OIL AND GAS DEVELOPMENT COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION [UNAUDITED]
AS AT 31 DECEMBER 2023

Annexure II
CS-04-08(PSX/LSE/SECP)
Date: February 27, 2024

	Note	Unaudited 31 December 2023	Audited 30 June 2023
		-------------(Rupees '000)-------------	
SHARE CAPITAL AND RESERVES			
Share capital		43,009,284	43,009,284
Reserves	4	38,302,241	38,112,050
Unappropriated profit		1,105,638,521	1,001,776,543
		1,186,950,046	1,082,897,877
NON CURRENT LIABILITIES			
Deferred taxation		83,453,493	87,644,041
Deferred employee benefits		38,353,051	36,910,439
Provision for decommissioning cost	5	59,416,520	55,648,929
		181,223,064	180,203,409
CURRENT LIABILITIES			
Trade and other payables	6	113,397,411	123,306,181
Unpaid dividend	7	39,429,655	37,452,267
Unclaimed dividend		204,954	205,560
		153,032,020	160,964,008
TOTAL LIABILITIES		334,255,084	341,167,417
		1,521,205,130	1,424,065,294
CONTINGENCIES AND COMMITMENTS	8		

	Note	Unaudited 31 December 2023	Audited 30 June 2023
		-------------(Rupees '000)-------------	
NON CURRENT ASSETS			
Property, plant and equipment	9	86,738,682	85,815,832
Development and production assets	10	123,397,895	122,581,188
Exploration and evaluation assets	11	9,410,527	6,122,217
		219,547,104	214,519,237
Long term investments	12	138,896,675	118,679,120
Long term loans		9,935,239	9,654,397
Long term prepayments		1,041,825	1,063,357
Lease receivables	13	113,025,662	121,031,547
		482,446,505	464,947,658
CURRENT ASSETS			
Stores, spare parts and loose tools		24,328,843	22,049,369
Stock in trade		1,674,462	1,349,347
Trade debts	14	604,729,987	576,968,545
Loans and advances	15	18,713,053	16,678,552
Deposits and short term prepayments		3,057,377	1,494,549
Other receivables		855,865	871,634
Income tax- advance	16	52,749,364	33,315,033
Current portion of long term investments		166,017,376	155,694,636
Current portion of lease receivables	13	44,416,220	37,625,777
Other financial assets	17	102,227,239	87,304,487
Cash and bank balances		19,988,839	25,765,707
		1,038,758,625	959,117,636
		1,521,205,130	1,424,065,294

The annexed notes 1 to 29 form an integral part of these interim financial statements.

Chief Financial Officer **Chief Executive** **Director**

OIL AND GAS DEVELOPMENT COMPANY LIMITED

CONDENSED INTRIM STATEMENT OF COMPREHENSIVE INCOME [UNAUDITED]

FOR SIX MONTHS ENDED 31 DECEMBER 2023

	Three months ended 31 December		Six months ended 31 December	
	2023	**2022**	**2023**	**2022**
	--------------------------(Rupees '000)--------------------------			
Profit for the period	74,258,412	41,709,132	123,296,016	95,011,671
Other comprehensive (loss)/ income:	-	-	-	-
Items that will be subsequently reclassified to profit or loss:				
Effects of translation of investment in a foreign associate	(97,503)	(20,016)	(73,932)	229,698
Share of effect of translation of investment in foreign associated company of the associates	(760,527)	48,131	(460,877)	48,131
	(858,030)	28,115	(534,809)	277,829
Other comprehensive (loss)/ income for the period	(858,030)	28,115	(534,809)	277,829
Total comprehensive income for the period	73,400,382	41,737,247	122,761,207	95,289,500

The annexed notes 1 to 29 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 SIX MONTHS ENDED 31 DECEMBER 2023

	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	Foreign translation currency reserve		
	(Rupees '000)							
Balance as at 1 July 2022	43,009,284	836,000	16,400,000	2,118,000	920,000	600,189	811,509,093	875,392,566
Total comprehensive income for the period								
Profit for the period	-	-	-	-	-	-	95,011,671	95,011,671
Other comprehensive income for the period	-	-	-	-	-	277,829	-	277,829
Total comprehensive income for the period	-	-	-	-	-	277,829	95,011,671	95,289,500
Transfer to self insurance reserve	-	-	725,619	-	-	-	(725,619)	-
Charge to self insurance reserve	-	-	(619)	-	-	-	619	-
Transactions with owners of the Company								
Distributions								
Final dividend 2022: Rs 2.50 per share	-	-	-	-	-	-	(10,752,321)	(10,752,321)
First interim dividend 2023: Rs 1.75 per share	-	-	-	-	-	-	(7,526,625)	(7,526,625)
Total distributions to owners of the Company	-	-	-	-	-	-	(18,278,946)	(18,278,946)
Balance as at 31 December 2022	43,009,284	836,000	17,125,000	2,118,000	920,000	878,018	887,516,818	952,403,120
Balance as at 1 July 2023	43,009,284	836,000	17,850,000	2,118,000	920,000	16,388,050	1,001,776,543	1,082,897,877
Total comprehensive income for the period								
Profit for the period	-	-	-	-	-	-	123,296,016	123,296,016
Other comprehensive loss for the period	-	-	-	-	-	(534,809)	-	(534,809)
Total comprehensive income for the period	-	-	-	-	-	(534,809)	123,296,016	122,761,207
Transfer to self insurance reserve	-	-	725,646	-	-	-	(725,646)	-
Charge to self insurance reserve	-	-	(646)	-	-	-	646	-
Transactions with owners of the Company								
Distributions								
Final dividend 2023: Rs 2.75 per share	-	-	-	-	-	-	(11,827,553)	(11,827,553)
First interim dividend 2024: Rs 1.60 per share	-	-	-	-	-	-	(6,881,485)	(6,881,485)
Total distributions to owners of the Company	-	-	-	-	-	-	(18,709,038)	(18,709,038)
Balance as at 31 December 2023	43,009,284	836,000	18,575,000	2,118,000	920,000	15,853,241	1,105,638,521	1,186,950,046

The annexed notes 1 to 29 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 CASH FLOWS [UNAUDITED]
FOR SIX MONTHS ENDED 31 DECEMBER 2023

	Note	Six months ended 31 December 2023	2022
		-------------(Rupees '000)------------	
Cash flows from operating activities			
Profit before taxation		158,315,421	152,847,599
Adjustments for:			
Depreciation		5,450,984	4,868,097
Amortization of development and production assets		11,670,715	8,638,699
Delayed payments surcharge from customers		(500,000)	-
Fair value loss on PIBs		487,136	-
Royalty		27,451,175	23,474,451
Workers' profit participation fund		8,332,391	8,044,610
Provision for employee benefits		3,781,524	3,379,488
Unwinding of discount on provision for decommissioning cost		3,429,381	2,281,544
Interest income on investments and bank deposits	19	(20,745,532)	(12,474,977)
Interest income on lease	19	(11,264,371)	(3,923,265)
Un-realized (gain)/ loss on investments at fair value through profit or loss	19	(114,869)	32,554
Exchange loss/ (gain) on lease		2,125,934	(4,785,808)
Exchange loss/ (gain) on foreign currency investment and deposit accounts		2,034,339	(5,920,079)
Dividend income from NIT units	19	(8,627)	(11,078)
Gain on disposal of property, plant and equipment		(1,319)	(1,278)
Share of profit (net) in associates		(6,272,201)	(4,637,953)
Stores inventory written off		-	6,265
Reversal of trade debts provision		(1,750)	-
		184,170,331	171,818,869
Changes in:			
Stores, spare parts and loose tools		(2,279,474)	(1,001,362)
Stock in trade		(325,115)	(347,777)
Trade debts		(34,497,393)	(59,989,746)
Deposits and short term prepayments		(1,562,828)	(450,597)
Loan and advances and other receivables		(2,299,574)	2,573,835
Trade and other payables		8,355,788	(3,737,758)
Cash generated from operations		151,561,735	108,865,464
Royalty paid		(34,367,516)	(18,870,435)
Employee benefits paid		(3,324,592)	(2,849,153)
Long term prepayments		21,532	(129,009)
Payment to workers' profit participation fund-net		(20,198,567)	(13,000,000)
Income taxes paid	16	(58,644,284)	(59,192,500)
		(116,513,427)	(94,041,097)
Net cash generated from operating activities		35,048,308	14,824,367
Cash flows from investing activities			
Capital expenditure		(20,313,863)	(6,228,701)
Interest received		14,687,632	8,479,025
Lease payments received		5,883,286	1,648,482
Dividends received		1,543,201	1,651,484
Investment in associated companies		(9,058,419)	(3,824,129)
Proceeds from disposal of property, plant and equipment		7,465	5,198
Net cash (used)/ generated from investing activities		(7,250,698)	1,731,359
Cash flows from financing activities			
Dividends paid		(16,732,256)	(16,176,169)
Net cash used in financing activities		(16,732,256)	(16,176,169)
Net increase in cash and cash equivalents		11,065,354	379,557
Cash and cash equivalents at beginning of the period		112,840,364	79,875,942
Effect of movements in exchange rate on cash and cash equivalents		(2,034,339)	5,920,079
Cash and cash equivalents at end of the period	23	121,871,379	86,175,578

The annexed notes 1 to 29 form an integral part of these interim financial statements.

Chief Financial Officer **Chief Executive** **Director**

OIL AND GAS DEVELOPMENT COMPANY LIMITED
NOTES TO THE INTERIM FINANCIAL STATEMENTS [UNAUDITED]
FOR SIX MONTHS ENDED 31 DECEMBER 2023

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.

Government of Pakistan (GoP) held 74.97% (30 June 2023: 74.97%) paid up capital of the Company. Further, pursuant to the decision of the Supreme Court of Pakistan as explained in note 7, the shares currently held by OGDCL Employees' Empowerment Trust (OEET) 10.05% (30 June 2023: 10.05%) will be transferred back to GoP. During the period, the Pakistan Sovereign Wealth Fund Act, 2023 became effective. Under the said Act, the GoP's shareholding in the Company including shares held by OEET stands transferred to the Pakistan Sovereign Wealth Fund (PSWF). Accordingly, the GoP is in the process of taking necessary actions required to record the transfer of the shares to PSWF.

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 2023. Comparative statement of financial position is extracted from the annual audited financial statements as of 30 June 2023, 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 2022.

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 2023.

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 2024:

	Effective dates
Amendments to IAS-1 Classification of liabilities as current or non-current	01 January 2024
Amendments to IAS-1 Non Current Liabilities with Covenants	01 January 2024
Amendments to IAS-7 and IFRS-7 - Supplier finance	01 January 2024
Amendments to IFRS-16 'Leases' on sale and lease back	01 January 2024
Amendments to IAS-21 Lack of Exchangeability	01 January 2025

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 2.5.3 to the annual audited financial statements for the year ended 30 June 2023, the Securities and Exchange Commission of Pakistan (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 the financial year ending on or before 31 December 2024 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 2024.

4 RESERVES

	Note	Unaudited 31 December 2023	Audited 30 June 2023
		-------------(Rupees '000)-------------	
Capital reserves:			
Capital reserve	4.1	836,000	836,000
Self insurance reserve	4.2	18,575,000	17,850,000
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
		22,449,000	21,724,000
Other reserves:			
Foreign currency translation reserve	4.5	1,887,608	1,961,540
Foreign currency translation reserve- associated companies- net	4.6	13,965,633	14,426,510
		15,853,241	16,388,050
		38,302,241	38,112,050

4.1 This represents bonus shares issued by former wholly owned subsidiary- Pirkoh Gas Company (Private) Limited (PGCL) prior to merger. Accordingly, this 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 12.4 for investments against this reserve. Accordingly, this reserve is not available for distribution to shareholders.

4.3 This represents 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.

4.5 This represents accumulated balance of translation effect of a foreign operation in Rupees as per the Company's accounting policy.

4.6 This represents accumulated balance of translation effect of foreign operations in Rupees of associated Companies.

5 PROVISION FOR DECOMMISSIONING COST

	Unaudited 31 December 2023	Audited 30 June 2023
	------------(Rupees '000)------------	
Balance at beginning of the period/ year	55,648,929	43,121,524
Provision during the period/ year	338,210	487,999
Decommissioning cost incurred during the period/ year	-	(224,656)
Reversal of provision for decommissioning cost	-	(36,960)
	55,987,139	43,347,907
Revision due to change in estimates	-	7,592,722
Unwinding of discount on provision for decommissioning cost	3,429,381	4,708,300
Balance at end of the period/ year	59,416,520	55,648,929

	Unaudited 31 December 2023	Audited 30 June 2023
	------------(Rupees '000)------------	
6 TRADE AND OTHER PAYABLES		
Creditors	966,362	1,615,576
Accrued liabilities	22,911,611	17,894,851
Payable to partners of joint operations	11,714,968	9,712,871
Retention money payable	6,305,716	7,989,139
Royalty payable to the Government of Pakistan	32,371,529	39,287,870
Excise duty payable	214,947	187,617
General sales tax payable	2,417,155	2,631,123
Petroleum levy payable	217,896	174,075
Withholding tax payable	952,132	336,089
Trade deposits	164,227	164,227
Workers' profit participation fund- net	8,332,391	20,198,567
Employees' pension trust	6,532,756	6,005,907
Gratuity fund	22,576	31,466
Provident fund	85,832	-
Advances from customers- unsecured	6,468,693	6,730,026
Other payables	13,718,620	10,346,777
	113,397,411	123,306,181

6.1 Gas Infrastructure Development Cess (GIDC) amounting to Rs 2,255 million (30 June 2023: Rs 2,255 million) is recoverable from customers and payable to the GoP. These 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 is presented as payable to the extent that it is received from customers but not deposited with the GoP. As at period end, no such amount was received which was not deposited with the GoP. On 13 August 2020, the Supreme Court of Pakistan has decided the matter of GIDC by restraining from charging GIDC from 01 August 2020 onward and ordered gas consumers to pay GIDC arrears due upto 31 July 2020 in instalments. 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 38,926 million (30 June 2023: Rs 37,046 million) on account of shares held by OGDCL Employees' Empowerment Trust (OEET) under the Benazir Employees' Stock Option Scheme (BESOS) since the GoP was considering to revamp BESOS as was 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, was 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 PCP vide letter no D.O. No. 1(2)PC/BESOS(Wind-up)2019 dated 30 December 2020 informed that the fund maintained by PCP has been 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 year ended 30 June 2022, the Honorable Supreme Court of Pakistan has issued detailed judgement and declared the BESOS scheme to be ultra vires and that any benefits arising out of this scheme are illegal and unprotected. The Ministry of Energy, GoP vide letter dated 16 April 2022 required that the matter of transfer of all the accrued BESOS principal amount along with interest earned thereon be placed before the Board of Trustees of Employee Empowerment Trusts (EETs). In pursuance of which OEET through Board of Trustees resolution dated 25 April 2022 approved and transferred to the Company Rs 2,316 million representing dividends previously received from OGDCL and Rs 1,484 million representing interest earned thereon for onward settlement by the Company with the GoP. The Finance Division vide letter no F.No.8(6)AO-CF/2021-22 dated 09 May 2022 directed the Company to deposit the balance in the Federal Consolidated Fund within seven days as it was agreed with SOEs that the amount will be settled through cash deposit or non-cash adjustment. The Company requested vide its letter dated 16 May 2022 that BESOS amount should be settled as a non cash adjustment against the Company's circular debt. Management is currently under discussion with the GoP for 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 165 million at period end (30 June 2023: Rs 212 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 prior to the signing of 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 amount withheld and disputed by ARL amounts to Rs 1,292 million (30 June 2023: Rs 1,292 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 2023: Rs 562 million). The Company believes that the debit notes/ invoices have been raised in accordance with the sale agreements signed with the 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 3,450 million (30 June 2023: Rs 2,863 million). The Company believes that the matter will be decided in favour of the Company. Also refer note 19.1.

8.1.4 During the year ended 30 June 2022, 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 the value of condensate sold during the period from July 2008 to September 2021, pursuant to the judgment of ATIR dated 08 September 2021 in case of another E&P company wherein the Appellate Tribunal Inland Revenue (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 Islamabad High Court 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.

8.1.5 Certain banks have issued guarantees on behalf of the Company in ordinary course of business aggregating Rs 1.281 million (30 June 2023: Rs 1.281 million).

8.1.6 For contingencies related to income tax matters, refer note 16.1 to 16.5, 20.1 and 20.2.

8.1.7 For contingencies related to sales tax and federal excise duty, refer note 15.1 and 15.2.

8.1.8 For matter relating to conversion of certain blocks to Petroleum Policy 2012, refer note 18.1.

8.1.9 As part of the investment in Pakistan International Oil Limited (PIOL), each associate of the consortium companies including OGDCL have provided, joint and several, parent company guarantees to Abu Dhabi National Oil Company (ADNOC) and Supreme Council for Financial and Economic Affairs Abu Dhabi, UAE to guarantee the obligations of the associate, PIOL. The exposure against the said guarantee as at period end amounts to US$ 170 million; Rs: 47,991 million (30 June 2023: US$ 195 million; Rs: 55,946 million).

8.2 Commitments

8.2.1 Commitments outstanding at the period end amounted to Rs 82,083 million (30 June 2023: Rs 75,556 million). These include amounts aggregating to Rs 40,545 million (30 June 2023: Rs 42,409 million) representing the Company's share in the minimum work commitments under Petroleum Concession Agreements (PCAs). The Company and its associated company has given corporate guarantees to GoP under various PCAs for the performance of obligations.

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 1,913 million (30 June 2023: Rs 1,957 million).

8.2.3 The Company's share of associate commitments for capital expenditure, minimum work commitment under various Petroleum Concession Agreements (PCAs) and other investment as at period end amounted to Rs 10,809 million (30 June 2023: Rs 9,524 million).

8.2.4 As part of the Shareholders Agreement with the consortium partners in PIOL, associate, the Company has committed to invest upto US$ 100 million in PIOL during the next five years from 31 August 2021, out of which US$ 60 million has been invested till 31 December 2023 (30 June 2023: US$ 35 million). The remaining amount of US$ 40 million; Rs 11,292 million (30 June 2023: US$ 65 million; Rs 18,649 million) will be invested in subsequent years. The Company's share of associate commitment in this respect amounts to US$ 13 million; Rs 3,697 million (30 June 2023: US$ 13 million; Rs 3,581 million).

8.2.5 The Company has committed to invest a total amount up to USD 389 million; Rs 109,815 million (30 June 2023: USD 396 million; Rs 113,612 million) (including post-acquisition investments), to be adjusted for inflation, for funding its proportionate share during Phase-1 of the Reko Diq project. In addition, the company has committed to contribute, in the form of equity, up to USD 1 million; Rs 282 million per year towards its proportionate share in the administrative expenses of Pakistan Minerals (Private) Limited (PMPL). Furthermore, the Company has provided a corporate guarantee to fund the aforementioned obligations.

		Note	Unaudited 31 December 2023	Audited 30 June 2023
			------------(Rupees '000)------------	
9	**PROPERTY, PLANT AND EQUIPMENT**			
	Carrying amount at beginning of the period /year		85,815,832	92,685,118
	Additions/adjustments during the period /year	9.1	6,839,629	4,292,240
	Book value of disposals		(6,146)	(17,565)
	Depreciation charge for the period /year		(5,910,633)	(10,980,725)
	Revision in estimate of decommissioning cost during the period /year		-	(163,236)
	Carrying amount at end of the period /year	9.2	86,738,682	85,815,832
9.1	**Additions/adjustments during the period /year**			
	Freehold land		-	39,599
	Buildings, offices and roads on freehold land		18,069	42,709
	Buildings, offices and roads on leasehold land		63,478	1,159,149
	Plant and machinery		1,658,784	3,249,075
	Rigs		1,531	10,312
	Pipelines		266,760	152,362
	Office and domestic equipment		98,769	62,406
	Office and technical data computers		176,186	109,182
	Furniture and fixture		13,255	8,106
	Vehicles		459,220	42,458
	Capital work in progress (net movement)		2,439,162	244,061
	Stores held for capital expenditure (net movement)		1,644,415	(827,179)
			6,839,629	4,292,240
9.2	**Property, plant and equipment comprises:**			
	Operating fixed assets		76,035,062	79,195,789
	Capital work in progress		4,289,880	1,850,718
	Stores held for capital expenditure		6,413,740	4,769,325
			86,738,682	85,815,832
10	**DEVELOPMENT AND PRODUCTION ASSETS**			
	Carrying amount at beginning of the period/ year		122,581,188	118,283,976
	Additions during the period/ year		11,319,176	17,081,453
	Transferred from exploration and evaluation assets during the period/ year		1,170,453	5,513,413
	Stores held for development and production activities (net movement)		(2,207)	(1,583,706)
	Amortization charge for the period /year		(11,670,715)	(19,616,009)
	Impairment charge for the period /year		-	(4,975,263)
	Revision in estimates of decommissioning cost during the period /year		-	7,877,324
	Carrying amount at end of the period /year		123,397,895	122,581,188
11	**EXPLORATION AND EVALUATION ASSETS**			
	Balance at beginning of the period/ year		5,117,678	12,780,350
	Additions during the period/ year		4,743,624	5,012,660
			9,861,302	17,793,010
	Cost of dry and abandoned wells during the period/ year		(248,318)	(7,161,919)
	Cost of wells transferred to development and production assets during the period/ year		(1,170,453)	(5,513,413)
			(1,418,771)	(12,675,332)
			8,442,531	5,117,678
	Stores held for exploration and evaluation activities		967,996	1,004,539
	Balance at end of the period/ year		9,410,527	6,122,217

	Note	Unaudited 31 December 2023	Audited 30 June 2023
		------------(Rupees '000)------------	
12 LONG TERM INVESTMENTS			
Investment in associates:			
Mari Petroleum Company Limited, quoted	12.1	39,772,572	33,768,989
Pakistan International Oil Limited, unquoted	12.2	12,416,655	5,565,865
Pakistan Minerals (Private) Limited, unquoted	12.3	50,768,082	50,361,218
Investments at amortized cost			
Term Deposit Receipts (TDRs)	12.4	15,653,721	14,947,967
Pakistan Investment Bonds (PIBs)	12.5	21,044,577	14,522,249
Term Finance Certificates (TFCs)	12.6	165,258,444	155,207,468
		201,956,742	184,677,684
Less: Current portion shown under current assets		(166,017,376)	(155,694,636)
		35,939,366	28,983,048
		138,896,675	118,679,120

12.1 Mari Petroleum Company Limited (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 2023: 20%) holding in the associate.

12.2 Pakistan International Oil Limited (PIOL) is a company engaged in the business of extraction of oil and natural gas and is registered as a limited liability company in the Emirate of Abu Dhabi and incorporated in Abu Dhabi Global Market. Each consortium company (investors) which includes OGDCL, Mari Petroleum Company limited (MPCL), Pakistan Petroleum Company Limited (PPL) and Government Holdings (Private) Limited (GHPL) have a 25% equity stake in PIOL. The concession agreement between PIOL and Abu Dhabi National Oil Company (ADNOC) was signed on 31 August 2021 and the Offshore Block 5 was awarded to PIOL. Till 31 December 2023, the Company has subscribed 6 million ordinary shares of PIOL (30 June 2023: 3.5 million ordinary shares) by paying USD 60 million; Rs 13,442 million (30 June 2023: USD 35 million; Rs 6,395 million) including Rs 7,048 million paid during the period as advance against future issue of shares.

12.3 The Company has invested in the Reko Diq project company i.e. Reko Diq Mining Company (Private) Limited (RDMC) through Pakistan Minerals (Private) Limited (PMPL). The Company has equity interest of 33.33% in PMPL with an effective interest of 8.33% in RDMC. Till 31 December 2023, the Company has invested Rs 40,000 (30 June 2023: Rs 40,000) for 4,000 ordinary shares of PMPL and also made advance against future issue of shares of Rs 38,828 million (30 June 2023: Rs 36,727 million). During the period, the Company has decided to evaluate a potential engagement with sovereign foreign investors with respect to the Reko Diq Project and has decided to appoint advisors through PMPL to assist in this regard. However, as of the date of approval of these interim financial statements, nothing has been materialized.

12.4 This represents investments in local currency TDRs and includes interest amounting to Rs 5,654 million (30 June 2023: Rs 4,947 million) carrying effective interest rate of 14% (30 June 2023: 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 these interim financial statements.

12.5 This represents PIBs received from Uch Power Private Limited against partial settlement of overdue trade receivables on 27 June 2023 and 04 July 2023. Face value and fair value of the PIBs on the date of initial recognition amounts to Rs 21,866 million (30 June 2023: Rs 15,128 million) and Rs 20,286 million (30 June 2023: Rs 14,522 million) respectively and are carried at floating interest rate of 21.84% per annum.

12.6 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 instalments 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 the 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 the GoP for approval. During the year ended 30 June 2020, the Board of Directors resolved that the 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 at 31 December 2023, principal repayment amounting to Rs 82,000 million (30 June 2023: Rs 82,000 million) and interest amounting to Rs 83,258 million (30 June 2023: Rs 73,207 million) was past due. The Company considers the principal and interest to be fully recoverable as these are backed by Sovereign Guarantee of the GoP. As disclosed in note 3.1, SECP has deferred the applicability of ECL model till financial year ending on or before 31 December 2024 on financial assets due directly/ ultimately from the GoP in consequence of the circular debt.

13 LEASE RECEIVABLES

Net investment in lease has been recognized on Gas Sale Agreements (GSAs) with power companies i.e. Uch Power (Private) Limited (UPL) and Uch-II Power (Private) Limited (Uch-II) as follows:

	Note	Unaudited 31 December 2023	Audited 30 June 2023
		------------(Rupees '000)------------	
Net investment in lease		157,441,882	158,657,324
Less: Current portion of net investment in lease	13.1	(44,416,220)	(37,625,777)
		113,025,662	121,031,547

13.1 Current portion of net investment in lease includes amounts billed to customers of Rs 32,951 million (30 June 2023: Rs 26,950 million) out of which Rs 29,407 million (30 June 2023: Rs 24,688 million) is overdue on account of inter-corporate circular debt. As disclosed in note 3.1, SECP has deferred the applicability of ECL model till financial year ending on or before 31 December 2024 on debts due directly/ ultimately from the 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.

14 TRADE DEBTS

	Unaudited 31 December 2023	Audited 30 June 2023
	------------(Rupees '000)------------	
Un-secured- considered good	604,729,987	576,968,545
Un-secured- considered doubtful	95,863	97,613
	604,825,850	577,066,158
Provision for doubtful trade debts	(95,863)	(97,613)
	604,729,987	576,968,545

14.1 Trade debts include overdue amount of Rs 534,336 million (30 June 2023: Rs 510,849 million) on account of Inter-corporate circular debt, receivable from oil refineries, gas companies and power producers out of which Rs 226,096 million (30 June 2023: Rs 210,304 million) and Rs 231,355 million (30 June 2023: Rs 200,577 million) are 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 when the interest/ surcharge on delayed payments is received by the Company. As disclosed in note 3.1, SECP has deferred the applicability of ECL model till financial year ending on or before 31 December 2024 on financial assets due directly/ ultimately from the GoP in consequence of the circular debt.

15 LOANS AND ADVANCES

15.1 This includes an amount of Rs 3,180 million (30 Jun 2023: Rs 3,180 million) paid under protest to Federal Board of Revenue (FBR) on account of sales tax demand raised in respect of capacity invoices from Uch gas field for the period July 2004 to March 2011. Based on Sales Tax General Order (STGO) 1 of 2000 dated 24 January 2000, the matter was argued before various appellate forums, however, the Supreme Court of Pakistan finally decided the issue against the Company on 15 April 2013. The FBR granted time relaxation to the Company for issuance of debit note for an amount of Rs 750 million for the period April 2011 to May 2012, accounted for as trade debt. Uch Power (Private) Limited (UPL) challenged the grant of time relaxation/ condonation 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, FBR responded that as per the decision of Islamabad High court no condonation is required for payment of sale tax and accordingly also withdrawn early granted condonation for Rs 750 million vide letter dated 12 July 2017.

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 a Civil Petition for Leave to Appeal (CPLA) against the Company and others, before the Honorable Supreme Court of Pakistan against the decision of IHC. On 21 August 2023, the Honorable Supreme Court of Pakistan dismissed UPL's CPLA as infructuous on the grounds that FBR had withdrawn their earlier granted condonation dated 30 June 2012, vide letter dated 12 July 2017.

As per the direction of the Honorable Islamabad High Court, for the period July 2008 onward, debit notes can be issued without condonation of time relaxation. However, for revision of sales tax returns condonation of time relaxation is required from FBR. The Company is in the process of obtaining condonation from FBR for revision of sales tax returns and will issue the debit notes for the period July 2004 to March 2011, once the said condonation is provided by FBR. The Company is confident that the said condonation 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 2023: 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 2023: Rs 6,708 million) relating to periods July 2012 to June 2014. The 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. IHC through its judgement dated 15 November 2023 set aside the decision/order of ATIR and directed ATIR to decide the matter on merits. 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 (30 June 2023: Rs 9,668 million) relating to periods 2017-18 and 2018-19 were raised on the same issue by the Deputy Commissioner Inland Revenue (DCIR), against which, the Company had filed appeals before Commissioner Inland Revenue (Appeals) CIRA. CIRA vide order dated 29 November 2022 remanded back the case to DCIR. The Company has filed appeal before ATIR on 24 January 2023 which is pending.

The Company believes that the matters against which the demands are raised are factually not correct and will be decided in favour of the Company.

	Note	Unaudited 31 December 2023	Audited 30 June 2023
		------------(Rupees '000)-----------	
16 INCOME TAX- ADVANCE			
Income tax- advance at beginning of the period/ year		33,315,033	31,914,172
Income tax paid during the period/ year		58,644,284	116,480,131
Provision for current taxation- profit or loss	20	(39,209,953)	(110,875,305)
Tax charge related to remeasurement gain on employee retirement benefit plans- other comprehensive income		-	(4,203,965)
Income tax- advance at end of the period/ year	16.1 to 16.5	52,749,364	33,315,033

16.1 This includes amount of Rs 29,727 million (30 June 2023: Rs 29,727 million) paid to tax authorities on account of disallowance of actuarial loss amounting to Rs 63,232 million (30 June 2023: Rs 63,232 million) which the Company claimed in its return for the tax years 2014 to 2018, 2020 and 2022. 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 upheld the disallowances on account of 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, 2018 and 2020 on 08 January 2016, 30 June 2020, 05 January 2018, 21 August 2019, 12 February 2020 and 20 January 2023 respectively which are currently pending. For tax year 2022, the Company has filed appeal before CIRA on 27 March 2023 which is currently pending. 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 favour of 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 2023: Rs 13,370 million) by disallowing effect of price discount on sale of crude oil from Kunnar field and have recovered Rs 5,372 million (30 June 2023: Rs 5,372 million) from the Company upto 30 June 2023. 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 2023: 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 4,703 million for tax years 2016, 2020, 2021 and 2022 (30 June 2023: Rs 17,280 million for tax years 2016, 2020, 2021 and 2022) on account of disallowances of post retirement medical benefits, compensated absences, cost of dry and abandoned wells, workers' profit participation fund, GIDC payable and certain other expenditures due to alleged non deduction of withholding taxes (30 June 2023: alleged production differences and by making disallowances of post retirement medical benefits, compensated absensces, cost of dry and abandoned wells, field decomissioned/ surrendered during the year, workers' profit participation fund, GIDC payable and certain other expenditures due to alleged non deduction of withholding taxes) which has been paid (30 June 2023: Rs 16,520 million). Appeals in this respect are pending with CIRA for tax 2022 and with ATIR for tax years 2020 and 2021 filed on 20 January 2023 which are currently pending. 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 these interim financial statements.

16.5 The Honorable Supreme Court of Pakistan through its decision dated 29 November 2023 and written order issued on 8 January 2024, dismissed Civil Petition filed by the tax department and has decided the matter of depletion allowance in favor of the Company. Pursuant to the decision, for the purpose of calculation of depletion allowance in accordance with Rule 3 of Part 1 of the Fifth Schedule to the Income Tax Ordinance, the royalty amount is not to be deducted when establishing the wellhead value. Accordingly, the Company has reversed the provisions amounting to Rs 28,164 million already carried in the financial statements in respect of depletion allowance from tax years 1999 to 2023. The Company is in the process of filing refund applications for relevant tax years.

17 OTHER FINANCIAL ASSETS

	Note	Unaudited 31 December 2023	Audited 30 June 2023
		------------(Rupees '000)------------	
Investment in Term Deposit Receipts (TDRs)- at amortized cost	17.1	101,882,540	87,074,657
Investment at fair value through profit or loss- NIT units		344,699	229,830
		102,227,239	87,304,487

17.1 This represents foreign currency TDRs amounting to USD 357 million; Rs 100,476 million (30 June 2023: USD 300.926 million; Rs 86,185 million), and accrued interest amounting to USD 4.711 million; Rs 1,328 million (30 June 2023: USD 3.104 million; Rs 890 million), carrying interest rate ranging from 9.25% to 14.02% (30 June 2023: 10.15% to 13.56%) per annum, having maturities up to six months (30 June 2023: six months).

	Three months ended 31 December		Six months ended 31 December	
	2023	2022	2023	2022
	(Rupees '000)			
18 SALES- NET				
Gross sales				
Crude oil	59,329,777	47,595,933	120,208,821	103,649,350
Gas	54,599,120	49,001,552	114,898,251	98,118,733
Liquefied petroleum gas	14,430,891	11,139,815	25,328,442	22,573,580
Sulphur	-	-	109,722	-
	128,359,788	107,737,300	260,545,236	224,341,663
Government levies				
General sales tax	(12,297,195)	(9,638,168)	(23,480,862)	(19,338,087)
Petroleum levy	(314,597)	(314,246)	(624,585)	(623,771)
Excise duty	(513,757)	(561,583)	(1,064,606)	(1,144,292)
	(13,125,549)	(10,513,997)	(25,170,053)	(21,106,150)
	115,234,239	97,223,303	235,375,183	203,235,513

18.1 In respect of six of its operated concessions, namely, Gurgalot, Sinjhoro, 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 relevant Supplemental Agreements 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 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 Operation 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 the 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 35,711 million (30 June 2023: Rs 31,090 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).

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 these interim financial statements after execution of GSA.

18.3 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).

		Three months ended 31 December		Six months ended 31 December	
		2023	**2022**	**2023**	**2022**
	Note	(Rupees '000)			
19 FINANCE AND OTHER INCOME					
Interest income on:					
Investments and bank deposits		10,518,372	7,595,639	20,745,532	12,474,977
Finance income- lease		5,595,946	2,037,056	11,264,371	3,923,265
Delayed payments surcharge from customers		500,000	-	500,000	-
Fair value loss on PIBs	12.5	-	-	(487,136)	-
Dividend income from NIT units		-	11,078	8,627	11,078
Un-realized gain/ (loss) on investments at fair value through profit or loss		100,340	(9,626)	114,869	(32,554)
Exchange (loss)/ gain- net		(5,810,566)	(1,897,298)	(5,670,927)	9,322,613
Signature bonus/ contract renewal fee	19.1	98,947	1,186,942	586,525	1,358,831
Income on account of liquidated damages/ penalty imposed on suppliers		(9,949)	46,862	43,736	124,771
Others		25,263	263,320	163,905	554,839
		11,018,353	9,233,973	27,269,502	27,737,820

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	
		2023	**2022**	**2023**	**2022**
	Note	(Rupees '000)			
20 TAXATION					
Current tax- charge/ (credit)					
- for the period		28,791,054	24,183,676	67,374,436	56,344,065
- for prior years	16.5	(28,164,483)	-	(28,164,483)	-
		626,571	24,183,676	39,209,953	56,344,065
Deferred tax- (credit)/ charge for the period		(2,743,995)	(1,252,529)	(4,190,548)	1,491,863
		(2,117,424)	22,931,147	35,019,405	57,835,928

20.1 Various appeals in respect of assessment years 1992-93 to 2002-03, tax years 2003 to 2022 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, super tax and unrealized exchange gain/ loss. 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 2022 amounts to Rs 137,511 million out of which an amount of Rs 127,716 million has been paid to tax authorities and has also been provided for in the financial statements. Prospecting, exploration and development expenditure and unrealized exchange gain/ loss are timing differences, hence, the relevant impacts are also taken in deferred tax.

20.2 During the year ended 30 June 2021, tax authorities have raised demand of Rs 1,047 million for tax year 2013 (30 June 2023: Rs 1,047 million) on account of alleged issue of not offering consideration of sale of working interest in a block for tax. Appeal has been filed by the Company before CIRA on 30 June 2021, which is currently pending adjudication. Management is confident that the above demand does not hold any merit under the applicable tax laws. Accordingly, no provision has been made in respect of these in these interim financial statements.

	Three months ended 31 December		Six months ended 31 December	
	2023	**2022**	**2023**	**2022**

21 EARNINGS PER SHARE- BASIC AND DILUTED

Profit for the year (Rupees '000)	74,258,412	41,709,132	123,296,016	95,011,671
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)	17.27	9.70	28.67	22.09

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

22 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
Financial assets measured at fair value			
Other financial assets- NIT units			
31 December 2023	344,699	-	-
30 June 2023	229,830	-	-

	31 December	
	2023	**2022**
	-----------(Rupees '000)-----------	

23 CASH AND CASH EQUIVALENTS

Cash and bank balances	19,988,839	24,505,776
Investment in Term Deposit Receipts	101,882,540	61,669,802
	121,871,379	86,175,578

24 RELATED PARTIES TRANSACTIONS

As explained in note 1, the Pakistan Sovereign Wealth Fund Act, 2023 became effective during the current period. Under the said Act, the GoP's shareholding in the Company stands transferred to the PSWF. PSWF is owned and controlled by Federal Government. Therefore, all entities owned and controlled by the Government of Pakistan are related parties of the Company. Other related parties comprise associated companies, 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 the 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:

	Six months ended 31 December	
	2023	**2022**
	-----------(Rupees '000)-----------	
MPCL- Associated company- 20% share holding of the Company and common directorship		
Share of profit in associate- net of taxation	7,500,904	4,722,392
Share of other comprehensive income of the associate- net of taxation	37,253	48,131
Dividend received	1,534,574	1,640,406
Expenditure charged (by)/ to joint operations partner- net	(3,779,637)	997,409
Cash calls (paid)/ received from joint operations partner- net	(2,951,171)	74,451
Share (various fields) payable as at 31 December	1,711,435	1,115,236
Share (various fields) receivable as at 31 December	467,815	296,643

	Six months ended 31 December	
	2023	**2022**
	-----------(Rupees '000)-----------	
RELATED PARTIES TRANSACTIONS- continued		
PIOL- Associated company- 25% share holding of the Company and common directorship		
Investment made during the period	7,047,500	2,227,500
Share of loss in associate	(122,778)	(134,439)
Share of other comprehensive income	(73,932)	229,698
PMPL- Associated company- 33.33% share holding of the Company and common directorship		
Investment made during the period	2,010,919	36,059,129
Share of loss in associate	(1,105,925)	-
Share of other comprehensive income	(498,130)	-
Major shareholders		
Government of Pakistan (74.97% share holding)		
Dividend paid	12,624,344	12,334,840
Dividend paid- Privatization Commission of Pakistan	1,402,704	1,370,458
OGDCL Employees' Empowerment Trust (10.05% share holding)- note 7		
Dividend withheld	38,926,031	35,295,643
Related parties by virtue of the GoP holdings and/ or common directorship		
Sui Northern Gas Pipelines Limited		
Sale of natural gas	55,761,115	42,918,415
Trade debts as at 31 December	249,809,408	187,225,268
Pakistan State Oil Company Limited		
Sale of liquefied petroleum gas	416,465	601,166
Purchase of petroleum, oil and lubricants	1,444,339	37,556
Payable as at 31 December	146,502	17,100
Advance against sale of LPG as at 31 December	163,185	105,485
Pakistan Petroleum Limited		
Payable as at 31 December	206	-
Expenditure charged (by)/ to joint operations partner- net	(60,582)	(114,765)
Cash calls paid to joint operations partner- net	(1,004,776)	(27,162)
Share (various fields) receivable as at 31 December	2,627,618	1,634,180
Share (various fields) payable as at 31 December	2,690,778	1,928,292
Pak Arab Refinery Company Limited		
Sale of crude oil	13,677,025	10,509,155
Trade debts as at 31 December	4,995,799	3,226,584
PARCO Pearl Gas (Private) Limited		
Sale of liquefied petroleum gas	903,923	403,623
Advance against sale of LPG as at 31 December	73,361	69,719
Pakistan Refinery Limited		
Sale of crude oil	6,963,869	6,261,878
Trade debts as at 31 December	6,286,634	2,984,828
Khyber Pakhtunkhwa Oil & Gas Company (KPOGCL)		
Expenditure charged to joint operations partner	50,498	8,506
Cash calls received from joint operations partner	500,000	27,033
KPOGCL share (various fields) receivable as at 31 December	890,653	5,137
KPOGCL share (various fields) payable as at 31 December	-	4,328
Signature bonus received	-	755,798

	Six months ended 31 December	
	2023	**2022**
	-----------(Rupees '000)-----------	
RELATED PARTIES TRANSACTIONS- continued		
Sindh Energy Holding Company Limited (SEHCL)		
Expenditure charged to joint operations partner	287	438
SEHCL share (various fields) receivable as at 31 December	8,064	28,265
Sui Southern Gas Company Limited		
Sale of natural gas	27,097,416	26,440,238
Sale of liquefied petroleum gas	696,635	529,607
Trade debts as at 31 December	235,355,607	196,998,808
Advance against sale of LPG as at 31 December	44,081	48,122
Sui Southern Gas Company LPG (Pvt) Limited		
Sale of liquefied petroleum gas	174,871	267,062
Advance against sale of LPG as at 31 December	43,782	111,584
Government Holdings (Private) Limited (GHPL)		
Expenditure charged to joint operations partner	3,932,558	1,653,510
Cash calls received from joint operations partner	2,453,564	1,819,999
GHPL share (various fields) receivable as at 31 December	4,417,337	2,828,455
GHPL share (various fields) payable as at 31 December	1,488,006	2,809,845
National Investment Trust		
Investment as at 31 December	344,699	262,520
Dividend received	8,627	11,078
National Bank of Pakistan		
Balance at bank as at 31 December	1,034,744	6,128,690
Balance of investment in TDRs as at 31 December	75,871,228	22,711,757
Interest earned	4,181,276	874,824
Power Holding Limited (PHL)		
Mark-up earned	10,050,976	6,292,186
Balance of past due principal repayment of TFCs as at 31 December	82,000,000	82,000,000
Balance of past due mark-up receivable on TFCs as at 31 December	83,258,444	64,986,822
National Insurance Company Limited		
Insurance premium paid	957,161	654,526
Payable as at 31 December	1,972	-
National Logistic Cell		
Crude transportation charges paid	778,962	509,055
Payable as at 31 December	610,872	398,110
Enar Petrotech Services Limited		
Consultancy services	11,348	8,520
Enar Petroleum Refining Facility		
Sale of crude oil	17,651,144	11,550,702
Trade debts as at 31 December	5,659,338	5,864,181
Other related parties		
Contribution to pension fund	1,250,000	1,000,000
Contribution to gratuity fund	144,342	59,149
Remuneration including benefits and perquisites of key management personnel	689,905	358,159

25 DISCLOSURE REQUIREMENTS FOR ALL SHARES ISLAMIC

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 2023	Placed under Shariah permissible arrangement	602,089
ii)	Return on bank deposits for the period ended 31 December 2023	Placed under Shariah permissible arrangement	513,103
iii)	Revenue earned for the period ended 31 December 2023	Earned from Shariah compliant business	235,375,183
iv)	Relationship with banks having Islamic windows	Meezan Bank Limited, Dubai Islamic Bank & Faysal Bank Limited	

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 2023.

27 NON ADJUSTING EVENT AFTER REPORTING DATE

27.1 The Board of Directors approved interim cash dividend at the rate of Rs 2.50 per share amounting to Rs 10,752 million in its meeting held on 27 February 2024.

28 GENERAL

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

29 DATE OF AUTHORIZATION FOR ISSUE

These interim financial statements were authorized for issue on 27 February 2024 by the Board of Directors of the Company.

Chief Financial Officer	**Chief Executive**	**Director**