

OIL AND GAS DEVELOPMENT COMPANY LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT [UNAUDITED]
FOR NINE MONTHS ENDED 31 MARCH 2017

Annex-1
No: CS/04-08/PSX/LSE
Dated: April 21, 2017

	Note	Three months ended 31 March		Nine months ended 31 March	
		2017	2016	2017	2016
(Rupees '000)					
Sales - net	15	45,548,571	36,524,873	126,629,700	122,711,160
Royalty		(4,933,398)	(3,891,032)	(13,761,338)	(13,584,832)
Operating expenses		(14,812,075)	(13,415,909)	(43,168,524)	(39,984,186)
Transportation charges		(464,046)	(603,144)	(1,300,236)	(1,472,112)
		<u>(20,209,519)</u>	<u>(17,910,085)</u>	<u>(58,230,098)</u>	<u>(55,041,130)</u>
Gross profit		25,339,052	18,614,788	68,399,602	67,670,030
Other income	16	3,261,090	3,344,507	12,569,839	11,639,562
Exploration and prospecting expenditure		(2,191,054)	(5,995,878)	(10,380,418)	(10,709,344)
General and administration expenses		(1,168,845)	(994,692)	(2,821,561)	(2,807,011)
Finance cost		(420,386)	(420,364)	(1,235,626)	(1,253,023)
Workers' profit participation fund		(1,264,054)	(728,850)	(3,395,774)	(3,259,169)
Share of profit in associate - net of taxation		461,212	28,639	1,383,636	643,156
		<u>24,017,015</u>	<u>13,848,150</u>	<u>64,519,698</u>	<u>61,924,201</u>
Profit before taxation		24,017,015	13,848,150	64,519,698	61,924,201
Taxation	17	(6,430,611)	(4,553,941)	(16,924,890)	(18,424,405)
Profit for the period		<u>17,586,404</u>	<u>9,294,209</u>	<u>47,594,808</u>	<u>43,499,796</u>
Earnings per share - basic and diluted (Rupees)	18	<u>4.09</u>	<u>2.16</u>	<u>11.07</u>	<u>10.11</u>

The annexed notes 1 to 24 form an integral part of this condensed interim financial information.

Chief Executive

Director



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OGDCL

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(AHMED HAYAT LAK)
 Company Secretary
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OIL AND GAS DEVELOPMENT COMPANY LIMITED
CONDENSED INTERIM BALANCE SHEET [UNAUDITED]
AS AT 31 MARCH 2017

	Unaudited 31 March 2017	Audited 30 June 2016		Unaudited 31 March 2017	Audited 30 June 2016
	(Rupees '000)		Note	(Rupees '000)	
SHARE CAPITAL AND RESERVES					
Share capital	43,009,284	43,009,284		43,009,284	43,009,284
Reserves	11,694,427	10,529,373	4	11,694,427	10,529,373
Unappropriated profit	452,167,647	425,093,910		452,167,647	425,093,910
	506,871,358	478,632,567		506,871,358	478,632,567
NON CURRENT LIABILITIES					
Deferred taxation	15,704,885	15,579,499		15,704,885	15,579,499
Deferred employee benefits	15,260,789	14,971,638		15,260,789	14,971,638
Provision for decommissioning cost	22,486,264	21,412,687		22,486,264	21,412,687
	53,451,938	51,963,824		53,451,938	51,963,824
CURRENT LIABILITIES					
Trade and other payables	62,230,812	58,969,148	5	62,230,812	58,969,148
	622,554,108	589,565,539		622,554,108	589,565,539
CONTINGENCIES AND COMMITMENTS					
			6		
The annexed notes 1 to 24 form an integral part of this condensed interim financial information.					
NON CURRENT ASSETS					
Fixed assets					
Property, plant and equipment	125,540,506	120,542,404	7	125,540,506	120,542,404
Development and production assets - intangible	92,467,596	87,990,960	8	92,467,596	87,990,960
Exploration and evaluation assets	8,928,386	6,834,078	9	8,928,386	6,834,078
	226,936,488	215,367,442		226,936,488	215,367,442
Long term investments	42,222,641	112,517,292	10	42,222,641	112,517,292
Long term loans and receivable	6,378,159	5,997,669		6,378,159	5,997,669
Long term prepayments	1,053,359	882,466		1,053,359	882,466
	276,590,647	334,764,869		276,590,647	334,764,869
CURRENT ASSETS					
Stores, spare parts and loose tools	18,675,436	18,251,184		18,675,436	18,251,184
Stock in trade	318,820	291,904		318,820	291,904
Trade debts	121,101,949	111,204,186	11	121,101,949	111,204,186
Loans and advances	13,681,401	10,459,609	12	13,681,401	10,459,609
Deposits and short term prepayments	1,507,472	1,646,777		1,507,472	1,646,777
Interest accrued	23,867,485	21,085,027		23,867,485	21,085,027
Other receivables	228,686	182,211		228,686	182,211
Income tax - advance	46,680,402	41,599,042	13	46,680,402	41,599,042
Current maturity of term finance certificates and PIBs	102,233,353	30,750,000		102,233,353	30,750,000
Other financial assets	10,073,952	11,426,964	14	10,073,952	11,426,964
Cash and bank balances	7,594,505	7,903,766		7,594,505	7,903,766
	345,963,461	254,800,670		345,963,461	254,800,670
	622,554,108	589,565,539		622,554,108	589,565,539

Chief Executive



Director

OIL AND GAS DEVELOPMENT COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME [UNAUDITED]
FOR NINE MONTHS ENDED 31 MARCH 2017

	Three months ended 31 March		Nine months ended 31 March	
	2017	2016	2017	2016
	----- (Rupees '000) -----			
Profit for the period	17,586,404	9,294,209	47,594,808	43,499,796
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>17,586,404</u>	<u>9,294,209</u>	<u>47,594,808</u>	<u>43,499,796</u>

The annexed notes 1 to 24 form an integral part of this condensed interim financial information.

Chief Executive

Director

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OIL AND GAS DEVELOPMENT COMPANY LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT [UNAUDITED]
FOR NINE MONTHS ENDED 31 MARCH 2017

	Nine months ended 31 March	
	2017	2016
Note	(Rupees '000)	
Cash flows from operating activities		
Profit before taxation	64,519,698	61,924,201
Adjustments for:		
Depreciation	6,519,265	5,264,929
Amortization of development and production assets	13,372,152	12,277,105
Impairment on assets	-	943,241
Royalty	13,761,338	13,584,832
Workers' profit participation fund	3,395,774	3,259,169
Provision for employee benefits	2,620,643	2,251,533
Decommissioning expense	590,215	-
Un-winding of discount on provision for decommissioning cost	1,229,452	1,243,050
Interest income	(9,380,429)	(10,024,934)
Un-realized (gain)/loss on investments at fair value through profit or loss	(111,010)	2,179
Dividend income	(20,431)	(19,296)
Gain on disposal of property, plant and equipment	(38,116)	(10,773)
Share of profit in associate	(1,383,636)	(643,156)
Stores inventory written off	-	3,810
	<u>95,074,915</u>	<u>90,055,890</u>
Changes in:		
Stores, spare parts and loose tools	(424,252)	(1,407,592)
Stock in trade	(26,916)	(88,579)
Trade debts	(9,897,763)	(5,939,788)
Deposits and short term prepayments	139,305	(206,903)
Advances and other receivables	(3,648,757)	(1,158,761)
Trade and other payables	(40,372)	4,915,846
Cash generated from operations	<u>81,176,159</u>	<u>86,170,113</u>
Royalty paid	(13,881,312)	(15,609,518)
Employee benefits paid	(3,291,557)	(2,689,547)
Long term prepayments	(170,893)	(372,420)
Payment from self insurance reserve	(1,838)	(6,685,550)
Decommissioning cost paid	(1,149,243)	-
Payments to workers' profit participation fund-net	(4,237,231)	-
Income taxes paid	(21,880,864)	(28,045,321)
	<u>(44,612,938)</u>	<u>(53,402,356)</u>
Net cash from operating activities	<u>36,563,221</u>	<u>32,767,757</u>
Cash flows from investing activities		
Capital expenditure	(29,743,680)	(30,376,738)
Interest received	7,103,753	6,818,623
Dividends received	131,949	199,058
Purchase of investments	(422,366)	(522,843)
Proceeds from disposal of property, plant and equipment	54,032	32,323
Net cash used in investing activities	<u>(22,876,312)</u>	<u>(23,849,577)</u>
Cash flows from financing activities		
Dividends paid	(15,460,194)	(19,122,382)
Net cash used in financing activities	<u>(15,460,194)</u>	<u>(19,122,382)</u>
Net decrease in cash and cash equivalents	<u>(1,773,284)</u>	<u>(10,204,202)</u>
Cash and cash equivalents at beginning of the period	<u>19,034,930</u>	<u>22,527,785</u>
Cash and cash equivalents at end of the period	<u>17,261,646</u>	<u>12,323,583</u>

The annexed notes 1 to 24 form an integral part of this condensed interim financial information.

Chief Executive

Director

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OIL AND GAS DEVELOPMENT COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR NINE MONTHS ENDED 31 MARCH 2017

	Rupees							Total equity		
	Share capital	Capital reserve	Self insurance reserve	Share of exploration, evaluation and development reserve in associated company	Share of capital redemption reserve fund in associated company	Share of mari seismic unit reserve in associated company	Share of self insurance reserve in associated company		Other reserves	
Balance as at 1 July 2015	43,009,284	836,000	6,620,000	-	-	-	-	-	392,055,684	442,520,968
Total comprehensive income for the period	-	-	-	-	-	-	-	-	43,499,796	43,499,796
Profit for the period	-	-	-	-	-	-	-	-	-	-
Other comprehensive income/(loss) for the period	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-	-	-	43,499,796	43,499,796
Transfer to self insurance reserve	-	-	639,193	-	-	-	-	-	(639,193)	-
Charged to self insurance reserve	-	-	(1,693)	-	-	-	-	-	1,693	-
Transfer to exploration, evaluation and development reserve by an associated company	-	-	-	858,744	-	-	-	-	(858,744)	-
Transfer to undistributed percentage return reserve by an associated company	-	-	-	-	-	-	-	-	-	-
Transfer to capital redemption reserve fund by an associated company	-	-	-	-	311,919	-	-	-	(311,919)	-
Transfer to reserve for Mari Seismic Unit by an associated company	-	-	-	-	-	120,534	-	-	(120,534)	-
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	-	-	-
Final dividend 2015: Rs 1.50 per share	-	-	-	-	-	-	-	-	(6,451,393)	(6,451,393)
First interim dividend 2016: Rs 1.50 per share	-	-	-	-	-	-	-	-	(6,451,393)	(6,451,393)
Second interim dividend 2016: Rs 1.20 per share	-	-	-	-	-	-	-	-	(5,161,114)	(5,161,114)
Total distributions to owners	-	-	-	-	-	-	-	-	(18,063,900)	(18,063,900)
Balance as at 31 March 2016	<u>43,009,284</u>	<u>836,000</u>	<u>7,257,500</u>	<u>858,744</u>	<u>311,919</u>	<u>120,534</u>	<u>-</u>	<u>-</u>	<u>415,562,883</u>	<u>467,956,864</u>
Balance as at 1 July 2016	43,009,284	836,000	7,470,000	-	2,118,000	-	20,000	85,373	425,093,910	478,632,567
Total comprehensive income for the period	-	-	-	-	-	-	-	-	47,594,808	47,594,808
Profit for the period	-	-	-	-	-	-	-	-	-	-
Other comprehensive income/(loss) for the period	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-	-	-	47,594,808	47,594,808
Transfer to self insurance reserve	-	-	1,189,338	-	-	-	-	-	(1,189,338)	-
Charged to self insurance reserve	-	-	(1,838)	-	-	-	-	-	-	-
Transfer from undistributed percentage return reserve by an associated company	-	-	-	-	-	-	-	(22,446)	22,446	-
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	-	-	-
Final dividend 2016: Rs 2.00 per share	-	-	-	-	-	-	-	-	(8,601,857)	(8,601,857)
First interim dividend 2017: Rs 1.50 per share	-	-	-	-	-	-	-	-	(6,451,393)	(6,451,393)
Second interim dividend 2017: Rs 1.00 per share	-	-	-	-	-	-	-	-	(4,300,929)	(4,300,929)
Total distributions to owners	-	-	-	-	-	-	-	-	(19,354,179)	(19,354,179)
Balance as at 31 March 2017	<u>43,009,284</u>	<u>836,000</u>	<u>8,657,500</u>	<u>-</u>	<u>2,118,000</u>	<u>-</u>	<u>20,000</u>	<u>62,927</u>	<u>452,167,647</u>	<u>506,871,358</u>

The annexed notes 1 to 24 form an integral part of this condensed interim financial information.

Chief Executive

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Director

OIL AND GAS DEVELOPMENT COMPANY LIMITED
SELECTED NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION [UNAUDITED]
FOR NINE MONTHS ENDED 31 MARCH 2017

1 LEGAL STATUS AND OPERATIONS

Oil and Gas Development Company Limited (OGDCL), 'the Company', was incorporated on 23 October 1997 under the Companies Ordinance, 1984. The Company was established to undertake exploration and development of oil and gas resources, including production and sale of oil and gas and related activities formerly carried on by Oil and Gas Development Corporation, which was established in 1961. The registered office of the Company is located at OGDCL House, Plot No. 3, F-6/G-6, Blue Area, Islamabad, Pakistan. Previously, the shares of the Company were quoted on Karachi, Lahore and Islamabad stock exchanges of Pakistan. However, due to integration of these stock exchanges into Pakistan Stock Exchange effective 11 January 2016, the shares of the Company are now quoted on Pakistan Stock Exchange Limited. The Global Depository Shares (IGDS = 10 ordinary shares of the Company) of the Company are listed on the London Stock Exchange.

2 BASIS OF PREPARATION

This condensed interim financial information of the Company for the nine months period ended 31 March 2017 has been prepared in accordance with the requirements of International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. The disclosures in this condensed interim financial information do not include those reported for full audited annual financial statements and should therefore be read in conjunction with the audited annual financial statements for the year ended 30 June 2016. Comparative balance sheet is extracted from the audited annual financial statements as of 30 June 2016, whereas comparative profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity are stated from unaudited condensed interim financial information for the nine months period ended 31 March 2016.

This condensed interim financial information is unaudited and is being submitted to the members as required under Section 245 of Companies Ordinance, 1984 and Rule Book of Pakistan Stock Exchange Limited.

3 ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

The accounting policies, significant judgements made in the application of accounting policies, key sources of estimations, the methods of computation adopted in preparation of this condensed interim financial information and financial risk management policies are the same as those applied in preparation of annual audited financial statements for the year ended 30 June 2016.

	Unaudited 31 March 2017	Audited 30 June 2016
Note	----- (Rupees '000) -----	
4 RESERVES		
Capital reserves:		
Capital reserve	4.1 836,000	836,000
Self insurance reserve	4.2 8,657,500	7,470,000
Capital redemption reserve fund - associated company	4.3 2,118,000	2,118,000
Self insurance reserve - associated company	4.4 20,000	20,000
Other reserves:		
Undistributed percentage return reserve - associated company	4.5 62,927	85,373
	<u>11,694,427</u>	<u>10,529,373</u>

- 4.1 This represents bonus shares issued by former wholly owned subsidiary - Pirkoh Gas Company (Private) Limited (PGCL) prior to merger.
- 4.2 The Company has set aside a specific capital reserve for self insurance of rigs, buildings, wells, plants, pipelines, workmen compensation, vehicle repair and losses for petroleum products in transit. The reserve is not available for distribution to shareholders.
- 4.3 This represents Company's share of profit set aside by an associated company to redeem redeemable preference shares in the form of cash to the preference shareholders.
- 4.4 This represents Company's share of profit set aside by an associated company for self insurance of general assets, vehicles and personal accident for security personnel.
- 4.5 This represents Company's share of profit set aside by an associated company from distributable profits for the period related to undistributed percentage return reserve.

OIL AND GAS DEVELOPMENT COMPANY LIMITED
SELECTED NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION [UNAUDITED]
FOR NINE MONTHS ENDED 31 MARCH 2017

	Unaudited 31 March 2017	Audited 30 June 2016
Note	----- (Rupees '000) -----	
5 TRADE AND OTHER PAYABLES		
Creditors	2,014,151	115,148
Accrued liabilities	11,315,144	14,359,034
Payable to partners of joint operations	6,429,004	4,573,507
Retention money payable	5,325,112	6,124,024
Royalty payable	2,379,397	2,499,371
Excise duty payable	-	235,912
General sales tax payable	-	526,179
Gas Infrastructure Development Cess (GIDC) Payable	2,592,069	2,137,525
Withholding tax payable	585,439	735,910
Trade deposits	117,798	119,298
Workers' profit participation fund - net	3,395,774	4,237,231
Employees' pension trust	9,612,005	9,272,728
Gratuity fund	99,212	69,009
Un-paid dividend	16,319,276	12,439,784
Un-claimed dividend	215,269	200,776
Advances from customers	1,498,587	1,133,572
Other payables	332,575	190,140
	<u>62,230,812</u>	<u>58,969,148</u>

5.1 This includes an amount of Rs 12,445 million (30 June 2016: Rs 10,500 million) payable to OGDCL Employees' Empowerment Trust. The payment of dividend has been withheld since GoP is considering to revamp Benazir Employees' Stock Option Scheme (BESOS) as communicated to the Company by Privatization Commission of Pakistan (PCP). Further, the PCP vide letter No. 13(4)12/BESOS/PC/OGDCL dated 21 July 2016 has informed the Company that all activities regarding BESOS have been withheld till decision is made by the Government of Pakistan.

6 CONTINGENCIES AND COMMITMENTS

6.1 Contingencies

- 6.1.1 Claims against the Company not acknowledged as debts amounted to Rs 1,556.580 million at period end (30 June 2016: Rs 1,556.580 million).
- 6.1.2 Certain banks have issued guarantees on behalf of the Company in ordinary course of business aggregating Rs 18.569 million (30 June 2016: Rs 1.707 million).
- 6.1.3 For contingencies related to tax matters, refer note 13.1 to 13.4 and note 17.1.
- 6.1.4 For contingencies related to sales tax and federal excise duty, refer note 12.1 and 12.2.

6.2 Commitments

- 6.2.1 Commitments outstanding at period end amounted to Rs 36,564.235 million (30 June 2016: Rs 48,618.352 million). These include amounts aggregating to Rs 21,801.987 million (30 June 2016: Rs 24,779.797 million) representing the Company's share in the minimum work commitments under Petroleum Concession Agreements.
- 6.2.2 Letters of credit issued by various banks on behalf of the Company in ordinary course of the business, outstanding at period end amounted to Rs 13,481.626 million (30 June 2016: Rs 22,235.046 million).
- 6.2.3 The Company's share of associate commitments for capital expenditure based on the financial information of associate for the period ended 31 December 2016 was Rs 1,251.493 million (30 June 2016: Rs 1,260.753 million).

OIL AND GAS DEVELOPMENT COMPANY LIMITED
SELECTED NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION [UNAUDITED]
FOR NINE MONTHS ENDED 31 MARCH 2017

		Unaudited 31 March 2017	Audited 30 June 2016
	Note	----- (Rupees '000) -----	
7	PROPERTY, PLANT AND EQUIPMENT		
Carrying amount at beginning of the period/year		120,542,404	109,983,739
Additions/adjustments during the period/year	7.1	12,286,862	18,605,881
Book value of disposals		(15,916)	(30,654)
Depreciation charge for the period/year		(7,272,844)	(8,222,218)
Revision in estimate of decommissioning cost during the period/year		-	205,656
Carrying amount at end of the period/year	7.2	<u>125,540,506</u>	<u>120,542,404</u>
7.1	Additions/adjustments during the period/year		
Freehold land		9,746	1,678
Buildings, offices and roads on freehold land		27,729	103,141
Buildings, offices and roads on leasehold land		484,411	261,848
Plant and machinery		21,649,107	11,569,147
Rigs		9,222	401,193
Pipelines		1,167,004	933,261
Office and domestic equipment		62,520	158,427
Office and technical data computers		63,908	211,740
Furniture and fixture		4,900	16,263
Vehicles		79,669	306,467
Decommissioning cost		65,055	269,947
Capital work in progress (net)		(11,039,306)	5,621,959
Stores held for capital expenditure (net)		(297,103)	(1,249,190)
		<u>12,286,862</u>	<u>18,605,881</u>
7.2	Property, plant and equipment comprises:		
Operating fixed assets		84,637,514	68,304,129
Capital work in progress		38,623,822	49,663,128
Stores held for capital expenditure		2,279,170	2,575,147
		<u>125,540,506</u>	<u>120,542,404</u>
8	DEVELOPMENT AND PRODUCTION ASSETS - INTANGIBLE		
Carrying amount at beginning of the period/year		87,990,960	78,260,687
Additions during the period/year		15,118,262	18,560,126
Transferred from exploration and evaluation assets during the period/year		2,730,526	10,222,033
Amortization charge for the period/year		(13,372,152)	(15,266,568)
Impairment charge for the period/year		-	(1,886,551)
Revision of decommissioning cost during the period/year		-	(1,898,767)
Carrying amount at end of the period/year		<u>92,467,596</u>	<u>87,990,960</u>
9	EXPLORATION AND EVALUATION ASSETS		
Balance at beginning of the period/ year		5,153,857	6,103,544
Additions during the period/ year		7,070,850	14,182,070
		<u>12,224,707</u>	<u>20,285,614</u>
Cost of dry and abandoned wells during the period/ year		(3,164,118)	(4,909,724)
Cost of wells transferred to development and production assets during the period/ year		(2,730,526)	(10,222,033)
		<u>(5,894,644)</u>	<u>(15,131,757)</u>
		6,330,063	5,153,857
Stores held for exploration and evaluation activities		2,598,323	1,680,221
Balance at end of the period/ year		<u>8,928,386</u>	<u>6,834,078</u>

OIL AND GAS DEVELOPMENT COMPANY LIMITED
SELECTED NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR NINE MONTHS ENDED 31 MARCH 2017

		Unaudited 31 March 2017	Audited 30 June 2016
	Note	(Rupees '000)	
10 LONG TERM INVESTMENTS			
Investment in related party-associate, quoted Mari Petroleum Company Limited (MPCL)		4,665,303	3,393,185
Investments held to maturity			
Term Deposit Receipts (TDRs)	10.1	6,807,338	6,384,972
Investment in Pakistan Investment Bonds (PIBs)	10.2	50,983,353	51,489,135
Investment in Term Finance Certificates (TFCs)	10.3	82,000,000	82,000,000
		139,790,691	139,874,107
Less: Current maturity of TFCs and PIBs		(102,233,353)	(30,750,000)
		<u>42,222,641</u>	<u>112,517,292</u>

10.1 These represent investments in local currency TDRs carrying effective interest rate of 6.50% (30 June 2016: 7.35%) per annum. These investments are earmarked against self insurance reserve.

10.2 This represents investment in Pakistan Investment Bond (PIBs) carrying interest rate of 11.50% per annum. These PIBs were issued on 19 July 2012 for a period of five years maturing on 19 July 2017.

10.3 This represents investment in Privately Placed Term Finance Certificates (TFCs) issued by Power Holding (Private) Limited (PHPL). National Bank of Pakistan executed the transaction on 10 September 2012 as Trustee. These TFCs are secured by Sovereign Guarantee, covering the principal, markup, and/or any other amount becoming due for payment in respect of investment in TFCs. TFCs are for a period of seven (7) years including grace period of three (3) years carrying interest rate of KIBOR + 1%, payable semi-annually. The principal portion of these TFCs is repayable in eight (8) equal installments starting from 42nd month of date of transaction. Principal repayment amounting to Rs 30,750 million (30 June 2016: Rs 10,250) is past due as at 31 March 2017. Further, interest due as of 31 March 2017 is Rs 22,532 million (30 June 2016: Rs 18,139 million) of which Rs 22,179 million (30 June 2016: Rs 16,270 million) is past due as of the balance sheet date. The Company considers the principal and interest to be fully recoverable as these are backed by Sovereign Guarantee of Government of Pakistan.

		Unaudited 31 March 2017	Audited 30 June 2016
		(Rupees '000)	
11 TRADE DEBTS			
Un-secured, considered good		121,103,208	111,204,979
Un-secured, considered doubtful		110,730	111,989
		<u>121,213,938</u>	<u>111,316,968</u>
Provision for doubtful debts		(110,730)	(111,989)
Trade debts written off		(1,259)	(793)
		<u>121,101,949</u>	<u>111,204,186</u>

11.1 Trade debts include overdue amount of Rs 84,191 million (30 June 2016: Rs 78,704 million) on account of Inter-Corporate Circular debt, receivable from oil refineries and gas companies out of which Rs, 64,630 million (30 June 2016: Rs 59,395 million) and Rs 14,999 million (30 June 2016: Rs 16,525 million) is overdue from related parties, Sui Southern Gas Company Limited and Sui Northern Gas Pipeline Limited respectively. The Government of Pakistan (GoP) is pursuing for satisfactory settlement of Inter-Corporate Circular debt issue and the Company considers this amount to be fully recoverable.

11.2 Included in trade debts is an amount of Rs 2,870 million (30 June 2016: Rs 3,171 million) receivable from three Independent Power Producers and a fertilizer Company on account of Gas Infrastructural Development Cess (GIDC) and related sales tax paid/payable thereon. Retrospective imposition of GIDC has finally been confirmed by the Government of Pakistan through promulgation of GIDC Act 2015. Accordingly, where applicable, the Company has charged GIDC to its customers and has recognized its liability in this condensed interim financial information.

12 LOANS AND ADVANCES

12.1 This includes an amount of Rs 3,180 million (30 June 2016: Rs 3,180 million) paid under protest to Federal Board of Revenue (FBR) on account of sales tax demand raised in respect of capacity invoices from Uch Gas Field for the period July 2004 to March 2011. Based on Sales Tax General Order (STGO) 1 of 2000 dated 24 January 2000, the matter was argued before various appellate forums, however, the Supreme Court of Pakistan finally decided the issue against the Company on 15 April 2013. The FBR granted time relaxation to the Company for issuance of debit note for an amount of Rs 750 million for the period April 2011 to May 2012, accounted for as trade debt. Uch Power Limited (UPL) challenged the grant of time relaxation to the Company by FBR before Islamabad High Court. On 27 December 2013, the Honorable Court decided the matter in favor of the Company. In light of the Islamabad High Court decision, the Company has applied to FBR for obtaining condonation of time limit for issuing debit notes to UPL for the remaining amount of Rs 3,180 million for the period July 2004 to March 2011 and currently the matter is pending with FBR.

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UPL filed an Intra Court appeal against the decision of the Islamabad High Court (IHC). IHC through its order dated 17 November 2016 dismissed the intra court appeal filed by UPL in favour of the Company. However, UPL filed an appeal before the honorable Supreme Court of Pakistan. The management is actively pursuing UPL for release of Rs 750 million. Management is confident that amount is fully recoverable from UPL, accordingly no provision in this respect has been made in this condensed interim financial information.

- 12.2 This also includes recoveries of Rs 317 million (30 June 2016: Rs 317 million) made by the tax department against sales tax and Federal Excise Duty (FED) demand of Rs 6,708 million relating to periods July 2012 to June 2014, issued by the Deputy Commissioner Inland Revenue (DCIR). Appellate Tribunal Inland Revenue (ATIR) and Islamabad High Court (IHC) have granted stay against recovery of Rs 4,887 and 1,821 million respectively. Main appeals are pending before ATIR. In addition, DCIR also issued a show cause notice of Rs 5,271 million against sales tax and FED. These demands and show cause notice have been raised by tax authorities due to difference between computation of sales/production reported by the Company in its sales tax return and sales/production based on other sources of data. After considering the detailed submissions made by the Company and verification of reconciliation, DCIR issued order-in-original for Rs 403 million against show cause notice for Rs 5,271 million. The Company has filed an appeal before the CIRA for the impugned demand of Rs 403 million wherein the CIRA reduced the impugned demand to Rs 260 million. The Company has filed an appeal before ATIR. On 04 April 2017 ATIR granted 60 days stay against the recovery of Rs 260 million. The Company believes that these demands have been raised without legal validity, accordingly no provision has been made in this condensed interim financial information.

Note	Unaudited 31 March 2017	Audited 30 June 2016
	----- (Rupees '000) -----	
13 INCOME TAX - ADVANCE		
Income tax- advance at beginning of the period/ year	41,599,042	24,059,740
Income tax paid during the period/ year	21,876,901	35,025,909
Income tax recovered by tax authorities during the period/ year	3,963	50,558
Provision for current taxation for the period/ year- Profit and loss account	(16,799,504)	(21,853,820)
Tax credit related to remeasurement loss on employee retirement benefit plans for the period/ year - Other Comprehensive Income	-	4,026,760
Provision for taxation - prior years	-	289,894
Income tax - advance at end of the period/ year	13.1 to 13.4 <u>46,680,402</u>	<u>41,599,042</u>

- 13.1 This includes amount of Rs 17,819 million (30 June 2016: Rs 13,846 million) paid to tax authorities on account of disallowance of actuarial loss amounting to Rs 35,209 million which the Company claimed in its return for the tax years 2014, 2015 and 2016. This actuarial loss was recognized in the books as a result of retrospective application of IAS 19 (as revised in June 2011) 'Employee Benefits' from the year ended 30 June 2014 and onwards. The Commissioner Inland Revenue Appeals (CIRA) through its order dated 3 November 2015 related to tax year 2014, accepted the Company's viewpoint, however, ordered to claim the expenditure over a period of seven years. The Company has filed an appeal against the order of CIRA in Appellate Tribunal Inland Revenue which is currently pending. The management, based on opinion of its tax consultant dated 29 January 2015, believes that there is reasonable probability that the matter will be decided in favor of the Company by appellate forums available under the law.
- 13.2 During the year ended 30 June 2014, tax authorities raised demands of Rs 13,370 million by disallowing effect of price discount on sale of crude from Kunnar field and have recovered Rs 5,372 million (30 June 2016: Rs 5,368 million) from the Company upto 31 December 2016. During the year ended 30 June 2015, appeal before Appellate Tribunal Inland Revenue (ATIR) against the said demands were decided against the Company. The Company filed a reference application before Islamabad High Court (IHC) against the decision of ATIR. The Islamabad High Court remanded the case back to ATIR with the instructions to pass a speaking order. The said case was argued on March 2, 2017 before the learned Tribunal and same was reserved for order. Management and its legal advisor are of the view that the price discount is not income of the Company and hence not liable to tax. Accordingly, management is confident that the matter will be resolved in favor of the Company as the discounted price for Kunnar field was finally determined by the Ministry of Petroleum and Natural Resources (MPNR) and the total amount of price discount amount has been paid to the Government of Pakistan (GoP) upon directions from the Ministry of Finance, to this effect.
- 13.3 Income tax advance includes Rs 4,075 million (30 June 2016: Rs 2,746 million) on account of super tax relating to tax years 2015 and 2016. The Company is currently contesting applicability of super tax at the rate of 3 percent of taxable profits from oil and gas operations under Petroleum Concession Agreements (PCAs) and has filed an appeal before CIRA in this respect. Management based on opinion of its tax consultant is confident that the Company has probable chances to defend its case before appellate authorities due to clauses relating to charge of tax under PCAs. Accordingly, no provision has been made in this respect in the financial statements for the years ended 30 June 2015 and 2016.
- 13.4 Income tax advance includes Rs 8,005 million (30 June 2016: Rs 5,805 million) mainly on account of disallowances made by the Additional Commissioner Inland Revenue (ACIR) against workers' profit participation fund expense, decommissioning cost and employee benefits claimed by the Company in its return of income for the years ended 30 June 2015 and 2016. The Company has filed an appeal with CIRA against the disallowances made by ACIR. Management believes that disallowances are against income tax laws and regulations and accordingly no provision has been made in this respect in this condensed interim financial information.

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	Note	Unaudited 31 March 2017	Audited 30 June 2016
		(Rupees '000)	
14 OTHER FINANCIAL ASSETS			
Investment in Term Deposits	14.1	9,667,141	11,131,164
Investment at fair value through profit or loss - NIT units		406,811	295,800
		<u>10,073,952</u>	<u>11,426,964</u>

14.1 This includes foreign currency TDRs amounting to USD 92.270 million (30 June 2016: USD 106.305 million), carrying interest rate ranging from 2.20% to 3.00% (30 June 2016: 1.60% to 2.65%) per annum, having maturities between one month to six months (30 June 2016: maturities between one month to three months).

	Three months ended 31 March		Nine months ended 31 March	
	2017	2016	2017	2016
(Rupees '000)				
15 SALES - NET				
Gross sales				
Crude oil	20,903,482	11,357,335	54,389,956	43,464,247
Gas	28,718,206	30,019,731	86,300,830	95,218,445
Liquefied petroleum gas	2,590,279	1,738,533	5,635,245	4,898,850
Sulphur	10,193	-	245,029	299,907
Gas processing	22,127	13,885	74,330	43,147
	<u>52,244,287</u>	<u>43,129,484</u>	<u>146,645,390</u>	<u>143,924,596</u>
Government levies				
General sales tax	(4,554,008)	(4,616,466)	(13,443,822)	(14,600,134)
Gas Infrastructure Development Cess (GIDC)	(1,360,276)	(1,241,847)	(4,234,713)	(4,233,995)
Excise duty	(781,432)	(746,298)	(2,337,155)	(2,379,307)
	<u>(6,695,716)</u>	<u>(6,604,611)</u>	<u>(20,015,690)</u>	<u>(21,213,436)</u>
	<u>45,548,571</u>	<u>36,524,873</u>	<u>126,629,700</u>	<u>122,711,160</u>

15.1 Gas sales include sales from Uch II, Dhachrapur and Nur-Bagla fields invoiced on provisional prices. There may be adjustment in revenue upon issuance of final wellhead prices notification by Ministry of Petroleum and Natural Resources (MPNR), impact of which cannot be determined at this stage.

15.2 On 20 February 2012, OGDCL entered into an agreement with M/s Jamshoro Joint Venture Limited (JJVL) to process gas from Kunnar Pasahki Deep (KPD) to produce Natural Gas Liquids (NGL), Liquefied Petroleum Gas (LPG) and Condensate in consideration of gas processing charges. However, Sui Southern Gas Company Limited (SSGCL) claimed that as per applicable petroleum policy the delivery point should be KPD field gate instead of JJVL plant. The matter was discussed between the parties and SSGCL viewpoint was accepted and a term sheet was signed between OGDCL and SSGCL in 2013. Resultantly, the delivery point was changed to KPD field gate and OGDCL renounced its right on LPG, etc production. Consequently the Company issued a provisional credit note of Rs 2,285 million in prior years related to revenue from sale of LPG, NGL and Condensate from the JJVL plant net of processing and other ancillary charges. OGDCL also recorded a provisional debit note amounting to Rs 164.445 million relating to additional gas sales revenue to SSGCL on account of the change in delivery point from JJVL plant to KPD field gate. These credit and debit notes recorded in the books of accounts in prior years are provisional and the final prices will be agreed between SSGCL and OGDCL upon execution of Gas Sales Agreement (GSA) and adjustments, if any, will be incorporated in the books on finalization of GSA.

15.3 The Company has signed the supplemental Agreements with GoP for conversion of Petroleum Concession Agreements (PCA) to the Petroleum Exploration and Production Policy, 2012 in respect of various blocks. Price regimes prevailing in Petroleum Policy 2007, Petroleum Policy 2009 and Petroleum Policy 2012 shall be applicable correlated with the spud date of wells in the respective policies starting from 27 November 2007 and for future exploratory efforts under respective blocks.

In terms of supplemental agreements, draft statements in respect of Sheikhan, Gopang, Pakhro and TAL block - Mamikhel, Maramzai & Makori East discoveries - have been submitted to the GoP during the year ended 30 June 2016. During the period, prices of Company's operated fields Sheikhan, Gopang and Pakhro, converted under Petroleum Policy 2012, have been notified by OGRA. The impact of these conversions on the revenue for period ended 31 March 2017 amounts to Rs 64.294 million (30 June 2016: Rs Nil) related to period prior to 1 July 2016 which has been incorporated in this condensed interim financial information. GoP shall facilitate for issuance of necessary gas price notifications for Tal Block (Mamikhel, Maramzai & Makori East). Effect of adjustment arising from revision in sale price will be recognized upon issuance of gas price notifications by OGRA.

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	Three months ended 31 March		Nine months ended 31 March	
	2017	2016	2017	2016
16 OTHER INCOME	Note -----(Rupees '000)-----			
Interest income	2,911,529	3,207,149	9,380,429	10,024,934
Dividend income from NIT units	-	-	20,431	19,296
Un-realized gain/(loss) on investments at fair value through profit or loss	9,353	137	111,010	(2,179)
Exchange (loss)/gain - net	(3,649)	18,150	84,969	501,220
Signature bonus	146,778	-	2,323,390	788,206
Others	197,079	119,071	649,610	308,085
	<u>3,261,090</u>	<u>3,344,507</u>	<u>12,569,839</u>	<u>11,639,562</u>

16.1 This represents amounts received as signature bonus in respect of allocation of LPG quota.

	Three months ended 31 March		Nine months ended 31 March	
	2017	2016	2017	2016
17 TAXATION	----- (Rupees '000) -----			
Current				
- charge for the period	6,017,563	2,774,741	16,799,504	16,754,390
- for prior year	-	-	-	2,934,386
	<u>6,017,563</u>	<u>5,709,127</u>	<u>16,799,504</u>	<u>19,688,776</u>
Deferred				
- credit for the period	413,048	412,064	125,386	302,879
- for prior year	-	(1,567,250)	-	(1,567,250)
	<u>413,048</u>	<u>(1,155,186)</u>	<u>125,386</u>	<u>(1,264,371)</u>
	<u>6,430,611</u>	<u>4,553,941</u>	<u>16,924,890</u>	<u>18,424,405</u>

17.1 Various appeals in respect of assessment years 1992-93 to 2002-03, tax years 2003 to 2015 are pending at different appellate forums in the light of the order of the Commissioner of Inland Revenue (Appeals) and decision of the Adjudicator, appointed by both the Company as well as the Federal Board of Revenue (FBR) mainly on the issues of decommissioning cost, depletion allowance, prospecting, exploration and development expenditure and tax rate. Total amount of tax demand against the major issues, raised in respect of assessment years 1992-93 to 2002-03 and tax years 2003-2015 amounts to Rs 66,643 million out of which an amount of Rs 63,302 million has been paid to tax authorities. Also refer to note 13.1 to 13.4 of this condensed interim financial information.

	Three months ended 31 March		Nine months ended 31 March	
	2017	2016	2017	2016
18 EARNINGS PER SHARE - BASIC AND DILUTED				
Profit for the period (Rupees '000)	<u>17,586,404</u>	<u>9,294,209</u>	<u>47,594,808</u>	<u>43,499,796</u>
Average number of shares outstanding during the period ('000)	<u>4,300,928</u>	<u>4,300,928</u>	<u>4,300,928</u>	<u>4,300,928</u>
Earnings per share - basic (Rupees)	<u>4.09</u>	<u>2.16</u>	<u>11.07</u>	<u>10.11</u>

There is no dilutive effect on the earnings per share of the Company.

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	Unaudited 31 March 2017	Unaudited 31 March 2016
	----- (Rupees '000) -----	
19 CASH AND CASH EQUIVALENTS		
Cash and bank balances	7,594,505	1,961,829
Short term highly liquid investments	9,667,141	10,361,754
	<u>17,261,646</u>	<u>12,323,583</u>

20 RELATED PARTIES TRANSACTIONS

Government of Pakistan owns 74.97% (31 March 2016: 74.97%) shares of the Company. Therefore, all entities owned and controlled by the Government of Pakistan are related parties of the Company. Other related parties comprise associated company, major shareholders, directors, companies with common directorship, key management personnel, OGDCL employees empowerment trust and employees pension trust. The Company in normal course of business pays for electricity, gas and telephone to entities controlled by Government of Pakistan which are not material, hence not disclosed in this condensed interim financial information. Transactions of the Company with related parties and balances outstanding at period end are as follows:

	Nine months ended 31 March	
	2017	2016
	----- (Rupees '000) -----	
Associated company		
Share of profit in associate - net of taxation	1,383,636	643,156
Dividend received	111,518	179,762
Major shareholders		
Government of Pakistan		
Dividend paid	11,608	13,784,880
Payable on account of Kunnar discount as at 31 March	-	2,085,112
Dividend payable as at 31 March	2,902,080	3,482,496
OGDCL Employees' Empowerment Trust (OEET)		
Dividend payable	12,445,278	10,284,333
Related parties by virtue of common directorship and GoP holdings		
Government Holdings (Private) Limited (GHPL)		
GHPL share (various fields) - net receivable	2,107,681	810,072
Power Holding (Private) Limited (PHPL)		
Markup earned	4,393,111	5,132,256
Balance of investment in TFCs receivable not yet due as at 31 March	51,250,000	71,750,000
Balance of past due principal repayment on TFCs as at 31 March	30,750,000	10,250,000
Balance of markup receivable on TFCs not yet due as at 31 March	352,398	363,765
Balance of past due markup receivable on TFCs as at 31 March	22,179,472	16,270,328
State Bank of Pakistan		
Interest earned on Pakistan Investment Bonds (PIBs)	4,346,707	4,391,365
Balance of investment in PIBs and markup receivable as at 31 March	52,151,125	51,956,691
National Bank of Pakistan		
Balance of accounts as at 31 March	464,352	468,532
Balance of Investment (TDR) as at 31 March	6,807,338	6,384,972
Interest earned during the period	382,822	421,181
Pak Arab Refinery Company Limited		
Sale of crude oil	9,634,894	5,056,282
Trade debts as at 31 March	3,691,009	1,816,199

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	Nine months ended 31 March	
	2017	2016
	(Rupees '000)	
RELATED PARTIES TRANSACTIONS - Continued		
Sui Northern Gas Pipelines Limited		
Sale of natural gas	37,127,413	40,549,382
Trade debts as at 31 March	23,519,971	27,828,079
Payable as at 31 March	73,880	473,503
Sui Southern Gas Company Limited		
Sale of natural gas	22,899,555	29,706,124
Pipeline rental charges	27,495	27,495
Trade debts as at 31 March	72,189,390	69,539,516
Pakistan State Oil Company Limited		
Sale of liquefied petroleum gas	202,208	-
Purchase of petroleum, oil and lubricants	2,386,882	3,167,790
Trade debts as at 31 March	1,867	1,867
Payable as at 31 March	107,814	106,009
National Insurance Company Limited		
Insurance premium paid	214,437	409,590
Payable as at 31 March	18,486	-
National Logistic Cell		
Crude transportation charges paid	756,648	1,098,581
Payable as at 31 March	606,957	758,866
Enar Petrotech Services Limited		
Consultancy services paid	105,090	102,576
Sale of crude oil	5,988,332	5,820,584
Trade debts as at 31 March	1,096,579	911,488
Payable as at 31 March	2,151	-
Other related parties		
Contribution to staff benefit funds	2,142,923	1,273,938
Remuneration including benefits and perquisites of key management personnel	410,316	364,221

Key management personnel comprises chief executive, executive directors and general managers of the Company.

21 RISK MANAGEMENT

Financial risk management objectives and policies are consistent with that disclosed in the annual audited financial statements for the year ended 30 June 2016.

22 NON ADJUSTING EVENT AFTER BALANCE SHEET DATE

- 22.1** The Board of Directors approved interim cash dividend at the rate of Rs _____ per share amounting to Rs _____ million in its meeting held on 21 April 2017.

23 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on 21 April 2017 by the Board of Directors of the Company.

24 GENERAL

Figures have been rounded off to the nearest thousand of rupees, unless otherwise stated.

Chief Executive

Director

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