

OIL AND GAS DEVELOPMENT COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION [UNAUDITED]
AS AT 31 MARCH 2022

Annexure II
Ref: CS04 (PSX/LSE/SECP)
dated: April 28, 2022

	Unaudited 31 March 2022	Audited 30 June 2021
Note -----(Rupees '000)-----		
SHARE CAPITAL AND RESERVES		
Share capital	43,009,284	43,009,284
Reserves	4 19,911,500	18,824,000
Unappropriated profit	796,187,415	707,810,761
	<u>859,108,199</u>	<u>769,644,045</u>
NON CURRENT LIABILITIES		
Deferred taxation	29,414,380	27,667,937
Deferred employee benefits	28,160,991	28,010,167
Provision for decommissioning cost	5 30,696,917	28,992,057
	88,272,288	84,670,161
CURRENT LIABILITIES		
Trade and other payables	6 87,646,313	72,357,460
Unpaid dividend	7 31,094,010	29,112,645
Unclaimed dividend	207,805	209,503
	<u>118,948,128</u>	<u>101,679,608</u>
TOTAL LIABILITIES	<u>207,220,416</u>	<u>186,349,769</u>
	<u>1,066,328,615</u>	<u>955,993,814</u>

CONTINGENCIES AND COMMITMENTS

8

The annexed notes 1 to 31 form an integral part of these interim financial statements.

NON CURRENT ASSETS

	Unaudited 31 March 2022	Audited 30 June 2021
Note -----(Rupees '000)-----		
Property, plant and equipment	9 91,284,098	95,745,594
Development and production assets	10 105,026,630	100,415,134
Exploration and evaluation assets	11 16,311,829	16,732,676
	212,622,557	212,893,404
Long term investments	12 39,915,064	45,525,871
Long term loans	10,104,828	8,783,849
Long term prepayments	921,615	861,430
Lease receivables	13 36,763,920	37,259,605
	<u>300,327,984</u>	<u>305,324,159</u>

CURRENT ASSETS

Stores, spare parts and loose tools	19,854,219	19,169,273
Stock in trade	518,708	404,339
Trade debts	14 441,773,168	358,821,853
Loans and advances	15 16,037,234	15,916,922
Deposits and short term prepayments	16 36,002,835	1,262,865
Other receivables	767,732	822,149
Income tax - advance	17 38,851,374	45,751,659
Current portion of long term investments	138,184,134	122,465,116
Current portion of lease receivables	13 28,642,721	22,253,115
Other financial assets	18 35,347,431	56,358,320
Cash and bank balances	10,021,075	7,444,044
	<u>766,000,631</u>	<u>650,669,655</u>
	<u>1,066,328,615</u>	<u>955,993,814</u>

Chief Financial Officer

Chief Executive

Director

OIL AND GAS DEVELOPMENT COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME [UNAUDITED]
FOR NINE MONTHS ENDED 31 MARCH 2022

	Three months ended		Nine months ended	
	31 March		31 March	
	2022	2021	2022	2021
	----- (Rupees '000) -----			
Profit for the period	43,161,237	24,120,756	112,044,029	66,346,125
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	43,161,237	24,120,756	112,044,029	66,346,125

The annexed notes 1 to 31 form an integral part of these interim financial statements.

Chief Financial Officer

Chief Executive

Director

OIL AND GAS DEVELOPMENT COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY [UNAUDITED]
FOR NINE MONTHS ENDED 31 MARCH 2022

Share capital	Reserves					Unappropriated profit	Total equity	
	Capital reserves				Other reserves			
	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			
(Rupees '000)								
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								
Profit for the period	-	-	-	-	-	-	66,346,125	66,346,125
Other comprehensive income for the period	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-	66,346,125	66,346,125
Transfer to self insurance reserve	-	-	1,087,846	-	-	-	(1,087,846)	-
Charge to self insurance reserve	-	-	(346)	-	-	-	346	-
Transfer from undistributed percentage return reserve by an associated company	-	-	-	-	-	(91,139)	91,139	-
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)
Second interim dividend 2021: Rs 1.60 per share	-	-	-	-	-	-	(6,881,485)	(6,881,485)
Total distributions to owners of the Company	-	-	-	-	-	-	(26,235,663)	(26,235,663)
Balance as at 31 March 2021	<u>43,009,284</u>	<u>836,000</u>	<u>14,587,500</u>	<u>2,118,000</u>	<u>720,000</u>	<u>4,441</u>	<u>689,399,213</u>	<u>750,674,438</u>
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								
Profit for the period	-	-	-	-	-	-	112,044,029	112,044,029
Other comprehensive income for the period	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-	112,044,029	112,044,029
Transfer to self insurance reserve	-	-	1,088,672	-	-	-	(1,088,672)	-
Charge to self insurance reserve	-	-	(1,172)	-	-	-	1,172	-
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)
Second interim dividend 2022: Rs 2.00 per share	-	-	-	-	-	-	(8,601,857)	(8,601,857)
Total distributions to owners of the Company	-	-	-	-	-	-	(22,579,875)	(22,579,875)
Balance as at 31 March 2022	<u>43,009,284</u>	<u>836,000</u>	<u>16,037,500</u>	<u>2,118,000</u>	<u>920,000</u>	<u>-</u>	<u>796,187,415</u>	<u>859,108,199</u>

The annexed notes 1 to 31 form an integral part of these interim financial statements.

OIL AND GAS DEVELOPMENT COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS [UNAUDITED]
FOR NINE MONTHS ENDED 31 MARCH 2022

	Nine months ended	
	31 March	
	2022	2021
Note	------(Rupees '000)-----	
Cash flows from operating activities		
Profit before taxation	169,950,576	96,892,349
Adjustments for:		
Depreciation	7,218,544	7,435,831
Amortization of development and production assets	10,630,810	10,806,586
Royalty	27,092,158	20,173,581
Workers' profit participation fund	8,944,767	5,099,597
Provision for employee benefits	3,889,592	3,513,098
Charge of provision for decommissioning cost	446,880	-
Unwinding of discount on provision for decommissioning cost	1,730,472	1,676,177
Interest income on investments and bank deposits	(7,870,048)	(8,411,924)
Interest income on lease	(5,232,658)	(5,838,040)
Un-realized loss/ (gain) on investments at fair value through profit or loss	28,649	(66,515)
Exchange (gain)/ loss on lease	(5,103,880)	1,762,934
Exchange (gain)/ loss on foreign currency investment and deposit accounts	(10,877,450)	5,679,447
Dividend income from NIT units	(7,310)	(5,857)
Gain on disposal of property, plant and equipment	(2,429)	(13,931)
Share of profit in associate	(3,037,881)	(4,671,248)
Stores inventory written off	99,780	-
	<u>197,900,572</u>	<u>134,032,085</u>
Changes in:		
Stores, spare parts and loose tools	(784,726)	(2,025,588)
Stock in trade	(114,369)	71,964
Trade debts	(82,951,315)	(40,429,748)
Deposits and short term prepayments	(277,470)	(646,579)
Advances and other receivables	(1,386,874)	(777,331)
Trade and other payables	1,391,985	(4,515,226)
Cash generated from operations	<u>113,777,803</u>	<u>85,709,577</u>
Royalty paid	(17,495,163)	(11,153,427)
Employee benefits paid	(3,246,696)	(2,452,174)
Long term prepayments	(60,185)	(73,230)
Decommissioning cost paid	(816,078)	(227,719)
Payment to workers' profit participation fund-net	(6,788,755)	(9,240,212)
Income taxes paid	(49,259,819)	(41,771,455)
	<u>(77,666,696)</u>	<u>(64,918,217)</u>
Net cash generated from operating activities	36,111,107	20,791,360
Cash flows from investing activities		
Capital expenditure	(15,594,583)	(15,200,561)
Interest received	4,435,153	5,018,536
Lease payments received	1,358,663	1,604,637
Dividends received	3,632,078	58,773
Encashment of investments	-	1,833,441
Deposit against Reko Diq project	(34,462,500)	-
Investment in associated company	(4,176,250)	(4,142,703)
Proceeds from disposal of property, plant and equipment	13,881	28,920
Net cash used in investing activities	(44,793,558)	(10,798,957)
Cash flows from financing activities		
Dividends paid	(20,600,208)	(17,774,810)
Net cash used in financing activities	(20,600,208)	(17,774,810)
Net decrease in cash and cash equivalents	(29,282,659)	(7,782,407)
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	10,877,450	(5,679,447)
Cash and cash equivalents at end of the period	<u>45,055,135</u>	<u>50,786,437</u>

23

The annexed notes 1 to 31 form an integral part of these interim financial statements.

Chief Financial Officer

Chief Executive

Directo

OIL AND GAS DEVELOPMENT COMPANY LIMITED
NOTES TO THE INTERIM FINANCIAL STATEMENTS [UNAUDITED]
FOR NINE MONTHS ENDED 31 MARCH 2022

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 (IGDS = 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 nine months period ended 31 March 2021.

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.

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.

OIL AND GAS DEVELOPMENT COMPANY LIMITED
NOTES TO THE INTERIM FINANCIAL STATEMENTS [UNAUDITED]
FOR NINE MONTHS ENDED 31 MARCH 2022

		Unaudited 31 March 2022	Audited 30 June 2021
	Note	------(Rupees '000)-----	
4 RESERVES			
Capital reserves:			
Capital reserve	4.1	836,000	836,000
Self insurance reserve	4.2	16,037,500	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>19,911,500</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 March 2022	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		790,466	528,908
Decommissioning cost incurred during the period/ year		(816,078)	(129,266)
		<u>28,966,445</u>	<u>28,054,135</u>
Revision due to change in estimates		-	(1,261,545)
Unwinding of discount on provision for decommissioning cost		1,730,472	2,199,467
Balance at end of the period/ year		<u>30,696,917</u>	<u>28,992,057</u>
6 TRADE AND OTHER PAYABLES			
Creditors		854,178	1,157,086
Accrued liabilities		11,116,683	13,358,536
Payable to partners of joint operations		9,436,270	7,515,704
Retention money payable		6,603,162	5,725,852
Royalty payable to the Government of Pakistan		25,946,023	16,349,028
Excise duty payable		195,404	195,272
General sales tax payable		826,090	1,307,195
Petroleum levy payable		162,796	124,915
Withholding tax payable		482,452	654,860
Trade deposits		159,164	159,164
Workers' profit participation fund - net		8,944,767	6,788,755
Employees' pension trust		11,452,473	9,146,862
Gratuity fund		18,786	180,536
Provident fund		-	69,775
Advances from customers- unsecured		5,458,178	3,838,475
Other payables		5,989,887	5,785,445
		<u>87,646,313</u>	<u>72,357,460</u>

OIL AND GAS DEVELOPMENT COMPANY LIMITED
NOTES TO THE INTERIM FINANCIAL STATEMENTS [UNAUDITED]
FOR NINE MONTHS ENDED 31 MARCH 2022

- 6.1** GIDC amounting to Rs 2,596 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 30,710 million (30 June 2021: Rs 28,441 million) payable to OGDCL Employees' Empowerment Trust (OEET). 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 Honourable Supreme Court of Pakistan, hence status quo may be maintained till final decision of Honourable 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 OEET 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, OEET 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. OEET submitted its response vide letter no. OEET-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.

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. During the period, 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 period 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 i.e. 13 March 2018 and has disputed and withheld amounts invoiced to it for supplies prior to the date of signing of the sales agreement 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.

OIL AND GAS DEVELOPMENT COMPANY LIMITED
NOTES TO THE INTERIM FINANCIAL STATEMENTS [UNAUDITED]
FOR NINE MONTHS ENDED 31 MARCH 2022

- 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 1,732 million (30 June 2021: Rs 1,276 million). Management believes that the matter will be decided in favour of the Company. Also refer note 20.
- 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 17.1 to 17.4, note 21.1 and 21.2.
- 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 19.3.
- 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 1,231 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.

8.2 Commitments

- 8.2.1** Commitments outstanding at the period end amounted to Rs 48,912 million (30 June 2021: Rs 41,973 million). These include amounts aggregating to Rs 31,143 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 3,277 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 are Rs 6,298 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 38,616 million which includes OGDCL's share of Rs 9,654 million.

	Note	Unaudited 31 March 2022	Audited 30 June 2021
		----- (Rupees '000) -----	
9	PROPERTY, PLANT AND EQUIPMENT		
	Carrying amount at beginning of the period /year	95,745,594	100,740,773
	Additions during the period /year	3,470,851	6,776,718
	Book value of disposals	(11,452)	(20,054)
	Depreciation charge for the period /year	(7,920,895)	(10,967,553)
	Revision in estimate of decommissioning cost during the period /year	-	(784,290)
	Carrying amount at end of the period /year	<u>91,284,098</u>	<u>95,745,594</u>
9.1	Additions during the period /year		
	Buildings, offices and roads on freehold land	217,356	33,804
	Buildings, offices and roads on leasehold land	503,333	760,205
	Plant and machinery	2,395,750	5,886,772
	Rigs	21,232	106,420
	Pipelines	998,766	669,025
	Office and domestic equipment	213,893	82,188
	Office and technical data computers	197,041	293,467
	Furniture and fixture	2,780	5,957
	Vehicles	42,785	136,324
	Decommissioning cost	-	42,938
	Capital work in progress (net)	(523,679)	(1,415,590)
	Stores held for capital expenditure (net)	(598,406)	175,208
		<u>3,470,851</u>	<u>6,776,718</u>

OIL AND GAS DEVELOPMENT COMPANY LIMITED
NOTES TO THE INTERIM FINANCIAL STATEMENTS [UNAUDITED]
FOR NINE MONTHS ENDED 31 MARCH 2022

		Unaudited 31 March 2022	Audited 30 June 2021
	Note	------(Rupees '000)-----	
9.2 Property, plant and equipment comprises:			
Operating fixed assets		83,001,345	86,341,012
Capital work in progress		1,640,704	2,164,383
Stores held for capital expenditure		6,642,049	7,240,199
		<u>91,284,098</u>	<u>95,745,594</u>
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		6,610,210	6,086,645
Transferred from exploration and evaluation assets during the period/ year		7,522,761	9,355,806
Stores held for development and production activities (net)		1,109,335	846,182
Amortization charge for the period /year		(10,630,810)	(17,864,645)
Revision in estimates of decommissioning cost during the period /year		-	542,136
Carrying amount at end of the period /year		<u>105,026,630</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		11,327,350	18,524,889
		<u>27,823,112</u>	<u>34,224,231</u>
Cost of dry and abandoned wells during the period/ year		(4,909,040)	(8,372,663)
Cost of wells transferred to development and production assets during the period/ year		(7,522,761)	(9,355,806)
		<u>(12,431,801)</u>	<u>(17,728,469)</u>
		15,391,311	16,495,762
Stores held for exploration and evaluation activities		920,518	236,914
Balance at end of the period/ year		<u>16,311,829</u>	<u>16,732,676</u>
12 LONG TERM INVESTMENTS			
Investment in related party - associate, quoted			
Mari Petroleum Company Limited (MPCL)	12.1	24,993,490	23,126,401
Investment in related party - associate, unquoted			
Pakistan International Oil Limited (PIOL)	12.2	1,722,273	-
Investment at amortised cost			
Term Deposit Receipts (TDRs)	12.3	13,199,301	12,149,470
Investment in Term Finance Certificates (TFCs)	12.4	138,184,134	132,715,116
		151,383,435	144,864,586
Less: Current portion shown under current assets		(138,184,134)	(122,465,116)
		<u>13,199,301</u>	<u>22,399,470</u>
		<u>39,915,064</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 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 there off on an annual basis, subject to a maximum of 45% per annum.

OIL AND GAS DEVELOPMENT COMPANY LIMITED
NOTES TO THE INTERIM FINANCIAL STATEMENTS [UNAUDITED]
FOR NINE MONTHS ENDED 31 MARCH 2022

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 2,454 million and the loss mainly represents 3D seismic cost incurred by the associate.

12.3 This represents investments in local currency TDRs and includes interest amounting to Rs 3,199 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 71,750 million (30 June 2021: Rs 51,250 million) was past due as at 31 March 2022. Further, interest due as of 31 March 2022 was Rs 56,184 million (30 June 2021: Rs 50,715 million) of which Rs 55,577 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.

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	Audited
		31 March	30 June
		2022	2021
	Note	------(Rupees '000)-----	
Net investment in lease		65,406,641	59,512,720
Less: Current portion of net investment in lease	13.1	(28,642,721)	(22,253,115)
		<u>36,763,920</u>	<u>37,259,605</u>

OIL AND GAS DEVELOPMENT COMPANY LIMITED
NOTES TO THE INTERIM FINANCIAL STATEMENTS [UNAUDITED]
FOR NINE MONTHS ENDED 31 MARCH 2022

13.1 Current portion of net investment in lease includes amounts billed to customers of Rs 21,758 million (30 June 2021: Rs 16,779 million) out of which Rs 20,151 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 12,884 million till 31 March 2022 (30 June 2021: Rs 8,463 million) of which Rs 4,421 million (31 March 2021: Rs: 1,760 million) has been recorded in revenue for the period.

	Unaudited 31 March 2022	Audited 30 June 2021
	------(Rupees '000)-----	
14 TRADE DEBTS		
Un-secured, considered good	441,773,168	358,821,853
Un-secured, considered doubtful	101,113	101,113
	<u>441,874,281</u>	<u>358,922,966</u>
Provision for doubtful debts	(101,113)	(101,113)
	<u><u>441,773,168</u></u>	<u><u>358,821,853</u></u>

14.1 Trade debts include overdue amount of Rs 384,120 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 163,583 million (30 June 2021: Rs 141,486 million) and Rs 142,421 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.

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.

OIL AND GAS DEVELOPMENT COMPANY LIMITED
NOTES TO THE INTERIM FINANCIAL STATEMENTS [UNAUDITED]
FOR NINE MONTHS ENDED 31 MARCH 2022

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 March 2022	Audited 30 June 2021
	Note	------(Rupees '000)-----	
16 DEPOSITS AND SHORT TERM PREPAYMENTS			
Security deposits		28,837	30,062
Deposit against Reko Diq project	16.1	34,462,500	-
Short term prepayments		1,511,498	1,232,803
		<u>36,002,835</u>	<u>1,262,865</u>

16.1 On March 17, 2022 the Government of Pakistan (GoP), through the Federal Cabinet, ratified the decision of the Economic Coordination Committee (the Decision) which approved inter alia issuance of directions to the Company, Pakistan Petroleum Limited (PPL) and Government Holdings (Private) Limited (GHPL) (collectively the SOEs) to participate in reconstitution of a joint mining project at Reko Diq (the Project). As part of the settlement arrangement, Barrick Gold Corporation (Barrick) will be retaining 50% shareholding in Tethyan Copper Company Pakistan (Pvt.) Limited (TCCP) along with operatorship, whereas the other shareholder, Antofagasta PLC will exit TCCP upon receipt of USD 900 million and subject to other conditions precedent. Pursuant to the Decision, each SOE was also directed to pay USD 187.5 million (collectively USD 562.5 million) into an escrow account maintained by the Hongkong Shanghai Banking Corporation, and jointly operated by the GoP and Antofagasta as entry fee which would be utilized towards acquisition of 8.33% interest of each SOE in TCCP. The entry fee attributable to the Government of Balochistan (GoB) would be funded by the GoP amounting to USD 337.5 million.

On the basis of the Decision, the Board of Directors of the Company resolved to enter into a non-binding framework agreement with the GoP, the GoB, PPL, GHPL and Barrick, which sets out, inter alia, the ownership/transaction structure, rights, obligations and common objectives of the parties towards facilitating the implementation of the Project (Framework Agreement). In terms of the Framework Agreement, several conditions are required to be satisfied before binding arrangements are effective including receipt of administrative and regulatory approvals, execution of definitive agreements, deposit of USD 900 million in a designated escrow account, stabilization of the fiscal regime and legislative and judicial validation amongst others. If the conditions are not satisfied by 30 June 2022, interest at the rate of US Prime plus 2% (Interest Amount) would be payable to Antofagasta. If the conditions are not satisfied latest by 15 December 2022, the terms of settlement/ resolution will be cancelled and terminated and the entry fee along with the Interest Amount will be refunded to the respective SOEs/GoP to their USD bank accounts. Only upon satisfaction of the stated conditions in the Framework Agreement, the entry fee along with the Interest Amount, if any, will be released to Antofagasta against acquisition of corresponding equity interest by the SOEs and GoB, thereby settling the historical disputes relating to Reko Diq project.

Subsequent to the Decision and based on written advice from the Finance Division dated 29 March 2022 and approval of the Board of Directors, the Company has deposited its corresponding share of the entry fee amounting to USD 187.5 million (Rs 34,106 million) in an escrow account maintained by the Hongkong Shanghai Banking Corporation, and jointly operated by the GoP and Antofagasta. Further, the Company has agreed to fund its corresponding share of the Interest Amount as and when accrued and payable. Contribution of USD 187.5 million made by the Company, on behalf of the GoP, for the settlement of the Reko Diq dispute represents a deposit with the GoP until final payment is made to Antofagasta and ultimately shares are acquired by SOEs.

OIL AND GAS DEVELOPMENT COMPANY LIMITED
NOTES TO THE INTERIM FINANCIAL STATEMENTS [UNAUDITED]
FOR NINE MONTHS ENDED 31 MARCH 2022

		Unaudited 31 March 2022	Audited 30 June 2021
	Note	------(Rupees '000)-----	
17 INCOME TAX - ADVANCE			
Income tax- advance at beginning of the period/ year		45,751,659	37,118,984
Income tax paid during the period/ year		49,259,819	54,879,431
Provision for current taxation - profit or loss	21	(56,160,104)	(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	17.1 to 17.4	<u>38,851,374</u>	<u>45,751,659</u>

17.1 This includes amount of Rs 30,862 million (30 June 2021: Rs 29,727 million) paid to tax authorities on account of disallowance of actuarial loss amounting to Rs 60,974 million (30 June 2021: Rs 58,744 million) which the Company claimed in its return for the tax years 2014 to 2018, 2020 and 2021. 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 and 2021 on 19 April 2021 and 15 April 2022 respectively, 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.

17.2 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.

17.3 Income tax advance includes Rs 6,127 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 and WPPF, dry (suspended) well, post retirement medical benefits for the tax year 2021. 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 for tax year 2015. The Company has also filed an appeal against the order of ACIR with the CIRA for tax year 2021 on 15 April 2022 which is currently pending. 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.

17.4 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 March 2022	Audited 30 June 2021
	Note	------(Rupees '000)-----	
18 OTHER FINANCIAL ASSETS			
Investment in Term Deposit Receipt (TDRs) - at amortised cost	18.1	35,034,060	56,016,300
Investment at fair value through profit or loss - NIT units		313,371	342,020
		<u>35,347,431</u>	<u>56,358,320</u>

18.1 This represents foreign currency TDRs amounting to USD 190.025 million (30 June 2021: USD 356.149 million), and accrued interest amounting to USD 1.104 million (30 June 2021: USD 0.453 million), carrying interest rate ranging from 1.31% to 3.75% (30 June 2021: 0.60% to 1.55%) per annum, having maturities up to six months (30 June 2021: six months).

OIL AND GAS DEVELOPMENT COMPANY LIMITED
NOTES TO THE INTERIM FINANCIAL STATEMENTS [UNAUDITED]
FOR NINE MONTHS ENDED 31 MARCH 2022

	Three months ended		Nine months ended	
	31 March		31 March	
	2022	2021	2022	2021
------(Rupees '000)-----				
19 SALES - NET				
Gross sales				
Crude oil	46,121,292	28,153,939	130,861,868	70,355,041
Gas	41,282,934	38,138,564	116,125,220	110,693,812
Liquefied petroleum gas	12,240,385	7,254,465	32,820,451	18,506,268
Sulphur	-	-	345,604	337,264
Gas processing	-	27,167	8,119	88,576
	<u>99,644,611</u>	<u>73,574,135</u>	<u>280,161,262</u>	<u>199,980,961</u>
Government levies				
General sales tax	(9,583,375)	(7,162,723)	(37,029,402)	(20,619,163)
Petroleum levy	(359,256)	(352,922)	(1,051,042)	(1,017,338)
Excise duty	(597,926)	(656,593)	(1,813,507)	(1,962,723)
	<u>(10,540,557)</u>	<u>(8,172,238)</u>	<u>(39,893,951)</u>	<u>(23,599,224)</u>
	<u>89,104,054</u>	<u>65,401,897</u>	<u>240,267,311</u>	<u>176,381,737</u>

19.1 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.

19.2 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.

19.3 In respect of six of its operated concessions, namely, Gurgalot, Sinjhor, 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. 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.

OIL AND GAS DEVELOPMENT COMPANY LIMITED
NOTES TO THE INTERIM FINANCIAL STATEMENTS [UNAUDITED]
FOR NINE MONTHS ENDED 31 MARCH 2022

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 20,902 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		Nine months ended	
	31 March		31 March	
	2022	2021	2022	2021
20 FINANCE AND OTHER INCOME	Note -----(Rupees '000)-----			
Interest income on:				
Investments and bank deposits	2,896,072	2,210,050	7,870,048	8,411,924
Finance income - lease	1,801,937	1,854,415	5,232,658	5,838,040
Dividend income from NIT units	-	-	7,310	5,857
Un-realized gain on investments at fair value through profit or loss	(1,997)	6,538	(28,649)	66,515
Exchange gain/ (loss) -net	3,461,917	(2,852,506)	15,420,008	(7,105,524)
Signature bonus/ contract renewal fee	20.1 209,351	113,750	456,011	267,370
Liquidated damages/ penalty (reversal)/ imposed on suppliers	(373,104)	37,428	(238,187)	282,435
Others	356,334	257,810	868,239	458,285
	<u>8,350,510</u>	<u>1,627,485</u>	<u>29,587,438</u>	<u>8,224,902</u>

20.1 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		Nine months ended	
	31 March		31 March	
	2022	2021	2022	2021
21 TAXATION	----- (Rupees '000) -----			
Current- charge for the period	21,015,676	12,031,612	56,160,104	34,902,509
Deferred- charge/ (credit) for the period	601,922	(1,329,097)	1,746,443	(4,356,285)
	<u>21,617,598</u>	<u>10,702,515</u>	<u>57,906,547</u>	<u>30,546,224</u>

21.1 Various appeals in respect of assessment years 1992-93 to 2002-03, tax years 2003 to 2021 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 2021 amounts to Rs 148,663 million out of which an amount of Rs 145,322 million has been paid to tax authorities and has also been provided for in these interim financial statements. Also refer to note 17.1 to 17.4 of these interim financial statements.

21.2 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.

	Three months ended		Nine months ended	
	31 March		31 March	
	2022	2021	2022	2021
22 EARNINGS PER SHARE - BASIC AND DILUTED				
Profit for the period (Rupees '000)	43,161,237	24,120,756	112,044,029	66,346,125
Average number of shares outstanding during the period ('000)	4,300,928	4,300,928	4,300,928	4,300,928
Earnings per share - basic (Rupees)	<u>10.03</u>	<u>5.61</u>	<u>26.05</u>	<u>15.43</u>

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

OIL AND GAS DEVELOPMENT COMPANY LIMITED
NOTES TO THE INTERIM FINANCIAL STATEMENTS [UNAUDITED]
FOR NINE MONTHS ENDED 31 MARCH 2022

	Nine months ended 31 March	
	2022	2021
	------(Rupees '000)-----	
23 CASH AND CASH EQUIVALENTS		
Cash and bank balances	10,021,075	43,000,033
Short term highly liquid investments		
Investment in Term Deposit Receipts	35,034,060	7,786,404
	<u>45,055,135</u>	<u>50,786,437</u>

24 FAIR VALUE HIERARCHY

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3
	------(Rupees '000)-----		
31 March 2022			
Financial assets measured at fair value			
Other financial assets - NIT units	313,371	-	-
30 June 2021			
Financial assets measured at fair value			
Other financial assets - NIT units	342,020	-	-

25 RELATED PARTIES TRANSACTIONS

Government of Pakistan owns 74.97% (30 June 2021: 74.97%) shares of the Company. Therefore, all entities owned and controlled by the Government of Pakistan are related parties of the Company. Other related parties comprise associated company, major shareholders, directors, companies with common directorship, key management personnel, OGDCL employees empowerment trust, employees pension trust and gratuity fund. The Company in normal course of business pays for airfare, electricity, telephone, gas, yield analysis required under Petroleum Concession Agreements and make regulatory payments to entities controlled by GoP which are not material, hence not disclosed in these interim financial statements. Transactions with related parties other than disclosed below are disclosed in relevant notes to these interim financial statements. Transactions of the Company with related parties and balances outstanding at period end are as follows:

	Nine months ended 31 March	
	2022	2021
	------(Rupees '000)-----	
MPCL- Associated company-20% share holding of the Company and common directorship		
Share of profit in associate - net of taxation	5,491,858	4,671,248
Dividend received	3,624,768	52,916
Expenditure charged to joint operations partner- net	1,235,527	605,334
Cash calls received from joint operations partner- net	1,111,601	639,405
Share (various fields) payable as at 31 March	1,395,933	386,609
Share (various fields) receivable as at 31 March	1,309,774	282,864

OIL AND GAS DEVELOPMENT COMPANY LIMITED
NOTES TO THE INTERIM FINANCIAL STATEMENTS [UNAUDITED]
FOR NINE MONTHS ENDED 31 MARCH 2022

	Nine months ended	
	31 March	
	2022	2021
	----- (Rupees '000) -----	
RELATED PARTIES TRANSACTIONS- continued		
PIOL- Associated company-25% share holding of the Company		
Cost of investment	4,176,250	-
Share of loss in associate	(2,453,977)	-
Major shareholders		
Government of Pakistan (74.97% share holding)		
Dividend paid	15,235,921	13,059,361
Dividend paid - Privatization Commission of Pakistan	1,692,920	1,451,074
Deposit against Reko Diq project	34,462,500	-
OGDCL Employees' Empowerment Trust (10.05% share holding) - note 7		
Dividend payable	30,710,359	27,663,427
Related parties by virtue of GoP holdings and /or common directorship		
Sui Northern Gas Pipelines Limited		
Sale of natural gas	47,553,762	48,486,607
Trade debts as at 31 March	153,767,252	122,548,183
Pakistan State Oil Company Limited		
Sale of liquefied petroleum gas	1,303,705	643,283
Purchase of petroleum, oil and lubricants	33,422	1,456,089
Payable as at 31 March	8,342	8,100
Advance against sale of LPG as at 31 March	88,042	56,854
Pakistan Petroleum Limited		
Payable as at 31 March	1,015	511
Expenditure charged to joint operations partner- net	1,509,939	2,774,871
Cash calls received from joint operations partner- net	3,291,075	2,795,673
Share (various fields) receivable as at 31 March	2,412,892	2,248,022
Share (various fields) payable as at 31 March	1,297,508	2,192,838
Pak Arab Refinery Company Limited		
Sale of crude oil	24,310,162	9,608,677
Trade debts as at 31 March	8,030,924	3,779,968
PARCO Pearl Gas (Private) Limited		
Sale of liquefied petroleum gas	618,935	334,077
Advance against sale of LPG as at 31 March	134,010	14,450
Pakistan Refinery Limited		
Sale of crude oil	7,331,634	3,365,292
Trade debts as at 31 March	5,342,739	2,139,796
Khyber Pakhtunkhwa Oil & Gas Company		
Expenditure charged to joint operations partner	82,343	97,417
Cash calls received from joint operations partner	88,332	91,315
KPOGCL share (various fields) receivable as at 31 March	41,039	21,127

OIL AND GAS DEVELOPMENT COMPANY LIMITED
NOTES TO THE INTERIM FINANCIAL STATEMENTS [UNAUDITED]
FOR NINE MONTHS ENDED 31 MARCH 2022

	Nine months ended	
	31 March	
	2022	2021
	----- (Rupees '000) -----	
RELATED PARTIES TRANSACTIONS- continued		
Sindh Energy Holding Company Limited		
Expenditure charged to joint operations partner	26,230	7,436
Cash calls received from joint operations partner	76,043	-
SEHCL share (various fields) receivable as at 31 March	19,537	67,227
Sui Southern Gas Company Limited		
Sale of natural gas	31,636,337	34,992,964
Sale of liquefied petroleum gas	785,311	482,181
Pipeline rental charges	27,495	27,495
Trade debts as at 31 March	171,551,421	149,800,120
Advance against sale of LPG as at 31 March	32,817	36,455
Sui Southern Gas Company LPG (Pvt) Limited		
Sale of liquefied petroleum gas	403,468	351,706
Advance against sale of LPG as at 31 March	28,680	29,605
Government Holdings (Private) Limited (GHPL)		
Expenditure charged to joint operations partner- net	3,230,398	2,283,967
Cash calls received from joint operations partner- net	2,232,049	2,144,413
GHPL share (various fields) receivable as at 31 March	3,211,494	2,152,375
GHPL share (various fields) payable as at 31 March	3,391,605	1,272,453
National Investment Trust		
Investment as at 31 March	313,371	321,771
Dividend received	7,310	5,857
National Bank of Pakistan		
Balance at bank as at 31 March	2,265,618	9,315,464
Balance of investment in TDRs as at 31 March	14,521,032	6,625,781
Interest earned	283,771	243,598
Power Holding Limited (PHL)		
Mark-up earned	5,469,018	5,958,861
Balance of investment in TFCs not yet due as at 31 March	10,250,000	30,750,000
Balance of past due principal repayment of TFCs as at 31 March	71,750,000	51,250,000
Balance of mark-up receivable on TFCs not yet due as at 31 March	606,935	428,018
Balance of past due mark-up receivable on TFCs as at 31 March	55,577,199	48,516,662
National Insurance Company Limited		
Insurance premium paid	745,103	1,173,573
Payable as at 31 March	164	164
National Logistic Cell		
Crude transportation charges paid	1,683,324	1,693,328
Payable as at 31 March	677,192	646,837

OIL AND GAS DEVELOPMENT COMPANY LIMITED
NOTES TO THE INTERIM FINANCIAL STATEMENTS [UNAUDITED]
FOR NINE MONTHS ENDED 31 MARCH 2022

	Nine months ended	
	31 March	
	2022	2021
	----- (Rupees '000) -----	
RELATED PARTIES TRANSACTIONS- continued		
Enar Petrotech Services Limited		
Consultancy services	29,850	20,198
Payable as at 31 March	2,577	-
Enar Petroleum Refining Facility		
Sale of crude oil	17,215,927	10,862,163
Trade debts as at 31 March	3,188,949	2,818,427
Other related parties		
Contribution to pension fund	500,000	-
Contribution to gratuity fund	330,825	47337
Remuneration including benefits and perquisites of key management personnel	461,590	512,051

26 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 March 2022	Placed under Shariah permissible arrangement	25,158
ii) Return on bank deposits for the period ended 31 March 2022	Placed under Shariah permissible arrangement	1.70
iii) Relationship with banks having	Meezan Bank Limited & Dubai Islamic Bank	

Disclosures other than above are not applicable to the Company.

27 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.

28 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 March 2022. 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.

OIL AND GAS DEVELOPMENT COMPANY LIMITED
NOTES TO THE INTERIM FINANCIAL STATEMENTS [UNAUDITED]
FOR NINE MONTHS ENDED 31 MARCH 2022

29 NON ADJUSTING EVENT AFTER REPORTING DATE

The Board of Directors approved interim cash dividend at the rate of Rs 1.00 per share amounting to Rs 4,300.928 million in its meeting held on 28 April 2022.

30 GENERAL

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

31 DATE OF AUTHORIZATION FOR ISSUE

These interim financial statements were authorized for issue on 28 April 2022 by the Board of Directors of the Company.

Chief Financial Officer

Chief Executive

Director