of Uninterrupted Gas Supplies From Mari Field Daharki

22nd of December is of great significance for Mari Field Daharki, as the field started its journey of gas sales on December 22, 1967 and completed 50 years of uninterrupted gas supplies on December 22, 2017.

We started this voyage with a meagre production of 6 MMSCFD and now have attained the production capability of about 900 MMSCFD. Irrespective of the daily plateau vis-à-vis volume, we remained committed to meet the requirement of downstream customers and served them 24/7 and that too without availing any scheduled outages permitted in the GSA.

Incremental Production from HRL

During the fiscal year 2017-18, 27,797 MMSCF gas from HRL reservoir was sold at incremental price. Volume supplied at distinguished price supported in generation of Rs. 10.5 billion of revenues.

HRL Plateau Maintained

Persistent measures are being taken to extend the full production plateau of Habib Rahi Limestone formation. In view of the preceding resolve, drilling of 19 additional development wells is planned. The wells in HRL formation shall help in uniform depletion, enhanced and sustained production, effective reservoir management and revenue generations for another 4 ~ 5 years against the incremental price.

The drilling campaign has been triggered in the month of June 2018. Production facilities engineering design has already been completed for all 19 wells. The project involves the installation of 30 km loop lines and 20-25 km of spur lines in order to connect the wellheads with existing gas gathering pipeline network.

Enhancement of Produced Water Handling facilities

In order to effectively deal with the higher water rates being separated at manifolds since enhancement of production in 2016, two additional knock-out-drums (KOD) 60" & 64" have been installed at CMF-I and CMF-II respectively. These large sized KODs were designed in-house and installed through utilization of indigenous field resources. With the installation of additional knockout drums and the associated headers, the gas handling capacity of both the central manifolds is increased from 525 to 725 MMSCFD.

Gas Sales from SML/SUL Structure

After the MOU was signed with Pak Arab Fertilizers Limited for supply of 35 MMSCFD gas from SML/SUL wells including Shaheen and Shahbaz wells, the development activities were immediately started for interconnection of 5 wells, construction of pipeline infrastructure and gas delivery station at CMF-II in Daharki field. The project was completed well in-time and company was ready to supply gas to Pak Arab Fertilizer Limited since April 15, 2018. The hallmarks of the project was the utilization of in-house resources for construction and engineering works, which could have led to about 60% more cost, had the same been outsourced.

Gas Sales from Goru-B (Tipu Field)

MPCL signed an MOU with Pak Arab Fertilizers Limited for sales of 40 MMSCFD gas from new finds in Goru-B reservoir under the name of Tipu field. In order to meet the daily production level, second well (Tipu -2) shall be added in future to maintain the plateau. Gas is accepted by customer on raw compositional basis thus saving the Company from investing in gas processing facilities at gathering station. However, wellhead facilities and pipeline infrastructure within the field premises shall be constructed by the Company. First gas is expected to be produced by March 2019.

Gas Sales from Goru-B (44 MMSCFD)

44 MMSCFD low BTU gas from Goru B reservoir is currently available and unutilized as it has not been taken by Star Power since 2009. The Company offered said volumes to SNGPL on unprocessed, raw gas terms to which the customer submitted their acceptance. The Company shall carry out wellhead construction and interconnection gathering pipelines, however, the downstream gas sales line of around 23 km from CMF-II to tie-in point of SNGPL shall be constructed by customer. This project shall connect Company's production facilities with national grid. This will result in additional cash inflows due to sales of unutilized gas resource. Both the companies are pursuing the case for gas allocation with GOP for early resolution.

Liquid CO_2 Plant

The installation and setup of Liquid CO_2 Plant to produce and sell Liquid CO_2 from gas produced at Daharki was part of the business diversification strategy of the Company. Accordingly, a conceptual/ feasibility study was undertaken to determine the type of processes involved for Liquid CO_2 generation and subsequently a life cycle based economics study on the proposed options was conducted to determine the best solution (both technically and commercially) for the production of Liquid CO_2.

Based on the outcomes of the study, the Company has engaged an engineering consultancy firm to undertake Front End Engineering Study (FEED). The scope of the firm includes submission of deliverables that shall allow the Company to proceed with the hiring of EPC contractor for deliverance of Liquid CO_2 project on turnkey basis.

Exploratory Well Tipu-1

Exploratory Well Tipu-1 was spud in on July 05, 2017. The well was drilled successfully to total depth of 3936M within the planned period of 94 days.

First three sections (26", 17 ½" and 12 ¼") were drilled, cased and cemented as planned while 8 ½" section was successfully drilled, logged and subsequently plugged on the basis of logs evaluation. This resulted in saving of liner and associated equipment amounting to USD 650,000. Moreover, several subsurface challenges were faced during drilling. These included simultaneous loss/ gain situation, string stuck and multiple fishing occurrences. These were successfully handled through improvisation of technology and experienced manpower in shortest downtime, leading to substantial savings against otherwise loss in terms of side-tracking the well.

During the DST of primary target 'B Sands in Lower Goru Formation', well flowed natural gas with the potential of 15.5 MMSCFD gas @ 2152 Psi flowing pressure at 40/64" choke size. Gas heating value ranges between 450-462 BTU/SCF.

Development Well Azadi-1

In order to appraise southern side of Lower Goru 'B' Sand, well Azadi-1 was spud-in on September 30, 2017 and successfully drilled down to the total depth of 2,995 M. Well was drilled, tested and completed in 61 days against planned 81 days resulting in savings of approximately USD 3.5 million. Well testing revealed production potential of 18.3 MMSCFD gas along with 12 barrels of condensate at 40/64" choke with 2472 psi WHFP.

Appraisal Well Bhitai-5

In order to further appraise SML formation, well Bhitai-5 was spud in on December 11, 2017 and was successfully drilled to the target depth of 1,180 M. Well was drilled and cased in 16.65 Days against 22 planned days. Two separate DSTs were conducted. DST-1 was carried out in SML formation and after acid stimulation, well flowed 6.03 MMSCFD gas at 40/64" choke size with 729 psi WHFP. DST-2 was carried out in SUL formation and after acid stimulation, well has flowed 3.42 MMSCFD gas at 40/64" choke size with 428 psi WHFP. Well was

completed in both formations using straddle completion technique. SUL formation was kept behind Sliding Sleeve Door (SSD) while well can be produced from SML formation in the current completion scenario.

Shaheen-2 Appraisal Well

Shaheen-2 appraisal well in Mari D&P Lease was stacked on ground on December 30, 2017 to appraise Shaheen Compartment at SML and SUL reservoirs levels. The spud-in of well is expected during December 2018.

Well Mari-102

The well was spud-in on June 23, 2018. Well has been drilled down to the depth of 784m and completed as gas producer in HRL reservoir. The well is a part of 19 development wells planned to extend production plateau of Habib Rahi reservoir.

Wells Mari 103, Mari 104, Mari 105, Mari 106 and Mari 107

These wells were stacked on ground on June 25, 2018 to be drilled back to back. The well Mari 103 was spud-in on July 24, 2018 and has been drilled down to the depth of 751M and completed as gas producer in HRL reservoir.

The well Mari-104 was spud-in on August 13, 2018. Well has been drilled to the depth of 360M as of August 17, 2018 and further drilling is in progress.

Tipu-2

Tipu-2, appraisal well has been stacked on ground on June 25, 2018. The well will be drilled down to the depth of ± 2860M to appraise the Tipu-1 discovery area at Lower Goru B sand reservoir. Spud-in of well is expected during end of September 2018.

G&G Studies

Integrated G&G study was conducted to evaluate the stratigraphic and remaining conventional potential of Mari D&PL area at following Horizons:-

- PKL
- SML/SUL
- Lower Goru B Sand
- Sembar
- Conventional Exploration Potential in Chiltan

The study results revealed possible additional potential of Mari D&P Lease, accordingly based on its recommendations, PSDM reprocessing of 3D seismic data and core sedimentology study for sweet spot identification have been planned.

SUJAWAL D&P LEASE

First Gas from Aqeeq-1 – Sujawal D&P Lease

Fourth well in Sujawal block, Aqeeq-1, was drilled and completed in April 2017. The well was tested successfully for the production of 4.8 MMSCFD gas and 15 barrels of condensate from Goru "A" Sand formation.

In order to target early revenue generation from the new find, the possibility of transporting gas from Aqeeq-1 to Sujawal X-1 through construction of pipeline and to get this gas treated and compressed at Sujawal CPF was evaluated. This was found technically and commercially the best option. Construction of 6" diameter pipeline of 5.5 km from Aqeeq-1 to Sujawal CPF was a challenge to complete in 10 days under highly wet conditions of ROW in presence of paddy crops and irrigated fields all along. However, owing to prudent planning, these record targets were achieved well in time. After integrating Aqeeq-1 at Sujawal CPF and convincing SSGCL for immediate acceptance of gas under their conditions of high pressure supply, the first gas was produced on November 08, 2017 @ 4.8 MMSCFD.

OPERATED BLOCKS

Karak Block

G&G Studies

Based on the interpretation of processed and reprocessed data and its integration with available G&G data, Surghar Prospect has been firmed up for drilling of fourth exploratory well in the block. The well is expected to be spud-in by April/May 2019 and its results are expected in 2019-20. The stacking of fourth exploratory well over Surghar Prospect is planned in August 2018.

Ghauri Block

G&G Studies

Based on acquisition of 456 sq km 3D seismic data, two prospects namely, Dharian and Miraj have been finalized for back to back drilling. Drilling of exploratory well Dharian-1 is in progress while civil works for exploratory well Miraj-1 have been completed. Miraj-1 will be spud-in after completion of Dharian-1 well. DGPC has granted extension till October 31, 2018 in Phase-II of exploration license for completion of Dharian-1 Well.

Ghauri Joint Venture is planning to acquire 100 sq. km 3D seismic data over the Harno West lead to firm up as prospect or otherwise. Seismic data acquisition is planned from October 2018 and expected to complete by early December 2018. It shall be followed by processing, interpretation and G&G data integration for placing exploratory well or otherwise.

Exploratory Well Dharian-01

Second exploratory Well Dharian-1 in Ghauri Block was spud-in on December 21, 2017 with targeted vertical depth of 4,900 meters and estimated well cost of USD 23.7 million. The well is planned to be drilled, tested and completed in 293 days with the objective to test the hydrocarbon potential of multiple reservoir rocks from Cambrian to Eocene age. A number of formations shall be tested during DST including Sakesar, Khewra, Lower Part of Murree, Chorgali, Lockhart, Tobra and Kussak, with primary target as Sakesar and Khewra. Based on VSP and its integration with seismic data, Dharian-1 has been side tracked to the northeast direction with objective to target the encounter of anticipated reservoirs in the borehole. Window for Dharian-1 ST-1 was cut at 3316M TVD, resultantly; total depth of well has been revised from 4900M (TVD) to 5675M (MD). Currently, drilling of Murree Formation at a depth of 4062M TVD and 4217M MD is in progress as of August 17, 2018.

Miraj-1

Miraj-1, third exploratory well in Ghauri Block, has been stacked on ground on March 01, 2018 to test the hydrocarbon potential of multiple reservoirs from Eocene to Cambrian Age rocks down to the depth of ±5500 M. The well is expected to be spud-in after completion of Dharian Well-1.

Sukkur Block

G&G Studies

Based on in-house data evaluation, a lead namely; Mian Miro has been identified at Lower Goru / Sembar Sands level in the block, which will be firmed up or otherwise on 3D seismic data. Accordingly, preparations are in process to acquire 370 sq. km 3D seismic data over the identified lead.

Processing/reprocessing and interpretation of ~2739 Line km 2D seismic data is in progress, which will be followed by G&G data integration to firm up identified leads at SML level or otherwise. DGPC has granted six months extension till October 20, 2018 in third year of Phase-I of exploration license.

Exploratory Well Sufi-01

Fourth exploratory well Sufi-1 in Sukkur Block was spud-in on March 16, 2018. The well was successfully drilled down to the depth of 2,350 meter. The primary targets for this well were SML and Lower Goru formations. Based on wireline logging and MDT results, well has been temporarily suspended for future evaluation. The well was completed in ~28 days within the planned duration and budget. Rig was released on April 13, 2018. The complete project encompassing the planning and engineering works, arrangement of LLIs and miscellaneous drilling services, site preparation and drilling operations etc. were completed on fast track basis in 3 months.

Ziarat Block

Exploratory Well Bolan East-1

Well Bolan East-1 in Ziarat Block was spud-in on May 22, 2018 with the targeted depth of 1,550 meter to test the hydrocarbon potential of Dunghan, Mughalkot and Chiltan formations. Severe mud losses at 1,296 M depth coupled with a gas kick resulted into a challenging well control situation. Accordingly, well was sidetracked and drilled down to a total depth of 1,500 M into Chiltan formation. Currently, wireline logs have been acquired and preparations are in progress to conduct testing.

NON-OPERATED BLOCKS

Hala Block

Qamar X-1

Based on the interpretation of newly reprocessed 525 sq km 3D seismic data coupled with seismic inversion study and integration of available G&G data, location of seventh exploratory well Qamar X-1 was finalized.

The well was spud-in on June 28, 2018 to test the hydrocarbon potential of Lower Goru Massive sand down to the total depth of +4550m. Currently, the well has reached its total depth of (TD) 4607 M (MD) and 4564.5 M (TVD) into Massive Sand as of August 17, 2018. Based on the wireline logging and its interpretation, Massive Sands is interpreted as worth for testing. Accordingly, preparations are in progress to conduct testing.

Shah Bandar Block

Benari X-1

The well was spud-in on May 22, 2018 to test the hydrocarbon potential of Upper & Massive sands of Lower Goru formation down to the total depth of ±3776M (MD). Currently, the well has been drilled down to the depth of 3484M (MD) into Massive Sand as of August 17, 2018.

After drilling of Upper Sands of Lower Goru formation, wireline logs were conducted, which upon interpretation and integration indicated encouraging results against Upper Goru A Sand level for conducting testing. Further, drilling is in progress down to the planned total depth to evaluate the hydrocarbon potential of Massive Sands.

Kohat Block

G&G Studies

Advance reprocessing of ~319 sq km 3D and ~240 Line km 2D seismic data is in progress at M/s GRI China. Initial PSTM data has been received. After the review of initial volume, comments have been provided to operator to improve the data quality. The interpretation of finalized volume will be carried out subsequent to the final processing to firm up / finalize the location of exploratory well or otherwise.

EXPLORATION PORTFOLIOS EXPANSION–LOCAL & INTERNATIONAL

In order to achieve long term sustainability, growth and to target the depleting reserves, MPCL is aggressively pursuing expansion of its exploration portfolios, both locally as well as internationally. Out-look of acreages being pursued is given as below:-

- Tullow Blocks: DOA for transfer of Tullow's entire W.I in Bannu West (20%), Block 28 (95%) and Kalchas (30%) has been approved by DGPC.
- Ghauri (30%): DOA for transfer of 30% MOL's W.I to MPCL has been approved by DGPC.
- Kohat Block: MPCL agreed to acquire Tullow's share on pro-rata basis (13.33%) as per provisions of Article 7.3 of Kohat PCA and Article 13.1 of Joint Operating Agreement for which approval of DOA by DGPC is in progress.
- Bela West Block: PPL's BoD has approved farm-out of 25% W.I. to MPCL which shall be followed by execution of Farm Out Agreement and approval of DOA by DGPC.

International Blocks/Countries

MPCL is continuously evaluating selected International Blocks/ Countries for possible farm-in opportunities. Currently, various international blocks with different E&P Companies are being evaluated.

MARI SERVICES DIVISION (MSD)

MSD is well poised to cater for growing services requirements, consisting of state of the art technology drilling rigs, 2D/3D seismic data acquisition unit, 2D/3D seismic data processing unit along with AVO Inversion services by maintaining world class quality as per international oilfield standards.

Mari Seismic Services Unit (MSU)

MSU successfully acquired 758.76 Line km 2D data in the challenging terrain of Sukkur block during August to December 2017.

MSU mobilized its crew/unit to acquire 2D followed by 3D seismic data acquisition in Bannu West block. Mobilization completed in January 2018, after which acquisition of 2D Seismic data of 99 Line km (Phase 1) commenced in February 2018 and got completed in April 2018. MSU is now engaged in acquiring 3D data in Bannu West block.

Vibroseis Truck at Bannu West Block

Mari Drilling Services Unit (MDU)

Rig Mari 1 (1500HP) spud Azadi-1 well on September 30, 2017 and completed the well to target depth of 2,995 meters. Rig Mari 1 was released from Azadi-1 well on November 30, 2017 and was mobilized to Bhitai 5.

Rig Mari 1 spud Bhitai-5 development well on December 11, 2017 which was completed on January 11, 2018.

Rig Mari 1 was mobilized from Bhitai-5 in Mari D&P Lease to Sufi-1 exploration well in Sukkur block and after reaching depth of 2,350 meters, rig was released on April 13, 2018. Bolan East-1 was spud by Rig Mari 1 on May 22, 2018. Currently, drilling is in process.

Rig Mari 3 (2500HP) was mobilized in July 2017 to Tipu-1 exploration site which was spud on July 5, 2017 and drilled to depth of 3,936 meters. Tipu-1 was completed on October 22, 2017. The rig was mobilized in first week of December 2017 from Mari D&P Lease to Ghauri block.

Rig Mari 3 spud Dahrian-1 exploration well on December 21, 2017. Currently, drilling is in process.

Mari Seismic Processing Services Center (MSPC)

MSPC processed around 2,700 Line kms Time processing of seismic data of Sukkur Block and 1,080 sq. km of 3D depth imaging of seismic data of Mari D&P Lease. MSPC completed Pre stack deterministic inversion of Sujawal-3D during first week of March 2018. Pre stack inversion work of Mari-3D commenced on March 26, 2018 and priority area has been processed and delivered in June 2018 while the remaining project is still in process.

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 indisputably lies in the quality of their human resource. In MPCL, the basic and most valuable intangible but indefatigable asset is its human capital. Human Capital is not just the people working in an organisation; rather, it is a fine blend of their experience, attitudes, abilities, culture and skills etc. The Company makes all out efforts to provide conducive working environment to increase the efficiency graph of the employees with a view to optimising on its fortes and projecting its repute country wide.

INFORMATION TECHNOLOGY

The company focuses strongly towards heightened collaboration between its technical and functional areas which helps steer the selection and implementation of its information systems. The implementation of information systems provides greater integration amongst cross-functional teams to induce effective planning, coordination and decision making during various E&P related activities.

Our exploration and reservoir departments use industry leading G&G interpretation and reservoir modeling software suites developed by renowned companies like

Schlumberger and Halliburton. Integrated workflows provide geophysicists and geologists with critical collaborative capabilities that yield better geological insights. These systems help improve discoveries' success rates and make the Company well distinguished in the E&P sector.

Accurate and quality data availability is the life blood of Exploration and Production (E&P) companies. They need to handle large data volume for analysis, correct selection of drilling targets, and efficient management of oil and gas producing reservoirs. Effective E&P data management plays a crucial role in meeting these objectives. Implementation of state of the art integrated E&P data management system has led MPCL to the introduction and adoption of industry's best practices regarding standardized data management related workflows in the Company. The system is helping exploration, operation and reservoir professionals for effective planning, coordination and timely decision making during E&P related lifecycle.

HSE Workshop at Guns Club, Islamabad

HEALTH, SAFETY AND ENVIRONMENT (HSE)

In MPCL, assessment and continuous monitoring of HSE is considered an important step to ensure that our facilities are reliable and available. Likewise, there are KPIs for performance assessment of Occupational Health, Safety and Environment Management (HSE). Selection of the KPIs to establish the required benchmarking leading to better loss control management was deliberated among the management team and implemented to satisfy the statutory compliance as well as IMS requirements. Being IMS certified company where activities like exploration, well completion, production, maintenance, pipeline network and all associated services are available and undertaken in-house, the selection of the performance parameters and assessment system adopted, are required to be very elaborate and comprehensive.

In order to be cost effective, we adopted one umbrella approach while adding new facilities to certification scope. By following this practice, we are saving USD 21,000 annually. A company with individual certification of facilities maintains the certification for other facilities; one major non-compliance can jeopardize the whole certification process. Our manpower and facilities have also grown three times as compared to 2010, thereby increasing the Risk of Non-compliance to HSEQ Standards; but Management Commitment, consistent HSEQ awareness campaigns and ownership of HSE by employees have been the major factor in achieving this huge challenge of maintaining the standard requirements.

The number of injurious incidents significantly reduced in 2017-18. While maintaining HSE standards, we achieved Total Recordable Case Frequency (TRCF) of 0.11 against the target of 0.45. This is the best-ever combined (employee and contractor workforce) TRCF ever achieved by MPCL.

Impact of the Company's Business on the Environment

MPCL's production facilities went through a series of Environmental Risk assessments to identify any adverse impacts on the surroundings and accordingly mitigation measures were undertaken to bring the risk to an ALARP (As Low As Reasonably Practicable) level. All significant impacts identified were logged in the Environmental Aspect Registers to ensure timely action for protection of environment.

Our certification of facilities for Environmental standard ISO 14001 ensured that we are not exposed to any major Non-conformance. MPCL has shown strong commitment by establishing and upholding high environmental standards while at the same time pursuing capabilities and expertise towards softening impact of our E&P activities on communities and Flora & Fauna.

As in the past, we further enhanced our tree plantation campaign at all locations to conserve the ecosystem. Employees were encouraged to plant trees at their locations. Fruit Orchards were developed at our major facilities with indigenous fruit trees.

We ensured compliance to National Environment Quality Standards (NEQS) for disposal of liquid and solid waste at all locations. Environmental spills if any were immediately handled following the best industry practices.

One of the most important environmental challenges at Sujawal field was flaring of flash gases. To reduce the effect of global warming, Sujawal field is using flash gases as fuel gas in Reboiler of Amine Sweetening Unit. This allows us to save valuable energy, reduce the emissions and hence protecting the environment. Another environment friendly practice at Sujawal Field is removal of moisture from the raw gas in glycol dehydration unit (GDU) using TEG. This results in the absorption of BTEX components. BTEX refers to Benzene, Toulene, Xylene and Ethyl Benzene which is hazardous to expose and carcinogen in nature. In order to eliminate/mitigate the associated hazard, BTEX recovery system has been installed in conjunction with GDU to ensure safe disposal of BTEX and reduce the BTEX emissions from the plant.

Company has adopted the best industrial practices in waste management by the assistance of concerned external contract body. HSE team at all locations is supervising all types of waste handling.

MPCL has been awarded 2nd Prize in Oil, Gas and Energy sector for its HSE Performance by the Employer's Federation of Pakistan (EFP).

CORPORATE SOCIAL RESPONSIBILITY (CSR)

MPCL's CSR programme is distributed into four major categories:

- Annual CSR Obligations (Commitment as per Petroleum Concession Agreement (PCA): USD 30,000 per Block)
- Over & above Obligations
- CSR at Mari Field Daharki
- Production Bonus (funds allocated / deposited for Social Welfare Schemes, maintained with the concerned Local Administration)

2017-18 – At a Glance

MPCL CSR Strategy remains focused on provision of quality service delivery to its communities and sustainability of education, health & water related projects, in and around its areas of operations.

In respect of Social Welfare Obligations (SWOs), Rs. 69.40 million, as per the PCA, have been deposited into the respective Joint Accounts being maintained with the concerned District Administrations. Annual CSR spending for Mari Field was Rs. 112 million and Rs. 40 Million was spent for other significant projects (Over & above Obligations) in Islamabad.

INTERNAL CONTROLS

Internal Control Framework and Role of Internal Audit

In compliance of requirements of Listed Companies (Code of Corporate Governance) Regulations, 2017, the Board of Directors of the Company has set up Internal Audit function, which is headed by Head Internal Audit who reports to Audit Committee of the Board of Directors.

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 Company's assets.

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 Management directives are carried out effectively;

d) Information and Communication: Pertinent information is identified, captured and communicated in a structured form and time frame that enables people to carry out their responsibilities; and

e) Monitoring: Internal Control Systems is 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.

Access of Head of Internal Audit to Audit Committee

In accordance with the requirements of Code of Corporate Governance, Head of Internal Audit has direct access to the President and other members of the Audit Committee.

Comments in Respect of Adequacy of Internal Financial Controls (IFC)

The Company has a comprehensive IFC framework, commensurate with the size, scale and complexity of its operations. The framework has been designed to provide reasonable assurance with respect to recording and providing reliable financial and operational information, complying with applicable laws, safeguarding assets from unauthorised use, executing transactions with proper authorization and ensuring compliance with corporate policies and controls.

Based on the framework of internal financial controls established and maintained by the Company, work performed by the internal and external auditors and the reviews performed by Management and the relevant Board Committees, including the Audit Committee, the Board is of the opinion that the Company's internal financial controls were adequate and effectively implemented during the financial year 2017-18.

Directors' Responsibility in respect of Adequacy of Internal Financial Controls

The Board of Directors of the Company is responsible for ensuring that Internal Financial Controls have been properly designed and implemented in the Company and that such controls are adequate and operating effectively.

The controls, based on the prevailing business conditions and processes, have been tested during the year and no reportable material weakness in the design or effectiveness was observed. The framework on internal Financial Controls over Financial Reporting has been reviewed by the internal and external auditors.

Company's Risk Framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's Management Framework. The Company is in the process of constituting Risk Management Committee of the Board, which shall have defined Terms of Reference including development, review and recommendation of Risk Management Plan for approval of the Board.

The Company has also adopted a robust Risk Management Policy for self-regulated processes and procedures for ensuring the conduct of the business operations in an adequate Risk Management Environment.

Internal Control System

The Company has well-founded system of internal controls including Internal Financial Controls over Financial Reporting that facilitates efficiency, reliability and completeness of accounting records and timely preparation of reliable financial and management information. The internal control system ensures compliance with all applicable laws and regulations, promises optimum utilization of resources and protect the Company's assets and stakeholder's interests.

The Company has a properly laid down organisational structure and system of documenting processes, in form of Management System Procedures, to ensure orderly and efficient conduct of its business operations. The state-of-the-art ERP solution (SAP) has inbuilt controls including authorization controls. This further enhances control environment and provides seamless exchange of information with access controls. In addition, the Company has a Whistle Blower's Policy to address fraud and other wrongdoings at workplace.

As part of risk mitigation, the system of internal controls is reviewed on an ongoing basis and necessary improvements are effected to align with the changing business requirements.

COMPANY'S BUSINESS

Principal activities and the development and performance of the company's business during the financial year

The recovery of oil prices in the fiscal year has provided fuel for growth to all the E&P companies, and has impacted MPCL in the increase of revenues. Moreover, MPCL's strategy of optimum monetization of reserves resulted in the production increase and has increased the revenues. This fast track production from new discoveries has resulted in the allocation of 75 MMSCFD gas to Pak Arab Fertilizer Limited. During the year 2017-18, MPCL also applied for commerciality in the Aqeeq-1 and Halini field and has been granted Development & Production Lease over Koonj-1A discovery.

This increase in the production has been supported by a corresponding increase in acquisition of acreages to arrest the depletion of reserves. In view of above, MPCL acquired interest share from Tullow Pakistan in Bannu West Block (20%), Block-28 (95%) and Kalchas Block (30%). Moreover MPCL also acquired MOL's 30% interests in the Ghauri Block.

Any changes that have occurred during the financial year concerning the nature of the business of the company

There were no significant changes which significantly affected the Company's business in the financial year under review.

Main trends and factors likely to affect the future development, performance and position of the company's business

Company is constantly looking for avenues to hedge itself from the pricing risk that faces the E&P sector as a whole. In view of this, MPCL is exploring avenues in the energy sector that can add value to the Company while allowing company to avoid price related risks. Moreover, the company is also looking for acreages in the international market and is working on leads that can generate revenues for the company beyond national boundaries.

The feasibility study on MPCL's power project is also progressing and the Company aims to get the requisite regulatory approvals in place during the next fiscal year. The timely completion of MPCL's power project would provide a much needed diversified income stream to the company.

The company is also looking into the changing trends of the E&P sector and is aware of oil business outlook in the wake of developments which are taking place after the Paris accord. MPCL remains committed towards long-term investment in avenues that can help in protecting the global environment and adapt itself to the changing context hand-in-hand with the global community.

Principal risks and uncertainties facing the Company

The principal risks and uncertainties being faced by the Company emanate from depletion of reserves, crude oil prices and external regulations. In the absence of any major gas discovery during the past decade, the Country is facing a sharp decline in the remaining reserves of natural gas; which is the mainstay of our indigenous energy production. One of the major contributing reasons is the shortage of new exploration areas because of the delays in the bidding round for new blocks. Like all E&P companies in Pakistan, MPCL is also facing this challenge and needs additional acreage for new discoveries to reverse the reserves depletion trend.

Crude oil prices are driven by geo-political situations and all forecasts worldwide are based on the assumptions which might or might not hold true in the future. Independent analysts expect Brent spot prices will average $70-75/barrel in 2018-19. Upside price risks stem largely from the possibility of supply outages amid political upheavals and a market where petroleum inventories are lower than average and OPEC spare crude oil production capacity is low. Downside price risks stem largely from the demand side, because economic growth could be lower than expected and put downward pressure on oil demand growth and prices.

During the year 2017-18, MPCL didn't face any significant changes in petroleum related policies and regulations.

Future prospects of the Profits

MPCL is poised for sustainable growth in the foreseeable years ahead, where the prices and production are projected to be stable. The acquisition of new as well as additional interests in exploration/production blocks, as well as evaluating other possible opportunities of high reward frontier exploration acreages both locally and internationally, are poised to increase the reserves and enhance the production revenues and returns in the long-term. Moreover the recovery of oil prices which are projected to not sink to 2015 levels in at least the next couple of years, would increase the cash flow of the company with incredible opportunity to hedge, diversify and augment portfolio by reinvesting this increased cash flows into prospects that can provide a robust and sustainable returns for the shareholders.

MPCL is at advance stages of diversifying into low BTU power generation, processing carbon dioxide (a component of its produced gas) into marketable Food grade CO_2, as well as evaluating the potential of venturing into mid-stream and down-stream sector.

CORPORATE GOVERNANCE

Board Structure

S.No	Director *	Category
1.	Lt Gen Syed Tariq Nadeem Gilani (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 Javaid Iqbal Nasar (Retd.)	Non-executive director
6.	Brig. Raashid Wali Janjua (Retd.)	Non-executive director
7.	Mr. Sajid Mehmood Qazi	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. Manzoor Ahmed	Non-executive director
13.	Engr. S. H. Mehdi Jamal	Independent director

* Board consists of 13 male directors.

Lt Gen Khalid Nawaz Khan (Retd), Maj Gen Mumtaz Ahmed Bajwa (Retd), Mr. Sabino Sikandar Jalal and Mr. Shahid Ghaffar left the Board during the FY 2017-18.

Chairman of the Board other than the CEO

Lt Gen Syed Tariq Nadeem Gilani (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.

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
Audit Committee of the Board currently comprises of the following directors:

Director	Designation
Engr. S.H. Mehdi Jamal	President (independent director)
Mr. Qaiser Javed	Member
Mr. Shahid Yousaf	Member
Mr. Ahmed Hayat Lak	Member
Mr. Manzoor Ahmed	Member

Technical Committee:

Composition
Technical Committee of the Board currently comprises of the following directors:

Director	Designation
Brig. Raashid Wali Janjua (Retd)	President
Maj Gen Javaid Iqbal Nasar (Retd)	Member
Mr. Qazi Mohammad Saleem Siddiqui	Member
Mr. Sajid Mehmood Qazi	Member
Mr. Zahid Mir	Member

HR and Remuneration Committee

Composition
HR and Remuneration Committee of the Board currently comprises of the following directors:

Director	Designation
Engr. S.H. Mehdi Jamal	President (independent director)
Dr. Nadeem Inayat	Member
Mr. Zahid Mir	Member

Annual Evaluation of the Performance of the Board, Board's Committees and Individual Directors Along With Description of Criteria used

In line with the requirements of clause 10 (v) of Listed Companies (Code of Corporate Governance) Regulations 2017, a formal and effective mechanism is in place for annual evaluation of the Board's own performance, Members of the Board and of Board's Committees.

Mechanism for Board's 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 the Board and its Committees, Functions and Performance of the Board and its Committees, Governance Structure and Practices, and Company Performance Monitoring System.

Mechanism for Board's Committees' Evaluation was approved by MPCL Board in its Meeting held on April 16, 2018. Committees' Self Evaluation Template consists of 15 Performance Factors pertaining to the Composition of the Committee, Mandate and Functioning of the Committee, Role of Committee's Chairman, General Atmosphere and Contribution of Committee Members.

Mechanism for Individual Directors Evaluation was approved by MPCL Board in its Meeting held on May 31, 2018. Individual Director's Self Evaluation Template consists of 24 Performance Factors which provide Directors with an opportunity to reflect upon their own competencies, their role, behavior, contributions and performance as Member of the Board.

In addition to the Identified Factors, Directors can also provide their subjective comments in the Comments Section of the Templates.

Board Evaluation Template and Individual Director's Template are forwarded to all Board Members, while Committees Evaluation Template is forwarded to Members of the respective Committees. The Directors are requested 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.

Directors' Remuneration Policy

As per Board's approved Directors' Remuneration Policy, non-executive directors are entitled to receive a fixed fee for attending each Board and Committee meeting. The fee is determined by the Board and revised from time to time. No fee is paid to the executive directors. Further, no fee is paid for attending General Meetings of the Company. No extra payment is made on account of being an Independent Director, Chairman of the Board or President of a Committee. All directors are also entitled to receive travelling and daily allowances as per approved MSP (Travel & Transfer-Management Employees), when on the Company business.

PATTERN OF SHAREHOLDING

A statement showing the pattern of shareholding as at June 30, 2018 is attached.

MANAGEMENT'S RESPONSIBILITY TOWARDS THE PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

CODE OF CORPORATE GOVERNANCE (CCG)

The Securities and Exchange Commission of Pakistan (SECP) has issued Listed Companies (Code of Corporate Governance) Regulations, 2017 to establish a framework of good corporate governance whereby every listed company is managed in compliance with the best practices.

The Company makes every effort to achieve full compliance with the Best Practices of CCG. The Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 prepared by the Board of Directors of the Company is also reviewed and verified by the External Auditors of the Company.

POST STATEMENT OF FINANCIAL POSITION EVENTS

The Board of Directors in its meeting held on August 30, 2018 have proposed (i) final cash dividend for the year ended June 30, 2018 @ Rs. 2.5 per share, and (ii) issuance of Bonus Shares in ratio of one share for every ten shares held (i.e. 10%), for approval of the members in Annual General Meeting.

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, 2019.

ACKNOWLEDGEMENT

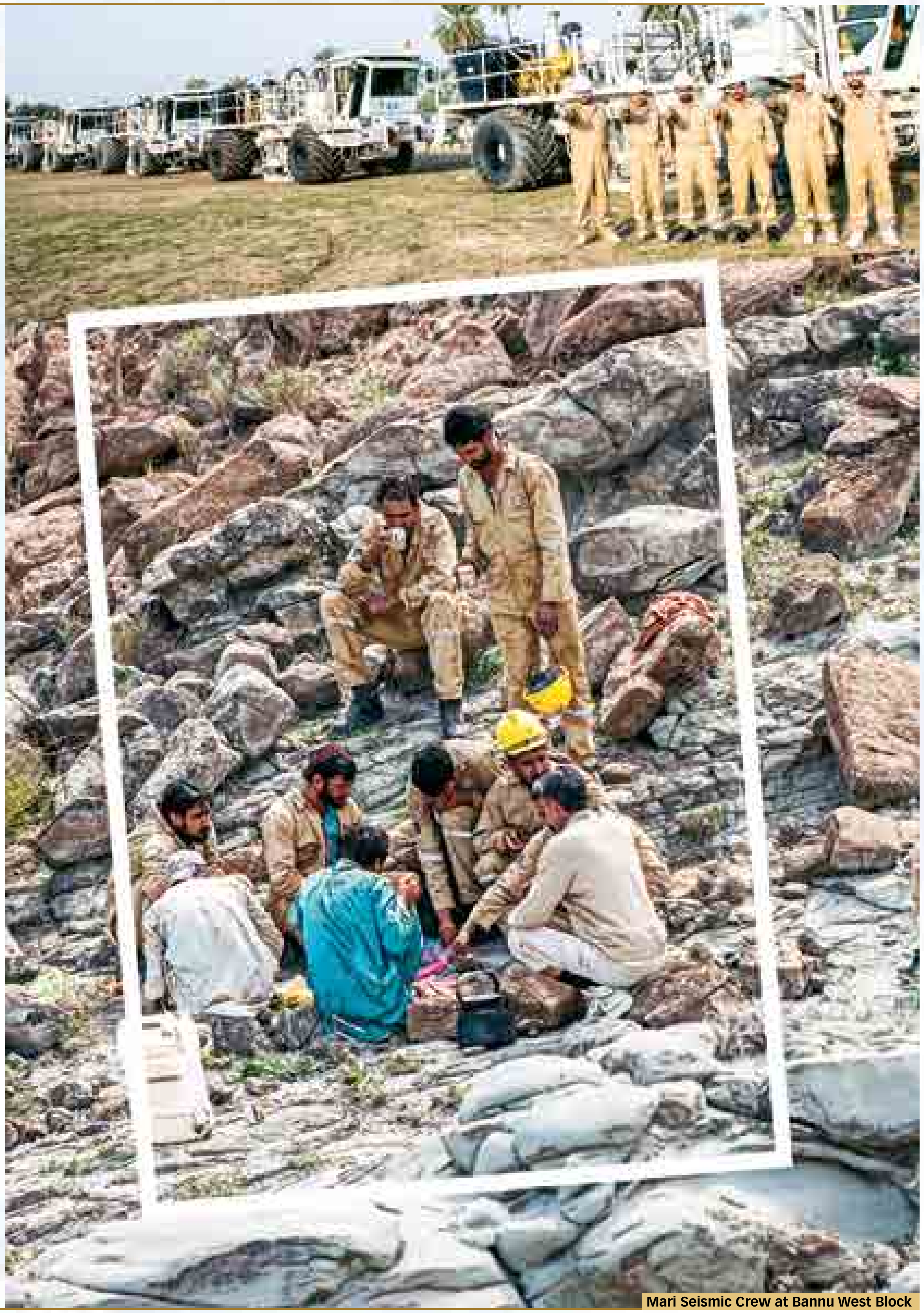
The Board of Directors would like to express its appreciation for the efforts and dedication of all employees of the Company, which enabled the management to run the Company efficiently during the year resulting in continued production and supply of hydrocarbons to its customers. The Board also wishes 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 Energy, Ministry of Finance, Oil and Gas Regulatory Authority, Directorates of Petroleum Concessions, Oil and Gas, Fauji Foundation, Oil & Gas Development Company Limited and law enforcement agencies.

For and on behalf of the Board

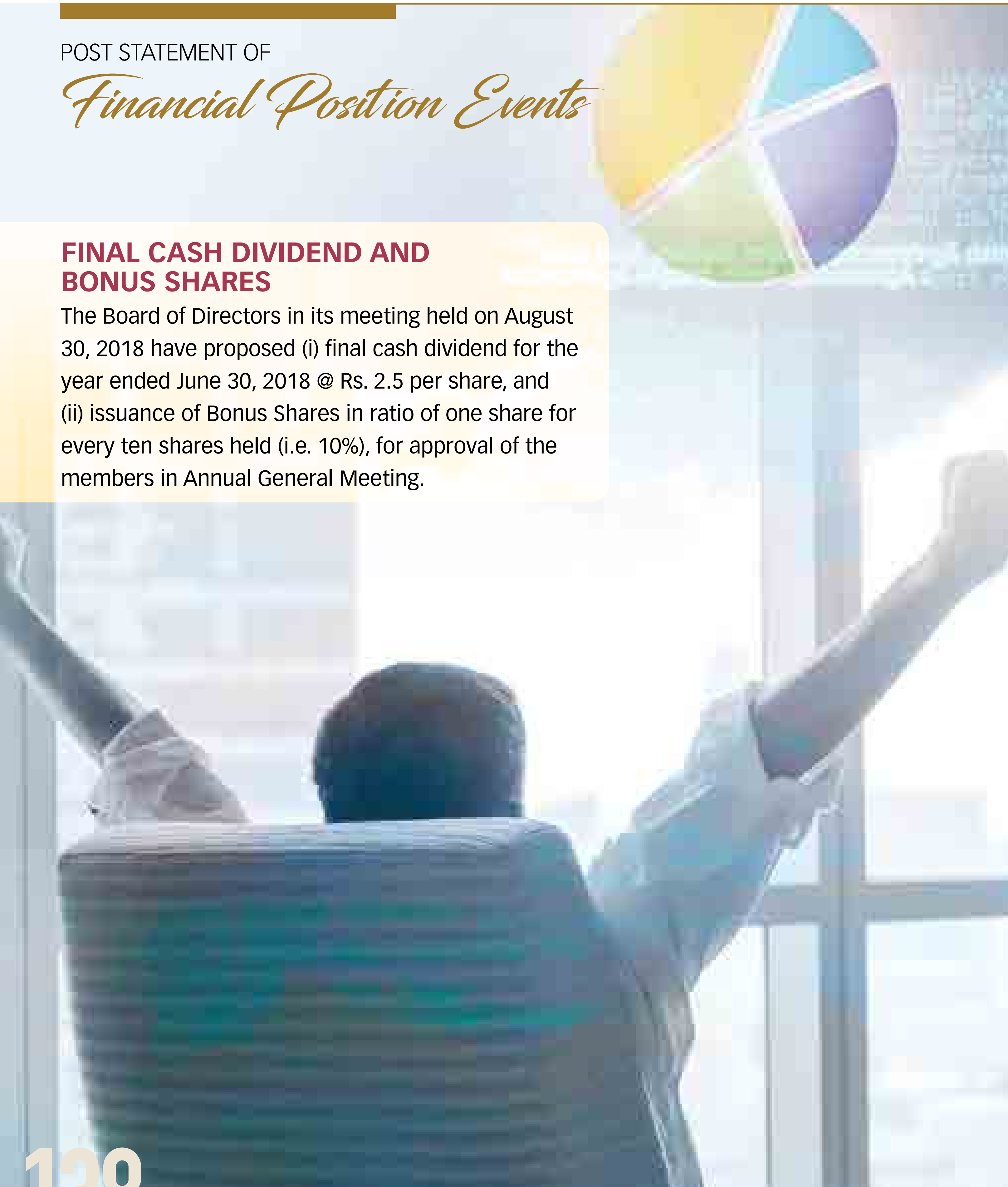
Lt Gen Ishfaq Nadeem Ahmad, HI (M), (Retd)
Managing Director / CEO

Qaiser Javed
Director

Islamabad
August 30, 2018



Mari Seismic Crew at Bannu West Block



POST STATEMENT OF

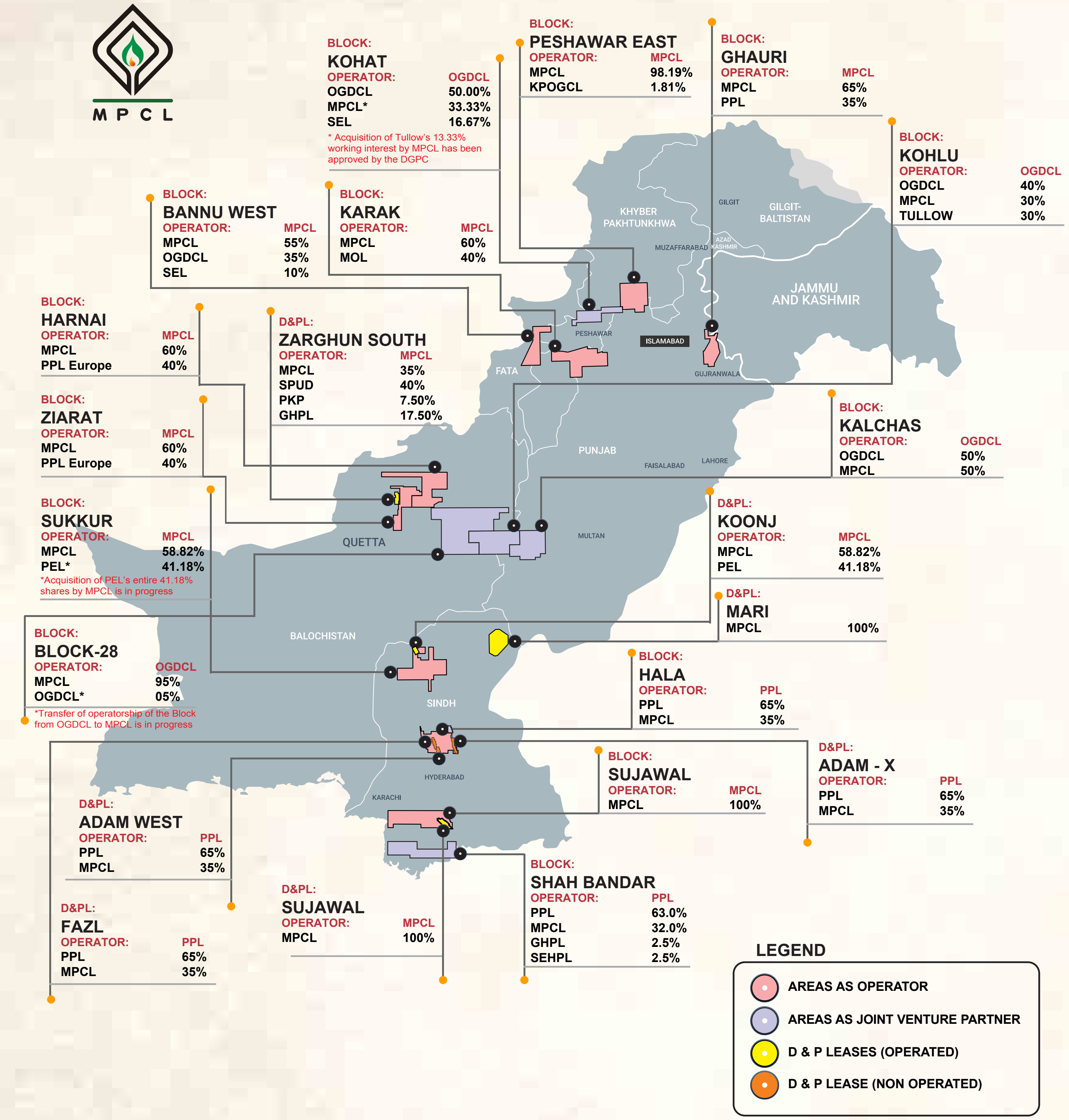
Financial Position Events

FINAL CASH DIVIDEND AND BONUS SHARES

The Board of Directors in its meeting held on August 30, 2018 have proposed (i) final cash dividend for the year ended June 30, 2018 @ Rs. 2.5 per share, and (ii) issuance of Bonus Shares in ratio of one share for every ten shares held (i.e. 10%), for approval of the members in Annual General Meeting.

Geographical Presence

MPCL CONCESSIONS AND WORKING INTEREST



Statement of Compliance

with Listed Companies (Code of Corporate Governance) Regulations, 2017

Mari Petroleum Company limited
Year ended June 30, 2018

The Company has complied with the requirements of Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) in the following manner:

1. The total number of directors is 14 as per the detail below:

a. Male:	13*
b. Female:	0

* One position vacant.

2. The composition of the board is as follows:

Category	Names
Independent Director	Engr S. H. Mehdi Jamal
Executive Director	Lt Gen Ishfaq Nadeem Ahmad (Retd)
Non-Executive Directors	Lt Gen Syed Tariq Nadeem Gilani (Retd)
	Mr Qaiser Javed
	Dr Nadeem Inayat
	Maj Gen Javaid Iqbal Nasar (Retd)
	Brig Raashid Wali Janjua (Retd)
	Mr Sajid Mehmood Qazi
	Mr Qazi Mohammad Saleem Siddiqui
	Mr Shahid Yousaf
	Mr Manzoor Ahmed
	Mr Zahid Mir
	Mr Ahmed Hayat Lak

During the year, four vacancies occurred on the Board on September 25, 2017, January 09, 2018, January 31, 2018, and March 16, 2018 respectively, which were filled within 90 days. A previous casual vacancy which occurred on August 23, 2013 is still unfilled as no nomination has been received from the nominating institution. As per Article of Association, a vacancy among nominee directors can only be filled when the nominating institution's shareholders communicate in writing. The Company has fulfilled its responsibility by communicating to the nominating institution. However, response from the nominating institution is still awaited.

3. The requirements of Directors confirmation related to not serving as director of more than five listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable) will be applicable on the Company w.e.f January 01, 2019.

4. 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.

5. The board has developed a vision/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.

6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by the board/shareholders as empowered by the relevant provisions of the Companies Act 2017 (the Act) and the Regulations.

7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of the Act and the Regulations with respect to frequency of the board meetings, and recording and circulating the minutes thereof.

8. The board of directors has a formal policy and transparent procedure for determining the remuneration of directors in accordance with the Act and the Regulations.

9. During the year, following director on the Board of the Company has obtained certification under approved Directors' Training programme:

a. Mr Zahid Mir

Out of the fourteen, seven directors have either obtained certificate of Directors' Training programme or are exempted from the requirement of Directors' Training programme as per Regulation 20 of the Regulations.

10. The board has approved appointments of the CFO, the Company Secretary and the Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

11. The CFO and the CEO duly endorsed the financial statements before approval by the board.

12. The Board has formed following committees comprising of members as given below:

a) Audit Committee

Director	Designation
Engr S.H. Mehdi Jamal	President (Independent Director)
Mr Qaiser Javed	Member
Mr Shahid Yousaf	Member
Mr Ahmed Hayat Lak	Member
Mr Manzoor Ahmed	Member

b) HR and Remuneration Committee

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

c) Technical Committee

Director	Designation
Brig Raashid Wali Janjua (Retd)	President
Mr Zahid Mir	Member
Maj Gen Javaid Iqbal Nasar (Retd)	Member
Mr Sajid Mehmood Qazi	Member
Qazi Mohammed Saleem Siddiqui	Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the respective committees for compliance.

14. The frequency of meetings (quarterly / half yearly / yearly) of the committees were as follows:

Committee	Frequency of meeting
Audit Committee	Quarterly
HR and Remuneration Committee	Yearly
Technical Committee	Required basis

15. The board has set up an effective internal audit function staffed with persons who are suitably qualified and experienced for the purpose and are well conversant with the policies and procedures of the Company.

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, that they are registered with Audit Oversight Board 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.

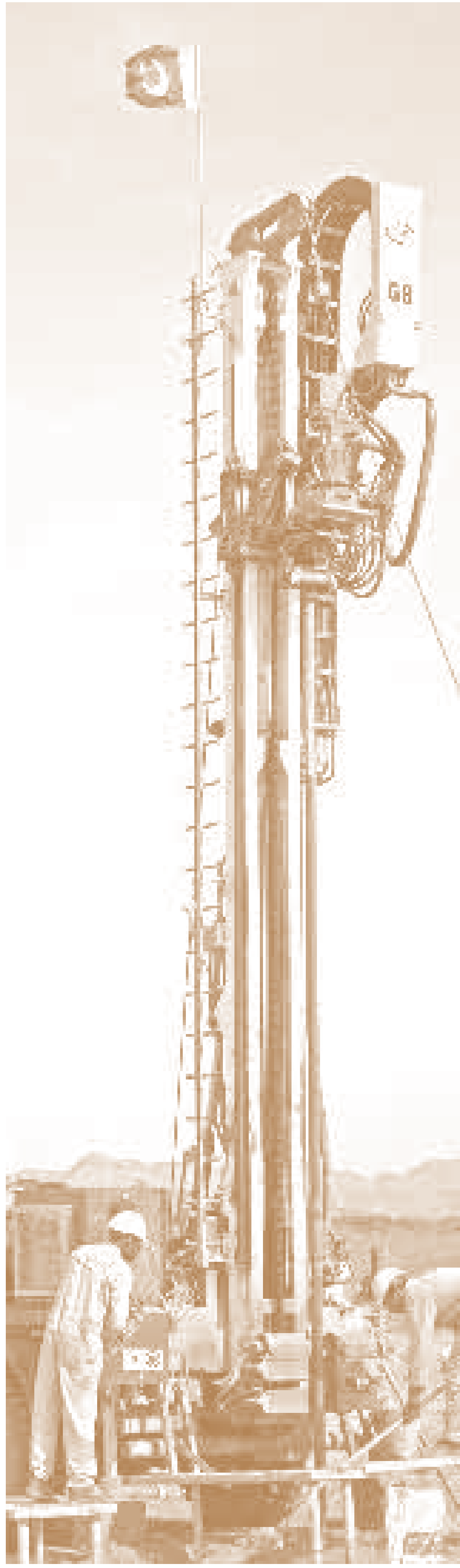
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, the Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all other requirements of the Regulations, to the extent they are applicable to the Company, have been complied with.

For and on behalf of the Board

Islamabad
August 30, 2018

Lt Gen Syed Tariq Nadeem Gilani, HI (M), (Retd)
Chairman



Independent Auditors' Review Report

to the members of Mari Petroleum Company Limited

Review Report on the Statement of Compliance

contained in Listed Companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Mari Petroleum Company Limited (the Company) for the year ended June 30, 2018 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As part of our audit of the 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 of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. 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 of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken 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 requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2018.

Chartered Accountants
Place: Islamabad
Date: August 30, 2018

Financial Statements

of Mari Petroleum Company Limited for the year ended June 30, 2018

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Independent Auditors' Report

to the Members of Mari Petroleum Company Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Mari Petroleum Company Limited (the Company), which comprise the statement of financial position as at June 30, 2018, and the statement of profit or loss, statement of other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, statement of other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2018 and of the profit, other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key audit matters:

S. No.	Key audit matter	How the matter was addressed in our audit
1	**The estimate of oil and gas reserves has a significant impact on the financial statements, particularly impairment testing and depreciation and amortization charges** (As described Note 14 and 15 to the financial statements). The estimation of oil and gas reserves is a significant area of judgement due to the technical uncertainty in assessing quantities or reserves. Reserves are also a fundamental indicator of the future potential of the Company's performance.	We performed the following procedures to address this area: • Obtained an understanding and tested key management controls related to the reserve estimation process. This included management's review and approval of estimated volumes. • Checked evaluation of reserves carried out by external and internal experts. • Assessed the objectivity and competence of the Company's internal and external experts. • Re-performed the calculations used by management for calculating Net Present Values (NPVs) of cash generating units. • Checked the management's assumptions used in the calculation of these NPVs and corroborated these assumptions from internal and external sources. • Checked that the updated reserves estimates were included appropriately in the Company's consideration of development and production assets impairment valuations and in accounting for amortization charges.
2	**Decommissioning provision** (Refer to note 9 of the financial statements). Decommissioning provisions are inherently subjective given they are based on estimates of costs that will be settled in the future.	We performed the following procedures to address this area: • Obtained an understanding and tested the design and implementation of key controls related to the process. • Checked the reasonableness of the costs used to prepare the estimate. Also checked the reasonableness of the life of wells / fields to discount the cost. • Tested the reasonableness of the discount rate used to arrive at the present values of decommissioning provision from market sources. • Assessed the objectivity and competence of the Company's internal experts involved in the preparation of decommissioning estimates.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises of the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with the audit of financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based in the work we have performed, we conclude that there is a material misstatement of this information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) 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.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Shahzad Ali.

Chartered Accountants
Place: Islamabad
Date: August 30, 2018

Statement of Financial Position

As at June 30, 2018

	Note	2018	2017
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
250,000,000 (2017: 250,000,000) ordinary shares of Rs. 10 each		2,500,000	2,500,000
1,059,000,100 (2017: 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	613,109	496,436
Other reserves	6	12,190,001	11,190,001
Profit and loss account	7	26,286,128	12,748,733
		40,191,738	25,537,670
NON CURRENT LIABILITIES			
Long term financing	8	-	4,172,727
Deferred liabilities	9	7,952,336	7,483,812
		7,952,336	11,656,539
CURRENT LIABILITIES			
Trade and other payables	10	93,774,013	55,165,162
Unclaimed dividend		19,371	17,274
Unpaid dividend		11,514	8,733
Current maturity of long term financing	11	119,045	955,037
Interest accrued on long term financing	12	10,180	254,552
Provision for income tax		2,087,503	-
		96,021,626	56,400,758
CONTINGENCIES AND COMMITMENTS	13		
		144,165,700	93,594,967

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

	Note	2018	2017
		(Rupees in thousand)	
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	14	13,266,282	12,688,670
Development and production assets	15	11,886,872	7,409,878
Exploration and evaluation assets	16	2,689,549	5,972,108
Long term loans and advances	17	35,411	32,233
Long term deposits and prepayments	18	62,890	26,002
Deferred income tax asset	19	1,819,166	2,162,308
		29,760,170	28,291,199
CURRENT ASSETS			
Stores and spares	20	671,051	1,015,000
Trade debts	21	95,294,994	54,426,085
Loans and advances	22	2,532,344	1,640,065
Short term investments	23	8,437,354	3,604,596
Short term prepayments	24	66,714	65,697
Interest accrued		103,183	47,031
Other receivables		30,982	39,779
Income tax paid in advance		-	1,142,319
Cash and bank balances	25	7,268,908	3,323,196
		114,405,530	65,303,768
		144,165,700	93,594,967

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

Muhammad Asif
General Manager Finance/CFO

Qaiser Javed
Director

Statement of Profit or Loss

for the year ended June 30, 2018

	Note	2018	2017
		(Rupees in thousand)	
Gross sales to customers	26	100,042,839	96,775,974
Gas development surcharge		11,029,741	19,580,832
General sales tax		11,668,172	13,745,689
Excise duty		1,906,530	1,794,397
Gas infrastructure development cess		34,762,028	33,479,569
		59,366,471	68,600,487
Sales - net		40,676,368	28,175,487
Royalty		5,180,869	3,583,522
		35,495,499	24,591,965
Operating expenses	27	9,985,411	7,450,011
Exploration and prospecting expenditure	28	3,689,854	3,880,797
Other charges	29	1,447,747	726,290
		15,123,012	12,057,098
		20,372,487	12,534,867
Other income / (expenses)	30	(206,831)	(820,328)
Operating profit		20,165,656	11,714,539
Finance income	31	765,616	233,006
Finance cost	32	639,728	798,086
Profit before taxation		20,291,544	11,149,459
Provision for taxation	33	4,917,204	2,013,265
Profit for the year		15,374,340	9,136,194
Earnings per share - basic and diluted			
Earnings per ordinary share (Rupees)	34	139.45	82.87
Distributable earnings per ordinary share (Rupees)	34	6.44	5.91

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

Muhammad Asif
General Manager Finance/CFO

Qaiser Javed
Director

Statement of Other Comprehensive Income

for the year ended June 30, 2018

	2018	2017
	(Rupees in thousand)	
Profit for the year	15,374,340	9,136,194
Other comprehensive loss:		
Items that will not be reclassified to statement of profit or loss:		
Remeasurement losses on defined benefit plans	(198,142)	(561)
Tax effect related to remeasurement on defined benefit plans		
- Current tax credit / (charge)	108,244	(4,520)
- Deferred tax (charge) / credit	(1,949)	2,909
	(91,847)	(2,172)
Total comprehensive income for the year	15,282,493	9,134,022

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

Muhammad Asif
General Manager Finance/CFO

Qaiser Javed
Director

Statement of Cash Flows

for the year ended June 30, 2018

	Note	2018	2017
		(Rupees in thousand)	
Cash flows from operating activities			
Cash receipts from customers		59,354,356	69,266,727
Cash paid to the Government for Government levies		(26,365,488)	(50,624,648)
Cash paid to suppliers and employees		(10,415,830)	(10,386,297)
Income tax paid		(2,347,799)	(1,135,493)
Cash provided by operating activities		20,225,239	7,120,289
Cash flows from investing activities			
Purchase of property, plant and equipment		(2,182,761)	(1,091,333)
Development and production assets		(1,650,534)	(1,073,402)
Exploration and evaluation assets		(2,424,676)	(2,124,810)
Proceeds from disposal of property, plant and equipment		32,688	422
Interest received		681,719	207,537
Cash used in investing activities		(5,543,564)	(4,081,586)
Cash flows from financing activities			
Long term financing received		-	4,000,000
Long term financing repaid		(5,008,719)	(24,010)
Finance cost paid		(270,939)	(155,139)
Dividends paid		(623,547)	(557,916)
Cash (used in) / from financing activities		(5,903,205)	3,262,935
Increase in cash and cash equivalents		8,778,470	6,301,638
Cash and cash equivalents at beginning of year		6,927,792	626,154
Cash and cash equivalents at end of year	35	15,706,262	6,927,792

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

Muhammad Asif
General Manager Finance/CFO

Qaiser Javed
Director

Statement of Changes in Equity

for the year ended June 30, 2018

	Issued, subscribed and paid up capital	Undistributed percentage return reserve	Other Reserves: Capital redemption reserve fund	Other Reserves: Self insurance reserve	Profit and loss account	Total
	(Rupees in thousand)					
Balance as at July 1, 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*	-	(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
Total comprehensive income for the year:						
Profit for the year	-	-	-	-	15,374,340	15,374,340
Other comprehensive loss	-	-	-	-	(91,847)	(91,847)
	-	-	-	-	15,282,493	15,282,493
Final cash dividend for the year ended June 30, 2017 @ Rs. 2.20 per share* - note 5.2	-	(103,745)	-	-	(138,805)	(242,550)
First interim cash dividend for the year ended June 30, 2018 @ Rs. 3.50 per share*	-	-	-	-	(385,875)	(385,875)
Transfer from profit and loss account to undistributed percentage return reserve	-	220,418	-	-	(220,418)	-
Transfer from profit and loss account to self insurance reserve	-	-	-	1,000,000	(1,000,000)	-
Balance as at June 30, 2018	1,102,500	613,109	10,590,001	1,600,000	26,286,128	40,191,738

* 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

Muhammad Asif
General Manager Finance/CFO

Qaiser Javed
Director

Notes to and Forming Part of the Financial Statements
For the year ended June 30, 2018

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 (now replaced with Companies Act, 2017). 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 Geographical location of concessions / blocks is as under:

Concession / block	Location
Mari Field, Sujawal block, Sukkur block, Hala block, Shah Bandar block	Sindh
Zarghun South Field, Kalchas block, Ziarat block, Harnai block, Block 28	Balochistan
Bannu West block, Kohat block	KPK
Ghauri block	Punjab
Karak block, Peshawar East block	KPK and Punjab
Kohlu block	Balochistan and Punjab

1.3 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 the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017. Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

The Companies Act, 2017 was enacted and promulgated by the SECP on May 30, 2017 and the Companies whose financial year closes after December 31, 2017 are required to prepare their financial statements in accordance with the provisions of the Companies Act, 2017. Accordingly, the Company has prepared these financial statements in accordance with the provisions of the Companies Act, 2017.

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, 2018. 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 IAS 7 'Statement of Cash Flows' - Amendments as a result of the disclosure initiative	January 01, 2017
Amendments to IAS 12 'Income Taxes' - Recognition of deferred tax assets for unrealised losses	January 01, 2017

Certain annual improvements have also been made to a number of IFRSs. Such improvements did not have any material effect on the financial statements of the Company.

The Companies Act, 2017 has also brought certain changes with regard to preparation and presentation of financial statements of the Company.

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
IFRS 2 'Share-based Payment' - Amendments	January 01, 2018
IFRS 4 'Insurance Contracts' - Amendments. An entity choosing to apply the overlay approach retrospectively to qualifying financial assets does so when it first applies IFRS 9. An entity choosing to apply the deferral approach does so for annual periods beginning on or after January 01, 2018.	
IFRS 9 'Financial Instruments'	July 01, 2018
IFRS 9 'Financial Instruments' - Amendments	January 01, 2019
IFRS 15 'Revenue from contracts with customers'	July 01, 2018
IFRS 16 'Leases'	January 01, 2019
IAS 19 'Employee Benefits' / IFRIC 14 'IAS 19 - Amendments	January 01, 2019
IAS 28 'Investments in Associates and Joint Ventures' - Amendments	January 01, 2019
IAS 40 'Investment Property' - Amendments	January 01, 2018 Earlier application is permitted
IFRIC 22 'Foreign Currency Transactions and Advance Consideration'	January 01, 2018 Earlier application is permitted
IFRIC 23 'Uncertainty over Income Tax Treatments'	January 01, 2019

Certain annual improvements have also been made to a number of IFRSs. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

The Company has further assessed the impact of following standards at time of their initial application from July 01, 2018. The expected impacts are not significant for the Company.

- IFRS 15 'Revenue from contracts with customers'
- IFRS 9 'Financial Instruments'

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 14 – Regulatory Deferral Accounts
- IFRS 17 – Insurance Contracts

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 capitalised 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 capitalised the expenditure under the policy, a judgement is made that recovery of the expenditure is unlikely, the relevant capitalised amount is written off to the statement of profit or loss.

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 capitalised 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 statement of profit or loss.

f) Employee benefits

Certain actuarial assumptions have been adopted as disclosed in note 36 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 capitalised 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 decommissioning cost has been discounted at a real discount rate of 1.20% (2017: 1.20%) 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 statement of other comprehensive income. Past service cost and curtailments are recognized in statement of profit or loss, 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, 2018. The results of the valuation are summarized in note 36 to these financial statements.

ii) Defined contribution provident fund for its employees for which contributions of Rs. 72.50 million (2017: Rs. 63.45 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 statement of financial position 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 statement of profit or loss. 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 statement of profit or loss.

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 capitalised 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 capitalised 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 statement of profit or loss 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 capitalised 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 assets 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 assets in prior years. A reversal of the impairment loss is recognized as income in the statement of profit or loss.

3.9 Development and production assets

Development and production assets represent the cost of developing the discovered commercial reserves, together with the capitalised 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 capitalised 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. The cash generating unit applied for impairment test purpose is generally field by field basis, except that a number of fields may be grouped as a single cash generating unit where the cash flows of each field are inter-dependent.

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 necessary 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 statement of financial position date. All exchange differences are taken to the statement of profit or loss.

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 statement of profit or loss 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 capitalisation of borrowing costs during extended period when active development of a qualifying asset is suspended. All other borrowing costs are charged to statement of profit or loss.

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 exists 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.

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2018

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 statement of financial position 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 statement of financial position 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 statement of financial position 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 statement of financial position date, which 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 statement of financial position. 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 reorganisation, 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 statement of financial position 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 statement of cash flows, 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 statement of profit or loss 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.

3.29 Earnings Per Share

The Company presents basic and diluted Earnings Per Share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

	Note	2018	2017
		(Rupees in thousand)	
4. ISSUED, SUBSCRIBED AND PAID UP CAPITAL			
24,850,007 (2017: 24,850,007) ordinary shares of Rs. 10 each issued for cash		248,500	248,500
11,899,993 (2017: 11,899,993) ordinary shares of Rs. 10 each issued for consideration other than cash	4.1	119,000	119,000
73,500,000 (2017: 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 Stanvac Petroleum Project.

4.2 As at June 30, 2018, 608,364 (2017: 608,364) bonus shares have not been issued due to pending resolution of issue relating to deduction of withholding tax on issuance of bonus shares.

4.3 Major shareholding of the Company is as follows:

	2018	2017
	(Percentage)	
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 lower by Rs. 242.21 million, profit for the year would have been higher by Rs. 121.11 million, earnings per share would have been higher by Rs. 1.10 per share and reserves would have been higher by Rs. 968.77 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, 2018.

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	2018 (Rupees in thousand)	2017
5. UNDISTRIBUTED PERCENTAGE RETURN RESERVE			
Balance at beginning of the year		496,436	426,867
Transferred from profit and loss account	5.1	220,418	181,803
Final dividend:			
for the year ended June 30, 2017	5.2	(103,745)	-
for the year ended June 30, 2016		-	(112,234)
Balance at end of the year		613,109	496,436

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 July 27, 2017 had proposed a final cash dividend for the year ended June 30, 2017 @ Rs. 2.20 per share amounting to Rs. 242.550 million, which was subsequently approved by the shareholders in Annual General Meeting held on September 26, 2017. Out of this, Rs. 103.745 million has been appropriated out of undistributed percentage return reserve while the balance amount of Rs. 138.805 million represents undistributed guaranteed return for the year ended June 30, 2017.

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	2018 (Rupees in thousand)	2017
6. OTHER RESERVES			
Capital redemption reserve fund	6.1	10,590,001	10,590,001
Self insurance reserve	6.2	1,600,000	600,000
		12,190,001	11,190,001

6.1 Capital Redemption Reserve Fund

This reserve was created for redemption of redeemable preference shares in the form of cash to the preference shareholders.

	2018 (Rupees in thousand)	2017
6.2 Self Insurance Reserve		
Balance at beginning of the year	600,000	100,000
Transferred from profit and loss account	1,000,000	500,000
Balance at end of the year	1,600,000	600,000

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	2018 (Rupees in thousand)	2017
7. PROFIT AND LOSS ACCOUNT			
Undistributed return	7.1	103,635	138,805
Unappropriated balance		26,182,493	12,609,928
		26,286,128	12,748,733

7.1 This represents the balance amount of distributable return to shareholders on account of increase in hydrocarbons production.

	Note	2018 (Rupees in thousand)	2017
8. LONG TERM FINANCING			
Redeemable preference shares - unsecured	8.1	-	-
Long term loans - secured	8.2	-	4,172,727
		-	4,172,727
8.1 Redeemable preference shares - unsecured			
Non-voting, non-cumulative redeemable preference shares		119,045	127,764
Current maturity		(119,045)	(127,764)
		-	-

8.1.1 As at June 30, 2018, 5,335,946 preference shares (2017: 5,335,946) have not been issued due to pending resolution of issue relating to deduction of withholding tax on issuance of bonus shares. Further, 6,568,536 preference shares (2017: 7,440,495) have not been claimed/redeemed by certain minority shareholders.

Notes to and Forming Part of the Financial Statements
For the year ended June 30, 2018

	Note	2018 (Rupees in thousand)	2017
8.2 Long term loans - secured			
Loan for infill wells	8.2.1		
Opening balance		1,000,000	1,000,000
Amount repaid during the year		(1,000,000)	-
		-	1,000,000
Current maturity of long term loans		-	(100,000)
		-	900,000
Loan for exploration and development projects	8.2.2		
Opening balance		4,000,000	-
Amount received during the year		-	4,000,000
Amount repaid 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
Current maturity of long term loans		-	827,273

8.2.1 Long term finance facility amounting to Rs. 1,000 million was 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 was paid semi-annually in arrears on the outstanding facility amount at six months KIBOR + 0.15% per annum. The mark-up rate was 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, 2018 was 6.24% (June 30, 2017: 6.23%) per annum. The loan was repayable in ten equal semi-annual installments after two years grace period from the date of first disbursement. However, full amount of the outstanding loan was repaid on November 30, 2017 and the Company has also vacated security charge against the loan.

8.2.2 Long term finance facility amounting to Rs. 9,000 million was 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 was drawn from the facility. Mark-up for the said loan was paid semi-annually in arrears on the outstanding facility amount at six months KIBOR + 0.05% per annum. The effective mark-up rate for the year ended June 30, 2018 was 6.23% (June 30, 2017: 6.14%) per annum. The loan was repayable in eleven equal semi-annual installments after six months grace period from the date of first disbursement. However, full amount of the outstanding loan was repaid on April 17, 2018 and the Company has also vacated security charge against the loan.

	Note	2018 (Rupees in thousand)	2017
9. DEFERRED LIABILITIES			
Provision for decommissioning cost	9.1	7,127,202	6,741,532
Provision for employee benefits - unfunded	9.2	577,090	506,794
Provision for compensated leave absences		242,707	207,195
Deferred income		5,337	28,291
		7,952,336	7,483,812
9.1 Provision for decommissioning cost			
Balance at beginning of the year		6,741,532	5,955,235
Provision made during the year		371,078	371,770
Revision due to change in estimates		(705,829)	(225,661)
Unwinding of discount		720,421	640,188
Balance at end of the year		7,127,202	6,741,532
The above provision is analysed as follows:			
Wells		6,391,110	6,007,743
Production facilities including gathering lines		736,092	733,789
		7,127,202	6,741,532

It is expected that cash outflows resulting from decommissioning will occur between 2019 to 2050.

	Note	2018 (Rupees in thousand)	2017
9.2 Provision for employee benefits - unfunded			
Post retirement leave benefits for management employees	36.2	427,678	363,152
Post retirement medical benefits for management employees	36.2	74,893	73,148
Pension plan for non-management employees	36.2	74,519	70,494
		577,090	506,794
10. TRADE AND OTHER PAYABLES			
Creditors		1,758,493	782,016
Accrued liabilities		2,818,867	2,591,393
Joint operating partners		1,032,168	1,143,668
Retention and earnest money deposits		51,646	61,644
Gratuity funds		399,289	180,733
Provident Fund		-	116
Gas development surcharge		6,552,132	4,701,334
General sales tax		6,005,547	3,890,996
Excise duty		173,499	158,484
Gas Infrastructure Development Cess (GIDC)	21.3	74,168,121	40,329,433
Royalty		516,504	153,704
Workers' Welfare Fund		248,366	1,109,854
Workers' Profit Participation Fund	10.1	49,381	61,787
		93,774,013	55,165,162

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2018

	Note	2018	2017
		(Rupees in thousand)	
10.1 Workers' Profit Participation Fund			
Balance at beginning of the year		61,787	353,170
Allocation for the year		1,199,381	593,787
Interest on delayed payments @ 39.00% (2017: 38.25%) per annum		1,783	17,765
		1,201,164	611,552
		1,262,951	964,722
Amount paid to the Fund		(1,213,570)	(902,935)
Balance at end of the year		49,381	61,787

11. CURRENT MATURITY OF LONG TERM FINANCING

	Note	2018	2017
Redeemable preference shares - unsecured	8.1	119,045	127,764
Long term loans - secured	8.2	-	827,273
		119,045	955,037

12. INTEREST ACCRUED ON LONG TERM FINANCING

	2018	2017
Profit accrued on redeemable preference shares	10,180	194,589
Interest accrued on long term loans	-	59,963
	10,180	254,552

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 were outstanding as at June 30, 2017. During the year, these have been cancelled by the Collector of Customs upon surrender of vehicles / payment of custom duties.

	2018	2017
	(Rupees in thousand)	
13.2 Commitments		
Capital expenditure:		
Share in joint operations	5,182,592	4,961,303
Mari field and Rigs	1,745,102	1,443,039
	6,927,694	6,404,342

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	Capital work in progress (note 14.1)	Total
	(Rupees in thousand)															
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 / transfers from capital work in progress	72,487	-	134,791	18,028	6,201	41,985	510,880	25,025	124,348	25,904	5,267	39,969	-	-	-	1,004,885
Additions to capital work in progress	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,944,424	1,944,424
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)
Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	1,643,387	(1,954,462)	(311,075)
Tangible assets transferred from exploration and evaluation assets	-	-	-	29,821	1,016	-	443,932	578	-	132	-	9,140	-	-	-	484,619
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 July 1, 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
Year ended June 30, 2018																
Opening 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
Additions / transfers from capital work in progress	5,504	-	31,700	-	-	60,401	1,233,743	30,601	54,760	8,813	85,353	22,294	-	1,412,466	-	2,945,635
Additions to capital work in progress	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,909,308	3,909,308
Revision due to change in estimates of provision for decommissioning cost	-	-	-	-	-	-	-	-	-	-	-	-	(76,240)	-	-	(76,240)
Disposals																
Cost	-	-	(1,731)	-	-	(5,214)	(62,634)	(8,097)	-	(5,278)	(15,899)	(21,806)	-	-	-	(120,659)
Accumulated depreciation	-	-	368	-	-	4,432	36,874	8,072	-	5,277	15,899	21,806	-	-	-	92,728
	-	-	(1,363)	-	-	(782)	(25,760)	(25)	-	(1)	-	-	-	-	-	(27,931)
Tangible assets transferred from exploration and evaluation assets	-	-	-	-	-	-	26,642	-	-	-	-	-	-	-	-	26,642
Tangible assets transferred from development and production assets	-	-	-	-	-	-	16,578	103	-	88	-	-	-	-	-	16,769
Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,194,135)	(3,478,047)	(4,672,182)
Depreciation charge	-	(1,487)	(55,806)	(35,488)	(9,827)	(287,672)	(721,509)	(83,887)	(200,504)	(8,970)	(24,228)	(76,925)	(38,086)	-	-	(1,544,389)
Net book value	700,467	84,786	675,162	589,561	51,147	1,737,592	5,097,945	138,441	782,233	59,764	80,152	81,787	190,399	1,861,718	1,135,128	13,266,282
As at June 30, 2018																
Cost	700,467	102,224	1,212,408	784,957	199,779	3,625,358	7,818,910	461,754	2,748,135	132,736	758,786	467,898	334,864	1,861,718	1,135,128	22,345,122
Accumulated depreciation	-	17,438	537,246	195,396	148,632	1,887,766	2,720,965	323,313	1,965,902	72,972	678,634	386,111	144,465	-	-	9,078,840
Net book value	700,467	84,786	675,162	589,561	51,147	1,737,592	5,097,945	138,441	782,233	59,764	80,152	81,787	190,399	1,861,718	1,135,128	13,266,282
Annual rates of depreciation (%)	-	1-3	5	5	10	5-33.33	10	25	10	10	30	20				

Property, plant and equipment includes Rs. 11.46 million (2017 : Rs. 19.55 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. 98.62 million (2017: Rs. 158.08 million), being Company's share in joint operations operated by others (assets not in the possession of the Company).

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2018

	2018	2017
	(Rupees in thousand)	
14.1 Capital work in progress		
Mari Field		
Shaheen appraisal well		
Stores and spares	35,410	-
Up front wells and production facilities		
Stores and spares	5,976	-
Plant and equipment	10,093	10,813
	16,069	10,813
Mari Deep and SML wells		
Stores and spares - Mari Deep wells	235,223	172,126
Stores and spares - SML wells	-	22,903
	235,223	195,029
HRL wells		
Stores and spares	50,178	-
Plant and equipment	2,569	-
	52,747	-
Others	12,647	41,084
	352,096	246,926
Support of production		
Land, buildings, roads and bridges	195,521	172,462
Plant, machinery and others	587,511	284,479
	783,032	456,941
	1,135,128	703,867
14.2 The depreciation charge has been allocated as follows:		
Operating expenses	959,904	836,687
Other income / (expenses)		
Mari Seismic Unit - Net	282,668	291,922
Mari Drilling Unit - Net	126,702	88,579
Mari Seismic Processing Centre - Net	17,943	19,223
Development and production assets	80,501	59,789
Exploration and evaluation assets	76,671	139,074
	1,544,389	1,435,274

14.3 Detail of property and equipment as at June 30, 2018 relating to Mari Seismic Unit is as follows:

Description	Cost	Accumulated Depreciation	Net Book value
	(Rupees in thousand)		
Buildings on freehold land	20,170	4,706	15,464
Equipment and general plant	3,470,400	857,901	2,612,499
Computers and allied equipment	14,487	4,873	9,614
Furniture and fixtures	1,191	177	1,014
Vehicles	367,983	339,928	28,055
Capital work in progress	54,378	-	54,378
	3,928,609	1,207,585	2,721,024

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)	Particulars of purchaser	Mode of disposal
	(Rupees in thousand)					
Buildings on freehold land	1,731	1,363	-	(1,363)	Not Applicable	Scrap
Drilling rig, tools and equipment	1,651	782	230	(552)	Mr Muhammad Khurshid	Auction
Drilling rig, tools and equipment	2,281	-	1,141	1,141	Mr Mekaiel	Auction
Drilling rig, tools and equipment	1,282	-	560	560	Mr Muhammad Nasir	Auction
Equipment and general plant	3,436	12	777	765	Mr Muhammad Khurshid	Auction
Equipment and general plant	95	1	1	-	M/s Lucky Engineers	Auction
Equipment and general plant	3,793	1	577	576	Mr Mekaiel	Auction
Equipment and general plant	3,612	-	191	191	Mr Ashiq Muhammad	Auction
Equipment and general plant	659	-	160	160	Mr Shabir Odh	Auction
Equipment and general plant	2,129	-	238	238	Mr Salahuddin	Auction
Equipment and general plant	1,029	-	201	201	Mr Najamuddin	Auction
Equipment and general plant	262	-	100	100	Syed Khizar Hayat	Auction
Equipment and general plant	116	-	5	5	Mr Muhammad Noman	Auction
Equipment and general plant	712	1	41	40	Mr Sikandar Khan	Auction
Equipment and general plant	141	-	8	8	M/s Arsalan Construction Company	Auction
Equipment and general plant	769	425	-	(425)	M/s Union Traders	Auction
Equipment and general plant	45,130	24,807	-	(24,807)	Not Applicable	Stolen
Equipment and general plant	70	44	-	(44)	Not Applicable	Stolen
Equipment and general plant	123	111	-	(111)	Not Applicable	Stolen
Equipment and general plant	558	358	-	(358)	Not Applicable	Stolen
Vehicles - heavy	3,176	-	906	906	Mr Muhammad Khurshid	Auction
Vehicles - heavy	1,307	-	1,143	1,143	Mr Mekaiel	Auction
Vehicles - heavy	1,429	-	1,164	1,164	Mr Ashiq Muhamamd	Auction
Vehicles - heavy	712	-	1,300	1,300	M/s Arsalan Construction Company	Auction
Vehicles - heavy	757	-	677	677	Mr Muhammad Israr	Auction
Vehicles - heavy	699	-	610	610	Mr Saleh Muhammad	Auction
Vehicles - heavy	858	-	990	990	Mr Naveed Rauf	Auction
Vehicles - heavy	731	-	601	601	Mr Mehboob Ali	Auction
Vehicles - heavy	945	-	806	806	Mr Nazakat Ali	Auction
Vehicles - heavy	1,307	-	1,368	1,368	Mr Saifullah	Auction

Notes to and Forming Part of the Financial Statements
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Description	Cost	Net Book value	Sale proceeds	Gain / (loss)	Particulars of purchaser	Mode of disposal
	(Rupees in thousand)					
Vehicles - heavy	3,978	-	3,528	3,528	Mr Murtaza ALi Virani	Auction
Vehicles - light	2,196	-	1,238	1,238	Mr Mekaiel	Auction
Vehicles - light	917	-	707	707	Syed Khizar Hayat	Auction
Vehicles - light	676	-	542	542	M/s Transpak Enterprises	Auction
Vehicles - light	2,556	-	1,730	1,730	Mr Shaikh Abdullah	Auction
Vehicles - light	2,344	-	1,310	1,310	Mr Raza Khan	Auction
Vehicles - light	571	-	307	307	Mr Nasrullah Khan	Auction
Vehicles - light	1,175	-	567	567	Mr Abdul Nasi	Auction
Vehicles - light	1,079	-	601	601	Mr Jalaluddin	Auction
Vehicles - light	3,396	-	2,796	2,796	Mr Murtaza ALi Virani	Auction
Vehicles - light	1,900	-	1,291	1,291	Mr Nouman Ahmed Siddiqui	Auction
Vehicles - light	69	-	22	22	Mr Haseeb Ud Din	Auction
Vehicles - light	3,270	-	2,284	2,284	Haji Watan Khan	Auction
Vehicles - light	1,488	-	1,334	1,334	Mr Rizwan Mazhar	Auction
Vehicles - light	169	-	116	116	Mr Muhammad Kashif	Auction
Furniture and fixtures	261	-	2	2	Mr Muhammad Khurshid	Auction
Furniture and fixtures	5,017	1	356	355	M/s Lucky Engineers	Auction
Computers and allied equipment	505	-	8	8	Mr Muhammad Khurshid	Auction
Computers and allied equipment	4,970	-	90	90	Syed Khizar Hayat	Auction
Computers and allied equipment	343	25	64	39	Various employees of the Company	Company policy
Computers and allied equipment	2,279	-	-	-	M/s Renaissance Pakistan	Donation
	120,659	27,931	32,688	4,757		

14.5 Detail of significant immovable fixed assets as at June 30, 2018 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	2,468.39 acres
Land and Head Office building	Islamabad	3.29 acres
Wells, production / processing facilities, residential area, field office and warehouse	Balochistan	62.04 acres
Wells, production / processing facilities and guest house	KPK	37 acres
Wells, production / processing facilities and field office / residential area	Punjab	90 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, 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 July 1, 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
Year ended June 30, 2018					
Opening net book value	2,459,844	4,409,560	6,869,404	540,474	7,409,878
Additions	1,599,295	131,740	1,731,035	249,194	1,980,229
Transfer to property, plant and equipment	-	(16,769)	(16,769)	-	(16,769)
Transfer from exploration and evaluation assets	-	4,860,239	4,860,239	431,240	5,291,479
Revision due to change in estimates of provision for decommissioning cost	(65,844)	-	(65,844)	(585,600)	(651,444)
Amortization for the year	(191,366)	(1,763,595)	(1,954,961)	(171,540)	(2,126,501)
Net book value	3,801,929	7,621,175	11,423,104	463,768	11,886,872
As at June 30, 2018					
Cost	7,177,994	10,136,225	17,314,219	1,342,868	18,657,087
Accumulated amortization	(3,376,065)	(2,515,050)	(5,891,115)	(879,100)	(6,770,215)
Net book value	3,801,929	7,621,175	11,423,104	463,768	11,886,872

15.1 Additions include borrowing costs capitalised during the year amounting to Rs. Nil (2017: Rs. 4.30 million).

	Note	2018	2017
		(Rupees in thousand)	
16. EXPLORATION AND EVALUATION ASSETS			
Balance at beginning of the year		5,972,108	10,084,055
Additions	16.2	2,623,232	2,364,373
Left over inventory transferred to stores and spares		-	(513,544)
Transfer to development and production assets		(5,291,479)	(3,845,980)
Tangible assets transferred to property, plant and equipment		(26,642)	(484,619)
Revision due to change in estimates of provision for decommissioning cost		21,855	(8,371)
Cost of dry and abandoned wells written off		(609,525)	(1,531,246)
Depreciation		-	(92,560)
		(3,282,559)	(4,111,947)
Balance at end of the year		2,689,549	5,972,108

16.1 Exploration and evaluation assets include Company's share of net book value of tangible assets amounting to Rs. Nil (2017: Rs. 26.64 million).

16.2 It includes additions amounting to Rs. 121.884 million (2017: Rs. 100.489 million) on account of provision for decommissioning cost.

	Note	2018	2017
		(Rupees in thousand)	
17. LONG TERM LOANS AND ADVANCES			
Considered good - secured			
Executives	17.1	7,885	31,597
Other employees	17.1	49,583	22,117
		57,468	53,714
Less: amount due within twelve months shown under current loans and advances	22		
Executives		6,148	13,953
Other employees		15,909	7,528
		22,057	21,481
		35,411	32,233

17.1 Reconciliation of carrying amount of loans and advances to executives and other employees is as follows:

	Balance as at July 1, 2017	Disbursements during the year	Repayments / transfers during the year *	Balance as at June 30, 2018
	(Rupees in thousand)			
Executives	31,597	15,136	38,848	7,885
Other employees	22,117	36,794	9,328	49,583
Total	53,714	51,930	48,176	57,468
Year ended June 30, 2017	49,255	47,993	43,534	53,714

17.2 The maximum amount due from executives at the end of any month during the year was Rs. 17.79 million (2017: Rs. 42.68 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 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.

* This includes transfer of Rs. 15.45 million from executives to other employees due to change of definition of "executive" as per Companies Act, 2017.

	2018	2017
	(Rupees in thousand)	
18. LONG TERM DEPOSITS AND PREPAYMENTS		
Deposits	62,870	25,982
Prepayments	20	20
	62,890	26,002
19. DEFERRED INCOME TAX ASSET		
Balance at beginning of the year	2,162,308	2,680,622
Charge / (credit) for the year:		
Statement of profit or loss	(341,193)	(521,223)
Statement of other comprehensive income	(1,949)	2,909
	(343,142)	(518,314)
Balance at end of the year	1,819,166	2,162,308

19.1 The balance of deferred tax is in respect of following temporary differences:

	Note	2018	2017
		(Rupees in thousand)	
Exploration expenditure charged to statement of profit or loss but to be claimed in tax return in future years		3,898,952	3,927,072
Accounting and tax depreciation / amortization		(2,340,616)	(2,003,099)
Provision for employee benefits - unfunded		184,669	162,174
Provision for doubtful debts		76,161	76,161
		1,819,166	2,162,308
20. STORES AND SPARES			
Stores	20.1	223,152	674,924
Spares		447,899	340,076
		671,051	1,015,000
20.1 Stores include share in joint operations operated by the Company		105,665	244,713

	2018	2017
	(Rupees in thousand)	
21. TRADE DEBTS		
Due from associated companies - considered good		
Fauji Fertilizer Company Limited	33,613,548	14,431,598
Foundation Power Company Daharki Limited	4,498,109	3,323,360
Foundation Gas	-	1,268
	38,111,657	17,756,226
Due from others - considered good		
Fatima Fertilizer Company Limited	33,244,678	25,035,199
Engro Fertilizer Limited	9,948,641	4,908,487
Pak Arab Fertilizers Limited	251,735	-
Sui Southern Gas Company Limited	2,382,854	1,235,478
Sui Northern Gas Pipelines Limited	1,164,932	406,141
Central Power Generation Company Limited	9,158,284	3,888,959
Byco Petroleum Pakistan Limited	349,192	614,192
National Refinery Limited	62,779	36,518
Attock Refinery Limited	500,418	349,215
Pakistan Refinery Limited	49,915	31,553
EGAS (Private) Limited	15,238	56,266
Pak Arab Refinery Limited	26,604	21,316
Petrosin CNG (Private) Limited	28,067	86,535
	95,294,994	54,426,085

21.1 Trade debts due from associated companies are net of provision for doubtful debts amounting to Rs. 238.00 million (2017: Rs. 238.00 million).

21.2 The maximum aggregate amount due from associated companies at the end of any month during the year was Rs. 38,111.66 million (2017: Rs. 17,756.23 million).

21.3 Trade debts include Gas Infrastructure Development Cess (GIDC) withheld by fertiliser companies amounting to Rs. 69,479 million (2017: Rs. 38,420 million) due to stay orders from various High Courts, resulting in a corresponding payable to the Government of Pakistan.

	Note	2018	2017
		(Rupees in thousand)	
22. LOANS AND ADVANCES			
Considered good			
Current portion of long term loans and advances	17		
Executives		6,148	13,953
Other employees		15,909	7,528
	22.1	22,057	21,481
Advances to employees against expenses		44,698	28,013
Advances to suppliers and others		1,359,239	559,319
Receivables from joint operating partners		1,106,350	1,031,252
		2,532,344	1,640,065

22.1 It includes house rent advance obtained by Brig. Saleem Mahmood Khan (Retd) exceeding Rs. 1 million, which is recoverable in 12 equal monthly installments and is secured by an amount due against provident fund.

	Note	2018	2017
		(Rupees in thousand)	
23. SHORT TERM INVESTMENTS			
Held-to-maturity			
Local currency term deposits with banks	23.1	8,437,354	3,604,596

23.1 They have a maximum maturity period of 3 months, carrying profit ranging from 5.95% to 6.75% (2017: 5.40% to 6.75%) per annum.

	Note	2018	2017
		(Rupees in thousand)	
24. SHORT TERM PREPAYMENTS			
Prepaid insurance		35,628	52,461
Others		31,086	13,236
		66,714	65,697
25. CASH AND BANK BALANCES			
Cash in hand		1,654	1,378
Balances with banks on:			
Deposit accounts	25.1	7,191,349	3,225,389
Current accounts		75,905	96,429
		7,267,254	3,321,818
		7,268,908	3,323,196

25.1 These include foreign currency accounts amounting to US$ 6.55 million (2017: US$ 4.24 million) having mark-up of 0.25% (2017: 0.5%) per annum. The mark-up for local currency accounts ranges from 3.05% to 6.00% (2017: 3.75% to 6.00%) per annum.

25.2 The unavailed credit facilities available to the Company include financing, Letter of Credits/ Letter of Guarantee, Credit Card and leasing amounting to Rs. 1,021.26 million (2017: Rs. 6,946.58 million).

Notes to and Forming Part of the Financial Statements
For the year ended June 30, 2018

	Note	2018	2017
		(Rupees in thousand)	
26. GROSS SALES TO CUSTOMERS			
Sale of:			
Gas	26.1	97,056,378	94,357,681
Crude Oil	26.2	2,328,416	2,041,417
Less: Transportation charges		64,285	85,145
		2,264,131	1,956,272
Condensate	26.3	704,375	443,044
Less: Transportation charges		26,261	16,215
		678,114	426,829
Liquefied Petroleum Gas (LPG)	26.4	-	1,267
Own consumption		44,216	33,925
		100,042,839	96,775,974

26.1 This represents sale of gas as per details below:

	2018	2017
Mari field	88,944,918	87,775,299
Sujawal block	4,548,984	4,490,459
Zarghun field	1,250,305	766,304
Hala block	1,239,320	1,016,632
Sukkur block	77,597	52,606
Karak block	995,254	235,905
Kohat block	-	20,476
	97,056,378	94,357,681

26.2 This represents sale of crude oil as per details below:

	2018	2017
Karak block	1,809,866	1,820,208
Ghauri block	518,550	221,209
	2,328,416	2,041,417

26.3 This represents sale of condensate as per details below:

	2018	2017
Mari Field	134,300	94,057
Sujawal block	355,216	303,278
Hala block	59,147	40,530
Zarghun field	5,995	5,179
Karak block	149,717	-
	704,375	443,044

26.4 This represents sale of LPG from Hala block.

26.5 Sale of gas includes sale from Koonj well of Sukkur block and Aqeeq well of Sujawal block invoiced on provisional prices. There may be adjustment in sales upon issuance of final wellhead prices notification by Oil and Gas Regulatory Authority (OGRA).

	Note	2018	2017
		(Rupees in thousand)	
27. OPERATING EXPENSES			
Salaries, wages and benefits	27.1	3,814,410	3,261,182
Employee benefits		286,380	263,595
Rent, rates and taxes		212,608	107,426
Legal and professional services		38,077	26,267
Fuel, light, power and water		167,154	135,275
Maintenance and repairs		775,592	728,307
Insurance		49,451	61,809
Depreciation of property, plant and equipment		959,904	836,687
Depreciation on exploration and evaluation assets		-	92,560
Amortization of development and production assets and decommissioning cost		2,126,501	746,866
Employees medical and welfare		355,358	313,556
Field and other services		1,353,158	1,212,927
Travelling		101,042	80,366
Communications		30,794	23,043
Printing and stationery		17,309	18,341
Office supplies		18,819	26,380
Technical software		94,678	127,645
Auditor's remuneration	27.2	2,936	2,845
Mobile dispensary and social welfare		144,131	207,759
Training		130,767	94,368
Advertisement		13,827	3,407
Books and periodicals		1,105	754
Public relations and social activities		22,365	11,001
Directors' fee and expenses		13,273	11,064
Freight and transportation		20,713	17,450
Subscriptions		15,732	7,594
Reservoir study and production logging		22,111	44,805
Seismic Processing / Reprocessing		-	35,012
Reversal of provision for doubtful debts		-	(23,614)
Miscellaneous		49,074	72,893
		10,837,269	8,547,570
Less: Recoveries from joint operating partners	27.3	851,858	1,097,559
		9,985,411	7,450,011

Operating expenses include operating expenses relating to joint operations as follows:

	2018	2017
Sukkur block	68,018	36,823
Hala block	270,672	232,555
Kohat block	1,428	1,096
Karak block	371,995	350,269
Sujawal block	383,868	315,379
Zarghun field	163,237	153,950
Ghauri block	161,200	92,865
	1,420,418	1,182,937

27.1 Salaries, wages and benefits include operating lease rentals amounting to Rs. 51.80 million (2017: Rs. 42.54 million) in respect of Company leased vehicles.

	2018	2017
	(Rupees in thousand)	
27.2 Auditor's remuneration		
Statutory audit	1,562	1,455
Review of half yearly accounts, special reports and other certifications	1,150	1,043
Out of pocket expenses	224	347
	2,936	2,845
27.3 Recoveries from joint operating partners		
Time write cost	629,907	873,939
Overheads	216,500	212,667
Computer and equipment support cost	5,451	10,953
	851,858	1,097,559

	Note	2018	2017
		(Rupees in thousand)	
28. EXPLORATION AND PROSPECTING EXPENDITURE			
Mari Field	28.2	18,516	24,226
Joint operations			
Cost of dry and abandoned wells written off		609,525	1,531,246
Prospecting expenditure	28.3	3,061,813	2,325,325
		3,671,338	3,856,571
		3,689,854	3,880,797

	2018	2017	2018	2017
	Working interest (%)		(Rupees in thousand)	
OPERATED BLOCKS				
Zarghun Field	35.00	35.00	155,239	66,566
Ziarat Block	60.00	60.00	65,346	40,060
Karak Block	60.00	60.00	1,251	203,508
Hanna Block *	-	100.00	12,944	-
Harnai Block	60.00	40.00	35,876	13,433
Sujawal Block	100.00	100.00	495,780	2,206,312
Sukkur Block	58.82	58.82	1,507,355	33,287
Ghauri Block	65.00	35.00	517,561	21,987
Peshawar East Block	98.16	98.16	12,453	20,243
Bannu West Block **	55.00	35.00	286,010	13,109
Khetwaro Block *	-	51.00	2,518	(19,532)
			3,092,333	2,598,973
NON - OPERATED BLOCKS				
Hala Block	35.00	35.00	(56,514)	31,330
Kohat Block	20.00	20.00	(7,963)	303,539
Bannu West Block **	-	10.00	-	57,261
Kohlu Block	30.00	30.00	7,376	6,637
Kalchas Block	50.00	20.00	635,612	2,760
Shah Bandar Block	32.00	32.00	(12,223)	886,336
Zindan Block *	-	35.00	7,009	(30,265)
Block 28 ***	95.00	-	5,708	-
			579,005	1,257,598
			3,671,338	3,856,571

* Company has relinquished these blocks and GOP's approval is pending in this respect.
** Working interest was increased from 10% to 35% along-with transfer of operatorship to MPCL in 2016-17.
*** Transfer of operatorship of the block from OGDCL to MPCL is in progress.

28.1 Exploration and prospecting expenditure represents cost other than drilling expenditure directly charged to statement of profit or loss as referred in note 3.8 to these financial statements.

28.2 This includes services rendered and invoiced by Mari Seismic Unit amounting to Rs. 3.802 million (2017: Rs. 1.359 million)

28.3 This includes services rendered and invoiced by Mari Seismic Unit amounting to Rs. 1,289.176 million (2017: Rs. 240.426 million).

	Note	2018 (Rupees in thousand)	2017 (Rupees in thousand)
29. OTHER CHARGES			
Workers' Profit Participation Fund		1,199,381	593,787
Workers' Welfare Fund		248,366	132,503
		1,447,747	726,290
30. OTHER INCOME / (EXPENSES)			
Mari Seismic Unit income / (loss) - net	30.1	53,768	(354,950)
Mari Drilling Unit loss - net	30.2	(370,615)	(435,497)
Mari Seismic Processing Centre loss - net	30.3	(37,357)	(44,639)
Line heaters rental income		7,169	5,755
Rental income		106,068	6,000
Gain / (loss) on disposal of property and equipment		31,866	(1,204)
Miscellaneous		2,270	4,207
		(206,831)	(820,328)
30.1 Break-up of Mari Seismic Unit income / (loss) - net is as follows:			
Income:			
Mari Seismic Unit income		1,292,978	241,785
Interest income on bank deposits		39,444	17,601
		1,332,422	259,386
Less: Expenses			
Operating expenses		968,815	322,372
Depreciation of property and equipment		282,668	291,922
Loss on disposal of property and equipment		27,109	-
Bank charges		62	42
		1,278,654	614,336
		53,768	(354,950)
30.2 Break-up of Mari Drilling Unit loss - net is as follows:			
Income:			
Rig rental income		233,437	127,570
Less: Expenses			
Operating expenses		477,350	474,488
Depreciation on property and equipment		126,702	88,579
		604,052	563,067
		(370,615)	(435,497)

	2018 (Rupees in thousand)	2017 (Rupees in thousand)
30.3 Break-up of Mari Seismic Processing Centre loss - net is as follows:		
Income:		
Mari Seismic Processing Centre income	67,467	46,055
Less: Expenses		
Operating expenses (net of recoveries from joint operating partners)	86,881	71,471
Depreciation on property and equipment	17,943	19,223
	104,824	90,694
	(37,357)	(44,639)
31. FINANCE INCOME		
Interest income on bank deposits	421,587	212,126
Interest income on short term investments	276,840	20,880
Interest income on delayed payments	67,189	-
	765,616	233,006
32. FINANCE COST		
Interest on long term financing	26,567	197,624
Interest on short term running finance - secured	-	11,615
Unwinding of discount on provision for decommissioning cost	720,421	640,188
Exchange gain	(110,444)	(72,496)
Interest on Workers' Profit Participation Fund	1,783	17,765
Bank charges	1,401	3,390
	639,728	798,086
33. PROVISION FOR TAXATION		
Current	4,576,011	1,492,042
Deferred	341,193	521,223
	4,917,204	2,013,265

	2018 (Percentage)	2017 (Percentage)
33.1 Reconciliation of effective tax rate		
* Applicable tax rate	49.45	48.48
Tax effect of depletion allowance and royalty payments	(22.44)	(26.08)
Others	(2.78)	(4.34)
Effective tax rate	24.23	18.06

* The applicable tax rate is the weighted average of tax rates applicable to income from oil and gas concessions and income from other activities.

33.2 Management has assessed that tax provision made in the financial statements is sufficient. Tax as per financial statements for the last three tax years is Rs. 3.6 billion as compared to Rs. 3.5 billion as per latest tax assessments.

	2018	2017
34. EARNINGS PER SHARE - BASIC AND DILUTED		
Profit for the year (Rupees in thousand)	15,374,340	9,136,194
Distributable earnings (Rupees in thousand)	709,928	651,357
Number of ordinary shares outstanding (in thousand)	110,250	110,250
Earnings per ordinary share (in Rupees)	139.45	82.87
Distributable earnings per ordinary share (in Rupees)	6.44	5.91

There is no dilutive effect on the basic earnings per ordinary share of the Company.

34.1 Distributable earnings reflect return to shareholders for the year ended June 30, 2018 @ 44.40% (2017: 42.59%) per annum on shareholders' funds as referred to in the "Revised Agreement".

35. CASH AND CASH EQUIVALENTS

For the purpose of statement of cash flows, cash and cash equivalents comprise the following:

	2018	2017
	(Rupees in thousand)	
Cash and bank balances	7,268,908	3,323,196
Short term investments	8,437,354	3,604,596
	15,706,262	6,927,792

36. EMPLOYEE BENEFITS

The results of the actuarial valuation carried out as at June 30, 2018 and June 30, 2017 are as follows:

36.1 Funded benefits

	2018		2017	
	Management Gratuity	Non-Management Gratuity	Management Gratuity	Non-Management Gratuity
	(Rupees in thousand)			
Reconciliation of payable to defined benefit plan				
Present value of defined benefit obligations	1,613,836	818,258	1,375,739	723,867
Fair value of plan assets	(1,335,878)	(696,927)	(1,223,102)	(695,771)
Liability recognized in statement of financial position	277,958	121,331	152,637	28,096
Movement in payable to defined benefit plan				
Balance as at beginning of year	152,637	28,096	853,288	660,290
Expense for the year	277,958	121,331	152,637	28,096
Funds returned by the Company to the fund	-	-	(770,000)	(430,000)
	430,595	149,427	235,925	258,386
Contribution to fund during the year	(152,637)	(28,096)	(83,288)	(230,290)
Balance as at end of year	277,958	121,331	152,637	28,096

	2018		2017	
	Management Gratuity	Non-Management Gratuity	Management Gratuity	Non-Management Gratuity
	(Rupees in thousand)			
Movement in the present value of defined benefit obligation				
Present value of defined benefit obligation at beginning of the year	1,375,739	723,867	1,232,879	684,778
Service cost	149,356	31,644	134,630	31,859
Interest cost on defined benefit obligation	110,280	53,142	92,190	49,018
Actual benefits paid during the year	(95,431)	(59,844)	(51,734)	(32,343)
Re-measurements: Actuarial (gain) / loss on obligation	73,892	69,449	(32,226)	(9,445)
Present value of defined benefit obligation at end of the year	1,613,836	818,258	1,375,739	723,867
Movement in fair value of plan assets				
Balance as at beginning of year	1,223,102	695,771	379,591	24,488
Contributions during the year	152,637	28,096	83,288	230,290
Interest income on plan assets	98,450	50,917	86,152	32,283
Funds returned by the Company to the fund	-	-	770,000	430,000
Remeasurement gain / (loss) on plan assets	(42,880)	(18,013)	(44,195)	11,053
Benefits paid during the year	(95,431)	(59,844)	(51,734)	(32,343)
Balance as at end of year	1,335,878	696,927	1,223,102	695,771
Plan assets comprise of:				
Deposit with banks and mutual funds	1,335,878	696,927	1,223,102	695,771
Expense for the year:				
Recognized in statement of profit or loss				
Current service cost	149,356	31,644	134,630	31,859
Interest cost	110,280	53,142	92,190	49,018
Interest income on plan assets	(98,450)	(50,917)	(86,152)	(32,283)
	161,186	33,869	140,668	48,594
Recognized in statement of other comprehensive income				
Remeasurement loss / (gain) on obligations - effect of experience adjustment	73,892	69,449	(32,226)	(9,445)
Remeasurement loss / (gain) on plan assets	42,880	18,013	44,195	(11,053)
	116,772	87,462	11,969	(20,498)
Total expense for the year	277,958	121,331	152,637	28,096
Actual return on plan assets	55,570	32,904	41,957	43,336

	Management Gratuity	Non-Management Gratuity
	(Rupees in thousand)	
Projected benefit payments from gratuity fund are as follows:		
For the year 2019	193,067	40,509
For the year 2020	253,845	118,717
For the year 2021	204,393	173,392
For the year 2022	118,792	100,694
For the year 2023	153,889	110,723
For the years 2024-28	1,426,873	674,906

36.2 Un-funded benefits

	2018			2017		
	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	427,678	74,893	74,519	363,152	73,148	70,494
Movement in payable to defined benefit plan						
Balance at beginning of the year	363,152	73,148	70,494	323,012	61,619	62,778
Expense for the year	80,731	5,214	4,025	55,359	14,152	7,716
	443,883	78,362	74,519	378,371	75,771	70,494
Payments during the year	(16,205)	(3,469)	-	(15,219)	(2,623)	-
Balance at end of the year	427,678	74,893	74,519	363,152	73,148	70,494
Expense for the year:						
Recognized in statement of profit or loss						
Current service cost	38,091	1,855	2,320	33,904	1,540	2,178
Interest cost	28,144	5,624	5,532	23,418	4,437	4,623
Immediate recognition of actuarial loss / (gain)	14,496	-	-	(1,963)	-	-
	80,731	7,479	7,852	55,359	5,977	6,801
Recognized in statement of other comprehensive income						
Remeasurement loss / (gain) on obligations:						
Effect of experience adjustment	-	(2,265)	433	-	8,175	6,537
Effect of changes in financial assumptions	-	-	(4,260)	-	-	(5,622)
	-	(2,265)	(3,827)	-	8,175	915
Total expense for the year	80,731	5,214	4,025	55,359	14,152	7,716

36.3 The principal actuarial assumptions used in the actuarial valuation of the defined benefit plans are as follows:

	2018	2017
	(Per annum)	
- Discount rate	9.00%	7.75%
- Expected rate of salary increase	9.00%	7.75%
- Expected rate of pension increase	4.25%	3.00%
- Increase in cost of medical benefits	9.00%	7.75%

36.4 Sensitivity analysis and weighted average number of years

	Weighted average number of years as at June 30, 2018	Effect on payable to defined benefit plan of			
		Discount rate		Salary/Medical rate	
		0.5% point increase	0.5% point decrease	0.5% point increase	0.5% point decrease
		(Rupees in thousand)		(Rupees in thousand)	
Management Gratuity	7.47	(58,106)	62,310	62,015	(58,364)
Non-Management Gratuity	5.59	(22,323)	23,464	23,355	(22,423)
Management Post Retirement Medical	7.76	(2,904)	3,121	31	(30)

36.5 The employee benefit expenses (funded and unfunded) are recognized in statement of profit or loss for the year as per following details:

Description	2018	2017
	(Rupees in thousand)	
Employee benefits - Operating expenses	222,544	207,355
Employees medical and welfare - Operating expenses	12,763	10,758
Mobile dispensary and social welfare - Operating expenses	4,829	5,087
Mari Drilling Unit - Other income	39,206	27,017
Mari Seismic Unit - Other income	8,622	5,157
Mari Seismic Processing Centre - Other income	3,153	2,025
	291,117	257,399

37. OPERATING SEGMENTS

37.1 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.

37.2 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, 2018				
Revenue from external customers	100,042,839	110,927	233,437	100,387,203
Inter-segment revenue	-	1,182,051	968,652	2,150,703
	100,042,839	1,292,978	1,202,089	102,537,906
Operating expenses	6,899,006	968,815	947,876	8,815,697
Depreciation and amortization	3,086,405	282,668	283,874	3,652,947
Cost of dry and abandoned wells written off	609,525	-	-	609,525
Other income / (expenses)	110,016	27,109	-	137,125
Finance income	765,616	39,444	-	805,060
Finance cost	639,728	62	-	639,790
Profit / (loss) before taxation	20,608,391	53,768	(29,661)	20,632,498
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 income / (expenses)	(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

37.3 Reconciliation of segments' revenue and profit before taxation

		2018	2017
		(Rupees in thousand)	
i)	Revenue from reportable segments	102,537,906	98,570,532
	Elimination of inter-segment revenue - Mari Drilling Unit	(968,652)	(1,425,203)
	Revenue of the Company	101,569,254	97,145,329
37.3.1	**Revenue of the Company comprises:**		
	- Gross sales to customers	100,042,839	96,775,974
	- Mari Seismic Unit - other income / (expenses)	1,292,978	241,785
	- Mari Drilling Unit - other income / (expenses)	233,437	127,570
		101,569,254	97,145,329
ii)	Profit before taxation from reportable segments	20,632,498	11,596,532
	Elimination of inter-segment profit - Mari Drilling Unit	(340,954)	(447,073)
	Profit before taxation of the Company	20,291,544	11,149,459

Other information

Revenue from external customers for products of the Company is disclosed in note 26.

Revenue from major customers of the Company constitutes 97% of the total revenue during the year ended June 30, 2018 (2017: 97%).

	Loans and receivables 2018	2017
	(Rupees in thousand)	
38. FINANCIAL INSTRUMENTS		
38.1 Financial assets and liabilities		
Financial assets		
Maturity up to one year		
Trade debts	95,294,994	54,426,085
Loans and advances	1,128,407	1,052,733
Interest accrued	103,183	47,031
Short term investments	8,437,354	3,604,596
Cash and bank balances	7,268,908	3,323,196
Maturity after one year		
Long term loans and advances	35,411	32,233
Long term deposits	62,870	25,982
	112,331,127	62,511,856

	Other financial liabilities 2018	2017
	(Rupees in thousand)	
Financial liabilities		
Maturity up to one year		
Trade and other payables	93,774,013	55,165,162
Unclaimed dividend	19,371	17,274
Unpaid dividend	11,514	8,733
Current maturity of long term financing	119,045	955,037
Interest accrued on long term financing	10,180	254,552
Maturity after one year		
Provision for decommissioning cost	7,127,202	6,741,532
Deferred income	5,337	28,291
Long term financing	-	4,172,727
Provision for employee benefits - unfunded	577,090	506,794
Provision compensated leave absences	242,707	207,195
	101,886,459	68,057,297

38.2 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	2018	2017
		(Rupees in thousand)	
Trade debts			
Counterparties with external credit rating	A1+	81,894,777	39,873,846
	A1	3,547,786	9,873,466
	A2	301,649	31,553
Counterparties without external credit rating		9,550,782	4,647,220
		95,294,994	54,426,085
Loans and advances			
Counterparties without external credit rating			
Joint operating partners and employees with no default in the past		1,128,407	1,052,733
Interest accrued			
Counterparties with external credit rating	A1+	100,542	47,031
	A1	2,641	-
		103,183	47,031
Short term investments			
Counterparties with external credit rating	A1+	7,837,354	3,604,596
	A1	600,000	-
		8,437,354	3,604,596
Bank balances			
Counterparties with external credit rating	A1+	7,266,568	3,321,818
	A1	686	-
		7,267,254	3,321,818
Long term loans and advances			
Counterparties without external credit rating			
Receivable from employees		35,411	32,233
Long term deposits			
Counterparties without external credit rating		62,870	25,982

38.3 FINANCIAL RISK MANAGEMENT

38.3.1 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 minimise 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 fertiliser companies, power generation companies, distribution companies and refineries and the Company does not expect these companies to fail to meet their obligations. The sale of gas 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, 2018, trade debts of Rs. 85,804 million (2017: Rs. 49,658 million), were past due but not impaired. The ageing analysis of past due trade debts is as follows:

	2018		2017	
	(Rupees in thousand)			
	Gross	Impairment	Gross	Impairment
Due from associated companies				
Past due 0-30 days	2,107,766	-	1,925,044	-
Past due 30-60 days	2,125,700	-	1,949,644	-
Past due 60-90 days	2,158,278	-	2,019,754	-
Over 90 days	29,775,323	238,000	9,831,599	238,000
	36,167,067	238,000	15,726,041	238,000
Due from others				
Past due 0-30 days	2,263,619	-	2,778,036	-
Past due 30-60 days	1,675,180	-	1,998,493	-
Past due 60-90 days	1,835,280	-	1,582,533	-
Over 90 days	44,101,349	-	27,811,270	-
	86,042,495	238,000	49,896,373	238,000

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 A. 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, 2018, the Company had financial assets of Rs. 112,331,127 thousand (2017: Rs. 62,511,856 thousand).

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position 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, 2018			
Trade and other payables	93,774,013	-	-
Unclaimed dividend	19,371	-	-
Unpaid dividend	11,514	-	-
Interest accrued on long term financing	10,180	-	-
Provision for decommissioning cost	38,805	835,977	8,734,868
Long term financing	119,045	-	-
Provision for employee benefits - unfunded	-	-	577,090
Provision for compensated leave absences	-	-	242,707
Deferred income	-	5,337	-
As at June 30, 2017			
Trade and other payables	55,165,162	-	-
Unclaimed dividend	17,274	-	-
Unpaid dividend	8,733	-	-
Interest accrued on long term 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 income	-	28,291	-

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 optimising 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 optimising the return on financial instruments.

Exposure to foreign currency risk

The Company's exposure to currency risk is as follows:

	2018	2017	2018	2017
	(Rupees in thousand)		(US$ in thousand)	
Cash and bank balances	796,606	445,707	6,551	4,245
Trade debts	1,591	523	13	5
Loans and advances	1,106,350	1,031,252	9,098	9,821
Trade and other payables	(1,448,460)	(1,301,049)	(11,912)	(12,391)
	456,087	176,433	3,750	1,680

The following significant exchange rates applied during the year:

	Average rate		Closing rate	
	2018	2017	2018	2017
	(Rupees)		(Rupees)	
US$ 1	110.59	104.75	121.60	105.00

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)	
2018			
US$	+10%	22,804	22,804
	-10%	(22,804)	(22,804)
2017			
US$	+10%	8,292	8,292
	-10%	(8,292)	(8,292)

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:

	2018	2017
	(Rupees in thousand)	
Financial assets		
Cash and bank balances	7,191,349	3,225,389
Short term investments	8,437,354	3,604,596
Trade debts	2,784,005	1,390,247
	18,412,708	8,220,232
Financial liabilities		
Long term financing	119,045	5,127,764

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, 2018 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, 2018 would increase/ decrease by Rs. 457 million (2017: increase/ decrease by Rs. 73 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.

38.3.2 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.

38.4 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.

39. INTEREST IN JOINT OPERATIONS

The Company has working interests in the following operated and non operated fields / blocks in Pakistan:

	2018	2017
	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
Harnai Block	60.00	40.00
Sujawal Block	100.00	100.00
Sukkur Block	58.82	58.82
Ghauri Block	65.00	35.00
Peshawar East Block	98.16	98.16
Bannu West Block	55.00	35.00
Khetwaro Block *	-	51.00
Non-Operated		
Hala Block	35.00	35.00
Kohat Block	20.00	20.00
Bannu West Block	-	10.00
Kohlu Block	30.00	30.00
Kalchas Block	50.00	20.00
Zindan Block *	-	35.00
Shah Bandar Block	32.00	32.00
Block 28 ***	95.00	-

* Blocks have been relinquished. However, GOP's approval is pending in this respect.

** Working interest was increased from 10% to 35% along-with transfer of operatorship to MPCL in 2016-17.

*** Transfer of operatorship of the block from OGDCL to MPCL is in progress.

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40. INFORMATION ABOUT JOINT OPERATIONS

	Non current assets	Current assets	Non current liabilities	Current liabilities
	(Rupees in thousand)			
As at June 30, 2018				
Share in joint operations operated by the Company				
Zarghun Field	541,568	67,856	113,853	47,670
Ziarat Block	245,914	119,207	187,828	182,173
Karak Block	4,026,066	97,261	395,159	170,773
Hanna Block	-	3,627	-	5,561
Harnai Block	-	1,526	-	31,277
Sujawal Block	3,154,934	158,998	338,376	29,758
Sukkur Block	237,759	101,073	230,547	130,003
Ghauri Block	1,300,578	566,961	148,685	474,714
Peshawar East Block	-	1,351	-	2,609
Bannu West Block	-	106,071	-	115,578
Khetwaro Block	-	16,916	-	2,793
Share in joint operations operated by others				
Hala Block	2,350,549	11,892	404,949	-
Kohat Block	-	6,974	38,805	12,547
Kohlu Block	-	3,293	-	9,273
Kalchas Block	-	288	-	598,850
Zindan Block	-	8,045	-	201
Shah Bandar Block	155,180	-	-	178,111
Block 28	-	-	-	5,708
	12,012,548	1,271,339	1,858,202	1,997,599
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

41. DISCLOSURE REQUIREMENTS FOR SHARIAH COMPLIANT COMPANIES AND THE COMPANIES LISTED ON ISLAMIC INDEX

	Description	Explanation	
i)	Loans and advances obtained as per Islamic mode - Liability	Nil	
ii)	Bank balances as at June 30, 2018		Rupees in thousand
		Placed under interest arrangement	5,632,818
		Placed under Shariah permissible arrangement	1,634,436
			7,267,254
	Short term investments as at June 30, 2018	Placed under interest arrangement	5,500,000
		Placed under Shariah permissible arrangement	2,937,354
			8,437,354
iii)	Interest income on bank deposits for the year ended June 30, 2018	Placed under interest arrangement	434,440
		Placed under Shariah permissible arrangement	26,591
			461,031
	Interest income on short term investments for the year ended June 30, 2018	Placed under interest arrangement	205,608
		Placed under Shariah permissible arrangement	71,232
			276,840
iv)	Revenue earned from Shariah compliant business segment	Not applicable	
v)	Gain/loss or dividend earned from Shariah compliant investments	Not applicable	
vi)	Exchange gain earned	Earned from actual currency fluctuations	
vii)	Mark up on long term financing for the year ended June 30, 2018	Under conventional mode of financing	26,567
		Under Islamic mode of financing	-
			26,567
viii)	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	
		4. Al Baraka Bank (Pakistan) Limited	

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42. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in these financial statements as remuneration and allowances including all benefits, to key management personnel (chief executive and directors) and executives of the Company is as follows:

	2018		2017	
	Chief Executive	Executives	Chief Executive	Executives
	(Rupees in thousand)			
Managerial remuneration	5,137	585,024	5,814	670,156
Company's contribution to provident fund	514	49,760	581	55,113
Company's contribution to gratuity fund	967	258,867	1,727	152,446
Housing and utilities	7,421	571,933	8,101	636,423
Other allowances and benefits	7,806	707,626	10,986	750,605
Bonuses	8,290	848,167	11,654	1,104,493
	30,135	3,021,377	38,863	3,369,236
Number of persons including those who worked part of the year	1	216	2	391

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 (2017: 13) directors were paid aggregate fee and reimbursable expenses of perquisite nature of Rs. 13,273 thousand (2017: Rs. 11,064 thousand).

43. NUMBER OF EMPLOYEES

	2018	2017
Total number of employees as at the year end	1,187	1,142
Average number of employees during the year	1,150	1,111

44. TRANSACTIONS WITH RELATED PARTIES

The related parties of the Company comprise of entities having significant influence over the Company, employees' retirement funds and key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly. The Company considers its Chief Executive and Directors to be key management personnel.

Nature of relationship	Nature of transaction	2018	2017
		(Rupees in thousand)	
Entities with significant influence over the Company			
Fauji Foundation	Dividend paid	249,275	223,036
Fauji Foundation	Dividend payable	6,990	4,895
OGDCL	Dividend paid	124,638	111,518
OGDCL	Dividend payable	3,495	2,448
Employees' retirement funds			
Gratuity funds (Management and Non-Management)	Contribution	180,733	313,578
Provident fund	Contribution	72,504	63,454

Transactions with key management personnel are disclosed in note 42 to the financial statements.

Amounts receivable from / payable to related parties have been disclosed in relevant notes to these financial statements.

45. DETAIL OF RELATED PARTIES AND ASSOCIATED COMPANIES

Following is the detail of related parties and associated companies, with whom the Company has entered into transactions or had agreements and / or arrangements in place during the financial year:

	Name of Related Party	Basis of relationship	Percentage of Shareholding
45.1	**Related Parties**		
	Fauji Foundation	Entity with significant influence over the Company	40%
	OGDCL	Entity with significant influence over the Company	20%
	Gratuity funds (Management and Non-Management)	Post employment benefit plan	-
	Provident fund	Post employment benefit plan	-
	Chief Executive and Directors	Key management personnel	-
45.2	**Associated Companies**		
	Fauji Fertilizer Company Limited	Fauji Group Company, Common directorship	-
	Askari Bank Limited	Fauji Group Company, Common directorship	-
	Foundation Power Company Daharki Limited	Fauji Group Company, Common directorship	-
	Foundation Gas	Fauji Group Company, Common directorship	-

46. 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:

	Un-audited	
	2018	2017
Net assets (Rupees in thousand)	956,264	833,696
Cost of investments made (Rupees in thousand)	818,423	748,152
Percentage of investments made (Percentage)	86%	90%
Fair value of investments (Rupees in thousand)	818,423	748,152
Break-up of investments:		
Bank, term deposits and mutual funds (Rupees in thousand)	818,423	748,152

All investments out of Provident Fund and Gratuity Funds have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified for this purpose.

47. SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS

The financial position and performance of the Company was affected by the following events and transactions during the year:

- Acquisition of working interests in various blocks (see note 28).
- Repayment of long term loans (see note 8.2).
- Increase in wellhead prices and sales volume resulting in increase in cash and cash equivalents and profit.

Notes to and Forming Part of the Financial Statements
For the year ended June 30, 2018

48. CORRESPONDING FIGURES

Corresponding figures have been rearranged in statement of financial position to conform to current year's presentation. Further, following changes have been made in corresponding figures to conform to current year's presentation:

Statement of Financial position	Rupees in thousand
Amount reclassified to "unclaimed dividend" from "Trade and Other Payables"	17,274
Amount reclassified to "unpaid dividend" from "Trade and Other Payables"	8,733

49. NON-ADJUSTING EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

The Board of Directors in its meeting held on August 30, 2018 have proposed (i) final cash dividend for the year ended June 30, 2018 @ Rs. 2.5 per share, and (ii) issuance of Bonus Shares in ratio of one share for every ten shares held (i.e. 10%), 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	257,155
Condensate	Barrels	117,239
Crude Oil	Barrels	426,581

Due to the nature of operations of the Company, installed capacity of above products is not relevant.

50.2 These financial statements have been authorised for issue by the Board of Directors of the Company on August 30, 2018.

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

Muhammad Asif
General Manager Finance/CFO

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

ACA	Associate Chartered Accountant
AGM	Annual General Meeting
BBLs	Barrels
BOE	Barrels of Oil Equivalent
BSCF	Billion Standard Cubic Feet
CA	Companies Act, 2017
CCG	Code of Corporate Governance 2017
CDC	Central Depository Company of Pakistan Limited
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CMS	Competency Management System
COO	Chief Operating Officer
CS	Company Secretary
CSR	Corporate Social Responsibility
D&P	Development and Production
DGPC	Director General Petroleum Concessions
DRP	Disaster Recovery Plan
DST	Drill Stem Test
E&P	Exploration and Production
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
ECC	Economic Coordination Committee
EFP	Employer's Federation of Pakistan
EOGM	Extraordinary General Meeting
EPS	Earnings Per Share
EQ	Emotional Quotient
EMS	Environmental Management System
ERM	Enterprise Risk Management
EWT	Extended Well Test
FATA	Federally Administered Tribal Areas
FCA	Fellow Chartered Accountant
FEED	Front End Engineering Design
G&G	Geological & Geophysical
GDS	Gas Development Surcharge
GHG	Greenhouse Gas
GIDC	Gas Infrastructure Development Cess
GM	General Manager
GoP	Government of Pakistan
GPA	Gas Wellhead Price Agreement
HCDPU	Hydrocarbon Dew Point Unit
HEC	Higher Education Commission
HI(M)	Hilal-e-Imtiaz (Military)
HIA	Head of Internal Audit
HOD	Head of Department
HR&R	Human Resource and Remuneration
HRL	Habib Rahi Limestone
HSE	Health, Safety and Environment
HSEQ	Health, Safety, Environment, & Quality
ICAP	Institute of Chartered Accountants of Pakistan
ICMAP	Institute of Cost and Management Accountants of Pakistan
IEA	International Energy Agency
IEE/EIA	Initial Environmental Examination / Environmental Impact Assessment
IFAC	International Federation of Accountants

Definition and Glossary of Terms

IHRDC	International Human Resources Development Corporation
IMS	Integrated Management System
ISMS	Information Security Management System
ISO	International Standards Organisation
ITAG	Improvement in Transparency, Accountability & Governance
JV	Joint Venture
KIBOR	Karachi Inter-Bank Offer Rate
KMI	KSE Meezan Index
KPIs	Key Performance Indicators
KPK	Khyber Pakhtunkhwa
KSE	Karachi Stock Exchange
KUFPEC	Kuwait Foreign Petroleum Exploration Company
LBS	London Business School
LLIs	Long Lead Items
LPG	Liquefied Petroleum Gas
LOI	Letter of Intent
LTIs	Lost Time Incidents
LUMS	Lahore University of Management Sciences
MAP	Management Association of Pakistan
MBA	Masters in Business Administration
MDU	Mari Drilling Unit
MGCL	Mari Gas Company Limited
MMSCF	Million Standard Cubic Feet
MOU	Memorandum of Understanding
MPCL	Mari Petroleum Company Limited
MSD	Mari Services Division
MSPC	Mari Seismic Processing Centre
MSPs	Management System Procedures
MSU	Mari Seismic Unit
MW	Megawatt
NITL	National Investment Trust Limited
NTN	National Tax Number
OE	Owner's Engineer
OGDCL	Oil & Gas Company Limited
OGRA	Oil and Gas Regulatory Authority
OHSAS	Occupational Health and Safety Assessment Series
OPQ32	Occupational Personality Questionnaires
P/E	Price to Earnings Ratio
PIEAS	Pakistan Institute of Engineering and Applied Sciences
PMS	Plant Maintenance System
PPEPCA	Pakistan Petroleum Exploration and Production Companies Association
PPIS	Pakistan Petroleum Information Service
PSI	Pounds per square inch
PSX	Pakistan Stock Exchange
QAU	Quaid-i-Azam University
QCR	Quality Control Reviw
RCCI	Rawalpindi Chamber Of Commerce amd Industry
SAARC	South Asian Association for Regional Cooperation
SAFA	South Asian Federation of Accountants
SAP	Systems, Applications and Products
SECP	Securities and Exchange Commission of Pakistan
SML	Sui Main Limestone
SOPs	Standard Operating Procedures
SRO	Statutory Regulatory Order
SSGCL	Sui Southern Gas Company Limited
SUL	Sui Upper Limestone
TD	Target Depth
TORs	Terms of Reference
TRCF	Total Recordable Case Frequency
UET	University of Engineering and Technology

ڈائریکٹرز رپورٹ

ہم اپنی رپورٹ کے ساتھ کمپنی کے آڈٹ شدہ مالیاتی گوشوارے اور 30 جون 2018 کو ختم ہونے والے سال کی آڈیٹرز رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

مالیاتی نتائج

مذکورہ سال کے لیے منافع اور رقوم کی تقسیم درج ذیل ہے:۔

منافع	"000" روپے
ٹیکس کی ادائیگی کے بعد رواں سال کا منافع	15,374,340
دیگر پیش آنے والے نقصانات	(91,847)
آگے منتقل ہونے والی غیر منقسم رقوم	12,748,733
	28,031,226
رقوم کی منتقلی (تقسیم)	
30 جون 2017 کو ختم ہونے والے سال کے لیے حتمی منقسم منافع 22 فیصد کی شرح سے	(138,805)
30 جون 2018 کو ختم ہونے والے سال کے لیے پہلا عبوری نقد منافع 35 فیصد کی شرح سے	(385,875)
غیر منقسم شرح منافع کے محفوظ رقم	(220,418)
سیلف انشورنس ریزرو	(1,000,000)
رواں سال کا میزانیہ	(1,745,098)
	26,286,128

زیر جائزہ سال کے دوران مجموعی سیلز **100,043** ملین روپے ہوئی ہیں جبکہ گزشتہ سال مجموعی سیلز 96,776 ملین روپے تھیں۔ اس اضافے کی سب سے اہم وجہ فروخت کے حجم میں بڑھوتری ہے۔ کمپنی نے گزشتہ سال قومی خزانے کو 74,298 ملین روپے کا فائدہ پہنچایا تھا جبکہ اس سال یہ رقم 70,409 ملین رہی۔ اس سال آپریٹنگ اخراجات 9,985 ملین روپے رہے جبکہ گزشتہ سال یہ اخراجات 7,450 ملین روپے تھے۔

مالیاتی گوشواروں کے آپریٹنگ نتائج اس سال کے لیے 15,374 ملین روپے کا منافع ظاہر کرتے ہیں جبکہ گزشتہ سال منافع 9,136 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 میں کمی ہونے کی وجہ سے ٹیکسز، آپریٹنگ اخراجات اور رائلٹی میں اضافہ ہوا ہے۔

گزشتہ سال کے 82.87 روپے فی حصص آمدن کے مقابلے میں اس سال فی حصص آمدن بڑھ کر 139.45 روپے فی شیئر (EPS) ہو گئی ہے۔ قابل تقسیم منافع کی بنیاد پر فی حصص آمدن گزشتہ سال 5.91 روپے فی شیئر سے بڑھ کر 6.44 روپے فی حصص ہو گئی ہے۔

اس سال حصص مالکان کے منافع کی شرح بڑھ کر 44.40 فیصد ہو گئی جبکہ گزشتہ سال یہ شرح 42.59 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 6,928 ملین روپے کے مقابلے میں اس سال کیش اور اس کے مساوی 15,706 ملین روپے ہیں۔ اس سال کے دوران کمپنی کی آپریٹنگ سرگرمیوں سے 20,225 ملین روپے کمائے گئے جنھیں تلاش کی سرگرمیوں، اہم اخراجات اور طویل المدت قرضہ جات کی ادائیگی کے لیے استعمال کیا گیا۔

ڈیویڈنڈ (Dividends)

کمپنی نے 30 جون 2018 کو ختم ہونے والے سال کے لیے 3.50 روپے فی عمومی شیئر (35 فیصد) کے لحاظ سے عبوری ڈیویڈنڈ کا اعلان کیا۔ علاوہ ازیں 30 جون 2017 کو ختم ہونے والے سال کے لیے حتمی کیش ڈیویڈنڈ/منافع 2.20 فی شیئر (22 فیصد) کا اعلان بھی رواں سال کے دوران کیا گیا۔

غیر ملکی زرمبادلہ کی بچت اور حکومتی محاصل / ریونیو

MPCL قومی معیشت میں اہم کردار ادا کرتی ہے۔ کمپنی کے ماڑی فیلڈ اور دیگر مشترکہ منصوبوں سے نکلنے والی قدرتی گیس، کنڈنسیٹ اور خام تیل کی پیداوار کا حصہ مالی سال 18-2017 میں بلحاظ توانائی 34,023,810 بیرل (2017: 32,316,176 بیرل) تھا۔ اس کے نتیجے میں رواں سال کے دوران **غیر ملکی زرمبادلہ کی بچت تقریباً 237 بلین روپے** (2017: 172 بلین

ڈائریکٹرز رپورٹ

روپے) ہوئی جبکہ رواں مالی سال میں خام تیل کی اوسط قیمت 62.90 ڈالرفی بیرل جبکہ ڈالر کے ساتھ تبادلے کی اوسط شرح 110.59 روپے رہی۔ (2017: خام تیل کی اوسط قیمت 50.69 ڈالرفی بیرل جبکہ ڈالر کے ساتھ تبادلے کی اوسط شرح 104.75 روپے)۔

اس کے علاوہ MPCL نے سال کے دوران سرکاری خزانے کو 70,409 ملین روپے (2016-17 کے دوران 74,298 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 2017-18 کے دوران گیس کی بلاتعطل فراہمی جاری رکھی۔

صارفین کی ضرورت کے مطابق ماڑی فیلڈ سے روزانہ 667 MMSCF کی اوسط سے مجموعی طور پر 243,403 MMSCF گیس اور 17,369 بیرل کنڈینسیٹ (48 بیرل روزانہ) نکالے گئے جبکہ پچھلے سال اسی مدت کے دوران 633 MMSCF یومیہ کی اوسط سے 231,147 MMSCF گیس اور 16,149 بیرل کنڈینسیٹ (44 بیرل یومیہ) نکالے گئے۔

علاوہ ازیں مشترکہ منصوبوں سے اس مدت کے دوران 426,581 بیرل خام تیل (1,169 بیرل یومیہ)، 99,870 بیرل کنڈینسیٹ (274 بیرل یومیہ) اور 13,752 MMSCF گیس (38 MMSCF یومیہ) کی پیداوار اور فروخت ہوئی جبکہ گزشتہ سال کے دوران 461,771 بیرل خام تیل (1,265 بیرل یومیہ)، 76,161 بیرل کنڈینسیٹ (209 بیرل یومیہ)، 12,688 MMSCF گیس (35 MMSCF یومیہ) گیس اور 20 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، فوجی فرٹیلائزر کمپنی لمیٹڈ، فاطمہ فرٹیلائزر کمپنی لمیٹڈ، فاؤنڈیشن پاور کمپنی ڈہرکی لمیٹڈ، سنٹرل پاور جنریشن کمپنی لمیٹڈ، سوئی ناردرن گیس پائپ لائنز لمیٹڈ، سوئی ساؤتھرن گیس کمپنی لمیٹڈ، اٹک آئل ریفائنری لمیٹڈ، نیشنل ریفائنری لمیٹڈ، پاکستان ریفائنری لمیٹڈ، پاک عرب ریفائنری لمیٹڈ، پاک عرب فرٹیلائزرز لمیٹڈ، EGAS (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 زیر کار مفادات درج ذیل ہیں:۔

نمبر شمار	بلاک/فیلڈ کا نام	ایم پی سی ایل کا زیر کار مفاد	آپریٹر کا نام
1۔	ماڑی فیلڈ	100 فیصد	ایم پی سی ایل
2۔	زرغون ساؤتھ فیلڈ	35 فیصد	ایم پی سی ایل
3۔	سجاول بلاک	100 فیصد	ایم پی سی ایل
4۔	کرک بلاک	60 فیصد	ایم پی سی ایل
5۔	غوری بلاک	65 فیصد	ایم پی سی ایل
6۔	سکھر بلاک	58.82 فیصد	ایم پی سی ایل
7۔	زیارت بلاک	60 فیصد	ایم پی سی ایل
8۔	ہرنائی بلاک	60 فیصد	ایم پی سی ایل
9۔	پشاور ایسٹ بلاک	98.16 فیصد	ایم پی سی ایل
10۔	بنوں ویسٹ بلاک	55 فیصد	ایم پی سی ایل
11۔	ہالہ بلاک	35 فیصد	پی پی ایل
12۔	شاہ بندر بلاک	32 فیصد	پی پی ایل
13۔	بلاک 28	95 فیصد	او جی ڈی سی ایل
14۔	کوہلو بلاک	30 فیصد	او جی ڈی سی ایل
15۔	کلچاس بلاک	50 فیصد	او جی ڈی سی ایل
16۔	کوہاٹ بلاک	20 فیصد	او جی ڈی سی ایل

* او جی ڈی سی ایل سے ایم پی سی ایل کو بلاک کی ملکیت کی منتقلی زیر عمل ہے۔

آپریشنل مہارت و استعداد

کمپنی کی تمام فعال فیلڈز سے ہائیڈروکاربن کی پیداوار کی سطحوں کو بہتر طریقے سے منظم کیا گیا جس کے نتیجے میں مالی سال 2017-18 میں مجموعی پیداوار میں اضافہ ہوا۔ اگرچہ فیلڈ کی پیداوار کی شرحیں قدرتی طور پر ختم ہونے کی وجہ سے کم ہو رہی ہیں، تاہم پلانٹس اور آلات کے چلانے کے وقت میں کمی کرنے اور افرادی قوت اور وسائل کے موثر استعمال کے ذریعے آلات کی زیادہ سے زیادہ دستیابی کو یقینی بنانے کے ذریعے پیداوار میں اضافہ کیا گیا۔ اثاثوں کی حالت کو برقرار رکھنے کے لیے پیشگی حل تلاش کرنے کے سلسلے میں اثاثہ جات کی حفاظت کو یقینی بنانے کے سروے اور پیشہ ورانہ تجربات اور ٹیکنالوجی کے استعمال کو یکجا کیا گیا۔

بہتر منصوبہ بندی اور موثر طریقے سے کیا گیا شٹ ڈاؤن ایک محفوظ اور قابل اعتماد عمل کو یقینی بناتا ہے۔

سجاول سالانہ ٹرن اراؤنڈ (ATA)

سجاول پلانٹ کا پہلا ATA 8 سے 14 جولائی، 2017 (7 دن) میں مکمل کیا گیا جبکہ اس کے مقرر کردہ دن 11 تھے۔ ATA کے نتیجے میں پیداوار اور پراسیسنگ آلات کی حالت میں بہتری آئی۔ اس حقیقت سے یہ ظاہر ہوتا ہے کہ پروسیسنگ پلانٹ پر ATA کے بعد برقی رو کی غیر فعالیت صفر تھی۔

چیلنجز

- پلانٹ کی سرگرمیوں کو پورا کرنے کے لیے محدود وقت کا عرصہ
- خراب علاقے میں ویلڈنگ، تعمیرات اور کرین آپریشنز

زرغون سالانہ ٹرن اراؤنڈ

زرغون فیلڈ کے پہلے جامع ATA کا آغاز یکم جولائی کو کیا گیا جس کی مقررہ مدت 11 دن تھی۔ صارفین کو گیس کی سپلائی 6 جولائی کو شروع کر دی گئی (منصوبہ بندی کی تاریخ سے 5 دن پہلے)۔

چیلنجز

- پلانٹ کی سرگرمیوں کو پورا کرنے کے لیے محدود وقت کا عرصہ
- فیلڈ کی دوری کی وجہ سے بیک اپ سپورٹ کی عدم دستیابی
- دور دراز علاقے کی وجہ سے کام کرنے کے لیے محدود وینڈرز کی رضامندی

سب سے زیادہ پیداوار

MPCL نے 30 جنوری، 2018 تک تمام فعال فیلڈز سے 770 MMSCF گیس فراہم کی جو روزمرہ پیداوار کی سب سے زیادہ سطح ہے۔ توانائی کی مساوات کے لحاظ سے گیس کا یہ حجم 101,000 بیرل خام تیل کے برابر ہے۔

2017-18 میں منصوبہ بندی اور کھودے گئے کنویں

فعال بلاکس اور D&P لیزز

کنواں	قسم	بلاک/فیلڈ	کیفیت
نیپو۔1	آزمائشی	ماڑی فیلڈ	B سینڈ میں گیس کی دریافت
آزادی۔1	ترقیاتی	ماڑی فیلڈ	B سینڈ میں گیس پروڈیوسر
بھٹائی۔5	تشخیصی	ماڑی فیلڈ	SML میں گیس پروڈیوسر
دھاریاں۔1	آزمائشی	غوری	کھدائی جاری ہے
صوفی۔1	آزمائشی	سکھر	کھدائی ہوئی اور مستقبل کے جائزہ کے لیے عارضی طور پر معطل کیا گیا
بولان ایسٹ۔1	آزمائشی	زیارت	وائرلائن لاگ حاصل کر لیے گئے ہیں اور ان کی ٹیسٹنگ کے لیے تیاریاں جاری ہیں
شاہین۔2	تشخیصی	ماڑی فیلڈ	جگہ کی نشاندہی ہو گئی ہے اور کنویں کی کھدائی کے 2018-19 دوران ہوگی۔
HRL19	کنویں	ترقیاتی ماڑی فیلڈ	کنوؤں کی نشاندہی ہو گئی ہے: 6 عدد (ماڑی-102، ماڑی-103، ماڑی-104، ماڑی-105، ماڑی-106، ماڑی-107) مکمل کردہ کھدائی: ماڑی-102، ماڑی-103 جاری کھدائی: ماڑی-104

غیر فعال بلاکس (Non-operated Blocks)

کنواں	قسم	بلاک/فیلڈ	کیفیت
زرباب X-1	آزمائشی	ہالہ	کھدائی ہو گئی ہے اور معطل ہے
بیناری X-1	آزمائشی	شاہ بندر	کھدائی جاری ہے
قمر X-1	آزمائشی	ہالہ	ٹیسٹنگ کرنے کے لیے تیاریاں جاری ہیں

سال 2017-18 کے آغاز میں بہترین صنعتی طریقوں کے مطابق فرم اور 13 کنویں کھودنے کی منصوبہ بندی کی گئی جن میں سے 3 کنوؤں؛ شیخان جنوبی-1، پراسپکٹ 3 اور سرغر X-1 کی کھدائی کرنے سے پہلے مزید خطرات کم کرنے کی ضرورت محسوس کی گئی۔ اس کے نتیجے میں 2017-18 کی ڈرلنگ مہم کے حصے کے طور پر 10 کنوؤں کی کھدائی کرنے کے منصوبے پر نظرثانی کی گئی تھی۔ تاہم، شاہین-2 کی کھدائی LLIs کا انتظام کے لیے 2018-19 تک کرنا تھی کیونکہ اس کی دوہرے پہلو والے کنویں کے طور پر کھدائی کرنے کا منصوبہ تھا۔ اس کے علاوہ 19 ترقیاتی کنوؤں کو ماڑی ڈی اینڈ پی لیز میں بنانے کی منصوبہ بندی کی گئی ہے تاکہ حبیب راہی ذخائر کی پیداوار میں اضافہ کیا جائے جس میں سے ماڑی-102 کنویں کو 2017-18 کے دوران کھودا گیا تھا۔

سیسمک (Seismic) ڈیٹا کا حصول 2017-18

2D اور 3D سیسمک ڈیٹا حاصل کرنے کے لیے کمپنی کے منصوبے اور حاصل کردہ حقیقی ڈیٹا کی تفصیلات مندرجہ ذیل ہیں:

فعال بلاکس (Operated Blocks)

سکھر بلاک:

منصوبہ بندی: 617 لائن کلومیٹر (فرم) اور 214 لائن کلومیٹر (کنٹی جنٹ) 2D

اصل: 758.76 لائن کلومیٹر 2D سیسمک Seismic ڈیٹا کا حصول 03 دسمبر 2017 کو مکمل کیا گیا۔

بنوں ویسٹ بلاک:

منصوبہ بندی: 3D: زیر-1: 672 مربع کلومیٹر اور زیر-2: 178 مربع کلومیٹر

2D: 285 لائن کلومیٹر (فرم) اور 100 لائن کلومیٹر (کنٹی جنٹ)

اصل: 99 لائن کلومیٹر 2D سیسمک Seismic ڈیٹا کا حصول 3 اپریل 2018 کو مکمل کیا گیا۔ 3D سیسمک Seismic ڈیٹا کے لیے پیرامیٹر ٹیسٹنگ کا کام مکمل ہو گیا ہے اور ریکارڈنگ شروع ہو گئی ہے۔ فی الحال 20 اگست 2018 کے مطابق 62 مربع کلومیٹر 3D سیسمک Seismic ڈیٹا حاصل کر لیا گیا ہے۔

غیر فعال بلاکس (Non-operated Blocks)

کلچاس بلاک:

منصوبہ بندی: 306 لائن کلومیٹر (فرم) اور 119.5 لائن کلومیٹر (کنٹی جنٹ) 2D

اصل: سیسمک Seismic ڈیٹا کے حصول کے لیے بولیاں 26 دسمبر 2017 کو موصول ہوئیں۔ تین وینڈرز M/s Senshe, M/s BGP اور M/s Sino جیو فیزیکل نے اپنی بولیاں جمع کرائیں۔ فی الحال، بولی کے جائزہ کا عمل جاری ہے۔

ماڑی D&P لیز

ماڑی فیلڈ ڈہرکی سے بلاتعطل گیس کی فراہمی کی گولڈن جوبلی

22 دسمبر کا دن ماڑی فیلڈ ڈہرکی کے لیے بہت اہمیت کا حامل ہے کیونکہ اس فیلڈ نے 22

دسمبر 1967 کو گیس کی فروخت کے سفر کا آغاز کیا تھا اور 22 دسمبر 2017 کو گیس کی بلاتعطل فراہمی کے 50 سال فراہمی مکمل کیے۔

ہم نے اس سفر کو MMSCFD6 گیس کی معمولی پیداوار کے ساتھ شروع کیا اور اب تقریباً MMSCFD 900 گیس کی پیداواری صلاحیت کا ہدف حاصل کیا ہے۔ اس ذخیرے سے نکالے جانے والے یومیہ بھاری حجم کے باوجود، ہم اپنے صارفین کی ضروریات کو پورا کرنے کے لیے پرعزم ہیں اور GSA میں دیے گئے کسی بھی مقررہ شیڈول سے استفادہ کیے بغیر ہفتے میں 7 دن اور 24 گھنٹے خدمت کی ہے۔

HRL سے اضافی پیداوار

مالی سال 18-2017 کے دوران HRL ذخائر سے MMSCF27,797 گیس اضافی قیمت پر فروخت کی گئی تھی۔ اس قیمت پر گیس کے حجم کی فراہمی سے 10.5 بلین روپے کی آمدنی ہوئی۔

HRL کے پیداواری حجم کی دیکھ بھال

حبیب راہی لائم سٹون کی فارمیشن کی بھرپور پیداوار میں اضافہ کرنے کے لیے مسلسل اقدامات کیے جا رہے ہیں۔ گزشتہ حل کے نقطہ نظر سامنے رکھتے ہوئے 19 اضافی ترقیاتی کنووں کی کھدائی کرنے کی منصوبہ بندی کی گئی ہے۔ HRL فارمیشن کے کنووں سے اضافی قیمت کے خلاف مسلسل کی وسیع تر اور پائیدار پیداوار، ذخائر کی موثر مینجمنٹ اور 5~4 سالوں کے لیے آمدنی میں اضافہ کرنے میں مدد ملے گی۔

جون 2018 کے دوران کھدائی کی مہم کا آغاز کیا گیا۔ 19 کنووں کی کھدائی کے لیے پیداواری سہولیات کے انجینئرنگ ڈیزائن کا کام پہلے سے ہی مکمل ہو چکا ہے۔ اس منصوبے میں موجودہ گیس جمع کرنے والی پائپ لائن کے نیٹ ورک کے ساتھ 30 کلومیٹر لوپ لائنوں اور 20-25 کلومیٹر سپور لائنوں کی تنصیب کرنا بھی شامل ہے۔

تیار شدہ پانی کی ہینڈلنگ کی سہولیات میں توسیع

2016 میں پیداوار میں ہونے والے اضافے کے بعد مختلف سوراخوں پر الگ کیے جانے والی پانی کی بلند شرح سے موثر طور پر نمٹنے کے لیے CMF-I اور CMF-II پر بالترتیب دو اضافی ناک آؤٹ ڈرم (کوڈ) "60 اور "64 نصب کیے گئے ہیں۔ یہ بڑے سائز کے کوڈز مقامی سطح پر ڈیزائن کیے گئے اور مقامی فیلڈ کے وسائل کے استعمال کے ذریعے نصب کیے گئے تھے۔ اضافی ناک آوٹ ڈرم اور اس سے منسلکہ ہیڈرز کی تنصیب کے ساتھ دونوں مرکزی سوراخوں کی گیس ہینڈلنگ کی صلاحیت 525 سے بڑھ کر MMSCFD725 ہو گئی ہے۔

SUL/SML اسٹرکچر سے گیس کی فروخت

SUL/SML کنووں بشمول شاہین اور شہباز کنووں سے MMSCFD 35 گیس فراہم کرنے کے لیے پاک عرب فرٹیلائزرز لمیٹڈ کے ساتھ مفاہمت کی یادداشت (MOU) پر دستخط کرنے کے بعد فوری طور پر ترقیاتی سرگرمیوں کا آغاز کر دیا گیا جس میں ڈہرکی فیلڈ کے CMF-II پر پائپ لائن انفراسٹرکچر اور گیس کی فراہمی کے اسٹیشن کی تعمیر اور 5 کنووں کو آپس میں منسلک کرنا شامل ہے۔ اس منصوبے کو مقررہ وقت مکمل کیا گیا تھا اور کمپنی 15 اپریل، 2018 سے پاک عرب فرٹیلائزر لمیٹڈ کو گیس فراہم کرنے کے لیے تیار تھی۔ اس منصوبے کی تعمیر اور انجینئرنگ کے کاموں کے لیے مقامی وسائل کا استعمال کیا گیا تھا، تقریباً 60 فی صد زیادہ لاگت آتی، اگر اسے آؤٹ سورس کیا ہوتا۔

گورو-B (ٹیپو فیلڈ) سے گیس کی فروخت

MPCL نے ٹیپو فیلڈ کے نام کے تحت گورو-B ذخائر کی نئی تلاش سے MMSCFD40 گیس کی فروخت کے لیے پاک عرب فرٹیلائزرز لمیٹڈ کے ساتھ مفاہمت کی یادداشت (MOU) پر دستخط کیے ہیں۔ روزانہ کی پیداواری سطح کو پورا کرنے کے لیے مستقبل میں دوسرے کنویں (ٹیپو-2) کو حجم برقرار رکھنے کے لیے شامل کیا جائے گا۔ صارفین کی جانب سے خام مرکب بنیاد پر گیس کو قبول کیا جاتا ہے، اس لیے کمپنی کو اسٹیشن پر گیس پراسیسنگ سہولیات کے لیے سرمایہ کاری کرنے کی بچت ہو جاتی ہے۔ تاہم، کمپنی کی طرف سے فیلڈ کے احاطے کے اندر کنویں کے مراکز اور پائپ لائن کا بنیادی ڈھانچہ تعمیر کیا جائے گا۔ توقع ہے کہ پہلی گیس کی فراہمی مارچ 2019 تک شروع ہو جائے گی.

گورو-B سے گیس کی فروخت (MMSCFD44)

گورو B ذخائر سے MMSCFD44 کم BTU گیس فی الحال دستیاب ہے اور غیر استعمال شدہ ہے کیونکہ اسے اسٹار پاور نے 2009 سے نہیں لیا ہے۔ کمپنی نے غیر صاف شدہ، خام گیس کے شرائط پر SNGPL کو دینے کی پیشکش کی ہے جسے صارف نے قبول کر لیا ہے۔ کمپنی کنویں کی تعمیر اور پائپ لائن سے انٹرکنکشن کرنے کا کام کرے گی۔ تاہم، CMF-II کے SNGPL کی مقررہ جگہ تک تقریباً 23 کلومیٹر کی گیس سیلز لائن SNGPL کی طرف سے تعمیر کی جائے گی۔ یہ منصوبہ کمپنی کی پیداواری سہولیات کو قومی گرڈ کے ساتھ منسلک کرے گا۔ اس کے نتیجے میں استعمال شدہ گیس وسائل کی فروخت کی وجہ سے اضافی نقد آمدنی میں اضافہ ہوگا۔ دونوں کمپنیاں ابتدائی کام کے لیے حکومت پاکستان کے ساتھ گیس کی تخصیص کے معاملے پر بات چیت کر رہی ہیں۔

مائع CO2 پلانٹ

ڈہرکی کی گیس سے مائع CO2 پیدا کرنے اور فروخت کرنے کے لیے مائع CO2 پلانٹ کی تنصیب اور سیٹ اپ کمپنی کے کاروباری تنوع کی حکمت عملی کا حصہ تھا۔ اس کے مطابق مائع CO2 کی پیداوار کے لیے درکار طریقہ کار کا تعین کرنے کے لیے ایک تصوراتی / فزیبلٹی اسٹڈی کی گئی تھی اور بعد ازاں مائع CO2 کی پیداوار کے لیے ایک بہترین حل (دونوں تکنیکی اور تجارتی طور پر) تلاش کرنے کے لیے مجوزہ آپشنز پر معیشت پرمبنی لائف اسٹڈی کی گئی تھی۔

اس اسٹڈی کے نتائج کی بنیاد پر کمپنی نے فرنٹ اینڈ انجینئرنگ اسٹڈی (FEED) کرنے کے لیے ایک انجینئرنگ کنسلٹنسی فرم کی خدمات حاصل کیں۔ فرم کے دائرہ کار میں ایسی خدمات فراہم کرنا شامل تھا جن سے کمپنی باقاعدہ بنیاد پر EPC ٹھیکیدار رکھنے کے ساتھ مائع CO2 منصوبے سے فراہمی شروع کر سکے۔

آزمائشی کنواں ٹیپو-1

آزمائشی کنواں ٹیپو-1 کی کھدائی 05 جولائی 2017 کو ہوئی تھی۔ اس منصوبے کے مقررہ کردہ 94 دنوں کے عرصے میں 3936 میٹر کی کل گہرائی تک کامیابی سے کھدائی کی گئی تھی۔

پہلے تین حصوں ("26، "½17 اور "½12) کی منصوبے کے مطابق کھدائی کی گئی، اسے بند کیا گیا اور سیمنٹ کر دیا گیا تھا جبکہ "½8 حصے کو لاگ جائزہ کی بنیاد پر کامیابی سے ڈرل، لاگ اور بعد ازاں پلگ ان کیا گیا تھا۔ اس کے نتیجے میں لائنر اور منسلکہ سامان پر 650,000 امریکی ڈالر کی بچت ہوئی۔ علاوہ ازیں کھدائی کے کام کے دوران کئی چیلنجوں کا سامنا کرنا پڑا۔ ان میں بیک وقت نقصان / فائدہ کی صورت حال، تاروں کا پھنس جانا اور ماہی گیری کے کئی واقعات شامل تھے۔ ان مسائل سے ممکنہ مختصر ترین وقت میں ٹیکنیکل اور تجربہ کار افرادی قوت کی مہارت کے ذریعہ کامیابی کیساتھ نمٹ لیا گیا تھا جس کے نتیجے میں کنویں کو ہونے والے نقصان سے کافی حد تک فائدہ ہوا۔

لوئر گورو فارمیشن میں بنیادی ہدف B سینڈز کے DST کے دوران اس کنویں کا "40/64 چوک پر 2152 Psi کے ساتھ MMSCFD 15.5 قدرتی گیس کا بہاؤ تھا۔ گیس کی حرارتی قدر 462-450 بی ٹی یو/ایس سی ایف کے درمیان ہے۔

ترقیاتی کنواں آزادی-1

'لوئر گورو B سینڈ' کے جنوبی حصے کا جائزہ لینے کے لیے آزادی-1 کنویں کو 30 ستمبر 2017 کو کھودا گیا تھا اور نہایت کامیابی کے ساتھ اس کی گہرائی 2,995 میٹر تک پہنچ گئی تھی۔ اس کنویں کی منصوبے کے مقررہ 81 دنوں کے مقابلے میں صرف 61 دنوں میں کھدائی، ٹیسٹنگ اور تکمیل ہوگئی جس کے نتیجے میں اندازاً 3.5 ملین ڈالر کی بچت ہوئی۔ اس کنویں کی ٹیسٹنگ سے پتہ چلتا ہے کہ اس کنویں نے 2472 psi کی WHFP کے ساتھ "40/64 چوک پر 12 بیرل کنڈنسیٹ کے ساتھ MMSCFD18.3 گیس فراہم کی۔

بھٹائی-5 تشخیصی کنواں

SML فارمیشن کا مزید جائزہ لینے کے لیے بھٹائی-5 کنویں کی کھدائی آزمائشی بنیادوں پر 11 دسمبر 2017 میں کی گئی تھی اور 1180 میٹر کی مقررہ گہرائی تک اس کی کامیابی کے ساتھ کھدائی کی گئی تھی۔ اس کنویں کی کھدائی کا کام منصوبے کے 22 دنوں کی بجائے 16.65 دنوں میں مکمل کر لیا گیا تھا۔ دو الگ DSTs لگائے گئے تھے۔ DST-1 کو SML فارمیشن میں شروع کیا گیا تھا اور اس کنویں کا "40/64 چوک پر psi 729 کی WHFP کے ساتھ 6.03 MMSCFD گیس کا بہاؤ تھا۔ DST-2 کو بھی SUL فارمیشن میں لگایا گیا تھا جس کا "40/64 سائز چوک پر 428 Psi کی WHFP کے ساتھ MMSCFD 3.42 گیس کا بہاؤ تھا۔ اس کنویں کو دو طرفہ تکمیلی تکنیک استعمال کرتے ہوئے دونوں فارمیشنوں میں مکمل کیا گیا تھا۔ SUL فارمیشن کو SSD کے پیچھے رکھا گیا تھا جبکہ یہ کنواں موجودہ تکمیلی منظرنامے کے مطابق SML فارمیشن سے پیداوار فراہم کر سکتا ہے۔

شاہین-2 تشخیصی کنواں

ماڑی D&P لیز میں شاہین-2 تشخیصی کنویں کی کھدائی 30 دسمبر 2017 کو کی گئی تھی تاکہ SML اور SUL ذخائر کی سطحوں پر شاہین کے مقام کا جائزہ لیا جائے۔ اس کنویں کی کھدائی دسمبر 2018 میں ہونے کی توقع ہے۔

کنواں ماڑی-102

یہ کنواں 23 جون 2018 کو کھودا گیا تھا۔ اس کنویں کی گہرائی 784 میٹر سے نیچے ہے اور یہ HRL ذخائر میں گیس پروڈیوسر کے طور پر مکمل کیا گیا ہے۔ یہ حبیب راہی ذخائر کی پیداواری حجم کو بڑھانے کے لیے منصوبہ کے 19 ترقیاتی کنووں کا ایک حصہ ہے۔

کنواں ماڑی 103، ماڑی 104، ماڑی 105، ماڑی 106 اور ماڑی 107

یہ کنویں 25 جون 2018 کو کھودے گئے تھے۔ کنواں ماڑی 103 کی کھدائی 24 جولائی 2018 کو ہوئی تھی اور اس کی گہرائی 751 میٹر سے نیچے ہے اور اسے HRL ذخائر میں گیس پروڈیوسر کے طور پر مکمل کیا گیا۔

کنواں ماڑی 104 کی کھدائی 13 اگست 2018 کو ہوئی تھی۔ 17 اگست 2018 تک اس کنویں کی گہرائی 360 میٹر ہوئی تھی اور مزید کھدائی جاری ہے۔

ٹیپو-2

تشخیصی کنویں ٹیپو-2 کی کھدائی 25 جون 2018 کو ہوئی ہے۔ اس کنویں کی کھدائی 2860± میٹر گہری کی جائے گی تاکہ لوئر گورو B سینڈ ذخائر میں ٹیپو-1 کے دریافت شدہ علاقے کا جائزہ لیا جائے۔ اس کنویں کی کھدائی ستمبر 2018 کے اختتام تک متوقع ہے۔

G&G سرگرمیاں

مندرجہ ذیل مقامات پر ماڑی D&PL کے علاقے کی جغرافیائی اور روایتی استعداد کا جائزہ لینے کے لیے مربوط G&G اسٹڈی کی گئی تھی:-

- PKL
- SUL/SML
- لوئر گورو B سینڈ
- سمبار
- چلتن میں روایتی تلاش کی استعداد

اس اسٹڈی کے نتائج سے ماڑی D&P لیز کی ممکنہ اضافی استعداد کا پتہ چلتا ہے، اس لیے اس کی سفارشات کی بنیاد پر 3D سیسمک ڈیٹا کی PSDM پراسیسنگ اور مذکورہ جگہ کی نشاندہی کے لیے بنیادی تعاملات کے مطالعہ کی منصوبہ بندی کی گئی ہے۔

سجاول D&P لیز

کنویں عتیق-1 سے پہلی گیس۔ سجاول D&P لیز

سجاول بلاک کے چوتھے کنویں عتیق-1 کو کھودا گیا اور اپریل 2017 میں مکمل کیا گیا تھا۔ اس کنویں کا گورو "A" سینڈ فارمیشن سے MMSCFD 4.8 گیس اور 15 بیرل کنڈنسیٹ کی

پیداوار کے لیے کامیابی کے ساتھ جائزہ لیا گیا تھا۔

اس نئی فیلڈ سے ابتدائی آمدنی پیدا کرنے کی نشاندہی کو ہدف بنانے کے لیے حقیق-1 کنویں سے گیس سجاول X-1 ٹرانسپورٹ کرنے کے امکان کا جائزہ لیا گیا ہے۔ تکنیکی اور تجارتی طور پر منتخب کردہ سب سے زیادہ مناسب آپشن پائپ لائن کی تعمیر تھا اور اس گیس کو ٹیسٹ کیا گیا اور سجاول سینٹرل پروسیسنگ مراکز (CPF) میں کمپریس کیا گیا۔ کھڑی فصلوں اور پانی لگے کھیتوں کی موجودگی میں ROW کے انتہائی نمی کے حالات کی وجہ سے حقیق-1 سے سجاول CPF تک 5.5 کلومیٹر کی "6 قطر پائپ لائن کی تعمیر 10 دنوں میں مکمل کرنا، ایک چیلنج تھا۔ تاہم بہتر منصوبہ بندی اور عملدرآمد کی حکمت عملیوں کے باعث یہ ریکارڈ اہداف کو وقت پر حاصل کر لیا گیا تھا۔ حقیق-1 کو سجاول CPF میں ضم کرنے اور ہائی پریشر سپلائی کے حالات کے تحت گیس کی فوری منظوری کے لیے SSGCL کو قائل کرنے کے بعد پہلی گیس 08 نومبر، 2017 کو MMSCFD 4.8 کی شرح سے فراہم کی گئی تھی۔

متصرف بلاکس

کرک بلاک

G&G سرگرمیاں

پروسیس اور ری پروسیس ڈیٹا اور دستیاب G&G کے ڈیٹا کے ساتھ اس کے انضمام کی تشریح پر مبنی سرغر پراسپیکٹ کو بلاک میں چوتھی آزمائشی کنویں کی کھدائی کے لیے تیار کیا گیا ہے۔ اس کنویں کی کھدائی اپریل/مئی 2019 کو متوقع ہے اور اس کے نتائج 2019-20 میں ملنے کی توقع ہے۔ سرغر پراسپیکٹ پر چوتھے آزمائشی کنویں کا کھدائی کی منصوبہ بندی 2018 میں کی گئی ہے۔

غوری بلاک

G&G سرگرمیاں

456 مربع کلومیٹر 3D سیسمک Seismic ڈیٹا کے حصول کی بنیاد پر دو پراسپیکٹس، دھاریاں اور معراج کی کھدائی کو حتمی شکل دی گئی ہے۔ آزمائشی کنویں دھاریاں-1 کی کھدائی کا کام جاری ہے جبکہ آزمائشی کنویں معراج-1 کے سول کاموں کو مکمل کر لیا گیا ہے۔ دھایاں-1 کنویں کی تکمیل کے بعد معراج-1 کی کھدائی کی جائے گی۔ DGPC نے دھاریاں-1 کنویں کیلئے تلاش کے لائسنس کے مرحلے II میں 31 اکتوبر 2018 تک توسیع فراہم کر دی ہے۔

غوری جائنٹ وینچر ہرنو ویسٹ کے 100 مربع کلومیٹر 3D سیسمک Seismic ڈیٹا حاصل کرنے کی منصوبہ بندی کر رہا ہے۔ سیسمک Seismic ڈیٹا کا حصول اکتوبر 2018 تک کرنے کی منصوبہ بندی ہے اور توقع ہے کہ یہ دسمبر 2018 کے آغاز پر مکمل ہو جائے گا۔ اس کے بعد آزمائشی کنواں چلانے کے لیے پراسیسنگ، تشریح اور G&G ڈیٹا کا انضمام کیا جائے گا۔

آزمائشی کنواں دھاریاں-1

غوری بلاک میں دھاریاں-1 کنویں کی کھدائی 21 دسمبر، 2017 کو کی گئی تھی جس کی لاگت کا تخمینہ 23.7 ملین امریکی ڈالر تھا۔ اس کنویں کو منصوبے کے مطابق 4900± میٹر عمودی گہرائی تک کھودنا تھا۔ اس کنویں کی کھدائی، ٹیسٹ اور تکمیل 293 دنوں میں ہونے کی منصوبہ بندی کی گئی تھی تاکہ مختلف ذخائر کی حامل Cambrian سے Eocene دور کی چٹانوں کی ہائیڈروکاربن استعداد کا جائزہ لیا جائے۔ DST کے دوران کئی فارمیشنوں کا جائزہ لیا گیا جن میں سکیسر، کھیوڑا، مری کا نچلا حصہ، چورگلی، لوکھارٹ، ٹوبرا اور کسک شامل ہیں۔ ان میں بنیادی ہدف سکیسر اور کھیوڑا تھے۔ VSP اور سیسمک Seismic ڈیٹا کے ساتھ اس کے ارتباط کی بنیاد پر دھاریاں-1 کے ساتھ شمال مشرق کی سمت ہے جس کا مقصد ممکنہ ذخائر کے ساتھ ملانے کا ہدف رکھنا ہے۔ دھاریاں-1 کے ST-1 کی کٹائی TVD 3316 میٹر تک کر دی گئی تھی جس کی وجہ سے کنویں کی کل گہرائی 4900 میٹر (TVD) سے 5675 میٹر (MD) تک ہو گئی۔ فی الوقت مری فارمیشن میں 4062 میٹر (TVD) تک گہری کھدائی ہو گئی ہے اور 4217 میٹر (MD) پر کام جاری ہے جو 17 اگست 2018 تک مکمل ہو جائے گا۔

معراج-1

غوری بلاک کے تیسرے آزمائشی کنواں معراج-1 کی کھدائی 01 مارچ 2018 کو کی گئی تاکہ Cambrian سے Eocene دور کی چٹانوں کی 5500 ± میٹر کی گہرائی تک مختلف ذخائر کی ہائیڈروکاربن کی استعداد کی جانچ پڑتال کی جا سکے۔ توقع ہے کہ دھاریاں کنویں-1 کی تکمیل کے بعد اس کی کھدائی کی جائے گی۔

سکھر بلاک

G&G سرگرمیاں

اندرونی ڈیٹا کے جائزے کی بنیاد پر ایک اہم سیسہ؛ میاں میرو کی اس بلاک میں لوئر گورو/اسمبر سینڈز سطح پر نشاندہی کی گئی ہے جس کی 3D سیسمک Seismic ڈیٹا پر آزمایا جائے گا۔ اس طرح نشاندہی کردہ سیسہ کا 370 مربع کلومیٹر 3D سیسمک Seismic ڈیٹا حاصل کرنے کی تیاریاں جاری ہیں۔

~2739 لائن کلومیٹر 2D سیسمک ڈیٹا کی پراسیسنگ/ری پراسیسنگ اور تشریح کا کام جاری ہے، جس کے بعد SML کی سطح پر نشاندہی کردہ سیسہ کا جائزہ لینے کے لیے G&G ڈیٹا کا ارتباط کیا جائے گا۔ DGPC نے تلاش کے لائسنس کے مرحلہ-I کے تیسرے سال میں 20 اکتوبر 2018 تک چھ ماہ کی توسیع دے دی ہے۔

آزمائشی کنواں صوفی-01

سکھر بلاک میں چوتھے آزمائشی کنویں صوفی-1 کی کھدائی 16 مارچ 2018 کو کی گئی تھی۔ یہ کنواں 2,350 میٹر کی گہرائی تک کامیابی سے کھودا گیا تھا۔ اس کنویں کے بنیادی اہداف میں SML اور لوئر گورو فارمیشن شامل تھے۔ وائر لائن لاگنگ اور MDT نتائج کی بنیاد پر اس کنویں کو مستقبل کے جائزے کے لیے عارضی طور پر بند کر دیا گیا ہے۔ یہ کنواں منصوبہ بندی کی مدت اور بجٹ کے اندر رہتے ہوئے ~28 دنوں میں مکمل کیا گیا تھا۔ ریگ کو 13 اپریل 2018 کو چالو کیا گیا تھا۔ منصوبہ بندی اور انجینیئرنگ کے کاموں، LLIs کے انتظامات اور متفرق ڈرلنگ خدمات، سائٹ کی تیاری اور ڈرلنگ آپریشنز وغیرہ پر مشتمل مکمل پراجیکٹ کو 3 ماہ میں تیز رفتار بنیاد پر مکمل کیا گیا تھا۔

زیارت بلاک

آزمائشی کنواں بولان ایسٹ-1

زیارت بلاک میں کنواں بولان ایسٹ-1 کی کھدائی 22 مئی 2018 کو ہوئی تھی جس کا ہدف 1,550 میٹر گہرائی تھا تاکہ ڈھن غان، مغل کوٹ اور چلتن فارمیشن کی ہائیڈروکاربن استعداد کی جانچ پڑتال کی جائے۔ 1,296 میٹر کی گہرائی پر ہونے والے شدید Mud Losses بہمراہ Gas Kick کو کنٹرول کرنا ایک چیلنج تھا۔ اس لیے چلتن فارمیشن میں اس کنویں کی گہرائی 1,500 میٹر کرنے کے لیے کھدائی کی گئی تھی۔ فی الحال، وائر لائن لاگز کو حاصل کیا گیا ہے اور ان کو ٹیسٹ کرنے کی تیاریاں جاری ہیں۔

غیر فعال بلاکس (Non-operated Blocks)

بالہ بلاک

قمر X-1

نیاری پراسیس شدہ 525 مربع کلومیٹر 3D سیسمک Seismic ڈیٹا کے ساتھ سیسمک تبدیلی کی اسٹڈی اور دستیاب G&G ڈیٹا کے انضمام کی تشریح کی بنیاد پر ساتویں آزمائشی کنویں قمر X-1 کے مقام کو حتمی شکل دی گئی تھی۔

لوئر گروٹھوس سینڈ کی ہائیڈروکاربن استعداد کا جائزہ لینے کے لیے اس کنویں کی کھدائی 28 جون 2018 کو کی گئی تھی۔ اس کنویں کی گہرائی 4550± میٹر ہے۔ فی الحال، 17 اگست، 2018 تک بڑے پیمانے پر اس کی مجموعی گہرائی (TD) 4607 میٹر (MD) اور 4564.5 میٹر (TVD) تک پہنچ گئی ہے۔ وائر لائن لاگ اور اس کی تشریح کی بنیاد پر بڑے پیمانے کی سینڈز کا جائزہ لینے کی تیاریاں کی جارہی ہیں۔

شاہ بندر بلاک

بیجاری X-1

22 مئی، 2018 کو اس کنویں کی کھدائی ہوئی تھی تاکہ لوئر گورو فارمیشن کے اپر اور بڑے پیمانے پر سینڈز کے ہائیڈروکاربن کی استعداد کا جائزہ لیا جائے۔ اس کنویں کی مجموعی گہرائی 3776 میٹر (MD) ہے۔ فی الحال، 17 اگست، 2018 تک بڑے پیمانے پر سینڈز میں 3484 میٹر (MD) کی گہرائی کے لیے کھدائی کی گئی ہے۔

لوئر گورو کی اپر سینڈز کی کھدائی کرنے کے بعد وائر لائن لاگ لائے گئے تھے جس کی تشریح اور انضمام سے جانچ پڑتال کرنے کے لیے اپر گورو A سینڈ سطح کے بارے میں حوصلہ افزا نتائج ظاہر ہوئے ہیں۔ اس کے علاوہ، بڑے پیمانے پر سینڈز کی ہائیڈروکاربن استعداد کا اندازہ لگانے کے لیے منصوبہ بندی کے مطابق مجموعی گہرائی سے ڈرلنگ کی جارہی ہے۔

کوہاٹ بلاک

G&G سرگرمیاں

~319 مربع کلومیٹر 3D اور ~240 لائن کلومیٹر 2D سیسمک ڈیٹا کی ایڈوانس ری پراسیسنگ کا کام M/s GRI چین میں جاری ہے۔ ابتدائی PSTM ڈیٹا موصول ہو گیا ہے۔ ابتدائی حجم کا جائزہ لینے کے بعد ڈیٹا کوالٹی کو بہتر بنانے کے لیے آپریٹر کو تبصرے فراہم کر دیے گئے ہیں۔ آزمائشی کنویں کی جگہ کو حتمی شکل دینے کے لیے حتمی پراسیسنگ کرنے کے بعد حتمی حجم کی تشریح کی جائے گی۔

تلاش کے منصوبوں میں وسعت - مقامی اور بین الاقوامی

طویل المدت استحکام، ترقی اور کم ہوتے ذخائر کو بچانے کے لیے MPCL مقامی اور بین الاقوامی سطح پر اپنے تلاش کے منصوبوں کی توسیع کے لیے کوشاں ہے۔ اس طرح کی کوششوں کا منظرنامہ ذیل میں دیا گیا ہے:-

- تلو بلاکس: بنوں ویسٹ (20 فیصد)، بلاک 28 (95 فیصد) اور کلچاس (30 فیصد) میں تلو کے تمام W.I کی منتقلی کے لیے DOA کی منظوری DGPC کی جانب سے دی گئی ہے۔
- غوری (30 فیصد): MOL کے تمام W.I کی MPCL کو 30 فیصد کی منتقلی کے لیے DOA کی منظوری DGPC کی جانب سے دی گئی ہے۔
- کوہاٹ بلاک: MPCL نے کوہاٹ PCA کے آرٹیکل 7.3 اور مشترکہ آپریٹنگ معاہدے کے آرٹیکل 13.1 کی شرائط کے مطابق حسب شرح کی بنیاد (13.33 فیصد) پر تلو کے شیئرز لینے پر اتفاق کیا گیا ہے جس کے لیے DOA کی منظوری DGPC کی جانب سے دینے پر کام جاری ہے۔
- بیلا ویسٹ بلاک: PPL کے بورڈ آف ڈائریکٹرز نے W.I کا 25 فیصد MPCL کو دینے کی منظوری دی ہے جس پر عملدرآمد فارم آؤٹ معاہدے اور DGPC کی جانب سے DOA کی منظوری دینے کے بعد ہوگا۔

بین الاقوامی بلاکس/ممالک

MPCL ممکنہ مواقع کی تلاش کے لیے منتخب بین الاقوامی بلاکس اور ممالک کا مسلسل جائزہ لے رہی ہے۔ فی الوقت مختلف E&P کمپنیوں اور مختلف بلاکس کا جائزہ لیا جارہا ہے۔

ماڑی سروسز ڈویژن (MSD)

MSD سروسز کے بڑھتے ہوئے تقاضوں سے نمٹنے کے لیے بہتر طور پر تیار ہے جس میں جدید ٹیکنالوجی پر مبنی ڈرلنگ ریگز، 2D/3D سیسمک ڈیٹا کے حصول کا یونٹ، 2D/3D سیسمک ڈیٹا پراسیسنگ یونٹ سمیت AVO متعلقہ خدمات شامل ہیں۔ جہاں اعلیٰ معیارات کے ساتھ ساتھ بین الاقوامی آئل فیلڈ کے معیارات پر عمل بھی کیا جاتا ہے۔

ماڑی سیسمک یونٹ (MSU)

MSU نے اگست سے دسمبر 2017 تک سکھر بلاک کے مشکل ترین علاقے میں 758.76

ڈائریکٹرز رپورٹ

لائن کلومیٹر 2D ڈیٹا نہایت کامیابی کے ساتھ حاصل کیا ہے۔

MSU متعلقہ 2D سیسمک ڈیٹا حاصل کرنے کے بعد 3D ڈیٹا کے حصول کے لیے بنوں ویسٹ بلاک میں اپنے عملے/ یونٹ کے ساتھ فی الوقت کام کر رہا ہے۔ جنوری 2018 میں تحریک وترغیب کا عمل مکمل ہوگیا جس کے بعد 99 لائن کلومیٹر (مرحلہ 1) کے 2D سیسمک ڈیٹا کے حصول کا عمل فروری 2018 میں شروع کیا گیا اور اپریل 2018 میں مکمل کرلیا گیا۔ MSU اب بنوں ویسٹ بلاک میں 3D ڈیٹا کے حصول کے لیے مصروف کار ہے۔

ماڑی ڈرلنگ یونٹ (MDU)

رگ ماڑی-1 (1500HP) نے 30 ستمبر 2017 کو آزادی-1 کنویں کی کھدائی کی اور 2995 میٹر کی مقررہ گہرائی مکمل کی۔ رگ ماڑی-1 کو 30 نومبر 2017 کو آزادی-1 کنویں سے ہٹالیا گیا اور بھٹائی-5 کا کام شروع کر دیا گیا تھا۔

رگ ماڑی-1 نے بھٹائی-5 کنویں کی کھدائی کا کام 11 دسمبر 2017 کو شروع کیا تھا جو 11 جنوری 2018 کو مکمل ہوا تھا۔

رگ ماڑی-1 نے ماڑی D&P لیز میں بھٹائی-5 کنویں سے صوفی-1 آزمائشی کنویں کی کھدائی کا کام کیا اور 2,350 میٹر تک گہرائی کی جس کے بعد اس رگ کو 13 اپریل 2018 میں ہٹالیا گیا۔ بولان ایسٹ-1 کی کھدائی رگ ماڑی-1 نے 22 مئی 2018 کو کی تھی۔ فی الوقت کھدائی کا کام جاری ہے۔

رگ ماڑی-3 (2500HP) نے یکم جولائی 2017 تک آزمائشی کنویں ٹیپو-1 کی کھدائی کی تھی۔ یہ کھدائی 5 جولائی، 2017 تک ہوگئی تھی اور یہ کنواں 3936 میٹر تک گہرا ہوگیا تھا۔ ٹیپو-1 کنویں کا کام 22 اکتوبر، 2017 تک مکمل کرلیا گیا تھا۔ رگ نے 2017 دسمبر کے پہلے ہفتے کے دوران ماڑی D&P لیز سے غوری بلاک تک کام کیا تھا۔

رگ ماڑی-3 (2500HP) نے 21 دسمبر، 2017 کو دھاریاں-1 آزمائشی کنویں کی کھدائی کی۔ اب ڈرلنگ کا کام جاری ہے۔

ماڑی سیسمک پراسیسنگ سنٹر (MSPC)

MSPC نے سکھر بلاک سے 2,700 لائن کلومیٹر سیسمک ڈیٹا کے وقت کی پراسیسنگ اور ماڑی D&P لیز سے سیسمک ڈیٹا کی 1080 مربع کلومیٹر 3D گہرائی کی تصویر کشی کی پراسیسنگ کی ہے۔ MSPC نے مارچ 2018 کے پہلے ہفتے کے دوران سجاول۔3D کی Pre-stack Deterministic Inversion کا کام بھی انجام دیا ہے۔ ماڑی۔3D کی Pre-stack Deterministic Inversion کا کام 26 مارچ 2018 میں شروع کیا گیا اور جون 2018 میں ترجیحی علاقے پر کام کیا گیا جبکہ بقیہ پراجیکٹ پر کام ابھی جاری ہے۔

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 افزاء سرگرمیوں سے کام کے ماحول میں ہم آہنگی پیدا ہوئی اور مختلف مقامات/ فیلڈز 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۔ انسانی سرمایہ سے مراد صرف اس ادارے میں کام کرنے والے لوگ ہی شامل نہیں ہیں بلکہ یہ ان کے تجربات، رویوں، صلاحیتوں، ثقافت اور مہارتوں وغیرہ کا ایک وسیع اجتماع ہے۔ کمپنی اپنے ملازمین کے لیے کام کا شاندار ماحول فراہم کرکے اُن کی روزمرہ ذمہ داریوں کی ادائیگی کے حوالے سے اُن کی صلاحیتوں میں اضافہ کرنے کی بھرپور کوشش کرتی ہے تاکہ ملک بھر میں اپنے معتبر نام کو وسعت دے سکے۔

انفارمیشن ٹیکنالوجی

کمپنی اپنے تکنیکی اور عملی شعبوں کے درمیان تعاون واشتراک کو مضبوط بنانے پر سختی سے توجہ مرکوز کرتی ہے جو اس کے انفارمیشن سسٹم کے انتخاب اور عمل درآمد کو تیز تر کرنے میں مدد کرتی ہے۔ معلومات کے نظام کا عمل درآمد مختلف E&P کی سرگرمیوں کے دوران مؤثر منصوبہ بندی، ہم آہنگی اور فیصلہ سازی کو فروغ دینے کے لیے مختلف ٹیموں کے مابین تعاون و اشتراک فراہم کرتا ہے۔

ہماری تلاش اور ذخائر کے شعبہ صنعت کی نمایاں G&G تشریح اور ذخائر کے ماڈلنگ سوفٹ ویئر استعمال کرتے ہیں جنھیں معروف کمپنیوں جیسے Schlumberger اور Halliburton نے تیار کیا ہے۔ مربوط کام طبعیات دانوں اور ماہرین ارضیات کو باہمی تعاون پر مبنی استعداد کار فراہم کرتا ہے جس سے بہتر جغرافیائی بصیرت حاصل ہوتی ہے۔ یہ نظام دریافتوں کی کامیابی کی شرح کو بہتر بنانے میں مدد کرتے ہیں اور کمپنی کو E&P سیکٹر میں ممتاز مقام دلاتے ہیں۔

درست اور معیاری ڈیٹا کی دستیابی تلاش و پیداوار (E&P) کی کمپنیوں کی جان ہوتا ہے. انھیں تجزیہ، ڈرلنگ کے اہداف کے صحیح انتخاب اور تیل اور گیس پیدا کرنے والے ذخائر کے موثر انتظام کے لیے ڈیٹا کا بڑا حجم سنبھالنے کی ضرورت ہوتی ہے۔ مؤثر اور مربوط E&P ڈیٹا مینجمنٹ سسٹم پر عمل درآمد MPCL کو کمپنی کے کام کے معیاری ڈیٹا کی مینجمنٹ کے حوالے سے صنعت کے بہتر طریقوں سے متعارف ہونے اور انھیں اپنانے کا موقع ملتا ہے۔ یہ نظام E&P کے متعلقہ لائف سائیکل کے دوران مؤثر منصوبہ بندی، تعاون اور بروقت فیصلہ سازی کے لیے تلاش، آپریشن اور ذخیرہ کے پیشہ ورانہ افراد کی مدد کر رہا ہے۔

صحت، حفاظت اور ماحول (HSE)

MPCL میں HSE کی تشخیص اور مسلسل نگرانی کو ایک اہم اقدام سمجھا جاتا ہے تاکہ ہماری سہولیات قابل اعتماد اور اپنے عملے کے لیے دستیاب ہوں۔ اسی طرح، پیشہ ورانہ صحت، سیفٹی اور ماحولیاتی مینجمنٹ (HSE) کی کارکردگی کی تشخیص کے لیے KPIs ہوتے ہیں۔ KPIs کے انتخاب سے نقصانات کی کنٹرول مینجمنٹ کے لیے ضروری بینچ مارکنگ قائم کی جاتی ہے جن پر مینجمنٹ ٹیم غور کرتی ہے اور قانونی تعمیل اور IMS کی ضروریات کو پورا کرنے کے لیے ان پر عمل درآمد کیا جاتا ہے۔ IMS مصدقہ کمپنی ہونے کی وجہ سے تلاش، کنوؤں کی تکمیل، پیداوار، دیکھ بھال، پائپ لائن نیٹ ورک اور تمام منسلکہ دستیاب خدمات جیسی سرگرمیوں پر عمل کیا جاتا ہے اور کارکردگی کے پیرامیٹرز اور تشخیص کے نظام کو منتخب کیا جاتا ہے، اس لیے انہیں انتہائی وسیع اور جامع ہونا چاہیے۔

لاگت کو کم کرنے کے لیے ہم نے ایک ضمنی طریقہ کار کو اپنایا ہے جبکہ سرٹیفکیشن دائرہ کار میں نئی سہولتیں شامل کی ہیں۔ اس عمل کی پیروی کرتے ہوئے ہم سالانہ 21,000 امریکی ڈالر بچا رہے ہیں۔ سہولیات کی انفرادی سرٹیفکیشن کے ساتھ ایک کمپنی دوسرے سہولیات کے لیے سرٹیفکیشن کو برقرار رکھتی ہے؛ عدم تعمیل پورے سرٹیفکیشن کے عمل کو خطرے میں ڈال سکتی ہے۔ 2010 کے مقابلے میں ہماری افرادی قوت اور سہولیات میں تین گنا اضافہ ہوا ہے، اس وجہ سے HSEQ معیارات کی عدم تعمیل کے خطرے میں اضافہ ہوا ہے؛ لیکن مینجمنٹ کا عزم، ملازمین کی طرف سے HSEQ کی آگاہی مہم اور HSE کے ملکیت ان معیاری ضروریات کو برقرار رکھنے کے اس بڑے چیلنج سے نمٹنے کے لیے ایک اہم عنصر ہے۔

2017-18 میں زخمی ہونے والے واقعات کی تعداد میں نمایاں کمی ہوئی جبکہ HSE معیارات کو برقرار رکھنے کے دوران ہم نے 0.45 کے ہدف کے خلاف 0.11 کے کل ریکارڈ قابل دریافت فریکوئنسی (TRCF) حاصل کی۔ یہ MPCL کی طرف سے حاصل کردہ TRCF کا سب سے بہترین مجموعہ (ملازم اور ٹھیکیدار کا عملہ) ہے.

ماحول پر کمپنی کے کاروباری اثرات

MPCL کی پیداواری سہولیات ماحول کے خطرے کے جائزوں کے سلسلے کے ذریعے اردگرد کے ماحول کے منفی اثرات کی نشاندہی کرتی ہیں اور اس طرح ALARP (خطرے کو اتنا کم کرنا جتنا ہو سکے) کے خطرے کو کم کرنے کے لیے اقدامات کیے گئے ہیں۔ ماحولیاتی پہلو کے رجسٹرز میں نشاندہی کردہ تمام اہم اثرات کو درج کیا جاتا ہے اور اس امر کو یقینی بنایا جاتا ہے کہ ماحول کے تحفظ کے لیے بروقت عمل کیا گیا ہے۔

ماحولیاتی معیار ISO 14001 کے لئے سہولیات کی ہماری سرٹیفکیشن اس بات کو یقینی بناتی ہے کہ ہم کسی بھی عدم تعمیل کا شکار نہیں ہوں گے۔ MPCL نے اپنے اعلیٰ ماحولیاتی معیاروں کو قائم کرنے اور برقرار رکھنے کے ذریعے اپنے مضبوط عزم کا اظہار کیا ہے جبکہ اس کے ساتھ ساتھ کمیونٹی اور سبزے پر ہماری E&P سرگرمیوں کے اثرات کم کرنے کے لیے صلاحیتوں اور مہارتوں سے کام لیتے ہیں۔

جیسا کہ ماضی میں، ہم نے اپنی شجرکاری مہم کو تمام مقامات تک مزید بڑھایا ہے تاکہ ماحولیاتی نظام کا تحفظ کیا جائے۔ ملازمین کو اپنے مقامات پر درخت لگانے پر حوصلہ افزائی کی گئی تھی۔ ہماری اہم Facilities پر مقامی پھلوں کے باغ تیار کیے گئے۔

ہم نے تمام مقامات پر مائع اور ٹھوس فضلہ کو ضائع کرنے کے لئے قومی ماحولیات کے کوالٹی معیارات (NEQS) کی تعمیل کو یقینی بنایا۔ ماحولیاتی مسائل اگر ہوئے تو انھیں فوری طور پر صنعت کے بہترین طریقوں سے سنبھال لیا گیا۔

سجاول فیلڈ میں سب سے اہم ماحولیاتی چیلنجوں میں سے ایک فلیش گیسوں Flash Gases کی بھڑک تھی۔ گلوبل وارمنگ کے اثر کو کم کرنے کے لئے سجاول فیلڈ اپنے ری بوائلر سوئیٹنگ یونٹ میں فلیش گیس کو ایندھن کے طور پر استعمال کر رہا ہے۔ یہ ہمیں قیمتی توانائی کو بچانے، مضر اخراج کو کم کرنے اور ماحول کی حفاظت کرنے میں مدد دیتا ہے۔ سجاول فیلڈ میں ایک اور ماحول دوست عمل ٹیگ کا استعمال کرتے ہوئے Glycol Dehydration Unit (GDU) میں خام گیس سے نمی کو ہٹاتا ہے۔ اس کا نتیجہ BTEX اجزاء کا جذب ہونا ہے۔ BTEX سے مراد بینزین، ٹولین، زیلین اور ایتھائل بینزین ہے جو فطرت کے لیے ایک خطرناک چیز ہے۔ متعلقہ خطرہ کو ختم کرنے/کم کرنے کے لیے BTEX کی بحالی کے نظام کو GDU کے ساتھ مل کر نصب کر دیا گیا ہے تاکہ BTEX کے محفوظ ضیاع کو یقینی بنایا جاسکے اور پلانٹ سے BTEX کے اخراج کو کم کیا جاسکے۔

کمپنی نے بیرونی اداروں کی مدد سے فضلہ کے انتظام کے لیے بہترین صنعتی طریقوں کو اپنایا ہے۔ HSE ٹیم تمام مقامات پر تمام قسم کے فضلہ کو سنبھالنے کی نگرانی کرتی ہے۔

MPCL کو ایمپلائرز فیڈریشن آف پاکستان (EFP) کی جانب سے اس کے HSE کارکردگی دکھانے پر تیل، گیس اور انرجی سیکٹر کا دوسرا بڑا اعزاز دیا ہے۔

کارپوریٹ سماجی ذمہ داری (CSR)

MPCL کے CSR پروگرام کو چار بڑے اقسام میں تقسیم کیا جاتا ہے:۔

- سالانہ CSR ذمہ داریاں (پیٹرولیم کے رعائتی معاہدے کے مطابق عزم (PCA): 30,000 ڈالرفی بلاک)
- اس کے علاوہ دیگر ذمہ داریاں
- ماڑی فیلڈ ڈہرکی میں CSR
- پیداواری بونس (سماجی فلاح و بہبود کے منصوبوں کے لئے مختص کردہ فنڈز/رقم جمع جس کا اہتمام متعلقہ مقامی انتظامیہ کرے گی)

2017-18 ایک نظر میں

MPCL کی CSR حکمت عملی اپنے کیمونٹیوں کو معیاری خدمات کی ترسیل اور تعلیم، صحت اور پانی سے متعلقہ منصوبوں کی فراہمی پر توجہ مرکوز کرتی ہے۔

سوشل ویلفیئر ذمہ داریوں (SWOs) کے سلسلے میں، PCA کے مطابق 69.40 ملین روپے، متعلقہ ڈسٹرکٹ ایڈمنسٹریشنز کے متعلقہ مشترکہ اکاؤنٹس میں جمع کیے گئے ہیں۔

ماڑی فیلڈ کے سالانہ CSR کی لاگت 112 ملین روپے تھی اور اسلام آباد میں دیگر اہم منصوبوں (علاوہ ازیں) کے لئے 40 ملین روپے خرچ کیے گئے تھے۔

اندرونی کنٹرولز

اندرونی کنٹرول فریم ورک اور داخلی آڈٹ کا کردار

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ڈائریکٹرز رپورٹ

کے بورڈ آف ڈائریکٹرز نے داخلی آڈٹ کا نظام قائم کر دیا ہے جس کے سربراہ ہیڈ اندرونی آڈٹ ہیں جو بورڈ آف ڈائریکٹرز کی آڈٹ کمیٹی کو رپورٹ کریں گے۔

اندرونی آڈٹ فنکشن ایک آزاد یقین دہانی اور مشاورت کی سرگرمی ہے، جس کو MPCL کے بیش قیمت آپریشن کو بہتر بنانے کے لئے تیار کیا گیا ہے۔ یہ کمپنی کو خطرے کے انتظام، کنٹرول اور گورننس کے طریقہ کار کا جائزہ لینے اور اسے بہتر بنانے کے لیے ایک منظم اور مربوط طریقے کے ذریعہ اپنے مقاصد کو پورا کرنے میں مدد فراہم کرتا ہے۔

داخلی کنٹرول فریم ورک کے مقاصد درج ذیل ہیں:۔

a ۔ آپریشنز کی افادیت اور کارکردگی؛
b ۔ اندرونی / بیرونی رپورٹنگ کی ساکھ؛
c ۔ قوانین، قواعد وضوابط کی تعمیل؛ اور
d ۔ کمپنی کے اثاثوں کی حفاظت

اندرونی کنٹرول فریم ورک کے مقاصد کو حاصل کرنے کے لئے اندرونی آڈٹ ڈیپارٹمنٹ کے ذریعے داخلی کنٹرول کے درج ذیل کا جائزہ لیا جاتا ہے:۔

a) Control Environment: یہ کمپنی کا اصول مقرر کرتا ہے اور اہلکاروں کے شعور پر اثر انداز ہوتا ہے۔ یہ اندرونی کنٹرول کے دیگر اجزاء کی بنیاد ہے جس میں نظم وضبط کی فراہمی شامل ہے۔

b) خطرے کی تشخیص: اندرونی کنٹرول فریم ورک کے مقاصد کو حاصل کرنے کے لیے متعلقہ خطرات کی مناسب شناخت اور تجزیہ کو یقینی بنانے کے لئے کمپنی کی انتظامی ذمہ داری ہے؛

c) کنٹرول سرگرمیاں: یہ وہ پالیسیاں اور طریقہ کار ہیں جو اس بات کو یقینی بناتے ہیں کہ انتظامی ہدایات مؤثر طریقے سے جاری کی جائیں؛

d) معلومات اور مواصلات: متعلقہ معلومات کی شناخت، قبضہ اور اطلاع ایک مؤثر شکل اور نظام اوقات میں کی جانی چاہیے۔ جو لوگوں کو اپنی ذمہ داریوں کو انجام دینے کے قابل بنائے؛ اور

e) نگرانی: داخلی کنٹرول سسٹم کی اندرونی آڈٹ ڈیپارٹمنٹ کے ذریعے نگرانی کی جاتی ہے۔ یہ عمل اندرونی کنٹرول فریم ورک کے معیار کا تعین کرتا ہے۔

اس کے علاوہ، اندرونی آڈٹ بھی بورڈ کی آڈٹ کمیٹی کی طرف سے حسب ہدایت خصوصی کام کرتا ہے۔ اندرونی آڈٹ موجودہ نظام اور عمل میں کمزوریوں کو نمایاں کرنے اور مجموعی کنٹرول کے نظام کو مضبوط بنانے کے لئے ضروری موثر کنٹرول کے عمل کو تسلیم کرنے میں مرکزی کردار ادا کرتا ہے۔

اندرونی آڈٹ کے سربراہ کی آڈٹ کمیٹی تک رسائی

کارپوریٹ گورننس کی ضروریات کے مطابق، اندرونی آڈٹ کے سربراہ کو صدر اور آڈٹ کمیٹی کے دیگر ارکان کی براہ راست رسائی حاصل ہوتی ہے۔

اندرونی مالیاتی کنٹرولز (IFC) کی موزونیت کے بارے میں رائے

کمپنی کے پاس ایک جامع IFC فریم ورک ہے جو سائز، پیمانے اور اس کے آپریشنز کی پیچیدگی سے مناسبت رکھتا ہے۔ فریم ورک کو معتبر مالیاتی اور عملی معلومات فراہم کرنے، قابل اطلاق قوانین کی تعمیل، غیر مجاز استعمال سے اثاثوں کی حفاظت، مناسب اجازت کے ساتھ ٹرانزیکشنز کو برقرار رکھنے اور کارپوریٹ پالیسیوں اور کنٹرولز کے مطابق تعمیل کو یقینی بنانے کے حوالے سے مناسب یقین دہانی کرانے کے لئے تیار کیا گیا ہے۔

کمپنی کی طرف سے قائم اور برقرار رکھے جانے والے اندرونی مالی کنٹرول کے فریم ورک کی بنیاد پر اندرونی اور بیرونی آڈیٹرز کی طرف سے کام انجام دیا گیا اور مینجمنٹ اور متعلقہ آڈٹ کمیٹی سمیت متعلقہ بورڈ کمیٹیوں کی طرف سے لیا گیا، بورڈ کا خیال ہے کہ مالیاتی سال 2017-18 کے دوران کمپنی کے اندرونی مالیاتی کنٹرولز مناسب اور مؤثر طریقے سے لاگو کیے گئے۔

اندرونی طور پر مناسب مالیاتی کنٹرولز کے حوالے سے ڈائریکٹرز کی ذمہ داری

کمپنی بورڈ آف ڈائریکٹرز کی یہ ذمہ داری ہے کہ وہ اس بات کو یقینی بنائے کہ اندرونی مالیاتی کنٹرولز مناسب طور پر بنائے جائیں اور کمپنی میں ان پر عملدرآمد ہو نیز یہ کنٹرولز درست اور موثر طور پر کام کر رہے ہوں۔

موجودہ کاروباری حالات اور طریقہ کار کے تحت بننے والے کنٹرولز کو رواں سال کے دوران ٹیسٹ کیا گیا ہے اور ان کی تیاری یا افادیت میں کوئی قابل ذکر کمزوری کی نشاندہی نہیں ہوئی۔ مالیاتی رپورٹنگ کے دوران اندرونی مالیاتی کنٹرولز کے فریم ورک کی اندرونی اور بیرونی آڈیٹرز نے جانچ کی ہے۔

کمپنی کا رسک Risk فریم ورک

کمپنی کے رسک Risk مینجمنٹ فریم ورک کا قیام اور اس کی نگرانی بھی بورڈ آف ڈائریکٹرز کی ذمہ داری ہے۔ کمپنی بورڈ کی رسک Risk مینجمنٹ کمیٹی قائم کر رہی ہے جو کام کرنے کی شرائط بشمول تیاری، جائزہ اور رسک Risk مینجمنٹ منصوبے کے حوالے سے تجاویز بورڈ کے سامنے منظوری کے لیے پیش کرے گی۔

کمپنی نے خودکار نگرانی کے عمل اور طریقہ کار کے لیے مضبوط رسک Risk مینجمنٹ پالیسی اختیار کی ہے تاکہ کاروباری معاملات رسک Risk مینجمنٹ سے آراستہ ماحول میں چل سکیں۔

اندرونی کنٹرول کا نظام

کمپنی کے پاس مضبوط بنیادوں پر قائم اندرونی کنٹرولز کا نظام موجود ہے۔ اس میں مالیاتی رپورٹنگ کی درستگی یقینی بنانے کے لیے اندرونی مالیاتی کنٹرولز بھی شامل ہیں۔ ان کنٹرولز کی بدولت مستعدی، اعتماد، اکاؤنٹنگ ریکارڈز کی تکمیل اور قابل بھروسہ مالیاتی اور انتظامی معلومات کی فراہمی میں معاونت ملتی ہے۔ یہ اندرونی کنٹرولز نافذ العمل قوانین اور ضابطوں سے ہم آہنگی کو یقینی بنانے کے علاوہ وسائل کے بہترین استعمال، کمپنی کے اثاثوں اور فریقین کے مفادات کے تحفظ میں بھی معاون ثابت ہوتے ہیں۔

کمپنی کے پاس مناسب طور پر تیار کردہ تنظیمی ڈھانچہ اور مینجمنٹ سسٹم کے طریقہ کار کے ہر عمل کو دستاویزی شکل دینے کا نظام موجود ہے۔ اس کا مقصد کاروباری امور کی ترتیب وار انجام دہی کو یقینی بنانا ہے۔ جدید ٹیکنالوجی کا حامل SAP/ERP نظام موجود ہے، جس میں مختلف عوامل کی تصدیق کے کنٹرولز بھی موجود ہیں۔ اس سے کنٹرول کا ماحول مزید بہتر ہونے کے علاوہ معلومات کا بلا تعطل تبادلہ یقینی ہو جاتا ہے۔ مزید برآں کام کی جگہ پر فراڈ اور دیگر غلط کاموں کو روکنے کے لیے کمپنی نے خطرات سے آگاہی کی پالیسی بھی بنائی ہے۔

خطرات کو روکنے کے لیے اندرونی کنٹرول کے نظام کا باقاعدہ بنیادوں پر جائزہ لیا جاتا ہے اور بدلتے ہوئے حالات کے مطابق اس میں ضروری ترامیم کی جاتی ہیں۔

کمپنی کا کاروبار

مالیاتی سال کے دوران کمپنی کی بنیادی کاروباری سرگرمیاں، ترقی اور کارکردگی

مالی سال کے دوران تیل کی قیمتیں بڑھنے سے تمام E&P کمپنیوں کی ترقی پر مثبت اثر پڑا جس کے نتیجے میں MPCL کی آمدن میں بھی اضافہ ہوا ہے۔ مزید برآں MPCL نے اپنے ذخائر سے زیادہ سے زیادہ پیداوار حاصل کرنے کی حکمت عملی اپنائی جس کی بدولت آمدن میں بھی اضافہ ہوا۔ نئے دریافت ہونے والے ذخائر سے ہونے والی اس بہتر پیداوار کی وجہ سے پاک عرب فرٹیلائزر لمیٹڈ کے لیے MMSCFD 75 گیس مختص کی گئی۔ سال 2017-18 کے دوران MPCL نے عتیق۔1 اور ہلینی فیلڈ میں کاروباری بنیادوں پر کام شروع کرنے کی درخواست کی، مزید برآں کمپنی کو کونج 1A ذخیرے سے پیداوار اور اس کی ترقی کا ٹھیکہ مل گیا۔

اضافی پیداوار کی وجہ سے گرتے ہوئے ذخائر پر قابو پانے کے لیے مزید زمین کے حصول میں اضافہ ہوا۔ اس سلسلے میں MPCL نے تلو پاکستان سے بنوں ویسٹ بلاک کا (20 فیصد) حصہ، بلاک 28 کا (95 فیصد) حصہ اور کلچاس بلاک کا (30 فیصد) حصہ حاصل کیا۔ مزید برآں MPCL نے غوری بلاک میں MOL کا 30 فیصد حصہ حاصل کیا گیا۔

مالیاتی سال کے دوران کمپنی کے کاروبار کی نوعیت میں ہونے والی تبدیلیاں

زیر جائزہ مالی سال کے دوران کمپنی کے کاروبار کی نوعیت میں کوئی قابل ذکر تبدیلی نہیں آئی۔

مستقبل میں کمپنی کے کاروبار، ترقی اور کارکردگی پر اثر انداز ہونے والے اہم رجحانات اور عوامل

قیمتوں میں اتار چڑھاؤ کی صورت میں ہونے والے نقصانات سے بچاؤ کے لیے کمپنی بروقت مختلف اقدامات کرتی رہتی ہے۔ اس تناظر میں MPCL توانائی کے شعبے میں ایسے کاروباری مواقع پر نظر رکھے ہوئے ہے جن سے نہ صرف کمپنی کے منافع میں اضافہ ہو بلکہ قیمتوں میں اتار چڑھاؤ کے نقصانات سے بھی بچا جا سکے۔ مزید برآں کمپنی ملکی زمین کے حصول کے علاوہ عالمی مارکیٹ میں بھی ایسے علاقوں کے حصول کے لیے کوشاں ہے جس سے آمدن میں اضافہ ہو سکے۔

MPCL کے پاور پراجیکٹ کی فزیبلٹی Feasibility اسٹڈی پر بھی کام جاری ہے اور کمپنی کی کوشش ہے کہ اگلے مالی سال کے دوران ضابطے کی تمام کارروائیاں مکمل کر لی جائیں۔ پاور پراجیکٹ کی بروقت تکمیل سے کمپنی کی تنوع آمدن کا سلسلہ بڑھے گا جس کی اس وقت اشد ضرورت ہے۔

کمپنی توانائی اور پٹرولیم کے شعبے میں تبدیل ہوتے ہوئے رجحانات پر نظر رکھے ہوئے ہے۔ پیرس معاہدے Paris Accord کے بعد تیل کے کاروبار میں ہونے والی پیشرفت سے بھی آگاہ ہے۔ MPCL عرصہ طویل کے ان منصوبوں میں سرمایہ کاری کے لیے پرعزم ہے جن سے عالمی ماحولیات کے تحفظ میں مدد ملے، کمپنی نئے رجحانات سے مطابقت پیدا کرنے اور عالمی برادری کا ساتھ دینے کے لیے پرعزم ہے۔

کمپنی کو درپیش بنیادی خطرات

کمپنی کے درپیش خطرات میں سب سے اہم ذخائر کا ختم ہونا، خام تیل کی قیمتیں اور غیر ملکی قوانین ہیں۔ پچھلے ایک عشرے کے دوران گیس کا کوئی نیا بڑا ذخیرہ دریافت نہ ہونے کے باعث موجودہ ذخائر تیزی سے کم ہو رہے ہیں جس کا قدرتی گیس کا ملکی توانائی پیداوار میں اہم حصہ ہے۔ دریافت میں آنے والی اس سست روی کی بنیادی وجہ نئے بلاکس کے لیے پیشکشوں کے عمل میں تاخیر ہے۔ پاکستان میں دیگر E&P کی کمپنیوں کی طرح MPCL کو بھی اس چیلنج کا سامنا ہے، ذخائر میں آنے والی کمی کو دور کرنے کے لیے نئی دریافتوں کی ضرورت ہے۔

خام تیل کی قیمتوں کا انحصار سیاسی و جغرافیائی حالات پر ہوتا ہے اور تمام پیشگوئیوں کی بنیاد مفروضے پر ہوتی ہے جو مستقبل میں پوری ہو بھی سکتی ہیں اور نہیں بھی ہو سکتیں۔ آزاد تجزیہ کاروں کے مطابق سال 2018-19 کے دوران برینٹ Brent کی قیمتیں 70 سے 75 ڈالر فی بیرل تک رہیں گی۔ تیل کی قیمتیں بڑھنے کا خطرہ اس وقت پیدا ہوتا ہے جب سیاسی اتار چڑھاؤ کی وجہ سے تیل کی رسد کم ہو جائے، اس کے علاوہ تیل کے شعبے میں پیداوار کو ذخیرہ کر کے رکھنے کی شرح اوسط سے کم ہے، OPEC کے پاس بھی تیل کی اضافی پیداوار کی استعداد کم ہے۔ تیل کی قیمتیں کم رہنے کا خطرہ تیل کی طلب کی وجہ سے پیدا ہوتا ہے، اگر معاشی ترقی کا عمل توقع سے کم رہے تو تیل کی طلب کم رہے گی جس کی وجہ سے اس کی قیمتیں کم ہوں گی۔

مالی سال 2017-18 کے دوران MPCL کو پٹرولیم سے متعلق پالیسیوں اور ضابطوں میں تبدیلی کا سامنا نہیں کرنا پڑا۔

مستقبل میں منافع کے امکانات

MPCL آنے والے سالوں کے دوران پائیدار ترقی کو جاری رکھنے کے لیے پرعزم ہے جہاں پیداوار اور قیمتیں مستحکم رہنے کا امکان ہو۔ تیل کی دریافت کے لیے مقامی اور عالمی طور پر نئی جگہوں کے حصول اور پرانی جگہوں میں مختلف حصص خریدنے کا عمل جاری ہے، اس کی بدولت ذخائر میں اضافہ ہونے کے ساتھ ساتھ مستقبل میں آمدن اور منافع جات میں اضافہ ہوگا۔ مزید برآں تیل کی قیمتیں بہتر ہوئی ہیں اور توقع ہے کہ کم از کم اگلے کچھ سالوں تک تیل کی قیمتیں 2015 کی سطح تک نہیں گریں گی۔ کمپنی کو ملنے والی اس اضافی آمدن سے سرمایہ کو محفوظ رکھنے اور وسعت دینے کا زبردست موقع پیدا ہوگا جس سے اس آمدن کو نئے مواقع پر خرچ کیا جائے گا۔ اس سے نہ صرف ترقی کا عمل مضبوط ہوگا بلکہ فریقین کے منافع جات میں اضافہ ہوگا۔

ڈائریکٹرز رپورٹ

MPCL اپنے کاروباری تنوع کو بڑھا رہی ہے۔ انہی کوششوں کے سلسلے میں کم BTU بجلی کی پیداوار، کاربن ڈائی آکسائیڈ (فراہم کردہ گیس کا ایک حصہ) کو پراسیسنگ کر کے غذا کی تیاری میں CO2 کو استعمال کے قابل بنانے کے ساتھ ساتھ اس کا مشترکہ منصوبے چلانے کی استعداد کا جائزہ لینا شامل ہے۔

کارپوریٹ گورننس/تجارتی نظم و نسق

بورڈ کا ڈھانچہ

نمبر شمار	ڈائریکٹرز*	کیٹیگری
1۔	لیفٹیننٹ جنرل سید طارق ندیم گیلانی (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 جاوید اقبال ناصر (ر)	نان ایگزیکٹو ڈائریکٹر
6۔	بریگیڈیئر راشد ولی جنجوعہ (ر)	نان ایگزیکٹو ڈائریکٹر
7۔	جناب ساجد محمود قاضی	نان ایگزیکٹو ڈائریکٹر
8۔	قاضی محمد سلیم صدیقی	نان ایگزیکٹو ڈائریکٹر
9۔	جناب شاہد یوسف	نان ایگزیکٹو ڈائریکٹر
10۔	جناب زاہد میر	نان ایگزیکٹو ڈائریکٹر
11۔	جناب احمد حیات لک	نان ایگزیکٹو ڈائریکٹر
12۔	جناب منظور احمد	نان ایگزیکٹو ڈائریکٹر
13۔	انجینئر ایس ایچ مہدی جمال	آزاد ڈائریکٹر

* بورڈ 13 مرد ڈائریکٹرز پر مشتمل ہے۔

لیفٹیننٹ جنرل خالد نواز خان (ر)، میجر جنرل ممتاز احمد باجوہ (ر) اور سید سکندر جلال مالی سال 2017-18 کے دوران بورڈ کو چھوڑ گئے۔

سی ای او کے علاوہ بورڈ کے چیئرمین

لیفٹیننٹ جنرل سید طارق ندیم گیلانی (ر) بورڈ کے چیئرمین ہیں اور لیفٹیننٹ جنرل اشفاق ندیم احمد (ر) کمپنی کے سی ای او ہیں۔ لہٰذا بورڈ کے چیئرمین کمپنی کے سی ای او ہیں۔

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 اُمور 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

بورڈ کی آڈٹ کمیٹی فی الحال مندرجہ ذیل ڈائریکٹرز پر مشتمل ہے:۔

ڈائریکٹر	عہدہ
انجینئر ایس ایچ مہدی جمال	صدر (آزاد ڈائریکٹر)
جناب قیصر جاوید	رکن
جناب شاہد یوسف	رکن
جناب احمد حیات لک	رکن
جناب منظور احمد	رکن

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 جاوید اقبال ناصر (ر)	رکن
قاضی محمد سلیم صدیقی	رکن
جناب ساجد محمود قاضی	رکن
جناب زاہد میر	رکن

HR اور معاوضے کی کمیٹی:

تشکیل و ترتیب

HR اور معاوضے کی کمیٹی میں فی الحال مندرجہ ذیل ڈائریکٹرز شامل ہیں:۔

ڈائریکٹر	عہدہ
انجینئر ایس ایچ مہدی جمال	صدر (آزاد ڈائریکٹر)
ڈاکٹر ندیم عنایت	رکن
جناب زاہد میر	رکن

بورڈ، بورڈ کی کمیٹیوں اور انفرادی ڈائریکٹرز کی سالانہ کارکردگی کا جائزہ اور اس کے لیے

استعمال کردہ طریقہ کار

لسٹڈ کمپنیز ریگولیشنز 2017 Listed Companies (Code of Corprate Governance) Regulatiuons کی شق 10(v) کے مطابق بورڈ، اس کے ممبران اور بورڈ کی کمیٹیوں کی کارکردگی جانچنے کے لیے ایک باقاعدہ اور موثر نظام موجود ہے۔

بورڈ کی اپنی کارکردگی جانچنے کے لیے طریقہ کار کی منظوری MPCL بورڈ کی 30 ستمبر 2014 کو ہونے والے اجلاس میں دی گئی۔ منظور کردہ کارکردگی کے طریقہ کار میں کارکردگی کے 36 عوامل ہیں۔ ان میں بورڈ اور اس کی کمیٹیوں کے قیام، کام اور کارکردگی، گورننس کے ڈھانچے اور کام، اور کمپنی کے مانیٹرنگ نظام جیسے شعبوں کو شامل کیا گیا ہے۔

بورڈ کی کمیٹیوں کی کارکردگی جانچنے کے لیے طریقہ کار کی منظوری 16 اپریل 2018 کو بورڈ کے ہونے والے اجلاس میں دی گئی۔ اس طریقہ کار میں کارکردگی کے 15 معیارات کو شامل کیا گیا ہے۔ ان میں کمیٹی کے قیام کا طریقہ کار، اختیارات اور کام کا طریقہ، کمیٹی کے چیئرمین کا کردار، عمومی ماحول اور کمیٹی ممبران کے کردار جیسے عوامل کو شامل کیا گیا ہے۔

بورڈ ممبران کی انفرادی کارکردگی کو جانچنے کے لیے طریقہ کار کی منظوری 31 مئی 2018 کو ہونے والے بورڈ اجلاس میں دی گئی۔ اس طریقہ کار میں کارکردگی کے 24 معیارات کو شامل کیا گیا ہے۔ طریقہ کار میں ڈائریکٹرز کو موقع دیا جاتا ہے کہ وہ اپنی ذاتی کارکردگی پر توجہ دے سکیں۔ ان معیارات میں ڈائریکٹرز کے کردار، رویے اور بطور رکن کارکردگی کا جائزہ لیا جاتا ہے۔

ان نشاندہی کردہ عوامل کے علاوہ ڈائریکٹرز دیے گئے نمونے کے رائے سیکشن میں اپنی موضوع آرا فراہم کر سکتے ہیں۔

بورڈ کے جائزہ کے نمونے اور انفرادی ڈائریکٹر کے نمونے تمام بورڈ ممبران کو ارسال کیے جاتے ہیں جبکہ کمیٹیز جائزہ نمونے متعلقہ کمیٹیوں کو بھیجے جاتے ہیں۔ ڈائریکٹرز سے درخواست کی جاتی ہے کہ وہ اسکیل پر ہر ایک عنصر کے بارے میں 1 سے 5 نمبر لگائیں۔ ان سکورز کو خصوصی طور پر تیار کردہ ایک پروگرام کے ذریعے درج کیا جاتا ہے اور ہر ایک عنصر کے لیے بنیادی قدروں، معیاری انحراف اور بار چارٹس کو شمار کیا جاتا ہے۔

اس طریقہ کار کے مطابق اگر کسی بھی کارکردگی کے عنصر کی بنیادی قدر 3 سے کم ہے تو اسے بہتر بنانے کی ضرورت ہے۔ اگر بنیادی قدر 3 سے زیادہ ہے تو پھر کارکردگی کا عنصر قابل قبول ہے۔ اس کے علاوہ معیاری انحراف کسی مخصوص عنصر کے خلاف بورڈ اراکین کی رائے میں پائے جانے والے فرق کے درجے کا بتاتا ہے۔ اگر معیاری انحراف کی قدر 1 سے کم ہے، تو بورڈ کی رائے میں اتفاق پایا جاتا ہے . اگر قدر 1 سے زیادہ ہے تو پھر بورڈ کی رائے اس کارکردگی کے عنصر کے خلاف تقسیم شدہ ہوتی ہے۔

ڈائریکٹرز کے معاوضے کی پالیسی

بورڈ کی منظور شدہ ڈائریکٹرز کے معاوضے کی پالیسی کے مطابق نان ایگزیکٹو ڈائریکٹرز ہر بورڈ اور کمیٹی میٹنگ میں شرکت کے لیے مقررہ فیس/معاوضہ حاصل کرنے کے اہل ہیں۔ بورڈ کی طرف سے فیس/معاوضہ مقرر کی جاتی ہے اور وقتاً فوقتاً اس پر نظر ثانی کی جاتی ہے۔ ایگزیکٹیو ڈائریکٹرز کو کوئی فیس/معاوضہ نہیں دی جاتی۔ مزید برآں کمپنی کے جنرل اجلاسوں میں شرکت کرنے پر بھی کوئی فیس/معاوضہ نہیں دی جاتی۔ بورڈ کے چیئرمین یا ایک کمیٹی کے صدر یا آزاد ڈائریکٹر ہونے کی بنا پر بھی کوئی اضافی ادائیگی نہیں کی جاتی۔ تمام ڈائریکٹرز منظور شدہ MSP (سفر اور منتقلی - مینجمنٹ ملازمین) کے مطابق سفر اور یومیہ الاؤنسز لینے کے اس وقت اہل ہوتے ہیں جب وہ کمپنی کے کاروباری کام کے سلسلے میں سفر کرتے ہیں۔

حصص دینے کا طریقہ

30 جون 2018 تک حصص دینے کے طریقے پر مبنی گوشوارہ منسلک ہے۔

مالیاتی گوشواروں کی تیاری اور پیش کاری کے لیے مینجمنٹ کی ذمہ داری

پاکستان میں قابل اطلاق اکاؤنٹنگ اور رپورٹنگ کے معیارات او کمپنیز ایکٹ، 2017 (XIX بابت 2017) کے تقاضوں کے مطابق مالیاتی گوشواروں کو تیار اور پیش کرنا، مینجمنٹ کی ذمہ داری ہوتی ہے اور اس طرح کے اندرونی کنٹرول جو مینجمنٹ کے نزدیک ضروری ہوں تا کہ مالیاتی گوشواروں کو اس انداز سے تیار کرے جو ہر قسم کی غلطی اور دھوکہ دہی سے پاک ہوں۔

مالیاتی گوشواروں کی تیاری کے سلسلے میں مینجمنٹ اپنی کمپنی کی اہلیت و استعداد کا جائزہ لینے کی ذمہ دار ہوتی ہے کہ وہ مستقبل قریب میں کمپنی کے فعال رہنے کا تصور، اس کا افشاء، جیسا بھی قابل اطلاق ہو، اس کے فعال رہنے کے تصور سے متعلق معاملات اور اس تصور پر مبنی اکاؤنٹنگ کے استعمال کا تصفیہ کرے جب تک کہ مینجمنٹ اپنی کمپنی کو سرمایہ فراہم کرنے یا آپریشنز بند کرنے یا کوئی حقیقت پسندانہ متبادل رکھنے کا ارادہ نہ رکھتی ہو۔

کوڈ آف کارپوریٹ گورننس/ضابطہ برائے تجارتی نظم و نسق (CCG)

سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) نے اندراج شدہ کمپنیز (کوڈ آف کارپوریٹ گورننس) قواعد و ضوابط 2017 جاری کیا ہے تا کہ بہتر تجارتی نظم و نسق کا لائحہ عمل اختیار کیا جائے اور ہر ایک اندراج شدہ کمپنی ان بہترین طریقوں پر عمل کرے۔

کمپنی CCG کے بہترین طریقوں پر عمل کرنے کی ہر ممکن کوشش کرتی ہے۔ کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے بھی اندراج شدہ کمپنیز (کوڈ آف کارپوریٹ گورننس) قواعد و ضوابط 2017 کی تعمیل کا بیان کا جائزہ لیا گیا اور کمپنی کے بیرونی آڈیٹرز نے ان کی تصدیق کی۔

مابعد بیلنس شیٹ واقعات

بورڈ آف ڈائریکٹرز نے 30 اگست 2018 کو منعقدہ اپنے اجلاس میں (i) 30 جون، 2018 کو ختم ہونے والے سال کے لیے 2.5 روپے فی شیئر کی شرح سے ایک حتمی کیش ڈیویڈنڈ اور سالانہ اجلاس عام میں ارکان کی منظوری کے لیے ہر دس شیئرز کے لیے ایک شیئر کی شرح کے بونس شیئرز کے اجراء کی تجویز دی ہے۔

آڈیٹرز

موجودہ آڈیٹرز M/s Deloitte Yousuf Adil، 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 30 جون 2019 کے لیے M/s Deloitte Yousuf Adil، چارٹرڈ اکاؤنٹنٹس کی دوبارہ تقرری کی سفارش کی ہے۔

اظہارِ 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، آئل اینڈ گیس کی ریگولیٹری اتھارٹی، ڈائریکٹر جنرل پٹرولیم مراعات، آئل اینڈ گیس کے ڈائریکٹریٹ، فوجی فاؤنڈیشن، آئل اینڈ گیس ڈویلپمنٹ کمپنی لمیٹڈ اور قانون نافذ کرنے والے اداروں کے تعاون اور مسلسل مدد/معاونت فراہم کرنے پر ان کا شکریہ ادا کرتا ہے۔

لیفٹیننٹ جنرل اشفاق ندیم احمد (ر)، ہلال امتیاز (ملٹری)	**قیصر جاوید**
مینیجنگ ڈائریکٹر/سی ای او	ڈائریکٹر

اسلام آباد

30 اگست 2018

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

M P C L

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 18 اکتوبر 2018ء کو ہونے والے 34 ویں سالانہ
اجلاس عام میں شرکت کرنے اور حق رائے دہی استعمال کرنے کیلئے یا کسی بھی التواء 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 ________ انٹرمیڈری 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۔

1) دستخط ________
نام ________
پتہ ________
____
شناختی کارڈ نمبر: ________
پاسپورٹ نمبر: ________

گواہان۔

2) دستخط ________
نام ________
پتہ ________
____
شناختی کارڈ 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 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 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 – ماؤو ایریا، سیکٹر جی 10/4، اسلام آباد میں جمع کرادی جائے یا ای میل کے ذریعے info@mpcl.com.pk پر بھیجی جائے۔

اگر کمپنی کو کم از کم پانچ ارکین یا کسی ایک رکن یا اراکین جن کی ووٹنگ کی طاقت دس فیصد سے کم نہ ہو کی طرف سے انتخاب کی درخواست موصول ہوگی 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

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 34th Annual General Meeting of the Company to be held on October 18, 2018 and at any adjournment thereof.

Signed under my / our hand(s) this __________ day of __________ 2018.

Option 2

E-voting as per the Companies (E-Voting) Regulations, 2016

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 ______________	Signature of Witnesses ______________
Name: ______________	Name: ______________
Address: ______________	Address: ______________
______________	______________
CNIC No. ______________	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 authorised in writing, or if the appointer is a corporation either under the common seal or under the hand of an official or attorney so authorised.

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)

Jama Punji

www.jamapunji.pk
jamapunji.pk
@jamapunji_pk
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جہاں رہیے، آگاہ رہیے
کھیل ہی کھیل میں سیکھیں سرمایہ کاری کا ہنر
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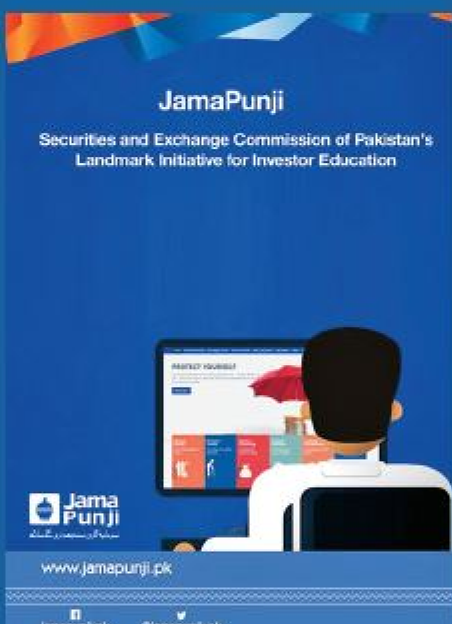

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MPCL

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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
UAN: +92 81 2821052 | **Fax:** +92 81 2834465

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