



Interim Report and Financial Information

Quarter Ended 30 September 2015



Oil & Gas Development Company Limited

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Corporate Information

Board of Directors

Mr. Zahid Muzaffar
Mr. Arshad Mirza
Mr. Saif Ullah Chattha
Mr. Iskander Mohammed Khan
Mr. Hamid Farooq
Mr. Muhammad Ali Tabba
Mr. Zafar Masud
Prince Ahmed Omar Ahmedzai
Sayed Shafqat Ali Shah
Mr. Rahmat Salam Khattak
Mr. Muhammad Yawar Irfan Khan
Mr. Zahid Mir

Chairman
Director
Director
Director
Director
Director
Director
Director
Director
Director
Director
MD & CEO

Chief Financial Officer

Mr. Irteza Ali Qureshi

Company Secretary

Mr. Ahmed Hayat Lak

Auditors

M/s KPMG Taseer Hadi & Co., Chartered Accountants
M/s A.F. Ferguson & Co., Chartered Accountants

Legal Advisor

M/s Khokhar Law Chambers

Tax Advisors

M/s A.F. Ferguson & Co., Chartered Accountants

Registered Office

OGDCL House, Plot No 3, F-6/G-6, Blue Area,
Jinnah Avenue, Islamabad.
Phone: (PABX) +92 51 9209811-8
Fax: +92 51 9209804-6, 9209708
Website: www.ogdcl.com
Email: info@ogdcl.com

Registrar Office

Central Depository Company of Pakistan Limited,
CDC House, 99-B, Block-B, S.M.C.H.S,
Main Shahrah-e-Faisal, Karachi-74400.
Phone: +92 21 111 111 500
Fax: +92 21 34326053
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Email: info@cdcpak.com

Directors' Interim Review

The Board of Directors of Oil & Gas Development Company Limited (OGDCL) is pleased to present a concise review of the Company's operational and financial performance together with the unaudited condensed financial statements for the first quarter ended 30 September 2015.

Exploration and Development Activities

OGDCL's exploratory assets currently constitute sixty three (63) owned and operated joint venture exploration licenses along with holding working interest in six (6) blocks operated by other exploration and production companies. These exploratory licenses are spread across all four (4) provinces of the Country covering an area of 115,037 sq. km as of 30 September 2015, representing the largest exploration acreage held by any E&P Company in Pakistan.

In line with exploration led growth strategy to enhance reserves and embark upon new growth opportunities, OGDCL stepped up seismic data acquisition during July – September 2015. This is witnessed by the fact that 2D and 3D seismic data of 1,458 Line km (1Q 2014-15: 1,013 Line km) and 767 sq. km (1Q 2014-15: 301 sq. km) respectively were acquired by the Company in various exploratory blocks. Moreover, 2,208 Line km of 2D seismic data of various blocks were processed using in-house resources.

During the period under review, OGDCL spud four (4) wells including two (2) exploratory/appraisal wells viz., Bachani-1 & Bitrism West-1 and two (2) development wells viz., Qadirpur-55 & Buzdar North-2. Furthermore, drilling and testing of thirteen (13) wells spud in the previous fiscal year also continued during the reporting period.

With an aim to exploit unconventional oil and gas resources, OGDCL is carrying out a comprehensive study through an international consultant to evaluate shale gas/oil and tight gas/oil potential in its operated blocks. In this regard, 1st phase of the study has been completed while the 2nd phase of the study is currently underway.

Discoveries

OGDCL's exploratory endeavors to locate new hydrocarbon reserves during the period under review led to discoveries at Chak Naurang South-1 in district Chakwal, Punjab province and Aradin-1 in district Khairpur, Sindh province.

Development Projects

OGDCL efforts for completion of its ongoing development projects including Kunnar Pasahki Deep-Tando Allah Yar (KPD-TAY), Sinjhora, Uch-II, Jhal Magsi, Nashpa and Mela continued during the period under review. In this regard, phase-II of the Sinjhora development project, upon completion of commissioning activities during the month of July 2015, has been brought into production. At present, total production from combined phases; I and II is around 2,700 barrels per day of crude oil, 30 MMcf per day of gas and 120 Tons per day of LPG.

Production

In its endeavor to enhance oil and gas production from owned and operated joint venture fields, OGDCL during July-September 2015 added 1,650 barrels per day of crude oil and 12 MMcf per day of gas through addition of new wells; Loti-19, Chak 63-3, Chak 2-3 and Noorai Jagir-1 in the existing gathering system.

In order to enhance/revive production from the mature wells, OGDCL during the period under review carried out workover job with rig at Kal-3. Likewise, rig-less workover jobs to boost oil and gas production were carried out at various wells; Mithrao-1, Kunnar-6, Pasahki-5, Chanda-1 & 2, Loti-19 & 20, Qadirpur-22 & 27 and Tando Alam-17 & 19. In an effort to induce improvement in current well flow parameters, pressure build-up survey jobs were completed at various wells; Qadirpur-30, 38, 39, 40, 51 and 52.

As part of preventive maintenance plan, OGDCL during the period under review carried out Annual Turn Around (ATA) of plants at Bobi, Qadirpur, Kunnar and Kunnar Pasahki Deep fields. The commissioning of cathodic protection system at 24 wells of Kunnar Pasahki Deep and 5 wells of Uch-II project has also been completed. Moreover, installation of production testing hookup has been completed at Qadirpur-55, Thal East-1 and Suleman-2.

During the reporting period, OGDCL's net oil and gas production in comparison to the corresponding period last year is impacted mainly due to natural decline in some of its mature hydrocarbon producing fields accompanied with fall in the share of crude oil and gas production from non-operated joint venture fields. Moreover, less gas intake from Uch-II by Uch-II Power (Private) Limited due to ATA and Qadirpur field owing to tripping of turbines at Engro Powergen Qadirpur Limited and Liberty Power Limited influenced the Company's production. Regarding LPG production, the Company witnessed increase owing to startup of production from Sinjhora and Jakhro fields.

The average daily net production of crude oil and gas during the period under review, including share in both operated and non-operated joint venture fields is as under:

Products	Unit of Measurement	1 st Quarter 2015-16	1 st Quarter 2014-15
Crude oil	Barrels per day	39,154	40,868
Gas	MMcf per day	1,130	1,216
LPG	Tons per day	267	231

Moving forward, OGDCL is confident that its commitment to carry on aggressive exploration strategy comprising fast track seismic data acquisition, data processing/interpretation and active drilling campaigns accompanied with near term completion of ongoing development projects will lead to enhancement in oil and gas production and creation of material value for the shareholders in the years to come.

Financial Results

Prevalence of lower international oil prices primarily affected OGDCL's financial results for the quarter ended 30 September 2015. The same is evident by the fact that average basket price of crude oil during July-September 2015 was US\$ 52.46/barrel against US\$ 103.80/barrel in the corresponding quarter. Resultantly, the Company's average realized prices recorded for crude oil and gas were US\$ 46.57/barrel and Rs 264.20/Mcf compared with US\$ 86.41/barrel and Rs 282.93/Mcf respectively in the comparative period. In addition, the Company's Sales affected by decrease in oil and gas production were partially offset by increase in average exchange rate to Rs/US\$ 103.19 from Rs/US\$ 101.38 during the last period leading the business to register Sales Revenue of Rs 44.513 billion (1Q 2014-15: Rs 64.396 billion).

Apart from the above, reduced other income mainly on account of decline in interest income on investment and bank deposits and exchange gain impacted OGDCL's profitability. This has led the Company to report Profit after Tax of Rs 18.260 billion translating into Earnings per Share of Rs 4.25.

Against the backdrop of plunge in international oil prices impacting the business financials, OGDCL has maintained a rigorous approach to capital allocation and focused on efficiency and competitiveness in carrying out exploration, development and production activities.

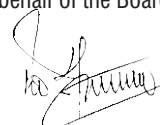
Dividend

The Board has announced first interim cash dividend of Rs 1.5 per share (15%) for the year ending 30 June 2016.

Acknowledgement

The Board of Directors acknowledge the continued support and patronage extended by all the stakeholders that has always given the Company impetus to embrace new business challenges and accept courageous tasks. The Board also wishes to place on record its appreciation for the dedicated contributions put in by the Company employees at all levels as we look ahead to achieve business goals and objectives, safely and responsibly.

On behalf of the Board



(Zahid Muzaffar)
Chairman

16 October 2015

Condensed Interim Financial Information

For the Quarter Ended 30 September 2015



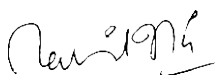
OIL & GAS DEVELOPMENT COMPANY LIMITED

Condensed Interim Balance Sheet [unaudited]

As at 30 September 2015

		Unaudited 30 September 2015	Audited 30 June 2015
	Note	----- (Rupees '000)- -----	
SHARE CAPITAL AND RESERVES			
Share capital		43,009,284	43,009,284
Capital reserves		7,668,500	7,456,000
Unappropriated profit		410,102,996	392,055,684
		460,780,780	442,520,968
NON CURRENT LIABILITIES			
Deferred taxation		16,597,002	16,606,840
Deferred employee benefits		12,505,631	12,457,915
Provision for decommissioning cost		20,807,116	20,303,619
		49,909,749	49,368,374
CURRENT LIABILITIES			
Trade and other payables	4	48,724,217	61,901,977
		559,414,746	553,791,319
CONTINGENCIES AND COMMITMENTS			
	5		

The annexed notes 1 to 22 form an integral part of this condensed interim financial information.



Chief Executive



Director

		Unaudited 30 September 2015	Audited 30 June 2015
	Note	----- (Rupees '000)-----	
NON CURRENT ASSETS			
Fixed assets			
Property, plant and equipment	6	110,349,502	109,983,739
Development and production assets - intangible	7	79,133,171	78,260,687
Exploration and evaluation assets	8	9,972,139	8,139,436
		199,454,812	196,383,862
Long term investments	9	121,106,621	131,193,328
Long term loans and receivable		5,770,747	5,932,606
Long term prepayments		538,407	502,972
		326,870,587	334,012,768
CURRENT ASSETS			
Stores, spare parts and loose tools		17,852,869	16,847,032
Stock in trade		260,921	317,476
Trade debts	10	129,197,963	121,411,485
Loans and advances	11	7,599,338	8,043,768
Deposits and short term prepayments		1,635,869	1,414,433
Interest accrued		15,010,296	14,433,563
Other receivables		127,862	183,825
Income tax - advance	12	25,948,699	24,059,740
Current maturity of term finance certificates		20,500,000	10,250,000
Other financial assets	13	5,023,700	9,814,481
Cash and bank balances		9,386,642	13,002,748
		232,544,159	219,778,551
		559,414,746	553,791,319



Director

For the Quarter ended 30 September 2015

The annexed notes 1 to 22 form an integral part of this condensed interim financial information.

John J. [Signature]
Director

Condensed Interim Statement of Comprehensive Income [unaudited]

For the Quarter ended 30 September 2015

	Quarter ended 30 September	
	2015	2014
	----- (Rupees '000) -----	
Profit for the quarter	18,259,812	28,310,074
Other comprehensive income/(loss) for the quarter		
Items that will not be reclassified to profit or loss:		
Remeasurement loss on employee retirement benefit plans	-	(1,059,171)
Current tax credit related to remeasurement loss on employee retirement benefit plans	-	537,454
	-	(521,717)
Total comprehensive income for the quarter	<u>18,259,812</u>	<u>27,788,357</u>

The annexed notes 1 to 22 form an integral part of this condensed interim financial information.


Chief Executive


Director

Condensed Interim Cash Flow Statement [unaudited]

For the Quarter ended 30 September 2015

	Quarter ended 30 September	
	2015	2014
	----- (Rupees '000) -----	
Cash flows from operating activities		
Profit before taxation	26,228,269	41,579,874
Adjustments for:		
Depreciation	1,682,511	1,179,960
Amortization of development and production assets	4,485,372	4,771,858
Royalty	5,013,989	7,415,784
Workers' profit participation fund	1,380,435	2,188,414
Provision for employee benefits	750,248	954,565
Un-winding of discount on provision for decommissioning cost	420,699	609,045
Interest income	(3,500,119)	(4,529,190)
Un-realized loss on investments at fair value through profit or loss	17,980	9,489
Dividend income	(19,296)	(18,615)
Gain on disposal of property, plant and equipment	(1,259)	(573)
Share of profit in associate	(368,838)	(30,809)
	36,089,991	54,129,802
Working capital changes		
(Increase)/decrease in current assets:		
Stores, spare parts and loose tools	(1,005,837)	(1,631,155)
Stock in trade	56,555	(25,469)
Trade debts	(7,786,478)	2,559,131
Deposits and short term prepayments	(221,436)	(52,714)
Advances and other receivables	662,252	(138,037)
Increase/(decrease) in current liabilities:		
Trade and other payables	172,110	2,368,883
Cash generated from operations	27,967,157	57,210,441
Royalty paid	(5,022,171)	(6,333,284)
Employee benefits paid	(1,007,837)	(6,268,116)
Long term prepayments	(35,435)	(15,131)
(Payments)/receipt of workers' profit participation fund	(7,200,000)	346,775
Income taxes paid	(9,867,254)	(16,659,998)
	(23,132,697)	(28,929,754)
Net cash from operating activities	4,834,460	28,280,687
Cash flows from investing activities		
Capital expenditure	(8,853,349)	(11,214,374)
Interest received	3,047,567	3,567,587
Dividends received	100,660	36,990
Proceeds from disposal of property, plant and equipment	3,879	3,730
Net cash used in investing activities	(5,701,243)	(7,606,067)
Cash flows from financing activities		
Dividends paid	(7,522,124)	(8,951,117)
Net cash used in financing activities	(7,522,124)	(8,951,117)
Net (decrease)/increase in cash and cash equivalents	(8,388,907)	11,723,503
Cash and cash equivalents at beginning of the quarter	22,527,785	40,113,906
Cash and cash equivalents at end of the quarter	14,138,878	51,837,409

The annexed notes 1 to 22 form an integral part of this condensed interim financial information.



Chief Executive



Director

Condensed Interim Statement of Changes in Equity [unaudited]

For the Quarter ended 30 September 2015

	Share capital	Capital reserves		Unappropriated profit	Total equity
		Capital reserve	Self insurance		
----- (Rupees '000)- -----					
Balance at 1 July 2014	43,009,284	836,000	5,770,000	346,055,921	395,671,205
Transfer to self insurance reserve	-	-	213,059	(213,059)	-
Charged to self insurance reserve	-	-	(559)	559	-
Total comprehensive income for the quarter					
Profit for the quarter	-	-	-	28,310,074	28,310,074
Other comprehensive loss for the quarter	-	-	-	(521,717)	(521,717)
Total comprehensive income for the quarter	-	-	-	27,788,357	27,788,357
Transactions with owners, recorded directly in equity					
Total distributions to owners	-	-	-	-	-
Balance at 30 September 2014	43,009,284	836,000	5,982,500	373,631,778	423,459,562
Balance at 1 July 2015	43,009,284	836,000	6,620,000	392,055,684	442,520,968
Transfer to self insurance reserve	-	-	212,893	(212,893)	-
Charged to self insurance reserve	-	-	(393)	393	-
Total comprehensive income for the quarter					
Profit for the quarter	-	-	-	18,259,812	18,259,812
Other comprehensive loss for the quarter	-	-	-	-	-
Total comprehensive income for the quarter	-	-	-	18,259,812	18,259,812
Transactions with owners, recorded directly in equity					
Total distributions to owners	-	-	-	-	-
Balance at 30 September 2015	43,009,284	836,000	6,832,500	410,102,996	460,780,780

The annexed notes 1 to 22 form an integral part of this condensed interim financial information.


Chief Executive


Director

Selected Notes to and forming part of the Condensed Interim Financial Information [unaudited]
For the Quarter ended 30 September 2015

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. The Company is listed on all the three stock exchanges of Pakistan and its Global Depository Shares (1GDS = 10 ordinary shares of the Company) are listed on the London Stock Exchange.

2 BASIS OF PREPARATION

This condensed interim financial information of the Company for the quarter ended 30 September 2015 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. This condensed interim financial information does not include all disclosures that are 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 2015. Comparative balance sheet is extracted from the audited annual financial statements as of 30 June 2015, whereas comparative profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity are stated from unaudited interim financial information for the quarter ended 30 September 2014.

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 2015.

		Unaudited 30 September 2015	Audited 30 June 2015
		----- (Rupees '000) -----	
4 TRADE AND OTHER PAYABLES	Note		
Creditors		1,857,120	1,159,807
Payable to Government of Pakistan - on account of Kunnar discount	4.1	2,085,112	2,085,112
Accrued liabilities		6,406,470	7,792,656
Payable to joint venture partners		5,185,993	5,747,349
Retention money payable		6,123,253	6,208,634
Royalty payable		3,751,085	3,759,267
Excise duty payable		242,398	243,798
General sales tax payable		1,627,096	1,636,792
Gas Infrastructure Development Cess (GIDC) payable		7,570,711	6,143,565
Trade deposits		103,210	102,210
Workers' profit participation fund - net		865,985	6,685,550
Employees' pension trust		3,116,025	3,116,025
Un-paid dividend	4.2	8,473,840	16,000,346
Un-claimed dividend		189,337	184,955
Advances from customers		928,956	861,045
Other payables		197,626	174,866
		<u>48,724,217</u>	<u>61,901,977</u>

Selected Notes to and forming part of the Condensed Interim Financial Information [unaudited]

For the Quarter ended 30 September 2015

- 4.1 This represents payable to Ministry of Finance in respect of price discount on Kunnar crude sale, withheld by the Company due to related receivable from a customer and tax recoveries made by tax authorities.
- 4.2 This includes an amount of Rs 7,887 million (30 June 2015: Rs 9,225 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) through Letter No. 13(4)12/PC(BESOS)/OGDCL dated 15 July 2015. Further, the PCP has requested the Company to maintain status quo till final decision by the GoP.

5 CONTINGENCIES AND COMMITMENTS

5.1 Contingencies

- 5.1.1 Claims against the Company not acknowledged as debts amounted to Rs 1,034.851 million at quarter end (30 June 2015: Rs 1,483.728 million).
- 5.1.2 Certain banks have issued guarantees on behalf of the Company in ordinary course of business aggregating Rs 1.707 million (30 June 2015: Rs 1.707 million).
- 5.1.3 The Company's share of associate contingencies based on the latest available financial statements (30 June 2015) of the associate are same as disclosed in annual audited financial statements for the year ended 30 June 2015.

5.2 Commitments

- 5.2.1 Commitments outstanding at quarter end amounted to Rs 48,082.812 million (30 June 2015: Rs 61,786.278 million). These include amounts aggregating to Rs 27,115.103 million (30 June 2015: Rs 27,052.325 million) representing the Company's share in the minimum work commitments under Petroleum Concession Agreements.
- 5.2.2 Letters of credit issued by various banks on behalf of the Company in ordinary course of the business, outstanding at quarter end amounted to Rs 16,310.107 million (30 June 2015: Rs 12,711.536 million).
- 5.2.3 The Company's share of associate commitments based on the latest available financial statements (30 June 2015) of associate are same as disclosed in the annual audited financial statements for the year ended 30 June 2015.

		Unaudited 30 September 2015	Audited 30 June 2015
6 PROPERTY, PLANT AND EQUIPMENT	Note	----- (Rupees '000) -----	
Carrying amount at beginning of the quarter/year		109,983,739	71,803,994
Additions/adjustments during the quarter/year	6.1	2,306,636	45,433,418
Book value of disposals		(2,620)	(38,122)
Depreciation charge for the quarter/year		(1,938,253)	(6,622,268)
Impairment charge for the quarter/year		-	(199,378)
Revision in estimate of decommissioning cost during the quarter/year		-	(393,905)
Carrying amount at end of the quarter/year		<u>110,349,502</u>	<u>109,983,739</u>

Selected Notes to and forming part of the Condensed Interim Financial Information [unaudited]
For the Quarter ended 30 September 2015

	Unaudited 30 September 2015	Audited 30 June 2015
----- (Rupees '000) -----		
6.1 Additions/adjustments during the quarter/year		
Freehold land	-	5,606
Buildings, offices and roads on freehold land	1,412	63,070
Buildings, offices and roads on leasehold land	57,924	141,870
Plant and machinery	896,397	16,027,130
Rigs	498,768	15,872
Pipelines	350,175	3,322,040
Office and domestic equipment	25,884	152,727
Office and technical data computers	78,199	121,123
Furniture and fixture	5,579	13,570
Vehicles	88,935	274,426
Decommissioning cost	-	88,603
Capital work in progress (net)	(265,870)	23,404,312
Stores held for capital expenditure (net)	569,233	1,803,069
	<u>2,306,636</u>	<u>45,433,418</u>
7 DEVELOPMENT AND PRODUCTION ASSETS - INTANGIBLE		
Carrying amount at beginning of the quarter/year	78,260,687	74,329,473
Additions during the quarter/year	3,625,108	16,190,247
Transferred from exploration and evaluation assets during the quarter/year	1,732,748	9,472,118
Amortization charge for the quarter/year	(4,485,372)	(16,281,337)
Revision in estimate of decommissioning cost during the quarter/year	-	(3,038,148)
Impairment charge for the quarter/year	-	(2,411,666)
Carrying amount at end of the quarter/year	<u>79,133,171</u>	<u>78,260,687</u>
8 EXPLORATION AND EVALUATION ASSETS		
Balance at beginning of the quarter/year	6,103,544	7,913,076
Additions during the quarter/year	3,981,423	12,512,724
	<u>10,084,967</u>	<u>20,425,800</u>
Cost of dry and abandoned wells during the quarter/year	(208,682)	(4,850,138)
Cost of wells transferred to development and production assets during the quarter/year	(1,732,748)	(9,472,118)
	<u>(1,941,430)</u>	<u>(14,322,256)</u>
	8,143,537	6,103,544
Stores held for exploration and evaluation activities	1,828,602	2,035,892
Balance at end of the quarter/year	<u>9,972,139</u>	<u>8,139,436</u>

Selected Notes to and forming part of the Condensed Interim Financial Information [unaudited]
For the Quarter ended 30 September 2015

		Unaudited 30 September 2015	Audited 30 June 2015
9 LONG TERM INVESTMENTS	Note	----- (Rupees '000) -----	
Investment in related party - associate, quoted			
Mari Petroleum Company Limited (MPCL)		1,688,647	1,401,173
Investments held to maturity			
Term Deposit Receipts (TDRs)	9.1	5,862,129	5,862,129
Investment in Pakistan Investment Bonds	9.2	52,055,845	52,180,026
Investment in Term Finance Certificates	9.3	82,000,000	82,000,000
		139,917,974	140,042,155
Less: Current maturity of Term Finance Certificates		(20,500,000)	(10,250,000)
		119,417,974	129,792,155
		121,106,621	131,193,328

9.1 These represent investments in local currency TDRs. Face value of these investments is Rs 5,862 million (30 June 2015: Rs 5,862 million) and carry effective interest rate of 9.91% (30 June 2015: 9.91%) per annum. These investments are due to mature within next 12 months, however, these have not been classified as current assets based on the management's intention to reinvest them in the like investments for a longer term.

9.2 This represents investment in Pakistan Investment Bonds (PIBs) carrying interest rate of 11.50% per annum. These PIBs were issued on 19 July 2012 for a period of five (5) years maturing on 19 July 2017.

9.3 This represents investment in Privately Placed Term Finance Certificates (TFCs) amounting to Rs 82 billion (30 June 2015: Rs 82 billion). In 2013, the Government of Pakistan, for partial resolution of circular debt issue prevailing in the energy sector, approved issuance of TFCs amounting to Rs 82 billion by Power Holding (Private) Limited (PHPL). These TFCs were subscribed by the Company in order to settle its overdue receivables from oil refineries and gas companies.

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 shall be repaid in eight (8) equal installments starting from 42nd month of date of transaction. 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. The interest due as of 30 September 2015 was Rs 13,359 million (30 June 2015: Rs 11,502 million) of which Rs 12,979 million (30 June 2015: Rs 9,151 million) was past due as of the balance sheet date.

	Unaudited 30 September 2015	Audited 30 June 2015
10 TRADE DEBTS	----- (Rupees '000) -----	
Un-secured, considered good	129,198,756	121,411,485
Un-secured, considered doubtful	111,989	112,782
	129,310,745	121,524,267
Provision for doubtful debts	(111,989)	(112,782)
Trade debts written off	(793)	-
	129,197,963	121,411,485

Selected Notes to and forming part of the Condensed Interim Financial Information [unaudited]
For the Quarter ended 30 September 2015

- 10.1** Trade debts include overdue amount of Rs 87,559 million (30 June 2015: Rs 76,990 million) on account of Inter-Corporate Circular debt, receivable from oil refineries and gas companies out of which Rs 63,519 million (30 June 2015: Rs 60,702 million) is overdue from a related party, Sui Southern Gas Company Limited. 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 LOANS AND ADVANCES

This includes an amount of Rs 3,180 million (30 June 2015: 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 Honourable Court decided the matter in favour 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.

UPL has filed an Intra Court appeal against the decision of the Islamabad High Court and the Islamabad High Court has granted stay against recovery of Rs 750 million to UPL. Management and its legal advisor are confident that the stay will be vacated and the Intra Court appeal by UPL will also be decided in favour of the Company.

	Unaudited 30 September 2015	Audited 30 June 2015
12 INCOME TAX - ADVANCE	Note - - - - - (Rupees '000) - - - - -	
Income tax - advance at beginning of the quarter/year	24,059,740	14,319,141
Income tax paid during the quarter/year	9,854,057	50,613,873
Income tax recovered by tax authorities during the quarter/year	13,197	3,942,695
Provision for current taxation for the quarter/year - Profit and loss account	(7,978,295)	(37,279,117)
Tax credit related to remeasurement loss on employee retirement benefit plans for the quarter/year - Other comprehensive income	-	624,129
Provision for taxation - prior years	-	(8,160,981)
Income tax - advance at end of the quarter/year	<u>25,948,699</u>	<u>24,059,740</u>
13 OTHER FINANCIAL ASSETS		
Investment in Term Deposits	4,752,236	9,525,037
Investment at fair value through profit or loss - NIT units	13.1 <u>271,464</u>	<u>289,444</u>
	<u>5,023,700</u>	<u>9,814,481</u>

- 13.1** This include foreign currency TDRs amounting to USD 45.520 million (30 June 2015: USD 94.448 million), carrying interest rate ranging from 1.75% to 2.35% (30 June 2015: 1.75% to 2.35%) per annum, having maturities between one month to three months. There is no local currency TDR as at 30 September 2015 (30 June 2015: nil).

Selected Notes to and forming part of the Condensed Interim Financial Information [unaudited]
For the Quarter ended 30 September 2015

		Quarter ended 30 September	
		2015	2014
		----- (Rupees '000) -----	
14 SALES - net			
Gross sales			
Crude oil		16,704,267	31,992,135
Gas		33,692,077	36,942,164
Liquefied petroleum gas		1,325,756	1,716,764
Sulphur		299,907	262,969
Other operating revenue		14,936	18,971
		52,036,943	70,933,003
Government levies			
General sales tax		(5,136,947)	(5,658,358)
Gas Infrastructure Development Cess (GIDC)		(1,577,711)	-
Excise duty		(809,065)	(878,673)
		(7,523,723)	(6,537,031)
		44,513,220	64,395,972

14.1 Gas sales include sales from Dhachrapur, Nur-Bagla and Jakhro 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.

14.2 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.

		Quarter ended 30 September	
		2015	2014
		----- (Rupees '000) -----	
15 OTHER INCOME			
Interest income		3,500,119	4,529,190
Dividend income from NIT units		19,296	18,615
Un-realized loss on investments at fair value through profit or loss		(17,980)	(9,489)
Exchange gain - net		215,561	1,583,018
Others		273,367	159,025
		3,990,363	6,280,359

Selected Notes to and forming part of the Condensed Interim Financial Information [unaudited]
For the Quarter ended 30 September 2015

16 TAXATION

Current:

- for the quarter
- for prior period

Deferred - (credit)/charge

- for the quarter
- for prior period

Quarter ended 30 September

2015	2014
----- (Rupees '000) -----	
7,978,295	12,781,408
-	1,099,378
7,978,295	13,880,786
(9,838)	88,286
-	(699,272)
(9,838)	(610,986)
7,968,457	13,269,800

17 EARNINGS PER SHARE - BASIC AND DILUTED

Profit for the quarter (Rupees '000)

Average number of shares outstanding during the quarter ('000)

Earnings per share - basic (Rupees)

18,259,812	28,310,074
4,300,928	4,300,928
4.25	6.58

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

18 RELATED PARTIES TRANSACTIONS

Government of Pakistan owns 74.97% (30 June 2015: 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 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 quarter end are as follows:

Quarter ended 30 September

	2015	2014
----- (Rupees '000) -----		
Associated company		
Share of profit in associate-net of taxation	368,838	30,809
Major shareholders		
Government of Pakistan		
Dividend paid	5,078,640	7,255,217
Payable on account of Kunnar discount at 30 September	2,085,112	2,085,112
Related parties by virtue of common directorship and GoP holdings		
Government Holdings (Private) Limited (GHPL)		
GHPL share (various fields) of receivables	258,887	670,979

Selected Notes to and forming part of the Condensed Interim Financial Information [unaudited]
For the Quarter ended 30 September 2015

	Quarter ended 30 September	
	2015	2014
RELATED PARTIES TRANSACTIONS - continued	----- (Rupees '000) -----	
Power Holding (Private) Limited (PHPL)		
Markup earned	1,856,817	2,304,357
Balance of investment in TFCs and markup receivable as at 30 September	95,358,654	91,214,958
State Bank of Pakistan		
Interest earned on Pakistan Investment Bonds (PIBs)	1,471,713	1,471,713
Balance of investment in PIBs and markup receivable as at 30 September	51,956,469	51,956,469
Pak Arab Refinery Company Limited		
Sale of crude oil	1,411,240	2,808,150
Trade debts as at 30 September	1,008,132	2,519,101
Sui Northern Gas Pipelines Limited		
Sale of natural gas	13,629,804	14,053,398
Purchase of high BTU value gas	-	1,203,952
Trade debts as at 30 September	21,337,933	11,851,822
Payable as at 30 September	473,503	1,098
Sui Southern Gas Company Limited		
Sale of natural gas	11,065,294	15,023,851
Pipeline rental charges	9,165	9,165
Trade debts as at 30 September	70,772,694	56,217,125
Pakistan State Oil Company Limited		
Purchase of petroleum, oil and lubricants	1,284,311	1,037,540
Trade debts as at 30 September	1,867	1,867
Payable as at 30 September	91,974	2,900
National Insurance Company Limited		
Insurance premium paid	190,538	166,104
National Logistic Cell		
Crude transportation charges paid	260,753	457,809
Payable as at 30 September	478,979	414,792
Enar Petrotech Services Limited		
Consultancy services	8,805	800
Sale of crude oil	2,220,794	3,143,547
Trade debts as at 30 September	1,203,929	1,715,057
Payable as at 30 September	-	5,147
Other related parties		
Contribution to staff benefit funds	636,969	6,018,406
Remuneration including benefits and perquisites of key management personnel	125,594	190,255

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

Selected Notes to and forming part of the Condensed Interim Financial Information [unaudited]
For the Quarter ended 30 September 2015

19 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 2015.

20 NON ADJUSTING EVENT AFTER BALANCE SHEET DATE

20.1 The members approved final cash dividend relating to the year ended 30 June 2015 at the rate of Rs 1.50 per share amounting to Rs 6,451 million in their annual general meeting held on 15 October 2015.

20.2 The Board of Directors approved interim cash dividend at the rate of Rs 1.50 per share amounting to Rs 6,451 million in its meeting held on 16 October 2015.

21 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on 16 October 2015 by the Board of Directors of the Company.

22 GENERAL

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



Chief Executive



Director



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