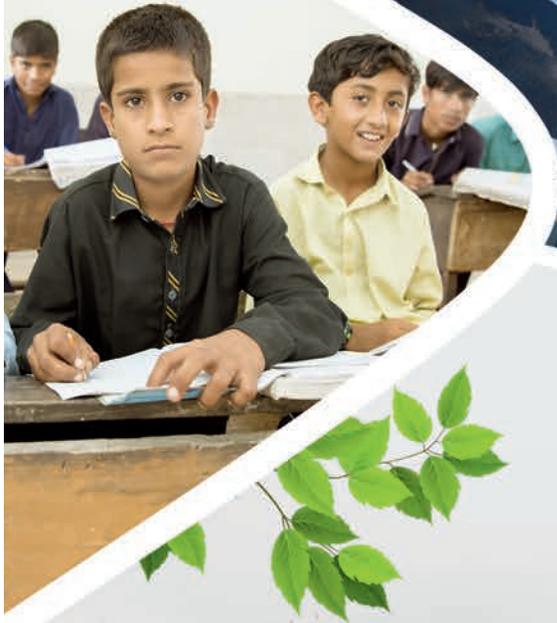


Oil & Gas Development Company Limited



**Interim Report and
Financial Information**
Half Year ended 31 December 2021



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CONDENSED INTERIM FINANCIAL STATEMENTS

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Corporate Information

Board of Directors

| | |
|--------------------------------|-----------------|
| Mr. Zafar Masud | Chairman |
| Mr. Ali Raza Bhutta | Director |
| Mr. Mathar Niaz Rana | Director |
| Mr. Mumtaz Ali Shah | Director |
| Mr. Muhammad Haroon-ur-Rafique | Director |
| Mr. Hamed Yaqoob Sheikh | Director |
| Mr. Akbar Ayub Khan | Director |
| Mr. Muhammad Riaz Khan | Director |
| Mrs. Shamama Tul Amber Arbab | Director |
| Mr. Jahanzaib Durrani | Director |
| Syed Khalid Siraj Subhani | MD/CEO/Director |

- *Mr. Shahid Salim Khan relinquished the charge of MD/CEO of the Company on 20 October 2021 and Syed Khalid Siraj Subhani assumed the charge of MD/CEO on acting charge basis on the same day. Prior to appointment as acting MD/CEO, Syed Khalid Siraj Subhani served on the Company's Board as an independent Director.*
- *Mr. Hamed Yaqoob Sheikh appointed as Director w.e.f. 17 December 2021 in place of Dr. Iftikhar Amjad.*
- *Mr. Ali Raza Bhutta appointed as Director w.e.f. 24 December 2021 in place of Dr. Arshad Mahmood.*

Chief Financial Officer

Mr. Muhammad Anas Farook

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 Advisor

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

Share Registrar

CDC-Share Registrar Services 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

Website: www.cdcsrsl.com

Email: info@cdcsrsl.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 accompanied with condensed interim financial information for the half year ended 31 December 2021.

During the period under review, sharp resurgence in international crude oil demand and prices was witnessed despite the prevalence of Omicron wave. The average basket price of crude oil recorded during the period under review was US\$ 75.22/barrel (1H 2020-21: US\$ 43.29/barrel). On the back of favorable crude oil price environment coupled with higher crude oil and LPG production versus comparative period, OGDCL's top and bottom line financial results in comparison to the corresponding period last year increased by 36% and 63% respectively. Moreover, the Company continued with its E&P activities while exhibiting strict adherence to pandemic related safety protocols so as to ensure that its workforce and business assets remain safe and protected.

Exploration and Development Activities

As of 31 December 2021, OGDCL's exploration acreage stood at 91,795 sq. km representing 41% of Country's total area under exploration (source: PPIS). The Company's exploration portfolio currently comprises fifty (50) owned and operated joint venture exploration licenses. Additionally, the Company possesses working interest in nine (9) exploration blocks operated by other E&P companies.

In order to discover oil and gas reserves, OGDCL during the period under review acquired 652 Line km of 2D and nil sq. km of 3D seismic data in comparison to 1,715 Line km of 2D and 156 sq. km of 3D seismic data during the corresponding period last year. The acquired seismic data represents 59% of total 2D seismic data acquisition in the Country (source: PPIS). Moreover, the Company using in-house resources processed/reprocessed 1,896 Line km of 2D and 905 sq. km of 3D seismic data.

On the drilling front, OGDCL spud six (6) wells (1H 2020-21: 9 wells) including four (4) exploratory wells [Bago Phulphoto-1, Bewato-1, Killi Malik-1 & Kalerishum-1] and two (2) development wells [Hakeem Daho-3 & Qadirpur-63]. Moreover, drilling and testing of nine (9) wells pertaining to previous fiscal year was also completed. Total drilling recorded was 23,913 meters (1H 2020-21: 33,644 meters).

Development Projects

| Name of Project | Location of Project | Working Interest Owners | Completion Date | Current Status |
|--|-------------------------|---|-----------------|--|
| Qadirpur Compression | Ghotki, Sindh | OGDCL 75.00% PPL 7.00% KUFPEC 8.50% AHEL 4.75% PKPEL2 4.75% | February 2022 | Installation of first compressor has been completed and compressor is in operational mode. |
| Maru-Reti Compression | Ghotki, Sindh | OGDCL 57.76% GHPL 22.50% SEPL 10.66% IPRTOC 9.08% | August 2022 | Compressor has been delivered at project site while hiring of PC contractor for installation is in progress. |
| Daru-Mangrio Central Facility LPG Extraction | Hyderabad, Sindh | OGDCL 77.50% GHPL 22.50% | November 2022 | The case for hiring of contractor for installation of plant will be press tendered shortly. |
| Dakhni Compression | Attock, Punjab | OGDCL 100% | June 2023 | Technical bids for hiring of EPCC contractor have been received and evaluation process is in progress. |
| KPD-TAY Compression | Hyderabad, Sindh | KPD: OGDCL 100% TAY: OGDCL 77.50% GHPL 22.50% | September 2023 | Conceptual study and Front End Engineering Design work have been completed and press tendering is in progress. |
| Uch Compression | Dera Bugti, Balochistan | OGDCL 100% | December 2023 | Tender for hiring of EPCC contractor has been floated in the press. |

Discoveries

OGDCL's exploratory efforts to locate reserves yielded four (4) oil and gas discoveries having expected cumulative daily production potential of 39 MMcf of gas and 2,850 barrels of oil. Aforementioned discoveries include Wali-1 (Kawagarh), Wali-1 (Hangu) and Wali-1 (Lockhart) in district FR Lakki, KP province and Jandran West-1 in district Kohlu, Balochistan province. Preliminary 2P reserves estimates attributable to these discoveries are 236 billion cubic feet of gas and 13 million barrels of oil, combined 58 million barrels of oil equivalent.

Production

In line with its production strategy to enhance oil and gas production, OGDCL during the period under review injected seven (7) operated wells in the production gathering system. These injected wells include Tando Alam-21, Sial-1, Pasahki-12, Mangrio-2, Togh Bala-2, Gundunwari-1 and Pandhi-1 which cumulatively yielded gross crude oil and gas production of 171,110 barrels and 833 MMcf respectively. Overall, Company's production during the reporting period contributed around 48%, 29% and 38% towards Country's total oil, natural gas and LPG production respectively.

In an effort to arrest natural decline and sustain production from mature wells, OGDCL during the period under review carried out fifty two (52) work-over jobs comprising nine (9) with rig and forty three (43) rig-less. Moreover to induce improvement in the current well flow parameters, pressure build-up survey jobs were completed at various wells of producing fields; Mela, Pasahki, Nashpa, Qadirpur, Maru-Reti, Uch and Kunnar.

Despite natural decline at various mature producing fields, OGDCL witnessed increase in its crude oil and LPG production in comparison to the corresponding period last year. The Company's average daily net LPG production clocked in at 814 Tons (1H 2020-21: 778 Tons) owing to higher production mainly from Mela, Nashpa and TAY fields. Likewise, average daily net crude oil production clocked in at 36,788 barrels (1H 2020-21: 36,423 barrels) on account of increased production predominantly from Pasahki, Kunnar, Mela, Tando Alam and Mangrio fields.

OGDCL's average daily net saleable gas production clocked in at 827 MMcf (1H 2020-21: 856 MMcf). Decrease in production is primarily due to natural decline at KPD-TAY and Qadirpur fields. Moreover, production decline was recorded owing to annual turn around (ATA) at 5 (five) production fields (1H 2020-21: ATA at four (4) production fields); Qadirpur (5-11 August 2021), Mela (22-25 August 2021), Nashpa (22-29 August 2021), Sinjhoru (6-15 October 2021) and Uch (18-29 October 2021 & 10-15 December 2021). Likewise, production share from NJV fields also declined during the reporting period.

Average daily net saleable crude oil, gas and LPG production including share in both operated and non-operated JV fields is as follows:

| Products | Unit of Measurement | 1H 2021-22 | 1H 2020-21 |
|-----------|---------------------|------------|------------|
| Crude oil | Barrels per day | 36,788 | 36,423 |
| Gas | MMcf per day | 827 | 856 |
| LPG | Tons per day | 814 | 778 |

Financial Results

OGDCL during the half year ended 31 December 2021 registered improved Sales Revenue of Rs 151.163 billion (1H 2020-21: Rs 110.980 billion). Higher Sales Revenue is primarily attributable to increase in average realized price of crude oil to US\$ 63.23/barrel (1H 2020-21: US\$ 38.81/barrel). Moreover, the Company recorded increase in the realized prices of gas and LPG averaging Rs 404.28/Mcf (1H 2020-21: Rs 377.93/Mcf) and Rs 113,962/Ton (1H 2020-21: Rs 62,826/Ton) respectively. Furthermore, rise in average exchange rate to Rs 169.98/US\$ (1H 2020-21: Rs 164.22/US\$) coupled with enhancement in crude oil and LPG production lent strength to the business financials.

In addition, OGDCL's profitability during the period under review was positively impacted due to increase in finance and other income mainly on account of exchange gain. However, contribution towards PIOL coupled with increase in exploration and prospecting expenditure and operating expenses partially impacted the financial performance. Nonetheless, the Company recorded Profit after Tax of Rs 68.883 billion (1H 2020-21: Rs 42.225 billion) translating into an Earnings per Share of Rs 16.02 (1H 2020-21: Rs 9.82).

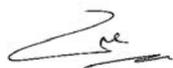
Dividend

The Board has announced second interim cash dividend of Rs 2.00 per share (20%) for the year ending 30 June 2022. This is in addition to the first interim cash dividend of Rs 1.75 per share (17.50%) already declared and paid during the fiscal year.

Acknowledgement

OGDCL's Board of Directors places on record its sincere appreciation for the continued support extended by all the stakeholders which has always proved fruitful in the pursuit to achieve organizational goals and objectives. The Board also acknowledges the resilience shown by the Company's human resource in the face of challenges posed by COVID-19 pandemic, while carrying on the track record of delivering industry leading performance, safely and responsibly.

On behalf of the Board



(Syed Khalid Siraj Subhani)
Managing Director/CEO
23 February 2022



(Zafar Masud)
Chairman

INDEPENDENT AUDITORS' REVIEW REPORT

To the members of Oil and Gas Development Company Limited

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Oil and Gas Development Company Limited ("the Company") as at 31 December 2021 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

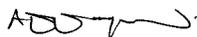
Emphasis of Matter

We draw attention to notes 13.1 and 14.1 to the accompanying interim financial statements which describe in detail matter relating to overdue receivables on account of Inter-Corporate circular debt. Our conclusion is not modified in respect of this matter.

Other Matter

The figures for the three-month period ended 31 December 2021 and 2020 in the condensed interim statement of profit or loss and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

The engagement partners on the audit resulting in this independent auditors' report are M. Imtiaz Aslam (A. F. Ferguson & Co.) and Riaz Akbar Ali Pesnani (KPMG Taseer Hadi & Co.).



A. F. Ferguson & Co.
Chartered Accountants
Islamabad
Date: 25 February 2022
UDIN: RR202110050UYIrl1qZt



KPMG Taseer Hadi & Co.
Chartered Accountants
Islamabad
Date: 25 February 2022
UDIN: RR20211011506tnBRDya

Condensed Interim Statement of Financial Position [unaudited]

As at 31 December 2021

| | | Unaudited 31 December 2021 | Audited 30 June 2021 |
|--------------------------------------|------|----------------------------------|----------------------------|
| | Note | ----- (Rupees '000) ----- | |
| SHARE CAPITAL AND RESERVES | | | |
| Share capital | | 43,009,284 | 43,009,284 |
| Reserves | 4 | 19,549,000 | 18,824,000 |
| Unappropriated profit | | 761,990,535 | 707,810,761 |
| | | <u>824,548,819</u> | <u>769,644,045</u> |
| NON CURRENT LIABILITIES | | | |
| Deferred taxation | | 28,812,458 | 27,667,937 |
| Deferred employee benefits | | 28,224,151 | 28,010,167 |
| Provision for decommissioning cost | 5 | 30,093,159 | 28,992,057 |
| | | 87,129,768 | 84,670,161 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 6 | 78,322,687 | 72,357,460 |
| Unpaid dividend | 7 | 30,345,210 | 29,112,645 |
| Unclaimed dividend | | 208,557 | 209,503 |
| | | <u>108,876,454</u> | <u>101,679,608</u> |
| TOTAL LIABILITIES | | <u>196,006,222</u> | <u>186,349,769</u> |
| | | <u>1,020,555,041</u> | <u>955,993,814</u> |
| CONTINGENCIES AND COMMITMENTS | 8 | | |

The annexed notes 1 to 30 form an integral part of these interim financial statements.



Chief Financial Officer



Chief Executive



Director

| | | Unaudited 31 December 2021 | Audited 30 June 2021 |
|--|------|----------------------------------|----------------------------|
| | Note | ----- (Rupees '000) ----- | |
| NON CURRENT ASSETS | | | |
| Property, plant and equipment | 9 | 93,979,554 | 95,745,594 |
| Development and production assets - intangible | 10 | 105,504,391 | 100,415,134 |
| Exploration and evaluation assets | 11 | 14,946,352 | 16,732,676 |
| | | 214,430,297 | 212,893,404 |
| Long term investments | 12 | 39,109,097 | 45,525,871 |
| Long term loans | | 10,014,118 | 8,783,849 |
| Long term prepayments | | 709,261 | 861,430 |
| Lease receivables | 13 | 38,010,296 | 37,259,605 |
| | | 302,273,069 | 305,324,159 |
| CURRENT ASSETS | | | |
| Stores, spare parts and loose tools | | 19,551,659 | 19,169,273 |
| Stock in trade | | 791,360 | 404,339 |
| Trade debts | 14 | 407,220,691 | 358,821,853 |
| Loans and advances | 15 | 15,226,989 | 15,916,922 |
| Deposits and short term prepayments | | 1,848,491 | 1,262,865 |
| Other receivables | | 908,498 | 822,149 |
| Income tax - advance | 16 | 41,508,388 | 45,751,659 |
| Current portion of long term investments | | 136,269,512 | 122,465,116 |
| Current portion of lease receivables | 13 | 25,014,459 | 22,253,115 |
| Other financial assets | 17 | 58,546,818 | 56,358,320 |
| Cash and bank balances | | 11,395,107 | 7,444,044 |
| | | 718,281,972 | 650,669,655 |
| | | 1,020,555,041 | 955,993,814 |



Chief Financial Officer



Chief Executive



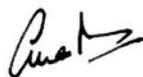
Director

Condensed Interim Statement of Profit or Loss [unaudited]

For Six Months ended 31 December 2021

| | | Three months ended 31 December | | Six months ended 31 December | |
|--|----|--------------------------------|---------------------|------------------------------|---------------------|
| | | 2021 | 2020 | 2021 | 2020 |
| Note | | ----- (Rupees '000) ----- | | | |
| Sales - net | 18 | 79,632,686 | 54,632,448 | 151,163,257 | 110,979,840 |
| Royalty | | (8,792,292) | (6,176,138) | (17,034,330) | (12,902,888) |
| Operating expenses | | (17,794,348) | (16,412,828) | (34,368,848) | (33,301,819) |
| Transportation charges | | (654,656) | (606,499) | (1,058,810) | (835,498) |
| | | <u>(27,241,296)</u> | <u>(23,195,465)</u> | <u>(52,461,988)</u> | <u>(47,040,205)</u> |
| Gross profit | | 52,391,390 | 31,436,983 | 98,701,269 | 63,939,635 |
| Finance and other income | 19 | 10,359,301 | 639,656 | 21,236,928 | 6,597,417 |
| Exploration and prospecting expenditure | | (4,609,752) | (2,265,617) | (6,892,542) | (5,222,391) |
| General and administration expenses | | (992,984) | (1,039,447) | (2,133,690) | (2,113,009) |
| Finance cost | | (578,140) | (581,696) | (1,141,211) | (1,146,019) |
| Workers' profit participation fund | | (2,784,320) | (1,482,844) | (5,535,355) | (3,266,794) |
| Share of profit in associate - net of taxation | | (883,419) | 1,466,998 | 936,342 | 3,280,239 |
| Profit before taxation | | 52,902,076 | 28,174,033 | 105,171,741 | 62,069,078 |
| Taxation | 20 | (17,648,697) | (9,292,304) | (36,288,949) | (19,843,709) |
| Profit for the period | | 35,253,379 | 18,881,729 | 68,882,792 | 42,225,369 |
| Earnings per share - basic and diluted (Rupees) | 21 | 8.20 | 4.39 | 16.02 | 9.82 |

The annexed notes 1 to 30 form an integral part of these interim financial statements.



Chief Financial Officer



Chief Executive



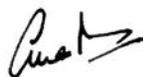
Director

Condensed Interim Statement of Comprehensive Income [unaudited]

For Six Months ended 31 December 2021

| | Three months ended 31 December | | Six months ended 31 December | |
|---|--------------------------------|-------------------|------------------------------|-------------------|
| | 2021 | 2020 | 2021 | 2020 |
| | ----- (Rupees '000) ----- | | | |
| Profit for the period | 35,253,379 | 18,881,729 | 68,882,792 | 42,225,369 |
| Other comprehensive income for the period | - | - | - | - |
| Total comprehensive income for the period | <u>35,253,379</u> | <u>18,881,729</u> | <u>68,882,792</u> | <u>42,225,369</u> |

The annexed notes 1 to 30 form an integral part of these interim financial statements.



Chief Financial Officer



Chief Executive



Director

Condensed Interim Statement of Changes in Equity [unaudited]

For Six Months ended 31 December 2021

| | Reserves | | | | | | Unappropriated profit | Total equity |
|--|------------------|-----------------|------------------------|--|---|--|-----------------------|--------------|
| | Capital reserves | | | Other reserves | | | | |
| | Share capital | Capital reserve | Self insurance reserve | Share of capital redemption reserve fund in associated company | Share of self insurance reserve in associated company | Share of undistributed percentage return reserve in associated company | | |
| Balance as at 1 July 2020 | 43,009,284 | 836,000 | 13,500,000 | 2,118,000 | 720,000 | 95,580 | 650,285,112 | 710,563,976 |
| Total comprehensive income for the period | - | - | - | (Rupees '000) | - | - | - | - |
| Profit for the period | - | - | - | - | - | - | 42,225,369 | 42,225,369 |
| Other comprehensive income for the period | - | - | - | - | - | - | - | - |
| Total comprehensive income for the period | - | - | - | - | - | - | 42,225,369 | 42,225,369 |
| Transfer to self insurance reserve | - | - | 725,332 | - | - | - | (725,332) | - |
| Charge to self insurance reserve | - | - | (332) | - | - | - | 332 | - |
| Transfer from undistributed percentage return reserve by an associated company | - | - | - | - | - | (53,361) | 53,361 | - |
| Transactions with owners of the Company | | | | | | | | |
| Distributions | | | | | | | | |
| Final dividend 2020: Rs 2.50 per share | - | - | - | - | - | - | (10,752,321) | (10,752,321) |
| First interim dividend 2021: Rs 2.00 per share | - | - | - | - | - | - | (8,601,857) | (8,601,857) |
| Total distributions to owners of the Company | - | - | - | - | - | - | (19,354,178) | (19,354,178) |
| Balance as at 31 December 2020 | 43,009,284 | 836,000 | 14,225,000 | 2,118,000 | 720,000 | 42,219 | 672,484,664 | 733,435,167 |
| Balance as at 1 July 2021 | 43,009,284 | 836,000 | 14,950,000 | 2,118,000 | 920,000 | - | 707,810,761 | 769,644,045 |
| Total comprehensive income for the period | - | - | - | - | - | - | 68,882,792 | 68,882,792 |
| Profit for the period | - | - | - | - | - | - | - | - |
| Other comprehensive income for the period | - | - | - | - | - | - | - | - |
| Total comprehensive income for the period | - | - | - | - | - | - | 68,882,792 | 68,882,792 |
| Transfer to self insurance reserve | - | - | 725,148 | - | - | - | (725,148) | - |
| Charge to self insurance reserve | - | - | (148) | - | - | - | 148 | - |
| Transactions with owners of the Company | | | | | | | | |
| Distributions | | | | | | | | |
| Final dividend 2021: Rs 1.50 per share | - | - | - | - | - | - | (6,451,393) | (6,451,393) |
| First interim dividend 2022: Rs 1.75 per share | - | - | - | - | - | - | (7,526,625) | (7,526,625) |
| Total distributions to owners of the Company | - | - | - | - | - | - | (13,978,018) | (13,978,018) |
| Balance as at 31 December 2021 | 43,009,284 | 836,000 | 15,675,000 | 2,118,000 | 920,000 | - | 761,990,535 | 824,548,819 |

The annexed notes 1 to 30 form an integral part of these interim financial statements.



Chief Financial Officer



Chief Executive



Director

Condensed Interim Statement of Cash Flows [unaudited]

For Six Months ended 31 December 2021

Six months ended 31 December

| | 2021 | 2020 |
|--|---------------------|---------------------|
| | ----- | ----- |
| | (Rupees '000) | (Rupees '000) |
| | ----- | ----- |
| Cash flows from operating activities | | |
| Profit before taxation | 105,171,741 | 62,069,078 |
| Adjustments for: | | |
| Depreciation | 4,720,864 | 4,825,836 |
| Amortization of development and production assets | 8,581,530 | 8,122,400 |
| Royalty | 17,034,330 | 12,902,888 |
| Workers' profit participation fund | 5,535,355 | 3,266,794 |
| Provision for employee benefits | 2,590,788 | 2,336,380 |
| Charge of provision for decommissioning cost | 194,032 | - |
| Unwinding of discount on provision for decommissioning cost | 1,139,157 | 1,142,962 |
| Interest income on investments and bank deposits | (4,973,976) | (6,201,874) |
| Interest income on lease | (3,430,721) | (3,983,625) |
| Un-realized loss/ (gain) on investments at fair value through profit or loss | 26,652 | (59,977) |
| Exchange (gain)/ loss on lease | (4,523,931) | 1,342,557 |
| Exchange (gain)/ loss on foreign currency investment and deposit accounts | (7,939,449) | 3,172,059 |
| Dividend income from NIT units | (7,310) | (5,857) |
| Gain on disposal of property, plant and equipment | (1,890) | (12,121) |
| Share of profit in associate | (936,342) | (3,280,239) |
| Stores inventory written off | 99,780 | - |
| | <u>123,280,610</u> | <u>85,637,261</u> |
| Changes in: | | |
| Stores, spare parts and loose tools | (482,166) | (1,729,014) |
| Stock in trade | (387,021) | (16,116) |
| Trade debts | (48,398,838) | (15,267,405) |
| Deposits and short term prepayments | (585,626) | (625,654) |
| Advances and other receivables | (626,685) | 1,240,551 |
| Trade and other payables | 469,247 | (5,443,225) |
| Cash generated from operations | <u>73,269,521</u> | <u>63,796,398</u> |
| | | |
| Royalty paid | (11,991,553) | (7,540,184) |
| Employee benefits paid | (1,773,544) | (1,493,833) |
| Long term prepayments | 152,169 | (715) |
| Decommissioning cost paid | (524,309) | - |
| Payment to workers' profit participation fund-net | (6,788,755) | (7,529,733) |
| Income taxes paid | (30,901,157) | (29,146,854) |
| | <u>(51,827,149)</u> | <u>(45,711,319)</u> |
| Net cash generated from operating activities | <u>21,442,372</u> | <u>18,085,079</u> |
| Cash flows from investing activities | | |
| Capital expenditure | (13,450,708) | (10,631,324) |
| Interest received | 3,798,538 | 3,853,731 |
| Lease payments received | 1,358,663 | 1,604,637 |
| Dividends received | 1,991,672 | 58,773 |
| Encashment of investments | - | 1,833,441 |
| Investment in associated company | (4,176,250) | - |
| Proceeds from disposal of property, plant and equipment | 8,875 | 21,779 |
| Net cash used in investing activities | <u>(10,469,210)</u> | <u>(3,258,963)</u> |
| Cash flows from financing activities | | |
| Dividends paid | (12,746,399) | (16,357,609) |
| Net cash used in financing activities | <u>(12,746,399)</u> | <u>(16,357,609)</u> |
| Net decrease in cash and cash equivalents | <u>(1,773,237)</u> | <u>(1,531,493)</u> |
| Cash and cash equivalents at beginning of the period | 63,460,344 | 64,248,291 |
| Effect of movements in exchange rate on cash and cash equivalents | 7,939,449 | (3,172,059) |
| Cash and cash equivalents at end of the period | <u>69,626,556</u> | <u>59,544,739</u> |

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The annexed notes 1 to 30 form an integral part of these interim financial statements.



Chief Financial Officer



Chief Executive



Director

Notes to the Interim Financial Statements [unaudited]

For Six Months ended 31 December 2021

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 (now the Companies Act, 2017). 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 shares of the Company are quoted on Pakistan Stock Exchange Limited. The Global Depository Shares (1GDS = 10 ordinary shares of the Company) of the Company are listed on the London Stock Exchange.

2 BASIS OF PREPARATION

These condensed interim financial statements (here in after referred to as the interim financial statements) have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, 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 with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

The disclosures in these interim financial statements do not include those reported for full annual audited financial statements and should therefore be read in conjunction with the annual audited financial statements for the year ended 30 June 2021. Comparative statement of financial position is extracted from the annual audited financial statements as of 30 June 2021, whereas comparative statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows are stated from unaudited interim financial statements for the six months period ended 31 December 2020.

These interim financial statements are unaudited and are being submitted to the members as required under Section 237 of Companies Act, 2017.

3 ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

The accounting policies, significant judgments made in the application of accounting policies, key sources of estimations, the methods of computation adopted in preparation of these interim financial statements and financial risk management policies are the same as those applied in preparation of annual audited financial statements for the year ended 30 June 2021.

3.1 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO APPROVED ACCOUNTING AND REPORTING STANDARDS THAT ARE NOT YET EFFECTIVE

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 January 2022:

| | Effective dates |
|--|-----------------|
| Amendments to IFRS-3 Reference to the Conceptual Framework | 01 January 2022 |
| Amendments to IFRS-4 Expiry date of deferral approach | 01 January 2023 |
| Amendments to IAS-1 Classification of liabilities as current or non-current | 01 January 2024 |
| Amendments to IAS-12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction | 01 January 2023 |
| Amendments to IAS-1 & 8 Accounting policy disclosure and guidance to distinguish between changes in accounting policies and estimates. | 01 January 2023 |
| Amendments to IAS-16 Proceeds before intended use | 01 January 2022 |
| Amendments to IAS-37 Onerous Contracts - Cost of fulfilling a contract | 01 January 2022 |
| Amendments to IAS-41, IFRS-9 and IFRS-16 Annual Improvements to IFRS Standards 2018-2020 | 01 January 2022 |

The above amendments are not likely to have an impact on the Company's interim financial statements.

Notes to the Interim Financial Statements [unaudited]

For Six Months ended 31 December 2021

Furthermore, because of reasons as disclosed in note 2.6.2 to the annual audited financial statements for the year ended 30 June 2021, SECP has notified that the requirements contained in IFRS 9 with respect to application of Expected Credit Loss (ECL) method shall not be applicable till 30 June 2022 in respect of companies holding financial assets due from the Government of Pakistan (GoP), including those that are directly due from GoP and that are ultimately due from GoP in consequence of the circular debt issue. Such companies shall follow relevant requirements of IAS 39 'Financial Instruments: Recognition and Measurement' in respect of above referred financial assets during the exemption period. ECL method on financial assets as mentioned above will be applicable on 01 July 2022.

| | | Unaudited 31 December 2021 | Audited 30 June 2021 |
|--|------|----------------------------------|----------------------------|
| 4 RESERVES | Note | ----- (Rupees '000) ----- | |
| Capital reserves: | | | |
| Capital reserve | 4.1 | 836,000 | 836,000 |
| Self insurance reserve | 4.2 | 15,675,000 | 14,950,000 |
| Capital redemption reserve fund - associated company | 4.3 | 2,118,000 | 2,118,000 |
| Self insurance reserve - associated company | 4.4 | 920,000 | 920,000 |
| | | <u>19,549,000</u> | <u>18,824,000</u> |

4.1 This represents bonus shares issued by former wholly owned subsidiary - Pirkoh Gas Company (Private) Limited (PGCL) prior to merger. Accordingly, the reserve is not available for distribution to shareholders.

4.2 The Company has set aside a specific capital reserve for self insurance of rigs, buildings, wells, plants, pipelines, workmen compensation, inventory, terrorism, vehicle repair and losses for petroleum products in transit. Refer note 12.3 for investments against this reserve. Accordingly, the reserve is not available for distribution to shareholders.

4.3 This represents statutory reserve created by the associated company for redemption of redeemable preference shares in the form of cash to the preference shareholders.

4.4 This represents a specific capital reserve set aside by the associated company for self insurance of assets which have not been insured for uninsured risks and for deductibles against insurance claims.

| | Unaudited 31 December 2021 | Audited 30 June 2021 |
|---|----------------------------------|----------------------------|
| | ----- (Rupees '000) ----- | |
| 5 Provision for Decommissioning Cost | | |
| Balance at beginning of the period/year | 28,992,057 | 27,654,493 |
| Provision during the period/year | 486,254 | 528,908 |
| Decommissioning cost incurred during the period/year | (524,309) | (129,266) |
| | <u>28,954,002</u> | <u>28,054,135</u> |
| Revision due to change in estimates | - | (1,261,545) |
| Unwinding of discount on provision for decommissioning cost | 1,139,157 | 2,199,467 |
| Balance at end of the period/year | <u>30,093,159</u> | <u>28,992,057</u> |

Notes to the Interim Financial Statements [unaudited]

For Six Months ended 31 December 2021

| | | Unaudited 31 December 2021 | Audited 30 June 2021 |
|--|------|----------------------------------|----------------------------|
| | Note | - - - - (Rupees '000) - - - - | |
| 6 TRADE AND OTHER PAYABLES | | | |
| Creditors | | 849,875 | 1,157,086 |
| Accrued liabilities | | 10,664,277 | 13,358,536 |
| Payable to partners of joint operations | | 7,845,835 | 7,515,704 |
| Retention money payable | | 6,656,075 | 5,725,852 |
| Royalty payable to the Government of Pakistan | | 21,391,805 | 16,349,028 |
| Excise duty payable | | 204,712 | 195,272 |
| General sales tax payable | | 2,992,772 | 1,307,195 |
| Gas Infrastructure Development Cess (GIDC) payable | | 126,154 | - |
| Petroleum levy payable | 6.1 | 153,625 | 124,915 |
| Withholding tax payable | | 229,240 | 654,860 |
| Trade deposits | | 159,164 | 159,164 |
| Workers' profit participation fund - net | | 5,535,355 | 6,788,755 |
| Employees' pension trust | | 11,017,166 | 9,146,862 |
| Gratuity fund | | 16,835 | 180,536 |
| Provident fund | | 72,947 | 69,775 |
| Advances from customers- unsecured | | 4,273,623 | 3,838,475 |
| Other payables | | 6,133,227 | 5,785,445 |
| | | <u>78,322,687</u> | <u>72,357,460</u> |

- 6.1 GIDC amounting to Rs 2,606 million (30 June 2021: Rs 4,238 million) is recoverable from customers and payable to the GoP. These interim financial statements do not reflect the said amount since under the provisions of the GIDC laws and regulations, the Company is required to pay the said amount as and when the same is collected from customers. The GIDC has been presented as payable to the extent that it is received from customers but not deposited with the GoP.

On 13 August 2020, the Supreme Court of Pakistan has decided the matter of GIDC, which has restrained from charging GIDC from 01 August 2020 onward and ordered gas consumers to pay GIDC arrears due upto 31 July 2020 in installments. The fertilizer companies have obtained stay against recovery from the Sindh High Court, where the matter is subjudice.

7 UNPAID DIVIDEND

This includes an amount of Rs 29,846 million (30 June 2021: Rs 28,441 million) payable to OGDCL Employees' Empowerment Trust (OEEET). 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). PCP vide letter no. F. No. 13(4)12/PC/BESOS/OGDCL dated 15 May 2018 informed that the matter of BESOS, as a scheme, is pending adjudication before the Honorable Supreme Court of Pakistan, hence status quo may be maintained till final decision of Honorable Supreme Court of Pakistan. The Finance Division, GoP vide letter no. F. No. 2(39)BIU-I/2018-19 dated 15 April 2019 advised the Company to deposit the GoP share of dividend including interest, if any, lying in OEEET account(s) or any other reserve/ account till date in the Federal Consolidated Fund pursuant to decision of the Federal Cabinet in its meeting held on 09 April 2019. Furthermore, PCP vide letter no. 1(1)PC/BESOS/F&A/2019 dated 08 May 2019, requested the Company not to remit any amounts on the account of BESOS in view of the decision of the Federal Cabinet. Based on the legal advice, OEEET submitted its response to Petroleum Division on 05 August 2019 that the matter is pending adjudication before the Honourable Supreme Court of Pakistan, the transfer would commit breach of fiduciary duties of the trustees and therefore the directions to be kindly recalled.

The Ministry of Energy, GoP, vide letter no. U.O. No. 8(9)/ 2014/D-III/BESOS, dated 27 December 2019 requested the Company to transfer Federal Government's share of dividend money to PCP on immediate basis as per the direction of Finance Division, GoP. OEEET submitted its response vide letter no. OEEET-127/2019 dated 30 December 2019 that in order to proceed further with the direction given above, it is requested that PCP withdraw the above mentioned letter no. F.No.13(4)12/PC/BESOS/OGDCL dated 15 May 2018 and all previous letters related to maintaining status quo in respect of this matter.

Notes to the Interim Financial Statements [unaudited]

For Six Months ended 31 December 2021

The Finance Division, GoP vide letter No. F.2(39)-NTR/2020-F dated 19 November 2020 directed the Company to deposit all the accrued BESOS principal amount along with interest earned thereon till date in the Federal Consolidated Fund in light of the Honourable Supreme Court of Pakistan's short order dated 22 October 2020. OEET submitted its response to the Ministry of Energy, GoP on 17 December 2020 that there is no guidance or clarity on any issue in the short order and in these circumstances, it would be prudent and appropriate to await the detailed reasons for the short order, prior to taking any action in pursuance of the directives of Finance Division, GoP. PCP vide letter no.F.No. 1(20PC/BESOS(WIND-up))/2019 dated 30 December 2020, informed that fund maintained by PCP has closed since December 2020, therefore, the amounts retained on account of Employees Empowerment Fund be directly deposited in the Federal Consolidated Fund maintained by Finance Division. Subsequent to the period end, the Honourable Supreme Court of Pakistan has issued the detailed order and declared the BESOS scheme to be ultra vires and that any benefits arising out of this scheme are illegal and unprotected. Management intends to initiate discussion with GoP to agree on settlement of these amounts.

8 CONTINGENCIES AND COMMITMENTS

8.1 Contingencies

- 8.1.1 Claims against the Company not acknowledged as debts amounted to Rs 740 million at year end (30 June 2021: Rs 740 million).
- 8.1.2 On 17 December 2018, Attock Refinery Limited (ARL) filed a writ petition against the Company before Islamabad High Court and has disputed and withheld amounts invoiced to it for supplies prior to the date of signing of the sales agreement i.e. 13 March 2018 on account of adjustment of premium or discount as announced by Saudi Aramco for deliveries to Asian customers/ destinations under the sales agreement. The Islamabad High Court vide order dated 16 January 2019 granted interim relief to ARL until next hearing. The amount withheld and disputed by ARL amounts to Rs 1,292 million (30 June 2021: Rs 1,333 million). Further, ARL has also contested and claimed the amounts already paid in this respect during the period 2007 to 2012 amounting to Rs 562 million (30 June 2021: Rs 562 million). The Company believes that the debit notes/ invoices have been raised in accordance with the sale agreements signed with GoP and no provision is required in this respect.
- 8.1.3 Oil and Gas Regulatory Authority (OGRA) vide its decision dated 22 June 2018 decided that LPG producers, in public or private sector, cannot charge signature bonus in compliance with LPG Policy 2016. The Company has challenged this decision in Islamabad High Court on 23 July 2018. Signature bonus recognized as income by the Company after decision of OGRA amounts to Rs 1,523 million (30 June 2021: Rs 1,276 million). Management believes that the matter will be decided in favour of the Company. Also refer note 19.
- 8.1.4 Certain banks have issued guarantees on behalf of the Company in ordinary course of business aggregating Rs 1 million (30 June 2021: Rs 1 million).
- 8.1.5 For contingencies related to tax matters, refer note 16.1 to 16.4, note 20.1 and 20.2.
- 8.1.6 For contingencies related to sales tax and federal excise duty, refer note 15.1 to 15.3.
- 8.1.7 For matter relating to conversion of certain blocks to Petroleum Policy 2012, refer note 18.3.
- 8.1.8 The Company's share of associate's unavailed credit facilities issued by various banks to the associate in the ordinary course of business amounts to Rs 1,049 million (30 June 2021: Rs 2,700 million).
- 8.1.9 As part of the arrangement, as disclosed in note 12.2 of these interim financial statements, each of the consortium companies including OGDCL have also provided, joint and several, parent company guarantees to ADNOC and Supreme Council for financial and Economic Affairs Abu Dhabi, UAE, to guarantee the obligations of the associate, Pakistan International Oil Limited (PIOL) as disclosed in note 8.2.4.

Notes to the Interim Financial Statements [unaudited]

For Six Months ended 31 December 2021

8.2 Commitments

- 8.2.1** Commitments outstanding at the period end amounted to Rs 47,231 million (30 June 2021: Rs 41,973 million). These include amounts aggregating to Rs 29,941 million (30 June 2021: Rs 21,366 million) representing the Company's share in the minimum work commitments under Petroleum Concession Agreements.
- 8.2.2** 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 3,566 million (30 June 2021: Rs 6,375 million).
- 8.2.3** The Company's share of associate commitments for capital expenditure, minimum work commitment under various Petroleum Concession Agreements (PCAs) and minimum work commitments of PIOL under concession agreements as at period end is Rs 7,599 million (30 June 2021: Rs 8,502 million).
- 8.2.4** Total outstanding commitments of the consortium companies during the exploration phase of the associate, PIOL under the concession documents amounts to Rs 37,184 million which includes OGDCL's share of Rs 9,296 million.

| | | Unaudited 31 December 2021 | Audited 30 June 2021 |
|------------|---|----------------------------------|----------------------------|
| 9 | PROPERTY, PLANT AND EQUIPMENT | ----- (Rupees '000) ----- | |
| | Carrying amount at beginning of the period/year | 95,745,594 | 100,740,773 |
| | Additions during the period/year | 3,427,292 | 6,776,718 |
| | Book value of disposals | (6,985) | (20,054) |
| | Depreciation charge for the period/year | (5,186,347) | (10,967,553) |
| | Revision in estimate of decommissioning cost during the period/year | - | (784,290) |
| | Carrying amount at end of the period/year | <u>93,979,554</u> | <u>95,745,594</u> |
| 9.1 | Addition during the period/year | | |
| | Buildings, offices and roads on freehold land | 30,371 | 33,804 |
| | Buildings, offices and roads on leasehold land | 75,262 | 760,205 |
| | Plant and machinery | 1,395,606 | 5,886,772 |
| | Rigs | 19,900 | 106,420 |
| | Pipelines | 400,739 | 669,025 |
| | Office and domestic equipment | 148,525 | 82,188 |
| | Office and technical data computers | 92,139 | 293,467 |
| | Furniture and fixture | 1,585 | 5,957 |
| | Vehicles | 28,883 | 136,324 |
| | Decommissioning cost | - | 42,938 |
| | Capital work in progress (net) | 722,951 | (1,415,590) |
| | Stores held for capital expenditure (net) | 511,331 | 175,208 |
| | | <u>3,427,292</u> | <u>6,776,718</u> |
| 9.2 | Property, plant and equipment comprises: | | |
| | Operating fixed assets | 83,340,434 | 86,341,012 |
| | Capital work in progress | 2,887,334 | 2,164,383 |
| | Stores held for capital expenditure | 7,751,786 | 7,240,199 |
| | | <u>93,979,554</u> | <u>95,745,594</u> |

Notes to the Interim Financial Statements [unaudited]

For Six Months ended 31 December 2021

| | | Unaudited 31 December 2021 | Audited 30 June 2021 |
|---|------|----------------------------------|----------------------------|
| | Note | ----- (Rupees '000)----- | |
| 10 DEVELOPMENT AND PRODUCTION ASSETS-INTANGIBLE | | | |
| Carrying amount at beginning of the period/year | | 100,415,134 | 101,449,010 |
| Additions during the period/year | | 4,978,944 | 6,086,645 |
| Transferred from exploration and evaluation assets during the period/year | | 7,269,971 | 9,355,806 |
| Stores held for development and production activities (net) | | 1,421,872 | 846,182 |
| Amortization charge for the period /year | | (8,581,530) | (17,864,645) |
| Revision in estimates of decommissioning cost during the period /year | | - | 542,136 |
| Carrying amount at end of the period /year | | <u>105,504,391</u> | <u>100,415,134</u> |
| 11 EXPLORATION AND EVALUATION ASSETS | | | |
| Balance at beginning of the period/year | | 16,495,762 | 15,699,342 |
| Additions during the period/year | | 8,312,794 | 18,524,889 |
| | | <u>24,808,556</u> | <u>34,224,231</u> |
| Cost of dry and abandoned wells during the period/year | | (3,576,471) | (8,372,663) |
| Cost of wells transferred to development and production assets during the period/year | | (7,269,971) | (9,355,806) |
| | | <u>(10,846,442)</u> | <u>(17,728,469)</u> |
| | | 13,962,114 | 16,495,762 |
| Stores held for exploration and evaluation activities | | 984,238 | 236,914 |
| Balance at end of the period/year | | <u>14,946,352</u> | <u>16,732,676</u> |
| 12 LONG TERM INVESTMENTS | | | |
| Investment in related party - associate, quoted | | | |
| Mari Petroleum Company Limited (MPCL) | 12.1 | 24,456,027 | 23,126,401 |
| Investment in related party - associate, unquoted | | | |
| Pakistan International Oil Limited (PIOL) | 12.2 | 1,798,604 | - |
| Investments at amortised cost | | | |
| Term Deposit Receipts (TDRs) | 12.3 | 12,854,466 | 12,149,470 |
| Investment in Term Finance Certificates (TFCs) | 12.4 | 136,269,512 | 132,715,116 |
| | | 149,123,978 | 144,864,586 |
| Less: Current portion shown under current assets | | (136,269,512) | (122,465,116) |
| | | 12,854,466 | 22,399,470 |
| | | <u>39,109,097</u> | <u>45,525,871</u> |

- 12.1** MPCL is a listed company incorporated in Pakistan and is principally engaged in exploration, production and sale of hydrocarbons. The Company has 20% (30 June 2021: 20%) holding in the associate.

Previously, gas price mechanism for Mari field of MPCL was governed by Mari Wellhead Gas Pricing Agreement ("the Agreement") dated 22 December 1985, between the President of Islamic Republic of Pakistan and MPCL. Effective 01 July 2014, the agreement was replaced with revised Agreement dated 29 July 2015 ("Revised Agreement 2015") in line with the Economic Coordination Committee (ECC) decision, whereby the wellhead gas pricing formula was replaced with a crude oil price linked formula, which provides the discounted wellhead gas price. The Revised Agreement 2015 provided

Notes to the Interim Financial Statements [unaudited]

For Six Months ended 31 December 2021

dividend distribution to be continued for ten (10) years upto 30 June 2024 in line with the previous cost plus formula, according to which the shareholders were entitled to a minimum return of 30% per annum, net of all taxes, on shareholders' funds, to be escalated in the event of increase in the MPCL's gas or equivalent oil production beyond the level of 425 MMSCFD at the rate of 1%, net of all taxes, on shareholders' funds for each additional 20 MMSCFD of gas or equivalent oil produced, prorated for part thereof on an annual basis, subject to a maximum of 45% per annum.

Effective 01 July 2020, dividend distribution cap has been removed vide ECC decision in the meeting held on 03 February 2021, which has also been ratified by the Federal Cabinet on 09 February 2021. Accordingly, the Company is allowed to distribute dividend in accordance with the provisions of Companies Act 2017 and rules made thereunder, without any lower or upper limit as mentioned above. Subsequently, an amendment agreement to Revised Agreement 2015 has been executed between the Government of Pakistan and MPCL on 17 April 2021, giving effect to ECC decision.

- 12.2 During the period, the Company, along with other consortium members i.e. Mari Petroleum Company Limited (MPCL), Pakistan Petroleum Limited (PPL) and Government Holdings (Private) Limited (GHPL) has been awarded Offshore Block 5 in Abu Dhabi's second competitive exploration block bid round. The consortium companies have established an independent company Pakistan International Oil Limited (PIOL) at Abu Dhabi Global Market with each consortium company having a 25% equity stake in PIOL. The exploration concession agreement between PIOL and Abu Dhabi National Oil Company (ADNOC) was signed on 31 August, 2021. The investment in PIOL has been classified as an investment in associate as per the requirements of International Accounting Standard IAS-28, "Investment in Associates and Joint Ventures. The amount represents USD 25 million (Rs 4,176 million) invested by the Company in PIOL. Share of loss for the period amounts to Rs 2,378 million and the loss mainly represents 3D seismic cost incurred by the associates.
- 12.3 This represents investments in local currency TDRs and includes interest amounting to Rs 2,854 million (30 June 2021: Rs 2,149 million) carrying effective interest rate of 14% (30 June 2021: 14%) per annum and have maturities of five (5) years. These investments are earmarked against self insurance reserve as explained in note 4.2 to the financial statements.
- 12.4 This represents investment in Privately Placed TFCs amounting to Rs 82,000 million. In 2013, the Government of Pakistan (GoP), for partial resolution of circular debt issue prevailing in the energy sector, approved issuance of TFCs amounting to Rs 82,000 million by Power Holding Limited (PHL), which is government owned entity and a related party. These TFCs were subscribed by the Company in order to settle its overdue receivables from oil refineries and gas companies. As per original terms of investor agreement between the Company and PHL, TFCs were 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 was to be paid 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 of GoP, covering the principal, mark-up, and/or any other amount becoming due for payment in respect of investment in TFCs.

On 23 October 2017, PHL communicated to the Company that a proposal was submitted by the Ministry of Energy (Power Division) to Economic Coordination Committee (ECC) of the Cabinet for extension in the tenure of TFCs of Rs 82,000 million from seven (7) years to ten (10) years including extension in grace period from three (3) years to six (6) years. The ECC of the Cabinet considered and approved the proposal of Ministry of Energy (Power Division) subject to the condition that a revised term sheet, based on above, with the Company shall be agreed by PHL. PHL requested the Company to prepare revised term sheet for onward submission to Finance division of GoP for approval. During the year ended 30 June 2020, the Board of Directors resolved that management may take further steps for the extension of investor agreement with PHL for a further period of three (3) years. However, the revised term sheet has not yet been signed with PHL. Currently, management is in discussion with Ministry of Energy and Ministry of Finance for settlement of outstanding principal and interest. As per the revised terms, principal repayment amounting to Rs 61,500 million (30 June 2021: Rs 51,250 million) was past due as at 31 December 2021. Further, interest due as of 31 December 2021 was Rs 54,270 million (30 June 2021: Rs 50,715 million) of which Rs 52,096 million (30 June 2021: Rs 48,517 million) was past due. The Company considers the principal and interest to be fully recoverable as these are backed by Sovereign Guarantee of GoP. Adjustments, if any, will be made after the execution of extension in the investor agreement. As disclosed in 2.6.2 to the annual audited financial statements for the year ended 30 June 2021, SECP has deferred the applicability of ECL model till 30 June 2022 on financial assets due directly / ultimately from GoP in consequence of the circular debt.

Notes to the Interim Financial Statements [unaudited]

For Six Months ended 31 December 2021

13 LEASE RECEIVABLES

Net investment in lease has been recognized on gas sale agreements with power companies i.e. Uch Power Limited (UPL) and Uch-II Power Limited (Uch-II) as follows:

| | | Unaudited 31 December 2021 | Audited 30 June 2021 |
|--|------|----------------------------------|----------------------------|
| | Note | ----- (Rupees '000)----- | |
| Net investment in lease | | 63,024,755 | 59,512,720 |
| Less: Current portion of net investment in lease | 13.1 | <u>(25,014,459)</u> | <u>(22,253,115)</u> |
| | | <u>38,010,296</u> | <u>37,259,605</u> |

13.1 Current portion of net investment in lease includes amounts billed to customers of Rs 18,395 million (30 June 2021: Rs 16,779 million) out of which Rs 16,913 million (30 June 2021: Rs 15,320 million) is overdue on account of inter-corporate circular debt. As disclosed in note 2.6.2 to the annual audited financial statements for the year ended 30 June 2021, SECP has deferred the applicability of ECL model till 30 June 2022 on debts due directly/ ultimately from GoP in consequence of the circular debt. The amount is considered to be fully recoverable as the GoP is committed, hence continuously pursuing for satisfactory settlement of inter-corporate circular debt issue. The Company has contractual right and is entitled to charge interest if lease payments are delayed beyond agreed payment terms, however the same is recognized when received by the Company.

13.2 Income relating to variable lease payments that depend on an index not included in the measurement of net investment in lease amounts to Rs 12,163 million till 31 December 2021 (30 June 2021: Rs 8,463 million) of which Rs 3,700 million has been recorded in revenue for the period (31 December 2020: Rs 3,761 million).

| | | Unaudited 31 December 2021 | Audited 30 June 2021 |
|---------------------------------|--|----------------------------------|----------------------------|
| | | ----- (Rupees '000)----- | |
| Un-secured, considered good | | 407,220,691 | 358,821,853 |
| Un-secured, considered doubtful | | 101,113 | 101,113 |
| | | <u>407,321,804</u> | <u>358,922,966</u> |
| Provision for doubtful debts | | <u>(101,113)</u> | <u>(101,113)</u> |
| | | <u>407,220,691</u> | <u>358,821,853</u> |

14.1 Trade debts include overdue amount of Rs 352,406 million (30 June 2021: Rs 303,853 million) on account of Inter-corporate circular debt, receivable from oil refineries and gas companies out of which Rs 153,337 million (30 June 2021: Rs 141,486 million) and Rs 131,281 million (30 June 2021: Rs 114,861 million) is overdue from related parties, Sui Southern Gas Company Limited and Sui Northern Gas Pipeline Limited respectively. The Government of Pakistan (GoP) is committed, hence continuously pursuing for satisfactory settlement of Inter-corporate circular debt issue, however, the progress is slower than expected resulting in accumulation of Company's trade debts. The Company considers this amount to be fully recoverable because the Government of Pakistan has been assuming the responsibility to settle the Inter-corporate circular debt in the energy sector. The Company recognizes interest/ surcharge, if any, on delayed payments from customers only to the extent that it is highly probable that a significant reversal in the amount of income recognized will not occur when the uncertainty associated with the interest/ surcharge is subsequently resolved, which is when the interest/ surcharge on delayed payments is received by the Company. As disclosed in 2.6.2 to the annual audited financial statements for the year ended 30 June 2021, SECP has deferred the applicability of ECL model till 30 June 2022 on financial assets due directly/ ultimately from GoP in consequence of the circular debt.

Notes to the Interim Financial Statements [unaudited]

For Six Months ended 31 December 2021

15 LOANS AND ADVANCES

15.1 This includes an amount of Rs 3,180 million (30 June 2021: Rs 3,180 million) paid under protest to the 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/revision of sales tax returns 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 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 in favour of the Company. In January 2017, UPL filed Civil Petition for Leave to Appeal (CPLA) against the Company and others, before the Honorable Supreme Court of Pakistan against the decision of IHC, which is currently pending. FBR has linked the disposal of OGDCL's condonation request with the outcome of UPL's aforementioned CPLA. The Company and its legal advisors are confident that CPLA of UPL before Honorable Supreme Court of Pakistan will be decided in favour of the Company and required condonations will be obtained and the amount will be recovered from UPL. Accordingly no provision in this respect has been made in these interim financial statements.

15.2 This also includes recoveries of Rs 317 million (30 June 2021: Rs 317 million) made by the tax department during the year ended 30 June 2016, against Sales Tax and Federal Excise Duty (FED) demand of Rs 6,708 million (30 June 2021: Rs 6,708 million) relating to periods July 2012 to June 2014. The Honourable Appellate Tribunal Inland Revenue (ATIR) has accepted the Company's appeals and annulled the demands passed by the tax authorities being void ab-initio and without jurisdiction. The Commissioner Inland Revenue (CIR) has filed sales tax reference before Islamabad High Court (IHC) against judgment of ATIR on 09 February 2018. These demands were raised by tax authorities due to difference between computation of sales/ production reported by the Company in its sales tax returns and sales/ production based on other sources of data. During the year ended 30 June 2021, additional demand of Rs 9,668 million relating to periods 2017-18 and 2018-19 were raised on the same issue by the tax department, against which the Company filed appeals before Commissioner Inland Revenue (Appeals) (CIRA) on 29 June 2021 which are pending adjudication. The Company believes that these demands were raised without legal validity and will be decided by IHC and CIRA in favor of the Company as previously decided by ATIR in favour of the Company.

15.3 During the period, Large Taxpayers Office Islamabad vide notices dated 05 October 2021 required all Exploration and Production (E&P) companies including OGDCL to provide information relating to value of Condensate sold during the period from July 2008 to September 2021, pursuant to judgment of ATIR dated 08 September 2021 in case of another E&P company wherein the ATIR held that condensate is separate product other than crude oil and is subject to sales tax @ 17% against zero percent charged by the E&P companies. OGDCL and other E&P companies have filed writ petitions before IHC challenging issuance of above notices dated 05 October 2021 where stay has been granted to the Company till the date of next hearing. The Company is confident that the matter will be decided in its favor.

| | | Unaudited 31 December 2021 | Audited 30 June 2021 |
|--|--------------|----------------------------------|----------------------------|
| 16 INCOME TAX-ADVANCE | Note | ----- (Rupees '000) ----- | |
| Income tax- advance at beginning of the period/year | | 45,751,659 | 37,118,984 |
| Income tax paid during the period/year | | 30,901,157 | 54,879,431 |
| Provision for current taxation - profit or loss | 20 | (35,144,428) | (44,650,382) |
| Tax charge related to remeasurement gain on employee retirement benefit plans - other comprehensive income | | - | (1,596,374) |
| Income tax - advance at end of the period/year | 16.1 to 16.4 | <u>41,508,388</u> | <u>45,751,659</u> |

Notes to the Interim Financial Statements [unaudited]

For Six Months ended 31 December 2021

- 16.1** This includes amount of Rs 29,727 million (30 June 2021: Rs 29,727 million) paid to tax authorities on account of disallowance of actuarial loss amounting to Rs 58,744 million (30 June 2021: Rs 58,744 million) which the Company claimed in its return for the tax years 2014 to 2018 and 2020. 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. CIRA disallowed the actuarial loss for tax years 2015 and 2016, however, allowed to claim the actuarial loss for tax years 2014, 2017 and 2018 over a period of seven years. Being aggrieved, the Company has filed appeals against the orders of CIRA in the Appellate Tribunal Inland Revenue (ATIR) for tax years 2014, 2015, 2016, 2017 and 2018 on 08 January 2016, 30 June 2020, 05 January 2018, 21 August 2019 and 12 February 2020 respectively and against the order of Additional Commissioner Inland Revenue with the CIRA for tax year 2020 on 19 April 2021 which are currently pending adjudication. The management, based on opinion of its tax consultant, believes that the actuarial loss is an admissible expense under the tax laws and there is reasonable probability that the matter will be decided in favor of the Company by appellate forums available under the law.
- 16.2** During the year ended 30 June 2014, tax authorities raised demands of Rs 13,370 million (30 June 2021: 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 2021: Rs 5,372 million) from the Company. During the year ended 30 June 2015, appeal before 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. IHC vide order dated 17 February 2016, set aside the order of ATIR and remanded the case back to ATIR with the instructions to pass a speaking order. The case is currently pending before ATIR. Further, IHC vide order dated 14 January 2019 directed ATIR to decide the appeal expeditiously and until seven days after the decision on the Company's appeal, the tax department is restrained from adopting coercive measures for the recovery of the disputed tax liability in the event the appeal is dismissed. Management and its legal advisor are of the view that the price discount is not the income of the Company and hence not liable to tax. Accordingly, management is confident that the matter will be decided in favor of the Company as the discounted price for Kunnar field was finally determined by the Ministry of Energy (Petroleum Division) 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.
- 16.3** Income tax advance includes Rs 1,259 million (30 June 2021: Rs 1,259 million) on account of disallowances made by the Additional Commissioner Inland Revenue (ACIR) in respect of decommissioning cost for tax year 2015. The CIRA vide order dated 18 March 2020 has remanded the case back to ACIR and the Company has filed an appeal against the order of CIRA in ATIR on 30 June 2020. Management believes that the disallowance is against income tax laws and regulations and accordingly no provision has been made in this respect in these interim financial statements.
- 16.4** Tax authorities have raised demand of Rs 15,295 million (30 June 2021: Rs 15,295million) for tax year 2020 on account of alleged production differences and by making disallowances on account of post retirement medical benefits, compensated absences, cost of dry and abandoned wells, field decommissioned/ surrendered during the year and Workers' profit participation fund (WPPF) out of which Rs 4,558 million has been paid. Appeal has been filed by the Company before CIRA on 19 April 2021, which is currently pending adjudication. Management is confident that the above disallowances do not hold any merits and the related amounts have been lawfully claimed in the tax returns as per the applicable tax laws. Accordingly, no provision has been made in respect of these in the financial statements.

| | | Unaudited 31 December 2021 | Audited 30 June 2021 |
|---|------|----------------------------------|----------------------------|
| 17 OTHER FINANCIAL ASSETS | Note | ----- (Rupees '000) ----- | |
| Investment in Term Deposit Receipt (TDRs) - at amortised cost | 17.1 | 58,231,449 | 56,016,300 |
| Investment at fair value through profit or loss - NIT units | | 315,369 | 342,020 |
| | | <u>58,546,818</u> | <u>56,358,320</u> |

- 17.1** This represents foreign currency TDRs amounting to USD 328.923 million (30 June 2021: USD 356.149 million), and accrued interest amounting to USD 1.506 million (30 June 2021: USD 0.453 million), carrying interest rate ranging from 1.10% to 3.75% (30 June 2021: 0.60% to 1.55%) per annum, having maturities up to six months (30 June 2021: six months).

Notes to the Interim Financial Statements [unaudited]

For Six Months ended 31 December 2021

| | Three months ended 31 December | | Six months ended 31 December | |
|--------------------------|--------------------------------|--------------------|------------------------------|---------------------|
| | 2021 | 2020 | 2021 | 2020 |
| 18 SALES - net | ----- (Rupees '000) ----- | | | |
| Gross sales | | | | |
| Crude oil | 45,053,913 | 20,903,914 | 84,740,576 | 42,201,102 |
| Gas | 37,813,058 | 34,601,502 | 74,842,286 | 72,555,248 |
| Liquefied petroleum gas | 11,803,077 | 6,392,857 | 20,580,066 | 11,251,803 |
| Sulphur | 315,539 | 166,734 | 345,604 | 337,264 |
| Gas processing | - | 29,078 | 8,119 | 61,409 |
| | <u>94,985,587</u> | <u>62,094,085</u> | <u>180,516,651</u> | <u>126,406,826</u> |
| Government levies | | | | |
| General sales tax | (14,405,430) | (6,472,470) | (27,446,027) | (13,456,440) |
| Petroleum levy | (347,696) | (360,043) | (691,786) | (664,416) |
| Excise duty | (599,775) | (629,124) | (1,215,581) | (1,306,130) |
| | <u>(15,352,901)</u> | <u>(7,461,637)</u> | <u>(29,353,394)</u> | <u>(15,426,986)</u> |
| | <u>79,632,686</u> | <u>54,632,448</u> | <u>151,163,257</u> | <u>110,979,840</u> |

- 18.1** Gas sales include sales from Nur-Bagla field invoiced on provisional prices. There may be adjustment in revenue upon issuance of final wellhead prices notification by Ministry of Energy (Petroleum Division), impact of which cannot be determined at this stage.
- 18.2** Gas Sale Agreement (GSA) in respect of Kunnar Pasakhi Deep (KPD) fields between the Company and Sui Southern Gas Company Limited is being finalized and adjustments, if any, will be accounted for in the financial statements after execution of GSA.
- 18.3** In respect of six of its operated concessions, namely, Gurgalot, Sinjhora, Bitrisim, Khewari, Nim and TAY Blocks and one non-operated Tal Block, Petroleum Concession Agreements (PCAs) were executed under the framework of Petroleum Policies 1994 and 1997. Later on, in pursuance to the option available under Petroleum Policy (PP) 2012, the Tal Block working interest owners wherein the Company's working interest is 27.7632% signed the Supplemental Agreement (SA) dated 28 August 2015 with the GoP for conversion of eligible existing and future discoveries under Tal PCA to the PP 2012. Further, for aforementioned operated Concessions, the Company also signed the SAs for conversion to PP 2012. Under the said arrangement, price regimes prevailing in PP 2007, PP 2009 and PP 2012 in terms of PP 2012 shall be applicable, correlated with the spud dates of the wells in the respective policies starting from 27 November 2007. The conversion package as defined in the SAs included windfall levy on natural gas only. Oil and Gas Regulatory Authority (OGRA) has been notifying the revised wellhead prices in accordance with the Tal Block SA for the period from the commencement of production of the respective discoveries. Accordingly, the financial impacts of the price revision were duly accounted for in the financial statements for the years ended 30 June 2016, 30 June 2017 and 30 June 2018 on completion of the process laid down in the law and in line with the Company's accounting policy. On 27 December 2017, the Ministry of Energy (Petroleum Division) notified amendments in PP 2012 after approval from the Council of Common Interests (CCI) dated 24 November 2017. These amendments include imposition of Windfall Levy on Oil/Condensate (WLO). Under the said Notification, the Supplemental Agreements already executed for conversion from Petroleum policies of 1994 and 1997 shall be amended within 90 days, failing which the working interest owners will not remain eligible for gas price incentive. On 03 January 2018, the Directorate General Petroleum Concessions (DGPC) has required all exploration and production companies to submit supplemental agreements to incorporate the aforementioned amendments in Petroleum Concession Agreements (PCAs) signed under 1994 and 1997 policies, for execution within the stipulated time as specified above.

Based on a legal advice, the Company is of the view that terms of the existing PCAs as amended to-date through the supplemental agreements already executed cannot unilaterally be amended by the GoP through introduction of amendment nor can the GoP lawfully require and direct that such amendments be made to include imposition of WLO retrospectively and nor the GoP unilaterally hold and direct that the gas price incentive to which the Company is presently entitled to and receiving under the conversion package as enshrined under the supplemental agreement stands withdrawn or the Company ceases to be eligible for such incentive in case of failure to adopt the unilateral amendments in the existing PCAs.

Notes to the Interim Financial Statements [unaudited]

For Six Months ended 31 December 2021

Accordingly, the aforementioned amendments as well as the subsequent letters requiring implementation of the amendments are not enforceable or binding upon the Company.

The Company along with other Joint Venture Partners has challenged the applicability of WLO against the backdrop of supplemental agreements already executed pursuant to PP 2012 in the Honorable Islamabad High Court which has granted stay order till next date of hearing against the CCI decision dated 24 November 2017 on imposition of WLO. As mentioned above, the Company on the advice of its legal counsel is confident that it has sound grounds to defend the aforesaid issue in the Court and that the issue will be decided in favour of the Company. The cumulative past benefit accrued and recorded in these interim financial statements by the Company upto 23 November 2017 in the form of revenue and profit after tax is Rs 8,550 million and Rs 4,426 million, respectively. However, without prejudice to the Company's stance in the court case, revenue of Rs 19,462 million (30 June 2021: Rs 16,876 million) related to gas price incentive against the supplemental agreements has been set aside on a point forward basis effective 24 November 2017 (the date of decision of CCI).

| | Three months ended 31 December | | Six months ended 31 December | |
|--|--------------------------------|----------------|------------------------------|------------------|
| | 2021 | 2020 | 2021 | 2020 |
| 19 FINANCE AND OTHER INCOME | Note ----- (Rupees '000) ----- | | | |
| Interest income on: | | | | |
| Investments and bank deposits | 2,540,088 | 2,609,637 | 4,973,976 | 6,201,874 |
| Finance income - lease | 1,727,724 | 1,982,542 | 3,430,721 | 3,983,625 |
| Dividend income from NIT units | - | - | 7,310 | 5,857 |
| Un-realized gain on investments at fair value through profit or loss | (909) | 20,431 | (26,652) | 59,977 |
| Exchange gain/ (loss) -net | 5,652,746 | (4,270,204) | 11,958,091 | (4,253,018) |
| Signature bonus/ contract renewal fee 19.1 | 143,040 | 81,751 | 246,660 | 153,620 |
| Liquidated damages / penalty imposed on suppliers | 109,422 | 136,709 | 134,917 | 245,007 |
| Others | 187,190 | 78,790 | 511,905 | 200,475 |
| | <u>10,359,301</u> | <u>639,656</u> | <u>21,236,928</u> | <u>6,597,417</u> |

19.1 This represents income recognized on account of signature bonus/ contract renewal fee in respect of allocation of LPG quota. For contingency related to this matter refer note 8.1.3.

| | Three months ended 31 December | | Six months ended 31 December | |
|---|--------------------------------|------------------|------------------------------|-------------------|
| | 2021 | 2020 | 2021 | 2020 |
| 20 TAXATION | ----- (Rupees '000) ----- | | | |
| Current- charge for the period | 18,115,660 | 11,107,030 | 35,144,428 | 22,870,897 |
| Deferred- charge/ (credit) for the period | (466,963) | (1,814,726) | 1,144,521 | (3,027,188) |
| | <u>17,648,697</u> | <u>9,292,304</u> | <u>36,288,949</u> | <u>19,843,709</u> |

20.1 Various appeals in respect of assessment years 1992-93 to 2002-03, tax years 2003 to 2020 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, tax rate and super tax. Total amount of tax demand against the major issues, raised in respect of assessment years 1992-93 to 2002-03 and tax years 2003 to 2020 amounts to Rs 134,995 million out of which an amount of Rs 131,654 million has been paid to tax authorities and has also been provided for in these interim financial statements. Also refer to note 16.1 to 16.4 of these interim financial statements.

20.2 During the year ended 30 June 2021, the tax authorities have raised demand of Rs 4,311 million for tax years 2013 and 2016 on account of alleged issue of not offering consideration of sale of working interest in a block for tax and by making disallowances on account of GIDC payable and certain expenditure due to alleged non deduction of withholding taxes. Appeals have been filed by the Company before CIRA for assessment year 2013 and 2016 on 30 June 2021 and 26 March 2021 respectively, which are currently pending adjudication. Management is confident that the above demands do not hold any merits and the related amounts have been lawfully claimed in the tax returns as per the applicable tax laws. Accordingly, no provision has been made in respect of these in the interim financial statements.

Notes to the Interim Financial Statements [unaudited]

For Six Months ended 31 December 2021

| | Six months ended 31 December | |
|--|------------------------------|-------------|
| | 2021 | 2020 |
| | ----- (Rupees '000) ----- | |
| MPCL- Associated company-20% share holding of the Company and common directorship | | |
| Share of profit in associate - net of taxation | 3,313,988 | 3,280,239 |
| Dividend received | 1,984,362 | 52,916 |
| Expenditure charged to joint operations partner- net | 775,171 | 500,632 |
| Cash calls received from joint operations partner- net | 158,755 | 793,306 |
| Share (various fields) payable as at 31 December | 904,298 | 486,224 |
| Share (various fields) receivable as at 31 December | 1,310,628 | 123,877 |
| PIOL- Associated company-25% share holding of the Company | | |
| Cost of investment | 4,176,250 | - |
| Share of loss in associate | (2,377,646) | - |
| Major shareholders | | |
| Government of Pakistan (74.97% share holding) | | |
| Dividend paid | 9,431,761 | 13,059,361 |
| Dividend paid - Privatization Commission of Pakistan | 1,047,998 | 1,451,074 |
| OGDCL Employees' Empowerment Trust (10.05% share holding) - note 7 | | |
| Dividend payable | 29,845,981 | 26,971,924 |
| Related parties by virtue of GoP holdings and /or common directorship | | |
| Sui Northern Gas Pipelines Limited | | |
| Sale of natural gas | 30,528,962 | 33,107,902 |
| Trade debts as at 31 December | 142,590,249 | 120,559,711 |
| Pakistan State Oil Company Limited | | |
| Sale of liquefied petroleum gas | 814,906 | 399,100 |
| Purchase of petroleum, oil and lubricants | 22,033 | 1,379,992 |
| Payable as at 31 December | 10,000 | 8,200 |
| Advance against sale of LPG as at 31 December | 97,963 | 89,519 |
| Pakistan Petroleum Limited | | |
| Expenditure charged to joint operations partner- net | 1,022,128 | 1,994,305 |
| Cash calls received from joint operations partner- net | 2,814,240 | 1,797,893 |
| Share (various fields) receivable as at 31 December | 2,212,188 | 2,304,319 |
| Share (various fields) payable as at 31 December | 1,324,025 | 2,418,307 |
| Pak Arab Refinery Company Limited | | |
| Sale of crude oil | 14,729,862 | 5,416,675 |
| Trade debts as at 31 December | 6,677,093 | 2,552,706 |
| PARCO Pearl Gas (Private) Limited | | |
| Sale of liquefied petroleum gas | 402,779 | 202,041 |
| Advance against sale of LPG as at 31 December | 34,631 | 21,962 |
| Pakistan Refinery Limited | | |
| Sale of crude oil | 4,292,844 | 1,775,442 |
| Trade debts as at 31 December | 3,714,322 | 1,861,723 |

Notes to the Interim Financial Statements [unaudited]

For Six Months ended 31 December 2021

| RELATED PARTIES TRANSACTIONS - Continued | Six months ended 31 December | |
|---|------------------------------|-------------|
| | 2021 | 2020 |
| | ----- (Rupees '000) ----- | |
| Khyber Pakhtunkhwa Oil & Gas Company | | |
| Expenditure charged to joint operations partner | 83,575 | 52,698 |
| Cash calls received from joint operations partner | 90,367 | 77,710 |
| KPOGCL share (various fields) receivable as at 31 December | 40,236 | 9,988 |
| Sindh Energy Holding Company Limited | | |
| Expenditure charged to joint operations partner | 21,006 | 8,776 |
| SEHCL share (various fields) receivable as at 31 December | 90,356 | 69,350 |
| Sui Southern Gas Company Limited | | |
| Sale of natural gas | 20,785,240 | 23,675,095 |
| Sale of liquefied petroleum gas | 436,235 | 254,157 |
| Pipeline rental charges | 18,330 | 18,330 |
| Trade debts as at 31 December | 161,475,287 | 144,638,109 |
| Advance against sale of LPG as at 31 December | 103,989 | 6,102 |
| Sui Southern Gas Company LPG (Pvt) Limited | | |
| Sale of liquefied petroleum gas | 256,017 | 216,516 |
| Advance against sale of LPG as at 31 December | 39,176 | 20,452 |
| Government Holdings (Private) Limited (GHPL) | | |
| Expenditure charged to joint operations partner- net | 1,956,784 | 1,529,371 |
| Cash calls received from joint operations partner- net | 1,430,254 | 1,565,351 |
| GHPL share (various fields) receivable as at 31 December | 2,932,776 | 1,678,950 |
| GHPL share (various fields) payable as at 31 December | 2,808,966 | 1,450,610 |
| National Investment Trust | | |
| Investment as at 31 December | 315,369 | 315,233 |
| Dividend received | 7,310 | 5,857 |
| National Bank of Pakistan | | |
| Balance at bank as at 31 December | 1,331,607 | 6,998,512 |
| Balance of investment in TDRs as at 31 December | 17,130,614 | 11,532,278 |
| Interest earned | 170,189 | 301,241 |
| Power Holding Limited (PHL) | | |
| Mark-up earned | 3,554,397 | 4,261,349 |
| Balance of investment in TFCs not yet due as at 31 December | 20,500,000 | 41,000,000 |
| Balance of past due principal repayment of TFCs as at 31 December | 61,500,000 | 41,000,000 |
| Balance of mark-up receivable on TFCs not yet due as at 31 December | 2,173,067 | 2,109,602 |
| Balance of past due mark-up receivable on TFCs as at 31 December | 52,096,445 | 45,137,565 |
| National Insurance Company Limited | | |
| Insurance premium paid | 601,246 | 659,823 |
| Payable as at 31 December | 164 | 38,918 |
| National Logistic Cell | | |
| Crude transportation charges paid | 1,081,152 | 1,064,124 |
| Payable as at 31 December | 533,170 | 567,730 |

Notes to the Interim Financial Statements [unaudited]

For Six Months ended 31 December 2021

| RELATED PARTIES TRANSACTIONS - Continued | Six months ended 31 December | |
|---|------------------------------|-----------|
| | 2021 | 2020 |
| | ----- (Rupees '000) ----- | |
| Enar Petrotech Services Limited | | |
| Consultancy services | 21,353 | 13,688 |
| Payable as at 31 December | 1,395 | 2,973 |
| Enar Petroleum Refining Facility | | |
| Sale of crude oil | 12,116,487 | 6,522,611 |
| Trade debts as at 31 December | 3,531,863 | 2,011,726 |
| Other related parties | | |
| Contribution to gratuity fund | 276,418 | 22,337 |
| Remuneration including benefits and perquisites of key management personnel | 328,871 | 360,722 |

25 DISCLOSURE REQUIREMENTS FOR ALL SHARES ISLAMIC INDEX

Following information has been disclosed as required under para 10 of Part-I of the Fourth Schedule to the Companies Act, 2017.

| Description | Explanation | (Rupees '000) |
|---|--|---------------|
| i) Bank balances as at 31 December 2021 | Placed under Shariah permissible arrangement | 17,071 |
| ii) Return on bank deposits for the period ended 31 December 2021 | Placed under Shariah permissible arrangement | 1.22 |
| iii) Relationship with banks having Islamic windows | Meezan Bank Limited & Dubai Islamic Bank | |

Disclosures other than above are not applicable to the Company.

26 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 2021.

27 IMPACT OF COVID-19 ON THE FINANCIAL STATEMENTS

The Company's operations, financial position and results have not been affected by Covid-19 during the period. Management's focus and efforts continued for coping up with the changing scenario at all levels. Based on management's assessment there is no material impact on the carrying values of assets and liabilities as of 31 December 2021. From the very outset of Covid-19, the management has adopted various policies and practices to minimize adverse impact of Covid-19 on the business and is continuously monitoring the situation in order to proactively address any challenges which may arise from Covid-19.

28 NON ADJUSTING EVENT AFTER REPORTING DATE

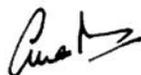
The Board of Directors approved interim cash dividend at the rate of Rs 2.00 per share amounting to Rs 8,602 million in its meeting held on 23 February 2022.

29 GENERAL

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

30 DATE OF AUTHORIZATION FOR ISSUE

These interim financial statements were authorized for issue on 23 February 2022 by the Board of Directors of the Company.


Chief Financial Officer


Chief Executive


Director

زیر جائزہ مدت کے دوران، OGDCL کے مالی نتائج پر زرمبادلہ پر منافع کی وجہ سے مالیات اور دیگر آمدنی میں اضافے سے مثبت اثر پڑا۔ تاہم PIOL میں ادائیگی کے ساتھ ساتھ ایکسپلوریشن اور متوقع اخراجات اور آپریٹنگ اخراجات میں اضافے نے مالیاتی کارکردگی کو جزوی متاثر کیا۔ کمپنی نے بعد از ٹیکس منافع 68.883 بلین روپے (42.225 بلین روپے: 2021-2020H1) درج کیا جو کہ 16.02 روپے فی حصے کی آمدن پر منتج ہوا (9.82 روپے: 2021-2020H1)۔

منافع منقسمہ

بورڈ آف ڈائریکٹرز نے 30 جون 2022 کو ختم ہونے والے سال کے لیے 2.00 روپے فی شیئر (20%) بطورے دوسرے عبوری نقد منافع منقسمہ کا اعلان کیا۔ یہ رواں مالی سال کے دوران پہلے سے اعلان کردہ 1.75 روپے کی شیئر (17.50%) کے پہلے عبوری نقد منافع منقسمہ کے علاوہ ہے۔

اظہار تشکر

OGDCL کا بورڈ آف ڈائریکٹرز تمام اسٹیک ہولڈرز کی طرف سے جاری تعاون کو سراہتا ہے جس نے کمپنی کو اپنے اہداف اور مقاصد کو حاصل کرنے کے لیے مطلوبہ محرک فراہم کیا۔ بورڈ کمپنی کے انسانی وسائل کی کوششوں کو بھی ریکارڈ پر لانے کا خواہش مند ہے جنہوں نے کوویڈ-19 کی وجہ سے درپیش چیلنجز کا بہادری سے سامنا کیا اور آپریشنل اور مالی کارکردگی کو محفوظ اور ذمہ دار انداز میں بڑھانے کے لیے اپنا کردار جاری رکھا۔

بورڈ کی جانب سے



(نظف مسعود)

چیئر مین



(سید خالد سراج سجانی)

منیجنگ ڈائریکٹر سی ای او

23 فروری 2022

جن سے مجموعی طور پر بالترتیب 110,171 بیرل اور MMCF833 خام تیل اور گیس کی مجموعی پیداوار حاصل ہوئی۔ مجموعی طور پر، رپورٹنگ کی مدت کے دوران کمپنی کی پیداوار نے ملک کی کل تیل، قدرتی گیس اور ایل پی جی کی پیداوار میں بالترتیب 48%، 29% اور 38% کا حصہ ڈالا۔

OGDCL نے پچھتے کنوؤں سے پیداوار کو برقرار رکھنے اور قدرتی کمی کو روکنے کے لیے زیر جائزہ مدت کے دوران باون (52) ورک اور سرانجام دیے جن میں نو (9) رگ کے ساتھ اور بیالیس (42) رگ لیس شامل ہیں۔ اس کے علاوہ، موجودہ کنویں کے بہاؤ کے پیرامیٹرز میں بہتری لانے کے لیے پیداواری فیولڈرز، میلہ، پساہی، قادر پور، ماروریتی، نشپا، اوچ اور کنر کے مختلف کنوؤں پر پریشر سروے کا کام بھی مکمل کیا۔

پچھتے پیداواری کنوؤں سے قدرتی کمی کے باوجود، OGDCL نے خام تیل اور ایل پی جی کی پیداوار میں گزشتہ سال کی اسی مدت کے مقابلے میں اضافہ دیکھا۔ کمپنی کی اوسط یومیہ خالص ایل پی جی پیداوار 814 ٹن رہی (778 ٹن: 21-1H2020) جس کی بنیادی وجہ میلہ، نشپا اور TAY-KPD فیولڈرز سے زیادہ پیداوار کا حصول ہے۔ اسی طرح، اوسط یومیہ خالص خام تیل کی پیداوار 36,788 بیرل رہی (36,423 بیرل: 21-1H2020) جو کہ بنیادی طور پر پساہی، کنر، ٹنڈو عالم، میلہ اور منگر یو فیولڈرز سے پیداوار میں اضافے کی وجہ سے ہے۔

OGDCL کی اوسط یومیہ خالص قابل فروخت گیس کی پیداوار MMcf 827 (MMcf 856: 21-1H2020) رہی۔ اس کی بنیادی وجہ کے پی ڈی اور قادر پور فیولڈرز میں قدرتی کمی ہے۔ مزید برآں، قادر پور (5-11 اگست 2021)، میلہ (22-25 اگست 2021)، ناشپا (22-29 اگست 2021)، سنجھورہ (6-15 اکتوبر 2021) اور اوچ (18-29 اکتوبر اور 10-15 ستمبر 2021) پر سالانہ ٹرن آراؤنڈ کی وجہ سے بھی پیداوار میں کمی دیکھی گئی۔ اسی طرح، NJV فیولڈرز سے پیداوار میں کمی بھی گیس کی کمی کا باعث بنی۔

اوسط یومیہ خالص قابل فروخت خام تیل، گیس اور ایل پی جی کی پیداوار بشمول آپریٹڈ اور NJV فیولڈرز سے درج ذیل ہے:

| مصنوعات | پیمائش کی اکائیاں | 1H 2021-22 | 1H 2020-21 |
|-----------|-------------------|------------|------------|
| خام تیل | یومیہ بیرل | 36,788 | 36,423 |
| گیس | یومیہ MMcf | 827 | 856 |
| ایل پی جی | یومیہ ٹن | 814 | 778 |

مالیاتی نتائج

OGDCL نے 31 دسمبر 2021 کو ختم ہونے والی ششماہی کے دوران 151.163 بلین روپے (110.980 بلین روپے: 21-1H2020) کا بہتر سیکلر ریونیورم کیا۔ زیادہ سیکلر بنیادی طور پر اوسط حاصل شدہ قیمت 63.23 امریکی ڈالر فی بیرل (38.81 امریکی ڈالر فی بیرل: 21-1H2020) کی وجہ سے ریکارڈ کی گئی۔ مزید برآں، گیس اور کی اوسط حاصل شدہ قیمت میں اضافہ ہوا جو کہ بالترتیب 404.23/Mcf روپے (377.93/Mcf روپے: 21-1H2020) اور 113,962 روپے فی ٹن (62,826 روپے فی ٹن: 21-1H2020) رہی۔ اس کے علاوہ شرح مبادلہ میں اضافہ جو کہ 169.98 روپے فی ڈالر (164.22 روپے فی ڈالر: 21-1H2020) رہا اس کے ساتھ ساتھ خام تیل اور LPG کی پیداوار میں اضافے نے کاروباری نتائج کو تقویت بخشی۔

ترقیاتی منصوبہ جات

| پروجیکٹ کا نام | پروجیکٹ کا مقام | مالکان کا عملی مفاد | تکمیل کی تاریخ | موجودہ صورتحال |
|-----------------|--------------------|---|----------------|--|
| قادر پور کپریشن | گھونکی، سندھ | OGDCL 75.00% PPL 7.00% KUFPEC 8.5% AHEL 4.75% PKPEL 4.75% | فروری 2022 | پہلا کپریسر کی تنصیب مکمل ہو چکی ہے اور کپریسر نے کام شروع کر دیا ہے۔ |
| ماروریٹی کپریشن | گھونکی، سندھ | OGDCL 57.76% GHPL 22.50% SEPL 10.66% IPRTOC 9.08% | اگست 2022 | کپریسر پروجیکٹ سائٹ پر پہنچا دیا گیا ہے، جبکہ تنصیب کے لئے پی سی کنٹریکٹس کی تقرری کے لئے کام جاری ہے۔ |
| دارو-منگرو | حیدرآباد، سندھ | OGDCL 77.50% GHPL 22.50% | نومبر 2022 | پلانٹ کی تنصیب کے لئے کنٹریکٹس کی تقرری کے لئے ٹینڈر جلد جاری کر دیا جائے گا۔ |
| دھنی کپریشن | انک، پنجاب | OGDCL 100% | جون 2023 | EPCC کنٹریکٹس کی تقرری کے لئے تکنیکی بڈز موصول ہو چکی ہیں اور ان کی جانچ کا عمل جاری ہے۔ |
| KPD-TAY کپریشن | حیدرآباد، سندھ | KPD: OGDCL 100% TAY: OGDCL 77.50% GHPL 22.50% | ستمبر 2023 | Conceptual سٹڈی اور فرنٹ اینڈ انجینئرنگ ڈیزائن ورک مکمل ہو چکا ہے اور اخبار میں ٹینڈر دینے کا کام جاری ہے۔ |
| اوچ کپریشن | ڈیرہ گٹی، بلوچستان | OGDCL 100% | دسمبر 2023 | EPCC کنٹریکٹس کی تقرری کے لئے ٹینڈر اخبار میں دیا جا چکا ہے۔ |

دریافتیں

OGDCL کی ذخائر کی تلاش کرنے کی کوششوں سے چار (4) تیل اور گیس کی دریافتیں ہوئیں، جن سے 39 MMcf گیس اور 2,850 بیرل تیل کی مجموعی یومیہ پیداواری صلاحیت متوقع ہے۔ مذکورہ بالا دریافتوں میں صوبہ کے پی کے ضلع ایف آر کی میں والی-1 (کاواگڑھ)، والی-1 (ہنگو) اور والی-1 (لاک ہارٹ) اور ضلع کوہلو صوبہ بلوچستان میں جندران ویسٹ-1 شامل ہیں۔ ابتدائی مجموعی ذخائر کا تخمینہ 236 بلین کیوبک فٹ گیس اور 13 ملین بیرل تیل ہے، جو کہ 58 ملین بیرل تیل کے مساوی ہے۔

پیداوار

تیل اور گیس کی پیداوار کو بڑھانے کے لیے اپنی پیداواری حکمت عملی کے مطابق OGDCL نے زیر جائزہ مدت کے دوران پیداواری نظام میں سات (7) آپریٹنگ کنوس شامل کیے۔ ان کنوسوں میں ٹنڈو عالم-21، سیال-1، پسا کھی-12، منگرو-2، توغ بالا-2، کنڈن واری-1 اور پانڈھی-1 شامل ہیں

ڈائریکٹر کا عبوری جائزہ

آئل اینڈ گیس ڈویلپمنٹ کمپنی لمیٹڈ (OGDCL) کے بورڈ آف ڈائریکٹرز 31 دسمبر 2021 کو مکمل ہونے والی ششماہی میں کمپنی کی آپریشنل اور مالیاتی کارکردگی اور عبوری مالیاتی معلومات کا مختصر جائزہ پیش کرتے ہوئے مسرت کا اظہار کرتا ہے۔

زیر جائزہ مدت کے دوران، اوٹیکرون کے پھیلاؤ کے باوجود عالمی سطح پر خام تیل کی طلب اور قیمتوں میں بہتری دیکھی گئی۔ خام تیل کی اوسط باسکٹ قیمت زیر جائزہ مدت کے دوران 175.22 امریکی ڈالر فی بیرل رہی (43.29 امریکی ڈالر فی بیرل 2020-21)۔ خام تیل اور LPG کی زیادہ پیداوار اور خام تیل کی قیمت کے سازگار ماحول نے OGDCL کے بالائی اور زیریں لائن کے مالی نتائج میں پچھلے عرصے کے مقابلے میں بالترتیب 36% اور 63% کا اضافہ ممکن بنایا۔ مزید برآں، کمپنی نے اپنی تلاش و پیداواری سرگرمیوں کو جاری رکھا مگر وباؤ سے بچاؤ کے حفاظتی اقدامات پر عمل درآمد کیا تاکہ اسکی افرادی قوت اور کاروباری اثاثے محفوظ رہ سکیں۔

تیل اور گیس کی تلاش اور ترقیاتی سرگرمیاں

31 دسمبر 2021 کو OGDCL کا تلاش کا رقبہ 91,795 مربع کلومیٹر تھا جو کہ ملک کے کل زیر تلاش رقبے کا 41 فیصد ہے (ماخذ: PPIS)۔ کمپنی کا موجودہ ایکسپلوریشن پورٹ فولیو پچاس (50) گل ملکیتی اور مشترکہ لائسنس پر مشتمل ہے۔ مزید برآں، کمپنی دیگر E&P کمپنیوں کے زیر انتظام تلاش کے نو (9) ایکسپلوریشن بلاکس میں بھی عملی مفادات رکھتی ہے۔

تیل اور گیس کے ذخائر کو دریافت کرنے کے لئے، OGDCL نے زیر جائزہ مدت کے دوران 652 لائن کلومیٹر 2D سیمک ڈیٹا حاصل کیا جبکہ پچھلے سال اسی دورانیے میں 1,715 لائن کلومیٹر 2D اور 156 مربع کلومیٹر 3D سیمک ڈیٹا حاصل کیا گیا۔ حاصل شدہ 2D سیمک ڈیٹا ملک میں کل 2D حاصل کردہ سیمک ڈیٹا کا 59 فیصد ہے (ماخذ: PPIS)۔ مزید برآں، کمپنی نے 1896 لائن کلومیٹر 2D سیمک ڈیٹا اور 905 مربع کلومیٹر 3D سیمک ڈیٹا کو اپنے ذرائع سے پراسس آری پرائیس کیا۔ ڈرلنگ کے محاذ پر، OGDCL نے چھ (6) کنوؤں کی کھدائی کی (9 کنوؤں 2020-21) جن میں چار (4) تخصیصی کنوؤں (باگو پھولفوٹو، 1، بیٹو، 1، کلی مالک، 1 اور کلیئریشم) اور دو (2) ترقیاتی کنوؤں (حکیم داہو، 3 اور قادر پور، 63) شامل ہیں۔ مزید برآں، کمپنی نے گذشتہ مالی سال سے جاری نو (9) کنوؤں کی ڈرلنگ اور ٹیسٹنگ بھی مکمل کی۔ چھ ماہ کے دوران 23,913 میٹر (33,644 میٹر 2020-21) کی کھدائی ریکارڈ کی گئی۔



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