

**OIL AND GAS DEVELOPMENT COMPANY LIMITED**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION [UNAUDITED]**  
**AS AT 31 DECEMBER 2020**

**Annexure II**  
 Ref: CS04-08(PSX/LSE/SECP)  
 Dated: February 24, 2021

	Unaudited 31 December 2020	Audited 30 June 2020 Restated	Audited 01 July 2019 Restated
Note	------(Rupees '000)-----		
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital	43,009,284	43,009,284	43,009,284
Reserves	17,941,219	17,269,580	14,614,483
	<u>672,484,664</u>	<u>650,285,112</u>	<u>588,591,228</u>
	733,435,167	710,563,976	646,214,995
<b>NON CURRENT LIABILITIES</b>			
Deferred taxation	31,839,210	34,866,398	33,924,500
Deferred employee benefits	26,558,910	26,531,023	22,154,000
Provision for decommissioning cost	29,166,493	27,654,493	22,862,587
	87,564,613	89,051,914	78,941,087
<b>CURRENT LIABILITIES</b>			
Trade and other payables	61,129,248	63,589,152	46,736,547
Unpaid dividend	28,554,992	25,557,624	22,951,943
Unclaimed dividend	210,171	210,970	213,785
	89,894,411	89,357,746	69,902,275
	<u>910,894,191</u>	<u>888,973,636</u>	<u>795,058,357</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	8		

	Unaudited 31 December 2020	Audited 30 June 2020 Restated	Audited 01 July 2019 Restated
Note	------(Rupees '000)-----		
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	98,220,990	100,740,773	100,942,511
Development and production assets	102,449,563	101,449,010	91,958,684
Exploration and evaluation assets	17,051,197	16,420,604	15,216,824
	217,721,750	218,610,387	208,118,019
Long term investments	52,361,713	61,217,831	22,895,586
Long term loans	8,291,471	8,468,690	8,085,201
Long term prepayments	784,251	783,536	868,036
Lease receivables	40,931,137	44,821,590	45,626,052
	320,090,322	333,902,034	285,592,894
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools	20,455,564	18,726,550	18,751,790
Stock in trade	488,621	472,505	446,645
Trade debts	322,830,941	307,563,536	231,941,980
Loans and advances	12,101,070	13,322,160	9,669,299
Deposits and short term prepayments	1,939,024	1,313,370	1,329,883
Other receivables	733,063	575,305	7,762,428
Income tax - advance	43,394,941	37,118,984	20,027,510
Current portion of long term investments	110,203,136	95,115,426	113,770,186
Current portion of lease receivables	18,797,537	16,360,220	10,469,597
Other financial assets	23,731,606	47,661,241	74,726,436
Cash and bank balances	36,128,366	16,842,305	20,569,709
	590,803,869	555,071,602	509,465,463
	<u>910,894,191</u>	<u>888,973,636</u>	<u>795,058,357</u>

The annexed notes 1 to 30 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 COMPREHENSIVE INCOME [UNAUDITED]**  
**FOR SIX MONTHS ENDED 31 DECEMBER 2020**

	<b>Three months ended</b>		<b>Six months ended</b>	
	<b>31 December</b>		<b>31 December</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
		<b>Restated</b>		<b>Restated</b>
	----- <b>(Rupees '000)</b> -----			
<b>Profit for the period</b>	18,881,729	24,782,328	42,225,369	53,111,322
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income for the period</b>	<u>18,881,729</u>	<u>24,782,328</u>	<u>42,225,369</u>	<u>53,111,322</u>

The annexed notes 1 to 30 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 2020**

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 01 July 2019 as originally presented	43,009,284	836,000	11,020,000	2,118,000	520,000	120,483	625,365,248
Impact of adoption of IFRS 16 on certain agreements previously exempted - Note 3.1	-	-	-	-	-	20,849,747	20,849,747
Balance as at 1 July 2019 - restated	43,009,284	836,000	11,020,000	2,118,000	520,000	588,591,228	646,214,995
<b>Total comprehensive income for the period</b>							
Profit for the period- restated	-	-	-	-	-	53,111,322	53,111,322
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive income for the period- restated	-	-	-	-	-	53,111,322	53,111,322
Transfer to self insurance reserve	-	-	525,331	-	-	(525,331)	-
Charge to self insurance reserve	-	-	(331)	-	-	-	(331)
Transfer from undistributed percentage return reserve by an associated company	-	-	-	-	-	72,126	-
<b>Transactions with owners of the Company</b>							
<b>Distributions</b>							
Final dividend 2019: Rs 2.50 per share	-	-	-	-	-	(10,752,321)	(10,752,321)
First interim dividend 2020: Rs 2.50 per share	-	-	-	-	-	(10,752,321)	(10,752,321)
Total distributions to owners of the Company	-	-	-	-	-	(21,504,642)	(21,504,642)
<b>Balance as at 31 December 2019- restated</b>	<b>43,009,284</b>	<b>836,000</b>	<b>11,545,000</b>	<b>2,118,000</b>	<b>520,000</b>	<b>48,357</b>	<b>677,821,344</b>
Balance as at 01 July 2020 as originally presented	43,009,284	836,000	13,500,000	2,118,000	720,000	95,580	688,858,007
Impact of adoption of IFRS 16 on certain agreements previously exempted - Note 3.1	-	-	-	-	-	21,705,969	21,705,969
Balance as at 1 July 2020 - restated	43,009,284	836,000	13,500,000	2,118,000	720,000	650,285,112	710,563,976
<b>Total comprehensive income for the period</b>							
Profit for the period	-	-	-	-	-	42,225,369	42,225,369
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	42,225,369	42,225,369
Transfer to self insurance reserve	-	-	725,332	-	-	(725,332)	-
Charge to self insurance reserve	-	-	(332)	-	-	332	-
Transfer from undistributed percentage return reserve by an associated company	-	-	-	-	-	53,361	-
<b>Transactions with owners of the Company</b>							
<b>Distributions</b>							
Final dividend 2020: Rs 2.50 per share	-	-	-	-	-	(10,752,321)	(10,752,321)
First interim dividend 2021: Rs 2.00 per share	-	-	-	-	-	(8,601,857)	(8,601,857)
Total distributions to owners of the Company	-	-	-	-	-	(19,354,178)	(19,354,178)
<b>Balance as at 31 December 2020</b>	<b>43,009,284</b>	<b>836,000</b>	<b>14,225,000</b>	<b>2,118,000</b>	<b>720,000</b>	<b>42,219</b>	<b>733,435,167</b>

The annexed notes 1 to 30 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 2020**

	<b>Six months ended</b>	
	<b>31 December</b>	
	<b>2020</b>	<b>2019</b>
	<b>Restated</b>	
<b>Note</b>	<b>------(Rupees '000)-----</b>	
<b>Cash flows from operating activities</b>		
Profit before taxation	62,069,078	78,741,343
<b>Adjustments for:</b>		
Depreciation	4,825,836	4,755,143
Amortization of development and production assets	8,122,400	6,644,045
Royalty	12,902,888	15,215,640
Workers' profit participation fund	3,266,794	4,144,281
Provision for employee benefits	2,336,380	3,342,518
(Reversal)/ charge of provision for decommissioning cost	-	(480,019)
Unwinding of discount on provision for decommissioning cost	1,142,962	1,497,759
Interest income on investments and bank deposits	(6,201,874)	(9,794,972)
Interest income on lease	(3,983,625)	(4,031,899)
Un-realized gain on investments at fair value through profit or loss	(59,977)	(41,317)
Exchange loss /(gain) on lease	1,342,557	(1,137,220)
Exchange loss on foreign currency investment and deposit accounts	3,172,059	3,334,975
Dividend income	(5,857)	(7,037)
Gain on disposal of property, plant and equipment	(12,121)	(40,085)
Share of profit in associate	(3,280,239)	(2,949,618)
	<u>85,637,261</u>	<u>99,193,537</u>
<b>Changes in:</b>		
Stores, spare parts and loose tools	(1,729,014)	798,540
Stock in trade	(16,116)	(26,739)
Trade debts	(15,267,405)	(40,464,212)
Deposits and short term prepayments	(625,654)	(526,047)
Advances and other receivables	1,240,551	(1,920,679)
Trade and other payables	(5,443,225)	(2,970,031)
<b>Cash generated from operations</b>	<u>63,796,398</u>	<u>54,084,369</u>
	<u>(7,540,184)</u>	<u>(16,282,119)</u>
Royalty paid	(1,493,833)	(2,888,147)
Employee benefits paid	(715)	(57,452)
Long term prepayments	-	(331)
Payment from self insurance reserve	-	(54,138)
Decommissioning cost paid	(7,529,733)	(9,294,706)
Payment to workers' profit participation fund-net	(29,146,854)	(23,247,680)
Income taxes paid	<u>(45,711,319)</u>	<u>(51,824,573)</u>
Net cash generated from operating activities	<u>18,085,079</u>	<u>2,259,796</u>
<b>Cash flows from investing activities</b>		
Capital expenditure	(10,631,324)	(17,274,056)
Interest received	3,853,731	6,292,603
Lease payments received	1,604,637	979,783
Dividends received	58,773	55,143
Encashment of investments	1,833,441	10,170,987
Purchase of investments	-	(11,833,441)
Proceeds from disposal of property, plant and equipment	21,779	48,935
Net cash used in investing activities	<u>(3,258,963)</u>	<u>(11,560,046)</u>
<b>Cash flows from financing activities</b>		
Dividends paid	(16,357,609)	(18,832,873)
Net cash used in financing activities	<u>(16,357,609)</u>	<u>(18,832,873)</u>
<b>Net decrease in cash and cash equivalents</b>	<u>(1,531,493)</u>	<u>(28,133,123)</u>
Cash and cash equivalents at beginning of the period	64,248,291	95,049,153
Effect of movements in exchange rate on cash and cash equivalents	(3,172,059)	(3,334,975)
<b>Cash and cash equivalents at end of the period</b>	<u>22</u> <u>59,544,739</u>	<u>63,581,055</u>

The annexed notes 1 to 30 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 2020**

**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 2020. Comparative statement of financial position is extracted from the annual audited financial statements as of 30 June 2020, 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 period ended 31 December 2019 except for the restatements made during the period as disclosed in note 3 below.

These interim financial statements are unaudited and are being submitted to the members as required under Section 237 of Companies Act, 2017 and Rule Book of Pakistan Stock Exchange Limited.

**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 2020, except for the changes mentioned below:

**3.1 ADOPTION OF IFRS-16 'LEASES' IN RESPECT OF GAS SALE AGREEMENTS WITH UPL AND UCH-II**

The Company has gas sale agreements with M/s Uch Power (Private) Limited (UPL) and M/s Uch-II Power (Private) Limited (Uch-II). These contractual arrangements with UPL and Uch-II were previously classified as a lease under IFRIC 4 "Determining whether an Arrangement Contains a Lease". However, due to exemption from the Securities and Exchange Commission of Pakistan (SECP), these were not accounted for as a lease in prior years.

IFRS 16 'Leases' became applicable from 01 July 2019 and replaced existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27' Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. The Company adopted IFRS 16 'Leases' in its financial statements for the year ended 30 June 2020 except for its gas sales agreements with UPL and UCH-II for which temporary exemption was granted to the Company by SECP till 30 September 2020. The Company has reassessed its gas sale agreements with UPL and UCH-II under the requirements of IFRS-16 and concluded that these agreements contain lease as previously assessed under IFRIC 4. Accordingly, the impacts of adoption of IFRS 16 on the gas sales agreements with UPL and Uch-II have been retrospectively applied in these interim financial statements and prior period financial statements have been restated.

The Company has assessed the lease as finance lease and has derecognised the underlying asset and recognised a receivable at an amount equal to the net investment in a lease. Net investment in a lease is measured at an amount equal to the sum of the present value of lease payments from lessee discounted at interest rate implicit in the lease. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognized over the term of the lease so as to reflect a constant periodic rate of return.

A third statement of financial position as at 01 July 2019 has also been presented in accordance with the requirement of IAS -1 "Presentation of Financial Statements". The effects of the restatement are summarized in note 3.5 below:

**OIL AND GAS DEVELOPMENT COMPANY LIMITED**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS [UNAUDITED]**  
**FOR SIX MONTHS ENDED 31 DECEMBER 2020**

**3.2 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 2021:

	<b>Effective dates</b>
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 IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Interest rate benchmark reform	01 January 2021
Amendments to IAS 1 - Classification of liabilities as current or non-current and disclosure of accounting policies	01 January 2023
Amendments to IAS 8 - Definition of accounting 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 2020, 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 2021 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 2021.

**3.3 APPLICATION OF IFRS 2 - SHARE BASED PAYMENT**

In light of the Honourable Supreme Court of Pakistan's short order dated 22 October 2020, the impact as disclosed in note 44 to the annual audited financial statements for the year ended 30 June 2020 may no longer be relevant to these interim financial statements, however as detailed in note 7 to these interim financial statements, it would be prudent and appropriate to await the detailed reasons for the short order, which are yet to be released by the Honourable Supreme Court of Pakistan.

**3.4 ACCOUNTING GUIDANCE ISSUED BY ICAP RELATING TO GAS INFRASTRUCTURE DEVELOPMENT CESS (GIDC)**

As a result of recent events and developments including orders and judgements of the Honourable Supreme Court of Pakistan, the Institute of Chartered Accountants of Pakistan (ICAP) has issued a guidance "Accounting of Gas Infrastructure Development Cess (GIDC)" (the Guidance) through Circular no. 1/2021 dated 21 January 2021. In light of the said guidance, gas companies should consider the timing of recognition of liabilities (with a corresponding assets), where the obligation of the gas companies is to pay the collected amounts to Federal Government on receipt basis. Liability for such amounts should be recognized at the time of receipt of GIDC from gas consumers and not at the time of billing to the gas consumers.

Under the laws and regulations governing GIDC, the Company is responsible to invoice the same to the customers and deposit the collected amounts to the GoP on receipt from customers. Accordingly, the Company has recorded liability for GIDC in the interim statement of financial position to the extent received from customers but not deposited with the GoP. Further, GIDC billed to customers has been excluded from gross sales in the notes to the interim financial statements.

The Guidance has been applied retrospectively and the prior period financial statements have been restated, which has not affected current period or prior years' net sales, profit, equity and cash flows. In accordance with requirements of IAS 1 "Presentation of Financial Statements", a third statement of financial position as of 01 July 2019 has also been presented. The effects of the restatement are summarized in note 3.5 below:

**OIL AND GAS DEVELOPMENT COMPANY LIMITED**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS [UNAUDITED]**  
**FOR SIX MONTHS ENDED 31 DECEMBER 2020**

3.5 The following tables present the impacts of restatements as explained in note 3.1 & 3.4 above:

	Without the impact of note 3.1 and 3.4	IFRS-16 (Note 3.1)	GIDC (Note 3.4)	As presented
------(Rupees '000)-----				
<b>Condensed interim statement of financial position</b>				
<b>31 December 2020</b>				
<b>Non-current assets</b>				
Property, plant and equipment	112,925,453	(14,704,463)	-	98,220,990
Lease receivable	-	40,931,137	-	40,931,137
<b>Current assets</b>				
Trade debts	342,019,023	(13,653,962)	(5,534,120)	322,830,941
Current portion of lease receivable	-	18,797,537	-	18,797,537
<b>Non-current liabilities</b>				
Deferred taxation	21,941,896	9,897,314	-	31,839,210
<b>Current liabilities</b>				
Trade and other payables	65,094,856	1,568,512	(5,534,120)	61,129,248
<b>Share capital and reserves</b>				
Unappropriated Profit	652,580,241	19,904,423	-	672,484,664
------(Rupees '000)-----				
	As originally presented	IFRS-16 (Note 3.1)	GIDC (Note 3.4)	Restated
------(Rupees '000)-----				
<b>Statement of financial position</b>				
<b>30 June 2020</b>				
<b>Non-current assets</b>				
Property, plant and equipment	116,355,157	(15,614,384)	-	100,740,773
Lease receivable	-	44,821,590	-	44,821,590
<b>Current assets</b>				
Trade debts	325,620,971	(11,357,860)	(6,699,575)	307,563,536
Current portion of lease receivable	-	16,360,220	-	16,360,220
<b>Non-current liabilities</b>				
Deferred taxation	24,073,280	10,793,118	-	34,866,398
<b>Current liabilities</b>				
Trade and other payables	68,578,248	1,710,479	(6,699,575)	63,589,152
<b>Share capital and reserves</b>				
Unappropriated Profit	628,579,143	21,705,969	-	650,285,112
<b>30 June 2019</b>				
<b>Non-current assets</b>				
Property, plant and equipment	117,787,033	(16,844,522)	-	100,942,511
Lease receivable	-	45,626,052	-	45,626,052
<b>Current assets</b>				
Trade debts	242,731,940	(6,406,534)	(4,383,426)	231,941,980
Current portion of lease receivable	-	10,469,597	-	10,469,597
<b>Non-current liabilities</b>				
Deferred taxation	23,571,884	10,352,616	-	33,924,500
<b>Current liabilities</b>				
Trade and other payables	49,477,743	1,642,230	(4,383,426)	46,736,547
<b>Share capital and reserves</b>				
Unappropriated Profit	567,741,481	20,849,747	-	588,591,228

**OIL AND GAS DEVELOPMENT COMPANY LIMITED**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS [UNAUDITED]**  
**FOR SIX MONTHS ENDED 31 DECEMBER 2020**

	Six months ended 31 December 2020 without the impact of note 3.1 and 3.4	IFRS-16 (Note 3.1)	GIDC (Note 3.4)	Six months ended 31 December 2020 as presented	Six months ended 31 December 2019 as originally presented	IFRS-16 (Note 3.1)	GIDC (Note 3.4)	Six months ended 31 December 2019 restated
	----- (Rupees '000) -----				----- (Rupees '000) -----			
<b>Condensed interim statement of profit or loss</b>								
Sales - net	117,370,145	(6,390,305)	-	110,979,840	133,441,268	(5,989,427)	-	127,451,841
Operating expenses	34,211,740	(909,921)	-	33,301,819	30,559,838	(720,593)	-	29,839,245
Finance and other income	3,956,349	2,641,068	-	6,597,417	7,927,013	5,169,119	-	13,096,132
Workers' profit participation fund	3,408,760	(141,966)	-	3,266,794	4,149,267	(4,986)	-	4,144,281
Taxation	20,739,513	(895,804)	-	19,843,709	25,651,628	(21,607)	-	25,630,021
Profit for the period	44,026,915	(1,801,546)	-	42,225,369	53,184,444	(73,122)	-	53,111,322
Earnings per share - basic and diluted (Rupees)	10.24	(0.42)	-	9.82	12.37	(0.02)	-	12.35
<b>Condensed interim statements of cash flows</b>								
<b>Cash flows from operating activities</b>								
Profit before taxation	64,766,428	(2,697,350)	-	62,069,078	78,836,072	(94,729)	-	78,741,343
<b>Adjustments for:</b>								
Depreciation	5,735,757	(909,921)	-	4,825,836	5,475,736	(720,593)	-	4,755,143
Workers' profit participation fund	3,408,760	(141,966)	-	3,266,794	4,149,267	(4,986)	-	4,144,281
Exchange loss/ (gain) on lease	-	1,342,557	-	1,342,557	-	(1,137,220)	-	(1,137,220)
Interest income on lease	-	(3,983,625)	-	(3,983,625)	-	(4,031,899)	-	(4,031,899)
<b>Changes in:</b>								
Trade debts	(16,398,051)	2,296,101	(1,165,455)	(15,267,405)	(45,764,915)	2,989,570	2,311,133	(40,464,212)
Trade and other payables	(6,608,680)	-	1,165,455	(5,443,225)	(658,898)	-	(2,311,133)	(2,970,031)
<b>Net cash generated from operating activities</b>	<b>22,179,283</b>	<b>(4,094,204)</b>	<b>-</b>	<b>18,085,079</b>	<b>5,259,653</b>	<b>(2,999,857)</b>	<b>-</b>	<b>2,259,796</b>
<b>Cash flows from investing activities</b>								
Interest received	1,364,164	2,489,567	-	3,853,731	4,272,529	2,020,074	-	6,292,603
Lease payments received	-	1,604,637	-	1,604,637	-	979,783	-	979,783
<b>Net cash used in investing activities</b>	<b>(7,353,167)</b>	<b>4,094,204</b>	<b>-</b>	<b>(3,258,963)</b>	<b>(14,559,903)</b>	<b>2,999,857</b>	<b>-</b>	<b>(11,560,046)</b>



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	Note	Unaudited 31 December 2020	Audited 30 June 2020
------(Rupees '000)-----			
<b>4 RESERVES</b>			
Capital reserves:			
Capital reserve	4.1	836,000	836,000
Self insurance reserve	4.2	14,225,000	13,500,000
Capital redemption reserve fund - associated company	4.3	2,118,000	2,118,000
Self insurance reserve - associated company	4.4	720,000	720,000
Other reserves:			
Undistributed percentage return reserve - associated company	4.5	42,219	95,580
		<u>17,941,219</u>	<u>17,269,580</u>
<b>4.1</b>	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.		
<b>4.2</b>	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 12.2 for investments against this reserve. Accordingly, the reserve is not available for distribution to shareholders.		
<b>4.3</b>	This represents Company's share of profit set aside by an associated company to redeem redeemable preference shares in the form of cash to the preference shareholders.		
<b>4.4</b>	This represents Company's share of profit set aside by an associated company for self insurance of general assets, vehicles and personal accident for security personnel.		
<b>4.5</b>	This represents Company's share of profit set aside by an associated company from distributable profits for the year related to undistributed percentage return reserve.		
		Unaudited 31 December 2020	Audited 30 June 2020
------(Rupees '000)-----			
<b>5 PROVISION FOR DECOMMISSIONING COST</b>			
Balance at beginning of the period/ year		27,654,493	22,862,587
Provision during the period/ year		369,038	523,222
Decommissioning cost incurred during the period/ year		-	(143,978)
Reversal in respect of fields decommissioned during the period/ year		-	(480,019)
		<u>28,023,531</u>	<u>22,761,812</u>
Revision due to change in estimates		-	1,885,426
Unwinding of discount on provision for decommissioning cost		1,142,962	3,007,255
Balance at end of the period/ year		<u>29,166,493</u>	<u>27,654,493</u>

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		<b>Unaudited 31 December 2020</b>	<b>Audited 30 June 2020 Restated</b>
	<b>Note</b>	<b>------(Rupees '000)-----</b>	
<b>6 TRADE AND OTHER PAYABLES</b>			
Creditors		2,038,775	670,392
Accrued liabilities		9,103,722	17,145,383
Payable to partners of joint operations		7,490,294	7,977,718
Retention money payable		6,129,715	6,133,678
Royalty payable to the Government of Pakistan		11,205,216	5,842,512
Excise duty payable		214,408	203,835
General sales tax payable		1,852,609	1,461,153
Gas Infrastructure Development Cess (GIDC) payable	6.1	-	175,276
Petroleum Levy payable		147,913	116,808
Withholding tax payable		178,475	306,959
Trade deposits		117,164	117,164
Workers' profit participation fund - net		4,977,272	9,240,211
Employees' pension trust		9,962,642	8,157,458
Gratuity fund		200,709	122,337
Provident fund		71,048	-
Advances from customers		3,097,793	2,621,375
Other payables		4,341,493	3,296,893
		<u>61,129,248</u>	<u>63,589,152</u>

- 6.1** GIDC amounting to Rs 5,534 million (30 June 2020: Rs 6,700 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 shown as payable to the extent that it is received from customers but not deposited with the GoP. Also refer note 3.4.

During the period, the Supreme Court of Pakistan has decided the matter of GIDC and ordered gas consumers to pay GIDC arrears 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 26,972 million (30 June 2020: Rs 25,027 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 Honorable Supreme Court of Pakistan, hence status quo may be maintained till final decision of Honorable Supreme Court of Pakistan.

The Finance Division, GoP vide letter no. F. No. 2(39)BIU-I/2018-19 dated 15 April 2019 advised the Company to deposit the GoP share of dividend including interest, if any, lying in 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.

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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.

During the period, 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 alongwith interest earned thereon till date in the Federal Consolidated Fund in light of the Honorable 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, which are yet to be released by the Honourable Supreme Court of Pakistan, prior to taking any action in pursuance of the directives of Finance Division, GoP.

## **8 CONTINGENCIES AND COMMITMENTS**

### **8.1 Contingencies**

**8.1.1** Claims against the Company not acknowledged as debts amounted to Rs 1,263 million at period end (30 June 2020: Rs 1,263 million).

**8.1.2** During the year ended 30 June 2019, Attock Refinery Limited (ARL) filed a writ petition against the Company before Islamabad High Court on 17 December 2018 and has disputed and withheld amounts invoiced to it on account of adjustment of premium or discount as announced by Saudi Aramco for deliveries to Asian customers/ destinations under the sale agreement signed on 13 March 2018. As at 31 December 2020, the amount withheld by ARL stands at Rs 2,274 million (30 June 2020: Rs 2,246 million). Further, ARL has also claimed the amounts already paid in this respect during the period 2007 to 2012 amounting to Rs 562 million (30 June 2020: Rs 562 million). The Islamabad High Court vide order dated 16 January 2019 granted interim relief to ARL until next hearing. The Company believes that the debit notes/ invoices have been raised in accordance with the sale agreements signed with GoP and no provision is required in this respect.

**8.1.3** Oil and Gas Regulatory Authority (OGRA) vide its decision dated 22 June 2018 decided that LPG producers, in public or private sector, cannot charge signature bonus in compliance with LPG Policy 2016. The Company has challenged this decision in Islamabad High Court on 23 July 2018. Signature bonus recognized as income by the Company after decision of OGRA amounts to Rs 986.731 million (30 June 2020: Rs 833.111 million). Management believes that the matter will be decided in favour of the Company.

**8.1.4** Certain banks have issued guarantees on behalf of the Company in ordinary course of business aggregating Rs 1.281 million (30 June 2020: Rs 1.281 million).

**8.1.5** For contingencies related to tax matters, refer note 16.1 to 16.3 and note 20.1.

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

**8.1.7** For matter relating to conversion of certain blocks to Petroleum Policy 2012, refer note 18.3.

### **8.2 Commitments**

**8.2.1** Commitments outstanding at the period end amounted to Rs 42,042.027 million (30 June 2020: Rs 42,430.417 million). These include amounts aggregating to Rs 22,562.274 million (30 June 2020: Rs 24,360.796 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 7,167.703 million (30 June 2020: Rs 4,899.632 million).

**8.2.3** The Company's share of associate commitments for capital expenditure based on the financial information of the associate for the period ended 31 December 2020 was Rs 3,379 million (30 June 2020: Rs 5,051 million).

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		<b>Unaudited</b>	<b>Audited</b>
		<b>31 December</b>	<b>30 June</b>
		<b>2020</b>	<b>2020</b>
		<b>Restated</b>	
<b>Note</b>		<b>------(Rupees '000)-----</b>	
<b>9</b>	<b>PROPERTY, PLANT AND EQUIPMENT</b>		
	Carrying amount at beginning of the period/year	100,740,773	100,942,511
	Additions during the period/year	2,796,399	10,788,377
	Book value of disposals	(9,658)	(16,317)
	Depreciation charge for the period/year	(5,306,524)	(11,467,684)
	Revision in estimate of decommissioning cost during the period/year	-	493,886
	Carrying amount at end of the period/year	<u>98,220,990</u>	<u>100,740,773</u>
<b>9.1</b>	<b>Additions during the period/year</b>		
	Freehold land	79,199	90
	Buildings, offices and roads on freehold land	18,644	97,784
	Buildings, offices and roads on leasehold land	12,444	164,914
	Plant and machinery	4,363,513	5,207,960
	Rigs	16,889	263,254
	Pipelines	392,782	1,048,613
	Office and domestic equipment	67,235	16,274
	Office and technical data computers	179,136	59,863
	Furniture and fixture	3,597	2,569
	Vehicles	70,694	127,402
	Decommissioning cost	-	84,430
	Capital work in progress (net movement)	(1,630,203)	1,239,222
	Stores held for capital expenditure (net movement)	(777,531)	2,476,002
		<u>2,796,399</u>	<u>10,788,377</u>
<b>9.2</b>	<b>Property, plant and equipment comprises:</b>		
	Operating fixed assets	89,983,784	90,096,427
	Capital work in progress	1,949,770	3,579,973
	Stores held for capital expenditure	6,287,436	7,064,373
		<u>98,220,990</u>	<u>100,740,773</u>
		<b>Unaudited</b>	<b>Audited</b>
		<b>31 December</b>	<b>30 June</b>
		<b>2020</b>	<b>2020</b>
		<b>------(Rupees '000)-----</b>	
<b>10</b>	<b>DEVELOPMENT AND PRODUCTION ASSETS</b>		
	Carrying amount at beginning of the period/year	101,449,010	91,958,684
	Additions during the period/year	2,344,012	16,075,710
	Transferred from exploration and evaluation assets during the period/year	6,800,024	6,812,898
	Stores held for development and production activities (net movement)	(21,083)	2,412,807
	Amortization charge for the period/year	(8,122,400)	(17,247,061)
	Revision in estimates of decommissioning cost during the period/year	-	1,435,972
	Carrying amount at end of the period/year	<u>102,449,563</u>	<u>101,449,010</u>

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	<b>Unaudited</b>	<b>Audited</b>
	<b>31 December</b>	<b>30 June</b>
	<b>2020</b>	<b>2020</b>
	------(Rupees '000)-----	
<b>11 EXPLORATION AND EVALUATION ASSETS</b>		
Balance at beginning of the period/ year	15,699,342	15,129,892
Additions during the period/ year	9,081,564	17,408,312
	<u>24,780,906</u>	<u>32,538,204</u>
Cost of dry and abandoned wells during the period/ year	(1,199,073)	(10,025,964)
Cost of wells transferred to development and production assets during the period/ year	(6,800,024)	(6,812,898)
	<u>(7,999,097)</u>	<u>(16,838,862)</u>
	16,781,809	15,699,342
Stores held for exploration and evaluation activities	269,388	721,262
Balance at end of the period/ year	<u>17,051,197</u>	<u>16,420,604</u>
<b>12 LONG TERM INVESTMENTS</b>		
Investment in related party - associate, quoted		
Mari Petroleum Company Limited (MPCL)	12.1	21,861,713
Investments at amortised cost		
Term Deposit Receipts (TDRs)	12.2	11,455,969
Term Finance Certificates (TFCs)	12.3	129,247,167
		<u>140,703,136</u>
Less: Current portion shown under current assets	12.4	(110,203,136)
		<u>30,500,000</u>
		<u>52,361,713</u>
		<u>61,217,831</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 2020: 20%) holding in the associate.

Effective 1 July 2014, the cost plus wellhead gas pricing formula was replaced with a crude oil price linked formula which provides a discounted wellhead gas price. The revised formula provides dividend distribution to be continued for next ten years, from 2014, in line with the previous cost plus formula. Accordingly, the shareholders are entitled to a minimum or maximum return of 30%, net of all taxes, on shareholders' funds which is to be escalated in the event of increase in MPCL's gas or equivalent oil production beyond the level of 425 MMSCFD at the rate of 1%, net of all taxes, on shareholders' funds for each additional 20 MMSCFD of gas or equivalent oil produced, prorated for part thereof on annual basis, subject to a maximum of 45%. Any residual profits for the next ten years, from 2014, are to be reinvested for exploration and development activities in Mari as well as outside Mari field.

Subsequent to the period end, Economic Coordination Committee (ECC) in its meeting held on February 3, 2021, has decided that with effect from July 1, 2020, dividend distribution cap be removed and the Company is allowed to distribute dividend in accordance with provisions of the Companies Act, 2017 and rules made thereunder. Necessary amendments in the relevant agreement are to be made through a supplemental agreement to incorporate this revised dividend distribution mechanism. Supplemental agreement to give effect to above will be executed in due course of time.

**12.2** This represents investments in local currency TDRs and carry effective interest rate of 14% (30 June 2020: 13.10% to 14% ) per annum. TDRs have maturities of five (5) years. These investments are earmarked against self insurance reserve as explained in note 4.2 to the financial statements.

**12.3** 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 PHPL, 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.

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As per original terms of investor agreement between the Company and PHPL, 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, markup, and/or any other amount becoming due for payment in respect of investment in TFCs.

On 23 October 2017, PHPL 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 PHPL. PHPL 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 PHPL for a further period of three (3) years. Currently, management is in discussion with PHPL for signing the revised term sheet with PHPL as per the terms approved by ECC. As at 31 December 2020, the principal balance of TFCs has been classified on the basis of expected realization of the principal balance of TFCs as per the revised term sheet to be signed with PHPL. As per the revised terms, principal repayment amounting to Rs 41,000 million (30 June 2020: Rs 30,750 million) was past due as at 31 December 2020. Further, interest due as of 31 December 2020 was Rs 47,247 million (30 June 2020: Rs 42,986 million) of which Rs 45,137 million (30 June 2020: Rs 39,561 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 note 2.6.2 to the annual audited financial statements for the year ended 30 June 2020, SECP has deferred the applicability of ECL model till June 2021 on financial assets due directly/ ultimately from GoP in consequence of the circular debt.

- 12.4** Current portion includes Rs 1,455.969 million (30 June 2020: Rs 879.608 million), and Rs 47,247 million (30 June 2020: Rs 42,986 million) representing accrued markup on TDRs and TFCs respectively.

**13 LEASE RECEIVABLE**

Net investment in lease has been recognized on gas sale agreements with Uch Power Limited (UPL) and Uch-II Power Limited (Uch-II), where the agreements convey a substantive right to use the production facilities, as follows:

		<b>Unaudited</b>	<b>Audited</b>
		<b>31 December</b>	<b>30 June</b>
		<b>2020</b>	<b>2020</b>
			<b>Restated</b>
		----- <b>(Rupees '000)</b> -----	
Net investment in lease		59,728,674	61,181,810
Less: Current portion of net investment in lease	13.1	<u>(18,797,537)</u>	<u>(16,360,220)</u>
		<u>40,931,137</u>	<u>44,821,590</u>

- 13.1** Current portion of net investment in lease includes amounts billed to customers of Rs 13,654 million (30 June 2020: Rs 11,358 million) out of which Rs 11,514 million (30 June 2020: Rs 9,377 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 2020, SECP has deferred the applicability of ECL model till June 2021 on financial assets due directly/ ultimately from GoP in consequence of the circular debt.

- 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 4,702 million till 31 December 2020, of which Rs 1,166 million (31 December 2019: Rs 192 million) has been recorded in revenue for the period. While cumulative effect in unappropriated profit till 30 June 2020 is Rs 3,536 million.

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**13.3** Following is the maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date:

	<b>Unaudited 31 December 2020</b>	<b>Audited 30 June 2020 Restated</b>
	------(Rupees '000)-----	
Less than one year	25,923,154	24,080,573
One to two years	12,269,192	12,722,713
Two to three years	10,546,624	12,722,713
Three to four years	5,378,919	7,286,495
Four to five years	5,378,919	5,474,422
Beyond year 5	<u>71,270,674</u>	<u>75,273,300</u>
Total undiscounted lease receivable - Gross investment in lease	130,767,482	137,560,216
Unearned finance income	<u>(71,038,808)</u>	<u>(76,378,406)</u>
Net investment in lease	<u><u>59,728,674</u></u>	<u><u>61,181,810</u></u>

**14 TRADE DEBTS**

Un-secured, considered good	322,830,941	307,563,536
Un-secured, considered doubtful	<u>101,113</u>	<u>101,113</u>
	322,932,054	307,664,649
Provision for doubtful debts	<u>(101,113)</u>	<u>(101,113)</u>
	<u><u>322,830,941</u></u>	<u><u>307,563,536</u></u>

**14.1** Trade debts include overdue amount of Rs 272,489 million (30 June 2020: Rs 262,459 million) on account of Inter-corporate circular debt, receivable from oil refineries and gas companies out of which Rs 136,420 million (30 June 2020: Rs 130,536 million) and Rs 109,697 million (30 June 2020: Rs 106,625 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 note 2.6.2 to the annual audited financial statements for the year ended 30 June 2020, SECP has deferred the applicability of ECL model till June 2021 on financial assets due directly/ ultimately from GoP in consequence of the circular debt.

**14.2** As detailed in note 3.4 trade debts have been adjusted for GIDC receivable from the customers.

**15 LOANS AND ADVANCES**

**15.1** This includes an amount of Rs 3,180 million (30 June 2020: Rs 3,180 million) paid under protest to Federal Board of Revenue (FBR) on account of sales tax demand raised in respect of capacity invoices from Uch gas field for the period July 2004 to March 2011. Based on Sales Tax General Order (STGO) 1 of 2000 dated 24 January 2000, the matter was argued before various appellate forums, however, the Supreme Court of Pakistan finally decided the issue against the Company on 15 April 2013. The FBR granted time relaxation to the Company for issuance of debit note for an amount of Rs 750 million for the period April 2011 to May 2012, accounted for as trade debt. Uch Power Limited (UPL) challenged the grant of time relaxation to the Company by FBR before Islamabad High Court. On 27 December 2013, the Honourable Court decided the matter in favour of the Company. In light of the Islamabad High Court decision, the Company has applied to FBR for obtaining condonation of time limit for issuing debit notes to UPL/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.

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UPL filed an intra court appeal against the decision of the Islamabad High Court (IHC). IHC through its order dated 17 November 2016 dismissed the intra court appeal in favour of the Company. In January 2017, UPL filed Civil Petition for Leave to Appeal (CPLA) against the Company and others, before the Honourable 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 Honourable Supreme Court of Pakistan will be decided in favour of the Company and required condonations will be obtained and the amount will be recovered from UPL. Accordingly no provision in this respect has been made in these interim financial statements.

- 15.2** This also includes recoveries of Rs 317 million (30 June 2020: 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 7,113 million (30 June 2020: Rs 7,113 million) relating to periods July 2012 to June 2015. The Honourable Appellate Tribunal Inland Revenue (ATIR) has accepted the Company's appeals and annulled the demands of Rs 1,821 million, Rs 4,887 million and Rs 405 million for the periods 2012-13, 2013-14 and 2014-15 respectively, 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 judgments of ATIR for the period 2012-13 and 2013-14 on 9 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 return and sales/ production based on other sources of data. The Company believes that these demands were raised without legal validity and will be decided by IHC in its favour as already decided by ATIR in favour of the Company.

		<b>Unaudited</b>	<b>Audited</b>
		<b>31 December</b>	<b>30 June</b>
		<b>2020</b>	<b>2020</b>
	<b>Note</b>	------(Rupees '000)-----	
<b>16 INCOME TAX - ADVANCE</b>			
Income tax- advance at beginning of the period/ year		37,118,984	20,027,510
Income tax paid during the period/ year		29,146,854	51,524,836
Provision for current taxation - profit or loss		(22,870,897)	(42,481,837)
Tax credit related to remeasurement loss on employee retirement benefit plans - other comprehensive income		-	8,048,475
Income tax - advance at end of the period/ year	16.1 to 16.3	<u>43,394,941</u>	<u>37,118,984</u>

- 16.1** This includes amount of Rs 21,785 million (30 June 2020: Rs 21,785 million) paid to tax authorities on account of disallowance of actuarial loss amounting to Rs 43,134 million which the Company claimed in its return for the tax years 2014 to 2018. 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, which are 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 the Company by appellate forums available under the law.

- 16.2** During the year ended 30 June 2014, tax authorities raised demands of Rs 13,370 million (30 June 2020: 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 2020: Rs 5,372 million) from the Company upto 31 December 2020. 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 favour 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.



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**16.3** Income tax advance includes Rs 1,259 million (30 June 2020: 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.

		<b>Unaudited</b>	<b>Audited</b>
		<b>31 December</b>	<b>30 June</b>
		<b>2020</b>	<b>2020</b>
	<b>Note</b>	<b>------(Rupees '000)-----</b>	
<b>17 OTHER FINANCIAL ASSETS</b>			
Investment in Term Deposit Receipt (TDRs)	17.1	23,416,373	47,405,986
Investment at fair value through profit or loss - NIT units		315,233	255,255
		<u>23,731,606</u>	<u>47,661,241</u>

**17.1** This represents foreign currency TDRs amounting to USD 145.941 million (30 June 2020: USD 281.320 million), and accrued interest amounting to USD 0.972 million (30 June 2020: USD 0.993 million), carrying interest rate ranging from 1.28% to 2.55% (30 June 2020: 1.45% to 5.06%) per annum, having maturities up to six months (30 June 2020: six months).

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	Three months ended 31 December		Six months ended 31 December	
	2020	2019 Restated	2020	2019 Restated
------(Rupees '000)-----				
<b>18 SALES - NET</b>				
<b>Gross sales</b>				
Crude oil	20,903,914	29,910,270	42,201,102	58,303,638
Gas	34,601,502	35,810,038	72,555,248	74,065,427
Liquefied petroleum gas	6,392,857	6,206,394	11,251,803	10,810,717
Sulphur	166,734	196,588	337,264	201,057
Gas processing	29,078	30,868	61,409	61,146
	<u>62,094,085</u>	<u>72,154,158</u>	<u>126,406,826</u>	<u>143,441,985</u>
<b>Government levies</b>				
General sales tax	(6,472,470)	(6,938,218)	(13,456,440)	(13,962,555)
Petroleum levy	(360,043)	(337,726)	(664,416)	(635,106)
Excise duty	(629,124)	(683,459)	(1,306,130)	(1,392,483)
	<u>(7,461,637)</u>	<u>(7,959,403)</u>	<u>(15,426,986)</u>	<u>(15,990,144)</u>
	<u>54,632,448</u>	<u>64,194,755</u>	<u>110,979,840</u>	<u>127,451,841</u>

**18.1** Gas sales include sales from Nur-Bagla field invoiced on provisional prices. There may be adjustment in revenue upon issuance of final wellhead prices notification by Ministry of Energy (Petroleum Division), impact of which cannot be determined at this stage.

**18.2** Gas Sale Agreement (GSA) in respect of Kunnar Pasakhi Deep (KPD) fields between the Company and Sui Southern Gas Company Limited is being finalized and adjustments, if any, will be accounted for in the financial statements after execution of GSA.

**18.3** In respect of six of its operated concessions, namely, Gurgalot, Sinjhoru, 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 Honourable 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.

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The cumulative past benefit accrued and recorded in these 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 15,081 million (30 June 2020: Rs 12,608 million) related to gas price incentive against the supplemental agreements has been set aside on a point forward basis effective 24 November 2017 (the date of decision of CCI).

	Three months ended 31 December		Six months ended 31 December	
	2020	2019 Restated	2020	2019 Restated
------(Rupees '000)-----				
<b>19 FINANCE AND OTHER INCOME</b>				
Interest income on:				
Investments and bank deposits	2,609,637	5,700,941	6,201,874	9,794,972
Finance lease	1,982,542	2,043,114	3,983,625	4,031,899
Dividend income from NIT units	-	-	5,857	7,037
Un-realized gain on investments at fair value through profit or loss	20,431	66,788	59,977	41,317
Exchange loss -net	(4,270,204)	(2,051,578)	(4,253,018)	(1,499,618)
Signature bonus	81,751	27,809	153,620	62,067
Liquidated damages / penalty imposed on suppliers	136,709	129,639	245,007	406,168
Others	78,790	142,122	200,475	252,290
	<u>639,656</u>	<u>6,058,835</u>	<u>6,597,417</u>	<u>13,096,132</u>

**20 TAXATION**

Current- charge for the period	11,107,030	11,979,920	22,870,897	25,335,177
Deferred - (credit)/ charge for the period	(1,814,726)	759,803	(3,027,188)	294,844
	<u>9,292,304</u>	<u>12,739,723</u>	<u>19,843,709</u>	<u>25,630,021</u>

**20.1** Various appeals in respect of assessment years 1992-93 to 2002-03, tax years 2003 to 2020 are pending at different appellate forums in the light of the order of the Commissioner of Inland Revenue (Appeals) and decision of the Adjudicator, appointed by both the Company as well as the Federal Board of Revenue (FBR) mainly on the issues of decommissioning cost, depletion allowance, prospecting, exploration and development expenditure, tax rate, 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 2003-2019 amounts to Rs 118,157 million (30 June 2020: Rs 116,877) out of which an amount of Rs 109,309 million (30 June 2020: Rs 103,357 million) has been paid to tax authorities and has also been provided for in these interim financial statements. Also refer to note 16.1 to 16.3 of these interim financial statements.

	Three months ended 31 December		Six months ended 31 December	
	2020	2019 Restated	2020	2019 Restated
<b>21 EARNINGS PER SHARE - BASIC AND DILUTED</b>				
Profit for the period (Rupees '000)	18,881,729	24,782,328	42,225,369	53,111,322
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>4.39</u>	<u>5.76</u>	<u>9.82</u>	<u>12.35</u>

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

**22 CASH AND CASH EQUIVALENTS**

	Six months ended 31 December	
	2020	2019 Restated
------(Rupees '000)-----		
Cash and bank balances	36,128,366	12,160,254
Short term highly liquid investments		
Investment in Term Deposit Receipts	23,416,373	51,420,801
	<u>59,544,739</u>	<u>63,581,055</u>

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**23 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).

The Company held the following financial assets at fair value:

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>31 December 2020</b>			
<b>Financial assets measured at fair value</b>			
Other financial assets - NIT units	315,233	-	-
<b>30 June 2020</b>			
<b>Financial assets measured at fair value</b>			
Other financial assets - NIT units	255,255	-	-

**24 RELATED PARTIES TRANSACTIONS**

Government of Pakistan owns 74.97% (30 June 2020: 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 air fare, electricity, gas and telephone to entities controlled by Government of Pakistan which are not material, hence not disclosed in these financial statements. Transactions of the Company with related parties and balances outstanding at period end are as follows:

	<b>Six months ended</b>	
	<b>31 December</b>	
	<b>2020</b>	<b>2019</b>
	------(Rupees '000)-----	
<b>MPCL- Associated company (20% share holding of the Company)</b>		
Share of profit in associate - net of taxation	3,280,239	2,949,618
Dividend received	52,916	48,106
Expenditure charged to joint operations partner- net	500,632	76,990
Cash calls (received)/ paid to joint operations partner- net	(793,306)	202,292
Share (various fields) payable as at 31 December	486,224	99,757
Share (various fields) receivable as at 31 December	123,877	198,191
<b>Major shareholders</b>		
<b>Government of Pakistan (74.97% share holding)</b>		
Dividend paid	13,059,361	14,510,401
Dividend paid - Privatization Commission of Pakistan	1,451,074	1,612,304
<b>OGDCL Employees' Empowerment Trust (OEEET) (10.05% share holding)</b>		
Dividend payable as at 31 December	26,971,924	24,270,743
<b>Related parties by virtue of GoP holdings and /or common directorship</b>		
<b>Sui Northern Gas Pipelines Limited</b>		
Sale of natural gas	33,107,902	35,274,305
Trade debts as at 31 December	120,559,711	106,034,375

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	<b>Six months ended</b>	
	<b>31 December</b>	
	<b>2020</b>	<b>2019</b>
	------(Rupees '000)-----	
<b>RELATED PARTIES TRANSACTIONS -continued</b>		
<b>Pakistan State Oil Company Limited</b>		
Sale of liquefied petroleum gas	399,100	452,070
Purchase of petroleum, oil and lubricants	1,379,992	2,602,260
Payable as at 31 December	8,200	25,613
<b>Pakistan Petroleum Limited</b>		
Expenditure charged to joint operations partner- net	1,994,305	431,933
Cash calls (received)/ paid to joint operations partner- net	(1,797,893)	(1,124,540)
Share (various fields) receivable as at 31 December	2,304,319	1,842,713
Share (various fields) payable as at 31 December	2,418,307	2,411,178
<b>Pak Arab Refinery Company Limited</b>		
Sale of crude oil	5,416,675	8,212,593
Trade debts as at 31 December	2,552,706	3,313,125
<b>PARCO Pearl Gas (Private) Limited</b>		
Sale of liquefied petroleum gas	202,041	141,323
<b>Pakistan Refinery Limited</b>		
Sale of crude oil	1,775,442	3,485,256
Trade debts as at 31 December	1,861,723	2,103,779
<b>Engro Fertilizers Limited</b>		
Sale of natural gas	508,977	764,626
Trade debts as at 31 December	155,472	1,161,006
<b>State Bank of Pakistan</b>		
Interest earned on Treasury Bills	-	2,375,618
<b>Habib Bank Limited</b>		
Balance at bank as at 31 December	3,874,862	3,472,842
Balance of investment in TDRs as at 31 December	-	1,842,629
Interest earned on deposits	153,227	86,070
<b>Sui Southern Gas Company Limited</b>		
Sale of natural gas	23,675,095	28,662,840
Sale of liquefied petroleum gas	254,157	215,784
Pipeline rental charges	18,330	18,330
Trade debts as at 31 December	144,638,109	129,114,367
<b>Government Holdings (Private) Limited (GHPL)</b>		
Payable as at 31 December	-	603,637
Expenditure charged to joint operations partner	1,529,371	2,465,994
Cash calls (received)/ paid from joint operations partner	(1,565,351)	2,180,944
GHPL share (various fields) receivable as at 31 December	1,678,950	1,756,392
GHPL share (various fields) payable as at 31 December	1,450,610	52,747
<b>Related parties by virtue of GoP holdings</b>		
<b>National Investment Trust</b>		
Investment as at 31 December	315,233	288,309
Dividend received	5,857	7,037

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**Six months ended**  
**31 December**  
**2020**                      **2019**  
**------(Rupees '000)-----**

**RELATED PARTIES TRANSACTIONS -continued**

**National Bank of Pakistan**

Balance at bank as at 31 December	6,998,512	616,045
Balance of investment in TDRs as at 31 December	11,532,278	11,585,116
Interest earned	301,241	81,067

**Power Holding (Private) Limited (PHPL)**

Markup earned	4,261,349	5,708,256
Balance of investment in TFCs not yet due as at 31 December	41,000,000	-
Balance of past due principal repayment of TFCs as at 31 December	41,000,000	82,000,000
Balance of markup receivable on TFCs not yet due as at 31 December	2,109,602	-
Balance of past due markup receivable on TFCs as at 31 December	45,137,565	37,229,800

**Sui Southern Gas Company LPG (Pvt) Limited**

Sale of liquefied petroleum gas	216,516	290,584
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**National Insurance Company Limited**

Insurance premium paid	659,823	468,205
Payable as at 31 December	38,918	164

**National Logistic Cell**

Crude transportation charges paid	1,064,124	891,022
Payable as at 31 December	567,730	700,270

**Enar Petrotech Services Limited**

Consultancy services	13,688	8,796
Payable as at 31 December	2,973	-

**Enar Petroleum Refining Facility**

Sale of crude oil	6,522,611	8,694,916
Trade debts as at 31 December	2,011,726	2,761,106

**Other related parties**

Contribution to pension fund (also refer note 6)	-	1,220,644
Contribution to gratuity fund (also refer note 6)	22,337	515,835
Remuneration including benefits and perquisites of key management personnel	360,722	370,087

**25 DISCLOSURE REQUIREMENTS FOR ALL SHARES ISLAMIC INDEX**

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

<b>Description</b>	<b>Explanation</b>	<b>---(Rupees '000)---</b>
i) Bank balances as at 31 December 2020	Placed under Shariah permissible arrangement	116,574
ii) Return on bank deposits for the period ended 31 December 2020	Placed under Shariah permissible arrangement	44,483
iii) Relationship with banks having Islamic windows	Meezan Bank Limited & Dubai Islamic Bank	

Disclosures other than above are not applicable to the Company.

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**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 2020.

**27 IMPACT OF COVID-19 ON THE INTERIM FINANCIAL STATEMENTS**

During the year ended 30 June 2020, the World Health Organization (WHO) declared the outbreak of the novel strain of Corona virus (Covid-19) a global pandemic and recommended containment and mitigation measures worldwide. The Federal and Provincial governments of Pakistan also took various measures, including imposition of lockdown, from the end of March 2020 to contain the spread of Covid-19. This caused an overall economic slowdown and varying degree of disruption to various businesses including oil and gas, resulting in temporary decline in the sale of hydrocarbons. Oil production from the major operated and non operated fields declined from March 2020 onwards as a result of reduced oil demand from refineries on the back of depressed demand in the country. The situation has since then improved with the oil volumes nearly reaching the pre Covid-19 levels. Oil prices dropped drastically in April 2020, however, recovery has been witnessed with the oil prices now gradually increasing and are expected to further improve as the global demand picks up with improvement in Covid-19 situation.

Based on management's assessment there is no material impact on the carrying values of assets and liabilities as of 31 December 2020. From the very outset of Covid-19, the management has adopted various policies and practices to minimize adverse impact of Covid-19 on the business and is continuously monitoring the situation in order to proactively address any challenges which may arise from Covid-19.

**28 NON ADJUSTING EVENT AFTER REPORTING DATE**

The Board of Directors approved interim cash dividend at the rate of Rs 1.60 per share amounting to Rs 6,881 million in its meeting held on 24 February 2021.

**29 GENERAL**

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

**30 DATE OF AUTHORIZATION FOR ISSUE**

These interim financial statements were authorized for issue on 24 February 2021 by the Board of Directors of the Company.

**Chief Financial Officer**

**Chief Executive**

**Director**