

INTERIM REPORT AND FINANCIAL INFORMATION

Nine Months Ended 31 March 2017



Oil & Gas Development Company Limited

Contents

Corporate Information	02
Directors' Interim Review	03

CONDENSED INTERIM FINANCIAL INFORMATION

Balance Sheet	06
Profit and Loss Account	08
Statement of Comprehensive Income	09
Cash Flow Statement	10
Statement of Changes in Equity	11
Selected Notes to the Condensed Interim Financial Information	12
Directors' Interim Review (اُردو میں)	26

Corporate Information

Board of Directors

Mr. Zahid Muzaffar	Chairman
Mr. Mohammad Jalal Sikandar Sultan*	Director
Mr. Shoaib Mir*	Director
Mr. Iskander Mohammed Khan	Director
Mr. Hamid Farooq	Director
Mr. Muhammad Ali Tabba	Director
Mr. Zafar Masud	Director
Prince Ahmed Omar Ahmedzai	Director
Sayed Shafqat Ali Shah	Director
Mr. Rahmat Salam Khattak	Director
Mr. Muhammad Yawar Irfan Khan	Director
Mr. Zahid Mir	MD & CEO

* Mr. Mohammad Jalal Sikandar Sultan and Mr. Shoaib Mir are appointed as Directors in place of outgoing Directors Mr. Arshad Mirza and Mr. Saif Ullah Chattha respectively on 21 April 2017.

Chief Financial Officer

Mr. Irteza Ali Qureshi

Company Secretary

Mr. Ahmed Hayat Lak

Auditors

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

Legal Advisor

M/s Khokhar Law Chambers

Tax Advisor

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

Registered Office

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

Registrar Office

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

Directors' Interim Review

The Board of Directors of Oil & Gas Development Company Limited (OGDCL) is pleased to present a concise review of the Company's operational and financial performance along with the unaudited condensed interim financial information for the nine months ended 31 March 2017.

Exploration and Development Activities

OGDCL being the market leader in E&P sector of Pakistan holds the largest exploration acreage, which as of 31 March 2017 stood at 115,604 sq. km covering 33% of the Country's total area under exploration (source: PPIS). The Company's exploration acreage spreads across all four (4) provinces of the Country and currently comprises of sixty (60) owned and operated exploration licenses (ELs). Moreover, the Company possesses working interest in five (5) blocks operated by other E&P companies.

OGDCL's endeavor for exploring new oil and gas reserves led the Company to report a stable performance on the exploration front. This is witnessed by the fact that the seismic data acquisition recorded during July 2016-March 2017 is 3,293 Line km of 2D (9M 2015-16: 4,288 Line km) and 1,038 sq. km of 3D (9M 2015-16: 2,384 sq. km), representing respectively 62% and 36% of total seismic data acquisition in the Country (source: PPIS). The aforesaid seismic data has been gathered from the exploratory blocks viz., Mari East, Kulachi, Pezu, Ranipur, Khanpur, Dakhni, Nur-Baghla, Shaan, Zorgarh, Latamber, Kharan-3, Rasmalan, Rasmalan West, Samandar, Kohat, Baratai, Parkini-A & B and Pasni West. In addition, the Company carried out a geological field work of 216 Line km in Zhob and Lakhi Rud ELs. Moreover, 3,879 Line km of 2D and 4,191 sq. km of 3D seismic data of various blocks was processed/reprocessed using in-house resources.

In order to ensure business sustainability, OGDCL during the period under review continued its drilling campaign to replenish and augment hydrocarbon reserves. In this pursuit, the Company spud thirteen (13) new wells (9M 2015-16: 16 wells) comprising six (6) exploratory/appraisal wells namely Gundanwari-1, Ranipur-1, Chabaro-1, Kacha Khel-1, Thal West-2 and Thal East-3 and seven (7) development wells namely Mela-5, Chanda-4, Rajian-10, Nashpa-8, Qadirpur HRL-12 and Qadirpur-56 & 57. In addition, drilling of fifteen (15) ongoing wells from the previous fiscal years continued, out of which drilling and testing of thirteen (13) wells were completed. During the reporting period, total drilling accumulated to 55,949 meters (9M 2015-16: 71,079 meters).

Discoveries

OGDCL's intensified exploratory endeavors to locate new hydrocarbon reserves during the nine months period culminated in four (4) new oil and gas discoveries having cumulative daily production potential of 37 MMcf of gas and 300 barrels of oil. These discoveries include Gundanwari-1 and Mithri-1 in district Khairpur, Khamiso-1 in district Ghotki and Chutto-1 in district Hyderabad, Sindh province.

Development Projects

In an effort to enhance hydrocarbon production, OGDCL has undertaken a number of development projects which are at various stages of completion. The development projects include Uch-II, Kunnar Pasakhi Deep-Tando Allah Yar (KPD-TAY), Nashpa-Mela and Soghri. With commissioning of hot oil system, amine and dehydration unit, overall completion of Uch-II development project has been achieved on 12 January 2017 and currently the field is producing around 130 MMcf of gas per day. Regarding KPD-TAY, commissioning of gas processing units at phase-II is completed and supply of on-spec gas to SSGCL from phase-I has started with effect from 1 September 2016. After completion of performance test of the equipment and successful handover of the project by the contractor, KPD-TAY project will achieve full production capacity.

Under Nashpa-Mela development project, design phase and delivery of major equipment at site has been completed while installation and erection work is in progress. The project is expected to be completed by June 2017 leading to a daily incremental production of 1,100 barrels of crude oil, 10 MMcf of gas and 340 Tons of LPG. Under Soghri development project, amine unit has been shifted from Sinjhor field and other necessary equipment has been procured while hiring of the PC contractor is in progress. Upon completion of this project, daily incremental production of 20 MMcf of gas is anticipated.

Production

In line with its production enhancement strategy, OGDCL is focused on intensifying exploratory endeavors, completion of ongoing development projects and utilization of latest production techniques to augment oil and gas production from its own and operated JV fields. In this connection, the Company contributed around 52% and 28% of the Country's total oil and natural gas production respectively during July 2016-February 2017 (source: PPIS).

OGDCL during the nine months period injected eighteen (18) new operated wells in the existing production gathering system; Qadirpur HRL-11, Kunnar-11, Rajian-9, Nashpa-6 & 7, Unnar-1, Thora Deep-1 & 2, Pasakhi West Deep-1, Pasakhi East-1, TAY-2, 3 & 4, Dars-1, Dars Deep-1, Dars West-1, Shah-1 and Qadirpur-56 which cumulatively yielded gross crude oil and gas production of 1,337,395 barrels and 9,348 MMcf respectively. Moreover, production testing has been completed at wells; Khamiso-1, Qadirpur-57, Sur Qammar-1, Dachrapur-3 and Chutto-1.

In order to arrest natural decline and revive production from mature wells, OGDCL during the reporting period carried out successful workover jobs with rig at wells; Palli Deep-1, Rajian-2, Kunnar-8 & 10, Pasakhi-5, Pasakhi Deep-6 and Sono-8. Likewise, carrying out of rig-less workover jobs to boost oil and gas volumes remained part and parcel of the production operations. Moreover to induce improvement in the current well flow parameters, pressure build-up survey jobs were completed at various wells of Uch, Bobi, Nashpa, Pasakhi, Sinjhoru and TAY fields. As part of preventive maintenance plan, Annual Turn Around (ATA) of plants were carried out at Sinjhoru, Chanda, Nashpa, Bobi, Uch and Dakhni/Soghri fields.

Despite natural decline in some of its mature producing fields, OGDCL witnessed an increase of 9% in its average daily net crude oil production compared to the preceding period thereby contributing towards economic growth of the Country. This is mainly due to higher production from Kunnar, KPD, Rajian, Nashpa and Sinjhoru fields coupled with startup of production from TAY field and increase in the production from non-operated JV fields. Likewise, the Company's average daily net saleable gas production remained stable despite production decline from non-operated JV fields mainly Kadanwari, Bhit, Badhra and Miano as well as from operated fields including Qadirpur (high water cut at certain wells), Bahu (shut-in of Bahu-1 since 5 September 2016 due to sand production), Mela (down hole problem at Mela-1) and Jakhro (high N₂ concentration). Regarding LPG, 23% production surge is recorded on account of production start-up from KPD and TAY fields in December 2016 and February 2017 respectively accompanied with production increase from Sinjhoru and non-operated JV fields.

By virtue of its efforts to boost hydrocarbon, the Company achieved its highest ever gross crude oil production of 50,354 barrels per day on 28 November 2016. During the period under review, average daily net saleable production of crude oil, gas, LPG and sulphur including share in both operated and non-operated JV fields is as follows:

Products	Unit of Measurement	9M 2016-17	9M 2015-16
Crude oil	Barrels per day	43,989	40,443
Gas	MMcf per day	1,051	1,061
LPG	Tons per day	411	336
Sulphur	Tons per day	39	19

Moving forward, OGDCL remains steadfast in its resolve to carry on aggressive exploratory efforts, focus on completion of ongoing development projects and maintaining financial discipline to continue the track record of delivering industry leading performance while ensuring that health and safety of the workers and fulfilling social obligations remain a business priority.

Financial Results

OGDCL recorded improvements in its financial results for the period ended 31 March 2017 attributable mainly to aforesaid increase in crude oil, LPG and sulphur production coupled with modest recovery in international oil prices in comparison to the preceding period. The Company's average crude oil basket price recorded for the period under review is US\$ 48.81/barrel compared to US\$ 42.34/barrel in the corresponding period resulting in increased realized average crude oil price of US\$ 43.76/barrel against US\$ 38.83/barrel in the last period. However, decline in gas production and its realized price from Rs 256.23/Mcf to Rs 233.96/Mcf coupled with decrease in LPG and sulphur prices impacted the revenues. While slight increase in the exchange rate to Rs 104.93 per US\$ from Rs 104.45 per US\$ in the comparative period positively influenced the business financials. Overall, the Company registered higher Sales Revenue amounting to Rs 126.630 billion (9M 2015-16: Rs 122.711 billion) during the period under review.

During the nine months period, OGDCL reported higher operating expenditures on account of increase in salaries, wages and benefits, depreciation of property, plant and equipment, amortization of development and production assets, decommissioning and workover charges. On the other hand, increase in other income and share of profit in associate coupled with lower taxation owing to prior year tax payment in the preceding period lent further strength to the Company's financial performance. Resultantly during the period under review, the Company recorded Profit after Taxation of Rs 47.595 billion (9M 2015-16: Rs 43.500 billion) translating into Earnings per Share of Rs 11.07 (9M 2015-16: Rs 10.11).

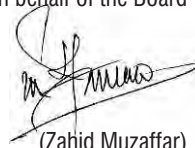
Dividend

The Board has announced third interim cash dividend of Rs 1.50 per share (15%) for the year ending 30 June 2017. This is in addition to the first and second interim cash dividends of Rs 2.50 per share (25%) already declared during this fiscal year.

Acknowledgement

The Board of Directors places on record its sincere appreciation for the continued patronage and cooperation extended by all the stakeholders that has always given the Company the requisite impetus to embrace new business challenges and accept challenging tasks. The Board also wishes to place on record the dedicated contributions put in by the Company employees at all levels to ensure that the business continues to grow and excel.

On behalf of the Board



(Zahid Muzaffar)
Chairman


21 April 2017

Condensed Interim Balance Sheet [unaudited]

As at 31 March 2017

		Unaudited 31 March 2017	Audited 30 June 2016
	Note	----- (Rupees '000)- -----	
SHARE CAPITAL AND RESERVES			
Share capital		43,009,284	43,009,284
Reserves	4	11,694,427	10,529,373
Unappropriated profit		452,167,647	425,093,910
		506,871,358	478,632,567
NON CURRENT LIABILITIES			
Deferred taxation		15,704,885	15,579,499
Deferred employee benefits		15,260,789	14,971,638
Provision for decommissioning cost		22,486,264	21,412,687
		53,451,938	51,963,824
CURRENT LIABILITIES			
Trade and other payables	5	62,230,812	58,969,148
		622,554,108	589,565,539
CONTINGENCIES AND COMMITMENTS			
	6		

The annexed notes 1 to 24 form an integral part of this condensed interim financial information.



Chief Executive

		Unaudited 31 March 2017	Audited 30 June 2016
	Note	- - - - - (Rupees '000) - - - - -	
NON CURRENT ASSETS			
Fixed assets			
Property, plant and equipment	7	125,540,506	120,542,404
Development and production assets - intangible	8	92,467,596	87,990,960
Exploration and evaluation assets	9	8,928,386	6,834,078
		226,936,488	215,367,442
Long term investments	10	42,222,641	112,517,292
Long term loans and receivable		6,378,159	5,997,669
Long term prepayments		1,053,359	882,466
		276,590,647	334,764,869
CURRENT ASSETS			
Stores, spare parts and loose tools		18,675,436	18,251,184
Stock in trade		318,820	291,904
Trade debts	11	121,101,949	111,204,186
Loans and advances	12	13,681,401	10,459,609
Deposits and short term prepayments		1,507,472	1,646,777
Interest accrued		23,867,485	21,085,027
Other receivables		228,686	182,211
Income tax - advance	13	46,680,402	41,599,042
Current maturity of term finance certificates and PIBs		102,233,353	30,750,000
Other financial assets	14	10,073,952	11,426,964
Cash and bank balances		7,594,505	7,903,766
		345,963,461	254,800,670
		622,554,108	589,565,539



Director

Condensed Interim Profit and Loss Account [unaudited]

For Nine Months Ended 31 March 2017

		Three months ended 31 March		Nine months ended 31 March	
		2017	2016	2017	2016
Note		----- (Rupees '000) -----			
Sales - net	15	45,548,571	36,524,873	126,629,700	122,711,160
Royalty		(4,933,398)	(3,891,032)	(13,761,338)	(13,584,832)
Operating expenses		(14,812,075)	(13,415,909)	(43,168,524)	(39,984,186)
Transportation charges		(464,046)	(603,144)	(1,300,236)	(1,472,112)
		(20,209,519)	(17,910,085)	(58,230,098)	(55,041,130)
Gross profit		25,339,052	18,614,788	68,399,602	67,670,030
Other income	16	3,261,090	3,344,507	12,569,839	11,639,562
Exploration and prospecting expenditure		(2,191,054)	(5,995,878)	(10,380,418)	(10,709,344)
General and administration expenses		(1,168,845)	(994,692)	(2,821,561)	(2,807,011)
Finance cost		(420,386)	(420,364)	(1,235,626)	(1,253,023)
Workers' profit participation fund		(1,264,054)	(728,850)	(3,395,774)	(3,259,169)
Share of profit in associate - net of taxation		461,212	28,639	1,383,636	643,156
Profit before taxation		24,017,015	13,848,150	64,519,698	61,924,201
Taxation	17	(6,430,611)	(4,553,941)	(16,924,890)	(18,424,405)
Profit for the period		17,586,404	9,294,209	47,594,808	43,499,796
Earnings per share - basic and diluted (Rupees)	18	4.09	2.16	11.07	10.11

The annexed notes 1 to 24 form an integral part of this condensed interim financial information.



Chief Executive



Director

Condensed Interim Statement of Comprehensive Income [unaudited]

For Nine Months Ended 31 March 2017

	Three months ended 31 March		Nine months ended 31 March	
	2017	2016	2017	2016
	----- (Rupees '000) -----			
Profit for the period	17,586,404	9,294,209	47,594,808	43,499,796
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>17,586,404</u>	<u>9,294,209</u>	<u>47,594,808</u>	<u>43,499,796</u>

The annexed notes 1 to 24 form an integral part of this condensed interim financial information.



Chief Executive



Director

Condensed Interim Cash Flow Statement [unaudited]

For Nine Months Ended 31 March 2017

		Nine months ended 31 March	
		2017	2016
		----- (Rupees '000) -----	
Cash flows from operating activities			
Profit before taxation		64,519,698	61,924,201
Adjustments for:			
Depreciation		6,519,265	5,264,929
Amortization of development and production assets		13,372,152	12,277,105
Impairment on assets		-	943,241
Royalty		13,761,338	13,584,832
Workers' profit participation fund		3,395,774	3,259,169
Provision for employee benefits		2,620,643	2,251,533
Decommissioning expense		590,215	-
Un-winding of discount on provision for decommissioning cost		1,229,452	1,243,050
Interest income		(9,380,429)	(10,024,934)
Un-realized (gain)/loss on investments at fair value through profit or loss		(111,010)	2,179
Dividend income		(20,431)	(19,296)
Gain on disposal of property, plant and equipment		(38,116)	(10,773)
Share of profit in associate		(1,383,636)	(643,156)
Stores inventory written off		-	3,810
		95,074,915	90,055,890
Changes in:			
Stores, spare parts and loose tools		(424,252)	(1,407,592)
Stock in trade		(26,916)	(88,579)
Trade debts		(9,897,763)	(5,939,788)
Deposits and short term prepayments		139,305	(206,903)
Advances and other receivables		(3,648,757)	(1,158,761)
Trade and other payables		(40,372)	4,915,846
		81,176,159	86,170,113
Cash generated from operations			
Royalty paid		(13,881,312)	(15,609,518)
Employee benefits paid		(3,291,557)	(2,689,547)
Long term prepayments		(170,893)	(372,420)
Payment from self insurance reserve		(1,838)	-
Decommissioning cost paid		(1,149,243)	-
Payments to workers' profit participation fund-net		(4,237,231)	(6,685,550)
Income taxes paid		(21,880,864)	(28,045,321)
		(44,612,938)	(53,402,356)
Net cash from operating activities		36,563,221	32,767,757
Cash flows from investing activities			
Capital expenditure		(29,743,680)	(30,376,738)
Interest received		7,103,753	6,818,623
Dividends received		131,949	199,058
Purchase of investments		(422,366)	(522,843)
Proceeds from disposal of property, plant and equipment		54,032	32,323
Net cash used in investing activities		(22,876,312)	(23,849,577)
Cash flows from financing activities			
Dividends paid		(15,460,194)	(19,122,382)
Net cash used in financing activities		(15,460,194)	(19,122,382)
Net decrease in cash and cash equivalents		(1,773,284)	(10,204,202)
Cash and cash equivalents at beginning of the period		19,034,930	22,527,785
Cash and cash equivalents at end of the period	19	17,261,646	12,323,583

The annexed notes 1 to 24 form an integral part of this condensed interim financial information.



Chief Executive



Director

Condensed Interim Statement of Changes in Equity [unaudited]

For Nine Months Ended 31 March 2017

	Share capital	Reserves							Unappropriated profit	Total equity
		Capital reserves				Other reserves				
		Capital reserve	Self insurance reserve	Share of exploration, evaluation and development reserve in associated company	Share of capital redemption fund in associated company	Share of mari seismic unit reserve in associated company	Share of self insurance reserve in associated company	Share of undistributed percentage return reserve in associated company		
(Rupees '000)										
Balance as at 1 July 2015	43,009,284	836,000	6,620,000	-	-	-	-	-	392,055,684	442,520,968
Total comprehensive income for the period	-	-	-	-	-	-	-	-	43,499,796	43,499,796
Profit for the period	-	-	-	-	-	-	-	-	43,499,796	43,499,796
Other comprehensive income / (loss) for the period	-	-	-	-	-	-	-	-	(639,193)	-
Total comprehensive income for the period	-	-	639,193	-	-	-	-	-	1,693	-
Transfer to self insurance reserve	-	-	(1,693)	-	-	-	-	-	-	-
Charged to self insurance reserve	-	-	-	-	-	-	-	-	-	-
Transfer to exploration, evaluation and development reserve by an associated company	-	-	-	858,744	-	-	-	-	(858,744)	-
Transfer to undistributed percentage return reserve by an associated company	-	-	-	-	-	-	-	-	-	-
Transfer to capital redemption reserve fund by an associated company	-	-	-	-	311,919	-	-	-	(311,919)	-
Transfer to reserve for Mari Seismic Unit by an associated company	-	-	-	-	-	120,534	-	-	(120,534)	-
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	-	(6,451,393)	(6,451,393)
Final dividend 2015: Rs 1.50 per share	-	-	-	-	-	-	-	-	(6,451,393)	(6,451,393)
First interim dividend 2016: Rs 1.50 per share	-	-	-	-	-	-	-	-	(5,161,114)	(5,161,114)
Second interim dividend 2016: Rs 1.20 per share	-	-	-	-	-	-	-	-	-	-
Total distributions to owners	-	-	-	-	-	-	-	-	(18,063,900)	(18,063,900)
Balance as at 31 March 2016	43,009,284	836,000	7,257,500	858,744	311,919	120,534	-	-	415,562,883	467,956,864
Balance as at 1 July 2016	43,009,284	836,000	7,470,000	-	2,118,000	-	-	86,373	425,093,910	478,632,567
Total comprehensive income for the period	-	-	-	-	-	-	-	-	47,594,808	47,594,808
Profit for the period	-	-	-	-	-	-	-	-	47,594,808	47,594,808
Other comprehensive income / (loss) for the period	-	-	-	-	-	-	-	-	(1,189,338)	-
Total comprehensive income for the period	-	-	1,189,338	-	-	-	-	-	-	-
Transfer to self insurance reserve	-	-	(1,838)	-	-	-	-	-	-	(1,838)
Charged to self insurance reserve	-	-	-	-	-	-	-	-	-	-
Transfer from undistributed percentage return reserve by an associated company	-	-	-	-	-	-	(22,446)	-	22,446	-
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	-	(8,601,857)	(8,601,857)
Final dividend 2016: Rs 2.00 per share	-	-	-	-	-	-	-	-	(6,451,393)	(6,451,393)
First interim dividend 2017: Rs 1.50 per share	-	-	-	-	-	-	-	-	(4,300,929)	(4,300,929)
Second interim dividend 2017: Rs 1.00 per share	-	-	-	-	-	-	-	-	-	-
Total distributions to owners	-	-	-	-	-	-	-	-	(19,354,179)	(19,354,179)
Balance as at 31 March 2017	43,009,284	836,000	8,657,500	-	2,118,000	-	-	62,927	452,167,647	506,871,356

The annexed notes 1 to 24 form an integral part of this condensed interim financial information.



Chief Executive



Director

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

For Nine Months Ended 31 March 2017

1 LEGAL STATUS AND OPERATIONS

Oil and Gas Development Company Limited (OGDCL), 'the Company', was incorporated on 23 October 1997 under the Companies Ordinance, 1984. The Company was established to undertake exploration and development of oil and gas resources, including production and sale of oil and gas and related activities formerly carried on by Oil and Gas Development Corporation, which was established in 1961. The registered office of the Company is located at OGDCL House, Plot No. 3, F-6/G-6, Blue Area, Islamabad, Pakistan. Previously, the shares of the Company were quoted on Karachi, Lahore and Islamabad stock exchanges of Pakistan. However, due to integration of these stock exchanges into Pakistan Stock Exchange effective 11 January 2016, the shares of the Company are now quoted on Pakistan Stock Exchange Limited. The Global Depository Shares (1GDS = 10 ordinary shares of the Company) of the Company are listed on the London Stock Exchange.

2 BASIS OF PREPARATION

This condensed interim financial information of the Company for the nine months period ended 31 March 2017 has been prepared in accordance with the requirements of International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. The disclosures in this condensed interim financial information do not include those reported for full audited annual financial statements and should therefore be read in conjunction with the audited annual financial statements for the year ended 30 June 2016. Comparative balance sheet is extracted from the audited annual financial statements as of 30 June 2016, whereas comparative profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity are stated from unaudited condensed interim financial information for the nine months period ended 31 March 2016.

This condensed interim financial information is unaudited and is being submitted to the members as required under Section 245 of Companies Ordinance, 1984 and Rule Book of Pakistan Stock Exchange Limited.

3 ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

The accounting policies, significant judgements made in the application of accounting policies, key sources of estimations, the methods of computation adopted in preparation of this condensed interim financial information and financial risk management policies are the same as those applied in preparation of annual audited financial statements for the year ended 30 June 2016.

		Unaudited 31 March 2017	Audited 30 June 2016
		----- (Rupees '000) -----	
4 RESERVES	Note		
Capital reserves:			
Capital reserve	4.1	836,000	836,000
Self insurance reserve	4.2	8,657,500	7,470,000
Capital redemption reserve fund - associated company	4.3	2,118,000	2,118,000
Self insurance reserve - associated company	4.4	20,000	20,000
Other reserves:			
Undistributed percentage return reserve - associated company	4.5	62,927	85,373
		<u>11,694,427</u>	<u>10,529,373</u>

4.1 This represents bonus shares issued by former wholly owned subsidiary - Pirkoh Gas Company (Private) Limited (PGCL) prior to merger.

4.2 The Company has set aside a specific capital reserve for self insurance of rigs, buildings, wells, plants, pipelines, workmen compensation, vehicle repair and losses for petroleum products in transit. The reserve is not available for distribution to shareholders.

4.3 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.

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

For Nine Months Ended 31 March 2017

- 4.4 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.
- 4.5 This represents Company's share of profit set aside by an associated company from distributable profits for the period related to undistributed percentage return reserve.

	Unaudited 31 March 2017	Audited 30 June 2016
Note	- - - - (Rupees '000) - - - -	
5 TRADE AND OTHER PAYABLES		
Creditors	2,014,151	115,148
Accrued liabilities	11,315,144	14,359,034
Payable to partners of joint operations	6,429,004	4,573,507
Retention money payable	5,325,112	6,124,024
Royalty payable	2,379,397	2,499,371
Excise duty payable	-	235,912
General sales tax payable	-	526,179
Gas Infrastructure Development Cess (GIDC) Payable	2,592,069	2,137,525
Withholding tax payable	585,439	735,910
Trade deposits	117,798	119,298
Workers' profit participation fund - net	3,395,774	4,237,231
Employees' pension trust	9,612,005	9,272,728
Gratuity fund	99,212	69,009
Un-paid dividend	16,319,276	12,439,784
Un-claimed dividend	215,269	200,776
Advances from customers	1,498,587	1,133,572
Other payables	332,575	190,140
	<u>62,230,812</u>	<u>58,969,148</u>

- 5.1 This includes an amount of Rs 12,445 million (30 June 2016: Rs 10,500 million) payable to OGDCL Employees' Empowerment Trust. The payment of dividend has been withheld since GoP is considering to revamp Benazir Employees' Stock Option Scheme (BESOS) as communicated to the Company by Privatization Commission of Pakistan (PCP). Further, the PCP vide Letter No. 13(4)12/BESOS/PC/OGDCL dated 21 July 2016 has informed the Company that all activities regarding BESOS have been withheld till decision is made by the Government of Pakistan.

6 CONTINGENCIES AND COMMITMENTS

6.1 Contingencies

- 6.1.1 Claims against the Company not acknowledged as debts amounted to Rs 1,556.580 million at period end (30 June 2016: Rs 1,556.580 million).
- 6.1.2 Certain banks have issued guarantees on behalf of the Company in ordinary course of business aggregating Rs 18.569 million (30 June 2016: Rs 1.707 million).
- 6.1.3 For contingencies related to tax matters, refer note 13.1 to 13.4 and note 17.1.
- 6.1.4 For contingencies related to sales tax and federal excise duty, refer note 12.1 and 12.2.

Selected Notes to and forming part of the Condensed Interim Financial Information [unaudited]
For Nine Months Ended 31 March 2017

6.2 Commitments

6.2.1 Commitments outstanding at period end amounted to Rs 36,564.235 million (30 June 2016: Rs 48,618.352 million). These include amounts aggregating to Rs 21,801.987 million (30 June 2016: Rs 24,779.797 million) representing the Company's share in the minimum work commitments under Petroleum Concession Agreements.

6.2.2 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 13,481.626 million (30 June 2016: Rs 22,235.046 million).

6.2.3 The Company's share of associate commitments for capital expenditure based on the financial information of associate for the period ended 31 December 2016 was Rs 1,251.493 million (30 June 2016: Rs 1,260.753 million).

		Unaudited 31 March 2017	Audited 30 June 2016
7 PROPERTY, PLANT AND EQUIPMENT	Note	----- (Rupees '000) - - - - -	
Carrying amount at beginning of the period/year		120,542,404	109,983,739
Additions/adjustments during the period/year	7.1	12,286,862	18,605,881
Book value of disposals		(15,916)	(30,654)
Depreciation charge for the period/year		(7,272,844)	(8,222,218)
Revision in estimate of decommissioning cost during the period/year		-	205,656
Carrying amount at end of the period/year	7.2	<u>125,540,506</u>	<u>120,542,404</u>

7.1 Additions/adjustments during the period/year

Freehold land	9,746	1,678
Buildings, offices and roads on freehold land	27,729	103,141
Buildings, offices and roads on leasehold land	484,411	261,848
Plant and machinery	21,649,107	11,569,147
Rigs	9,222	401,193
Pipelines	1,167,004	933,261
Office and domestic equipment	62,520	158,427
Office and technical data computers	63,908	211,740
Furniture and fixture	4,900	16,263
Vehicles	79,669	306,467
Decommissioning cost	65,055	269,947
Capital work in progress (net)	(11,039,306)	5,621,959
Stores held for capital expenditure (net)	(297,103)	(1,249,190)
	<u>12,286,862</u>	<u>18,605,881</u>

7.2 Property, plant and equipment comprises:

Operating fixed assets	84,637,514	68,304,129
Capital work in progress	38,623,822	49,663,128
Stores held for capital expenditure	2,279,170	2,575,147
	<u>125,540,506</u>	<u>120,542,404</u>

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

For Nine Months Ended 31 March 2017

		Unaudited 31 March 2017	Audited 30 June 2016
		----- (Rupees '000) -----	
8 DEVELOPMENT AND PRODUCTION ASSETS-INTANGIBLE			
Carrying amount at beginning of the period/year		87,990,960	78,260,687
Additions during the period/year		15,118,262	18,560,126
Transferred from exploration and evaluation assets during the period/year		2,730,526	10,222,033
Amortization charge for the period/year		(13,372,152)	(15,266,568)
Impairment charge for the period/year		-	(1,886,551)
Revision in estimates of decommissioning cost during period/year		-	(1,898,767)
Carrying amount at end of the period/year		92,467,596	87,990,960
9 EXPLORATION AND EVALUATION ASSETS			
Balance at beginning of the period/year		5,153,857	6,103,544
Additions during the period/year		7,070,850	14,182,070
		12,224,707	20,285,614
Cost of dry and abandoned wells during the period/year		(3,164,118)	(4,909,724)
Cost of wells transferred to development and production assets during the period/year		(2,730,526)	(10,222,033)
		(5,894,644)	(15,131,757)
		6,330,063	5,153,857
Stores held for exploration and evaluation activities		2,598,323	1,680,221
Balance at end of the period/year		8,928,386	6,834,078
		Unaudited 31 March 2017	Audited 30 June 2016
		----- (Rupees '000) -----	
10 LONG TERM INVESTMENTS	Note		
Investment in related party-associate, quoted			
Mari Petroleum Company Limited (MPCL)		4,665,303	3,393,185
Investments held to maturity			
Term Deposit Receipts (TDRs)	10.1	6,807,338	6,384,972
Investment in Pakistan Investment Bonds (PIBs)	10.2	50,983,353	51,489,135
Investment in Term Finance Certificates (TFCs)	10.3	82,000,000	82,000,000
		139,790,691	139,874,107
Less: Current maturity of TFCs and PIBs		(102,233,353)	(30,750,000)
		42,222,641	112,517,292
10.1	These represent investments in local currency TDRs carrying effective interest rate of 6.50% (30 June 2016: 7.35%) per annum. These investments are earmarked against self insurance reserve.		
10.2	This represents investment in Pakistan Investment Bond (PIBs) carrying interest rate of 11.50% per annum. These PIBs were issued on 19 July 2012 for a period of five years maturing on 19 July 2017.		
10.3	This represents investment in Privately Placed Term Finance Certificates (TFCs) issued by Power Holding (Private) Limited (PHPL). National Bank of Pakistan executed the transaction on 10 September 2012 as Trustee. These TFCs are secured by Sovereign Guarantee, covering the principal, markup, and/or any other amount becoming due for payment in respect of		

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

For Nine Months Ended 31 March 2017

investment in TFCs. TFCs are for a period of seven (7) years including grace period of three (3) years carrying interest rate of KIBOR + 1%, payable semi-annually. The principal portion of these TFCs is repayable in eight (8) equal installments starting from 42nd month of date of transaction. Principal repayment amounting to Rs 30,750 million (30 June 2016: Rs 10,250) is past due as at 31 March 2017. Further, interest due as of 31 March 2017 is Rs 22,532 million (30 June 2016: Rs 18,139 million) of which Rs 22,179 million (30 June 2016: Rs 16,270 million) is past due as of the balance sheet date. The Company considers the principal and interest to be fully recoverable as these are backed by Sovereign Guarantee of Government of Pakistan.

	Unaudited 31 March 2017	Audited 30 June 2016
11 TRADE DEBTS	----- (Rupees '000)-----	
Un-secured, considered good	121,103,208	111,204,979
Un-secured, considered doubtful	110,730	111,989
	<u>121,213,938</u>	<u>111,316,968</u>
Provision for doubtful debts	(110,730)	(111,989)
Trade debts written off	(1,259)	(793)
	<u>121,101,949</u>	<u>111,204,186</u>

11.1 Trade debts include overdue amount of Rs 84,191 million (30 June 2016: Rs 78,704 million) on account of Inter-Corporate Circular debt, receivable from oil refineries and gas companies out of which Rs, 64,630 million (30 June 2016: Rs 59,395 million) and Rs 14,999 million (30 June 2016: Rs 16,525 million) is overdue from related parties, Sui Southern Gas Company Limited and Sui Northern Gas Pipeline Limited respectively. The Government of Pakistan (GoP) is pursuing for satisfactory settlement of Inter-Corporate Circular debt issue and the Company considers this amount to be fully recoverable.

11.2 Included in trade debts is an amount of Rs 2,870 million (30 June 2016: Rs 3,171 million) receivable from three Independent Power Producers and a fertilizer Company on account of Gas Infrastructural Development Cess (GIDC) and related sales tax paid/payable thereon. Retrospective imposition of GIDC has finally been confirmed by the Government of Pakistan through promulgation of GIDC Act 2015. Accordingly, where applicable, the Company has charged GIDC to its customers and has recognized its liability in this condensed interim financial information.

12 LOANS AND ADVANCES

12.1 This includes an amount of Rs 3,180 million (30 June 2016: 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 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 for the remaining amount of Rs 3,180 million for the period July 2004 to March 2011 and currently the matter is pending with FBR.

UPL filed an Intra Court appeal against the decision of the Islamabad High Court (IHC). IHC through its order dated 17 November 2016 dismissed the intra court appeal filed by UPL in favour of the Company. However, UPL filed an appeal before the honorable Supreme Court of Pakistan. The management is actively pursuing UPL for release of Rs 750 million. Management is confident that amount is fully recoverable from UPL, accordingly no provision in this respect has been made in this condensed interim financial information.

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

For Nine Months Ended 31 March 2017

- 12.2** This also includes recoveries of Rs 317 million (30 June 2016: Rs 317 million) made by the tax department against sales tax and Federal Excise Duty (FED) demand of Rs 6,708 million relating to periods July 2012 to June 2014, issued by the Deputy Commissioner Inland Revenue (DCIR). Appellate Tribunal Inland Revenue (ATIR) and Islamabad High Court (IHC) have granted stay against recovery of Rs 4,887 and 1,821 million respectively. Main appeals are pending before ATIR. In addition, DCIR also issued a show cause notice of Rs 5,271 million against sales tax and FED. These demands and show cause notice have been 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. After considering the detailed submissions made by the Company and verification of reconciliation, DCIR issued order-in-original for Rs 403 million against show cause notice for Rs 5,271 million. The Company has filed an appeal before the CIRA for the impugned demand of Rs 403 million wherein the CIRA reduced the impugned demand to Rs 260 million. The Company has filed an appeal before ATIR. On 4 April 2017 ATIR granted 60 days stay against the recovery of Rs 260 million. The Company believes that these demands have been raised without legal validity, accordingly no provision has been made in this condensed interim financial information.

		Unaudited 31 March 2017	Audited 30 June 2016
13 INCOME TAX-ADVANCE	Note	- - - - - (Rupees '000)- - - - -	
Income tax - advance at beginning of the period/year		41,599,042	24,059,740
Income tax paid during the period/year		21,876,901	35,025,909
Income tax recovered by tax authorities during the period/year		3,963	50,558
Provision for current taxation for the period/year - Profit and loss account		(16,799,504)	(21,853,820)
Tax credit related to remeasurement loss on employee retirement benefit plans for the period/year - Other Comprehensive Income		-	4,026,760
Provision for taxation - prior years		-	289,894
Income tax - advance at end of the period/year	13.1 to 13.4	<u>46,680,402</u>	<u>41,599,042</u>

- 13.1** This includes amount of Rs 17,819 million (30 June 2016: Rs 13,846 million) paid to tax authorities on account of disallowance of actuarial loss amounting to Rs 35,209 million which the Company claimed in its return for the tax years 2014, 2015 and 2016. 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. The Commissioner Inland Revenue Appeals (CIRA) through its order dated 3 November 2015 related to tax year 2014, accepted the Company's viewpoint, however, ordered to claim the expenditure over a period of seven years. The Company has filed an appeal against the order of CIRA in Appellate Tribunal Inland Revenue which is currently pending. The management, based on opinion of its tax consultant dated 29 January 2015, believes that there is reasonable probability that the matter will be decided in favor of the Company by appellate forums available under the law.

- 13.2** During the year ended 30 June 2014, tax authorities raised demands of 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 2016: Rs 5,368 million) from the Company upto 31 December 2016. During the year ended 30 June 2015, appeal before Appellate Tribunal Inland Revenue (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. The Islamabad High Court remanded the case back to ATIR with the instructions to pass a speaking order. The said case was argued on 2 March 2017 before the learned Tribunal and same was reserved for order. Management and its legal advisor are of the view that the price discount is not income of the Company and hence not liable to tax. Accordingly, management is confident that the matter will be resolved in favor of the Company as the discounted price for Kunnar field was finally determined by the Ministry of Petroleum and Natural Resources (MPNR) 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.

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

For Nine Months Ended 31 March 2017

13.3 Income tax advance includes Rs 4,075 million (30 June 2016: Rs 2,746 million) on account of super tax relating to tax years 2015 and 2016. The Company is currently contesting applicability of super tax at the rate of 3 percent of taxable profits from oil and gas operations under Petroleum Concession Agreements (PCAs) and has filed an appeal before CIRA in this respect. Management based on opinion of its tax consultant is confident that the Company has probable chances to defend its case before appellate authorities due to clauses relating to charge of tax under PCAs. Accordingly, no provision has been made in this respect in the financial statements for the years ended 30 June 2015 and 2016.

13.4 Income tax advance includes Rs 8,005 million (30 June 2016: Rs 5,805 million) mainly on account of disallowances made by the Additional Commissioner Inland Revenue (ACIR) against workers' profit participation fund expense, decommissioning cost and employee benefits claimed by the Company in its return of income for the years ended 30 June 2015 and 2016. The Company has filed an appeal with CIRA against the disallowances made by ACIR. Management believes that disallowances are against income tax laws and regulations and accordingly no provision has been made in this respect in this condensed interim financial information.

		Unaudited 31 March 2017	Audited 30 June 2016
14 OTHER FINANCIAL ASSETS	Note	----- (Rupees '000) -----	
Investment in Term Deposits	14.1	9,667,141	11,131,164
Investment at fair value through profit or loss - NIT units		406,811	295,800
		<u>10,073,952</u>	<u>11,426,964</u>

14.1 This includes foreign currency TDRs amounting to USD 92.270 million (30 June 2016: USD 106.305 million), carrying interest rate ranging from 2.20% to 3.00% (30 June 2016: 1.60% to 2.65%) per annum, having maturities between one month to six months (30 June 2016: maturities between one month to three months).

	Three months ended 31 March		Nine months ended 31 March	
	2017	2016	2017	2016
15 SALES - net	----- (Rupees '000) -----			
Gross sales				
Crude oil	20,903,482	11,357,335	54,389,956	43,464,247
Gas	28,718,206	30,019,731	86,300,830	95,218,445
Liquefied petroleum gas	2,590,279	1,738,533	5,635,245	4,898,850
Sulphur	10,193	-	245,029	299,907
Gas processing	22,127	13,885	74,330	43,147
	<u>52,244,287</u>	<u>43,129,484</u>	<u>146,645,390</u>	<u>143,924,596</u>
Government levies				
General sales tax	(4,554,008)	(4,616,466)	(13,443,822)	(14,600,134)
Gas Infrastructure Development Cess (GIDC)	(1,360,276)	(1,241,847)	(4,234,713)	(4,233,995)
Excise duty	(781,432)	(746,298)	(2,337,155)	(2,379,307)
	<u>(6,695,716)</u>	<u>(6,604,611)</u>	<u>(20,015,690)</u>	<u>(21,213,436)</u>
	<u>45,548,571</u>	<u>36,524,873</u>	<u>126,629,700</u>	<u>122,711,160</u>

15.1 Gas sales include sales from Uch II, Dhachrapur and Nur-Bagla fields invoiced on provisional prices. There may be adjustment in revenue upon issuance of final wellhead prices notification by Ministry of Petroleum and Natural Resources (MPNR), impact of which cannot be determined at this stage.

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

For Nine Months Ended 31 March 2017

15.2 On 20 February 2012, OGDCL entered into an agreement with M/s Jamshoro Joint Venture Limited (JJVL) to process gas from Kunnar Pasahki Deep (KPD) to produce Natural Gas Liquids (NGL), Liquefied Petroleum Gas (LPG) and Condensate in consideration of gas processing charges. However, Sui Southern Gas Company Limited (SSGCL) claimed that as per applicable petroleum policy the delivery point should be KPD field gate instead of JJVL plant. The matter was discussed between the parties and SSGCL viewpoint was accepted and a term sheet was signed between OGDCL and SSGCL in 2013. Resultantly, the delivery point was changed to KPD field gate and OGDCL renounced its right on LPG, etc production. Consequently the Company issued a provisional credit note of Rs 2,285 million in prior years related to revenue from sale of LPG, NGL and Condensate from the JJVL plant net of processing and other ancillary charges. OGDCL also recorded a provisional debit note amounting to Rs 164.445 million relating to additional gas sales revenue to SSGCL on account of the change in delivery point from JJVL plant to KPD field gate. These credit and debit notes recorded in the books of accounts in prior years are provisional and the final prices will be agreed between SSGCL and OGDCL upon execution of Gas Sales Agreement (GSA) and adjustments, if any, will be incorporated in the books on finalization of GSA.

15.3 The Company has signed the supplemental Agreements with GoP for conversion of Petroleum Concession Agreements (PCA) to the Petroleum Exploration and Production Policy, 2012 in respect of various blocks. Price regimes prevailing in Petroleum Policy 2007, Petroleum Policy 2009 and Petroleum Policy 2012 shall be applicable correlated with the spud date of wells in the respective policies starting from 27 November 2007 and for future exploratory efforts under respective blocks.

In terms of supplemental agreements, draft statements in respect of Sheikhan, Gopang, Pakhro and TAL block - Mamikhel, Maramzai & Makori East discoveries - have been submitted to the GoP during the year ended 30 June 2016. During the period, prices of Company's operated fields Sheikhan, Gopang and Pakhro, converted under Petroleum Policy 2012, have been notified by OGRA. The impact of these conversions on the revenue for period ended 31 March 2017 amounts to Rs 64.294 million (30 June 2016: Rs Nil) related to period prior to 1 July 2016 which has been incorporated in this condensed interim financial information. GoP shall facilitate for issuance of necessary gas price notifications for Tal Block (Mamikhel, Maramzai & Makori East). Effect of adjustment arising from revision in sale price will be recognized upon issuance of gas price notifications by OGRA.

		Three months ended 31 March		Nine months ended 31 March	
		2017	2016	2017	2016
16 OTHER INCOME	Note	----- (Rupees '000) -----			
Interest income		2,911,529	3,207,149	9,380,429	10,024,934
Dividend income from NIT units		-	-	20,431	19,296
Un-realized gain/(loss) on investments at fair value through profit or loss		9,353	137	111,010	(2,179)
Exchange gain/(loss) - net		(3,649)	18,150	84,969	501,220
Signature bonus	16.1	146,778	-	2,323,390	788,206
Others		197,079	119,071	649,610	308,085
		<u>3,261,090</u>	<u>3,344,507</u>	<u>12,569,839</u>	<u>11,639,562</u>

16.1 This represents amounts received as signature bonus in respect of allocation of LPG quota.

		Three months ended 31 March		Nine months ended 31 March	
		2017	2016	2017	2016
		----- (Rupees '000) -----			
17 TAXATION					
Current:					
- charge for the period		6,017,563	2,774,741	16,799,504	16,754,390
- for prior year		-	2,934,386	-	2,934,386
		<u>6,017,563</u>	<u>5,709,127</u>	<u>16,799,504</u>	<u>19,688,776</u>
Deferred					
- credit for the period		413,048	412,064	125,386	302,879
- for prior year		-	(1,567,250)	-	(1,567,250)
		<u>413,048</u>	<u>(1,155,186)</u>	<u>125,386</u>	<u>(1,264,371)</u>
		<u>6,430,611</u>	<u>4,553,941</u>	<u>16,924,890</u>	<u>18,424,405</u>

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

For Nine Months Ended 31 March 2017

- 17.1 Various appeals in respect of assessment years 1992-93 to 2002-03, tax years 2003 to 2015 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 and tax rate. Total amount of tax demand against the major issues, raised in respect of assessment years 1992-93 to 2002-03 and tax years 2003-2015 amounts to Rs 66,643 million out of which an amount of Rs 63,302 million has been paid to tax authorities. Also refer to note 13.1 to 13.4 of this condensed interim financial information.

	Three months ended 31 March		Nine months ended 31 March	
	2017	2016	2017	2016
18 EARNINGS PER SHARE-BASIC AND DILUTED				
Profit for the period (Rupees '000)	17,586,404	9,294,209	47,594,808	43,499,796
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)	4.09	2.16	11.07	10.11

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

	Unaudited 31 March 2017	Unaudited 31 March 2016
19 CASH AND CASH EQUIVALENTS	----- (Rupees '000) -----	
Cash and bank balances	7,594,505	1,961,829
Short term highly liquid investments	9,667,141	10,361,754
	<u>17,261,646</u>	<u>12,323,583</u>

20 RELATED PARTIES TRANSACTIONS

Government of Pakistan owns 74.97% (31 March 2016: 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 and employees pension trust. The Company in normal course of business pays for electricity, gas and telephone to entities controlled by Government of Pakistan which are not material, hence not disclosed in this condensed interim financial information. Transactions of the Company with related parties and balances outstanding at period end are as follows:

	Nine months ended 31 March	
	2017	2016
	----- (Rupees '000) -----	
Associated company		
Share of profit in associate - net of taxation	1,383,636	643,156
Dividend received	111,518	179,762
Major shareholders		
Government of Pakistan		
Dividend paid	11,608,000	13,784,880
Payable on account of Kunnar discount as at 31 March	-	2,085,112
Dividend payable as at 31 March	2,902,080	3,482,496
OGDCL Employees' Empowerment Trust (OEET)		
Dividend payable	12,445,278	10,284,333
Related parties by virtue of common directorship and GoP holdings		
Government Holdings (Private) Limited (GHPL)		
GHPL share (various fields) - net receivable	2,107,681	810,072

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

For Nine Months Ended 31 March 2017

	Nine months ended 31 March	
	2017	2016
	----- (Rupees '000) -----	
RELATED PARTIES TRANSACTIONS - Continued		
Power Holding (Private) Limited (PHPL)		
Markup earned	4,393,111	5,132,256
Balance of investment in TFCs receivable not yet due as at 31 March	51,250,000	71,750,000
Balance of past due principal repayment on TFCs as at 31 March	30,750,000	10,250,000
Balance of markup receivable on TFCs not yet due as at 31 March	352,398	363,765
Balance of past due markup receivable on TFCs as at 31 March	22,179,472	16,270,328
State Bank of Pakistan		
Interest earned on Pakistan Investment Bonds (PIBs)	4,346,707	4,391,365
Balance of investment in PIBs and markup receivable as at 31 March	52,151,125	51,956,691
National Bank of Pakistan		
Balance of accounts as at 31 March	464,352	468,532
Balance of Investment (TDR) as at 31 March	6,807,338	6,384,972
Interest earned during the period	382,822	421,181
Pak Arab Refinery Company Limited		
Sale of crude oil	9,634,894	5,056,282
Trade debts as at 31 March	3,691,009	1,816,199
Sui Northern Gas Pipelines Limited		
Sale of natural gas	37,127,413	40,549,382
Trade debts as at 31 March	23,519,971	27,828,079
Payable as at 31 March	73,880	473,503
Sui Southern Gas Company Limited		
Sale of natural gas	22,899,555	29,706,124
Pipeline rental charges	27,495	27,495
Trade debts as at 31 March	72,189,390	69,539,516
Pakistan State Oil Company Limited		
Sale of liquefied petroleum gas	202,208	-
Purchase of petroleum, oil and lubricants	2,386,882	3,167,790
Trade debts as at 31 March	1,867	1,867
Payable as at 31 March	107,814	106,009
National Insurance Company Limited		
Insurance premium paid	214,437	409,590
Payable as at 31 March	18,486	-
National Logistic Cell		
Crude transportation charges paid	756,648	1,098,581
Payable as at 31 March	606,957	758,866
Enar Petrotech Services Limited		
Consultancy services paid	105,090	102,576
Sale of crude oil	5,988,332	5,820,584
Trade debts as at 31 March	1,096,579	911,488
Payable as at 31 March	2,151	-
Other related parties		
Contribution to staff benefit funds	2,142,923	1,273,938
Remuneration including benefits and perquisites of key management personnel	410,316	364,221

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

Selected Notes to and forming part of the Condensed Interim Financial Information [unaudited]
For Nine Months Ended 31 March 2017

21 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 2016.

22 NON ADJUSTING EVENT AFTER BALANCE SHEET DATE

- 22.1** The Board of Directors approved interim cash dividend at the rate of Rs 1.50 per share amounting to Rs 6,451 million in its meeting held on 21 April 2017.

23 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on 21 April 2017 by the Board of Directors of the Company.

24 GENERAL

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



Chief Executive



Director

شامل ہیں۔ دوسری جانب، دوسرے ذرائع (other income) سے حاصل ہونے والی آمدن میں اضافہ، ایسوی ایٹ سے بڑھے ہوئے منافع کا حصہ اور سابقہ عرصے کے دوران کی جانے والی ٹیکس ادائیگیوں کے نتیجے میں اس مرتبہ ٹیکس کی ادائیگی میں کمی سے کمپنی کی مالیاتی کارکردگی کو سہارا ملا۔ نتیجتاً، زیر جائزہ دورانیے میں کمپنی نے اپنے منافع میں اضافہ ریکارڈ کیا جس سے بعد از ٹیکس آمدن 47.595 ارب روپے (نومابی 2015-16: 43.500 ارب روپے) کا خالص منافع ہوا جو کہ 11.07 روپے (نومابی 2015-16: 10.11 روپے) فی شیئر آمدن پر منتج ہوا۔

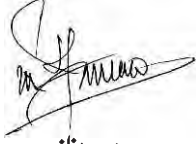
منافع منقسمہ (Dividend)

بورڈ نے 30 جون 2017 کو اختتام پذیر ہونے والے مالی سال کے تیسرے عبوری نقد منافع منقسمہ 1.50 روپے فی شیئر (15 فیصد) کا اعلان کیا ہے۔ یہ عبوری منافع رواں مالی سال کے پہلے اور دوسرے عبوری نقد منافع منقسمہ 2.50 روپے فی شیئر (25 فیصد) کے علاوہ ہے۔

اظہار تشکر

بورڈ آف ڈائریکٹرز، جملہ شراکت داروں سے اظہار تشکر کرتا ہے جن کی مسلسل حمایت اور سرپرستی کی وجہ سے کمپنی کو نئے کارروباری چیلنجز کا سامنا کرنے اور موثر طریقے پر نئی منزلیں عبور کرنے کا حوصلہ ملا۔ بورڈ کمپنی ملازمین کے لئے بھی اظہار تشکر کرتا ہے جن کی ہر سطح پر بھرپور کاوشوں کی بدولت کاروبار کو فروغ حاصل ہوا۔

بورڈ کی جانب سے



(زاہد مظفر)

چیئر مین

21 اپریل 2017

بالخصوص کنڈواری، بھٹ، بدھرا اور میانو کے ساتھ ساتھ انتظام شدہ فیلڈز بشمول قادر پور (کچھ کنوؤں میں بڑے پیمانے پر پانی کے کٹاؤ) میلہ، (میلہ-1 میں ڈاؤن ہول کا مسئلہ) اور جاکھرو (بڑے پیمانے پر نائٹروجن کا ارتکاز) سے پیداوار کی کمی رہی۔ جہاں تک LPG کی پیداوار کا تعلق ہے دسمبر 2016 میں KPD فیلڈ، فروری 2017 میں TAY فیلڈ سے پیداوار کے آغاز کے ساتھ ساتھ سمجھو رو اور غیر انتظام شدہ مشترکہ فیلڈز سے پیداوار میں اضافے کے باعث 23 فیصد اضافہ ریکارڈ کیا گیا۔

ہائیڈروکاربن ذخائر کی پیداوار میں بڑھوتری کی کوششوں کے نتیجے میں کمپنی نے 28 نومبر 2016 کو اپنی خام تیل کی مجموعی (Gross) پیداوار بلند ترین سطح پر یعنی 50,354 بیرلز یومیہ ریکارڈ کی۔ زیر نظر دورانیے میں بشمول اپنے زیر انتظام اور غیر انتظام شدہ مشترکہ فیلڈز سے تیل، گیس، LPG اور سلفر کی یومیہ خالص قابل فروخت پیداوار کی تفصیل ذیل میں درج ہے:-

مصنوعات	پیدائش کی اکائیاں	نومائی 2016-17	نومائی 2015-16
خام تیل	بیرلز یومیہ	43,989	40,443
گیس	MMcf یومیہ	1,051	1,061
LPG	ٹن یومیہ	411	336
سلفر	ٹن یومیہ	39	19

آگے بڑھتے ہوئے، تلاش کی بھرپور کوششوں، جاری ترقیاتی منصوبوں کی تیز ترین تکمیل اور مالیاتی نظم و ضبط کی پابندی کرتے ہوئے OGDCL پر عزم ہے کہ وہ اپنے شعبے میں ایک نمایاں کردار ادا کرتی رہے گی اس کے ساتھ ساتھ اپنے کارکنوں کی صحت و سلامتی اور معاشرتی ذمہ داریوں کی ادائیگی کو اپنی کارروباری ترجیح رکھے گی۔

مالیاتی نتائج

31 مارچ 2017 کو اختتام پذیر ہونے والے دورانیے میں OGDCL نے اپنے مالیاتی نتائج میں بہتری ریکارڈ کی جس کی بنیادی وجہ خام تیل، LPG اور سلفر کی پیداوار میں مذکورہ اضافہ اور تیل کی بین الاقوامی قیمتوں میں گزشتہ عرصے کے مقابلے میں کسی حد تک بہتری ہے۔ زیر جائزہ مدت کے دوران خام تیل کی اوسط باسکٹ قیمت 48.81 ڈالر فی بیرل رہی جو کہ تقابل دورانیے میں 42.34 امریکی ڈالر فی بیرل تھی جس کے نتیجے میں کمپنی کو خام تیل کی اوسط قیمت 143.76 امریکی ڈالر فی بیرل جو کہ گزشتہ مدت میں 138.83 امریکی ڈالر فی بیرل تھی، حاصل ہوئی۔ تاہم، گیس کی پیداوار میں کمی اور حاصل شدہ قیمت کے 256.23/Mcf روپے سے 233.96/Mcf روپے پر گر جانے سے اور LPG اور سلفر کی قیمتوں میں کمی، کمپنی کی آمدن پر اثر انداز ہونے کی وجہ بنی۔ جبکہ شرح مبادلہ میں معمولی اضافے نے جو کہ 104.45 روپے فی ڈالر سے 104.93 روپے فی ڈالر پر چلا گیا، کمپنی کی مالیات پر مثبت اثر ڈالا۔ مجموعی طور پر زیر نظر مدت کے دوران کمپنی نے فروخت سے حاصل شدہ بہتر آمدن 126.630 ارب روپے (نومائی: 16-2015، 122.711 ارب روپے) ریکارڈ کی۔

نومائی عرصے کے دوران OGDCL نے عملی اخراجات میں اضافہ رپورٹ کیا جن کی وجوہات میں تنخواہوں، اجرتوں اور مراعات میں اضافہ، اثاثہ جات، پلانٹ اور آلات کی فرسودگی (Depreciation)، ترقیاتی اور پیداواری اثاثوں کی امارتائزیشن، ورک اوور اور ڈی کمیشننگ چارجز میں اضافہ

ترقیاتی منصوبہ جات

ہائیڈروکاربن پیداوار میں اضافے کی کوششوں کی خاطر اوجی ڈی سی ایل نے زیر جائزہ مدت کے دورانے میں کئی ترقیاتی منصوبہ جات پر کام کیا جو کہ تکمیل کے مختلف مراحل میں ہیں۔ ان ترقیاتی منصوبوں میں اُچ-II، کنرہ پا کی ڈیپ-ٹنڈ والہ یار (KPD-TAY)، نشپ، میلہ اور سوگری شامل ہیں۔ ہاٹ آئل سسٹم، امائن اور ڈی ہائیڈریشن سسٹم یونٹس کے آغاز کے ساتھ، اُچ-II ترقیاتی منصوبے کی تکمیل 12 جنوری 2017 کو ہو چکی ہے اور یہ فیلڈ تقریباً 130 ایم ایم سی ایف گیس کی یومیہ پیداوار دے رہا ہے۔ جہاں تک KPD-TAY کا تعلق ہے۔ فیز-II، پریگس پروسسنگ یونٹ کی کمیشننگ مکمل ہو چکی ہے اور SSGCL کو فیز-I سے تخصیصی گیس (on-spec) کی فراہمی یکم ستمبر 2016 سے شروع ہو گئی ہے۔ آلات کی کارکردگی کی آزمائش اور ٹھیکیدار کی جانب سے حوالگی کے بعد KPD-TAY منصوبہ مکمل پیداواری صلاحیت حاصل کر لے گا۔

نشپ میلہ ترقیاتی منصوبے کے تحت ڈیزائن کا مرحلہ اور زیادہ تر آلات کی ترسیل سائٹ پر مکمل ہو چکی ہے جبکہ تخصیصی کام جاری ہے امید کی جاتی ہے کہ یہ منصوبہ جون 2017 تک مکمل کر لیا جائے گا جس کے بعد یومیہ اضافی پیداوار 1100 بیرلز خام تیل 10 MMcf گیس اور 340 ٹن LPG تک پہنچ سکتی ہے۔ سوگری ترقیاتی منصوبہ کے تحت امائن یونٹ، بخور و فیلڈ سے منتقل کیا جا چکا ہے اور دوسرے ضروری آلات کا حصول مکمل کر لیا گیا ہے جبکہ PC ٹھیکیدار کی تقرری زیر عمل ہے۔ منصوبے کی تکمیل پر 20 MMcf یومیہ اضافی گیس کی پیداوار متوقع ہے۔

تیل اور گیس کی پیداوار

او۔ جی۔ ڈی۔ سی۔ ایل اپنے زیر انتظام کل ملکیتی اور مشترک فیلڈز سے پیداوار بڑھانے کی حکمت عملی پر عمل پیرا ہے جو کہ تیل و گیس کی تیز ترین کوششوں، جاری منصوبوں کی تکمیل اور جدید ترین پیداواری تکنیک کے استعمال پر مشتمل ہے۔ اس سلسلے میں تیل و گیس کی مجموعی قومی پیداوار میں کمپنی کا حصہ بالترتیب تقریباً 52 فیصد اور 28 فیصد جولائی 2016 تا فروری 2017 کے دورانے میں رہا۔ (ماخذ: PPIS)

نومہ کے عرصے میں اوجی ڈی سی ایل نے موجودہ پیداوار اکٹھا کرنے کے نظام میں اپنے زیر انتظام 18 کنویں شامل کئے، قادر پور 11-HRC، کنرہ-11، راجیاں-9، نشپ-6 اور 7، اُنر-1، تھورا ڈیپ-1 اور 2، پا کی ویسٹ ڈیپ-1، پا کی ایسٹ-1، TAY-2، 3 & 4، درس-1، درس ڈیپ-1، درس ویسٹ-1، شاہ-1 اور قادر پور-56 نے مجموعی طور پر تیل و گیس کی بالترتیب 1,337,395 بیرلز اور 9,348 MMcf پیداواری۔ علاوہ ازیں، کنوؤں خیمسو-1، قادر پور-57، سر قمر-1، ڈچراپور-3 اور چٹو-1 پر پیداواری آزمائش مکمل کی جا چکی ہے۔

پختہ (mature) کنوؤں کی پیداوار میں قدرتی کمی پر قابو پانے اور پیداوار کے احیاء کے لئے اوجی ڈی سی ایل نے زیر جائزہ مدت کے دوران پالی ڈیپ، راجیاں-2، کنرہ-8 اور 10، پا کی-5، پا کی ڈیپ-6، اور سونو-8 پر ورک اور انجام دیئے۔ اسی طرح پیداواری عمل کے لازمی جزو کے طور پر رگ لیس ورک اور بھری انجام دیئے۔ اس کے علاوہ کنوؤں کے بھاؤ کے موجودہ دائرہ کار میں بہتری لانے کی خاطر اُچ-II، بوبی، نشپ، پا کی، بخور و اور TAY فیلڈز میں دباؤ بننے کے سروے کا کام بھی مکمل کیا گیا۔

پختہ (mature) پیداواری فیلڈز میں قدرتی طور پر کمی ہونے کے باوجود اوجی ڈی سی ایل کی خام تیل کی اوسط قطعی (net) پیداوار میں گزشتہ عرصے کے مقابلے میں 9 فیصد اضافہ دیکھنے میں آیا۔ جس کی بنیادی وجہ کنرہ، KPD، راجیاں، نشپ اور بخور و فیلڈز سے پیداوار میں اضافے کے علاوہ TAY فیلڈ سے پیداوار کا آغاز تھا۔ اسی طرح کمپنی کی اوسط قابل فروخت گیس کی پیداوار مستحکم رہی باوجود اس کے کہ غیر انتظام شدہ مشترک منصوبوں کے فیلڈز

ڈائریکٹرز کی جانب سے عبوری جائزہ

آنکس اینڈ گیس ڈویلپمنٹ کمپنی لمیٹڈ OGDCL کے بورڈ آف ڈائریکٹرز 31 مارچ 2017 کو مکمل ہونے والی نو ماہی میں کمپنی کی آپریشنل اور مالیاتی کارکردگی اور غیر جانچ شدہ عبوری مالیاتی معلومات کا مختصر جائزہ پیش کرتے ہوئے مسرت کا اظہار کرتے ہیں۔

تیل اور گیس کی تلاش اور ترقیاتی سرگرمیاں

تیل و گیس کی تلاش و پیداوار کی سرفہرست پاکستانی کمپنی ہونے کے ناطے OGDCL کے پاس زیر تلاش کل رقبے کا سب سے زیادہ رقبہ 31 مارچ 2017 کو 115,604 مربع کلومیٹر ہے جو کہ کل زیر تلاش رقبے کا 33 فیصد بنتا ہے (ماخذ PPIS)۔ کمپنی کے زیر تلاش رقبہ ملک کے چاروں صوبوں میں پھیلا ہوا ہے جن میں سے تلاش کے 60 کل ملکیتی اور مشترک بلاکس کے اجازت نامے کمپنی کے زیر انتظام ہیں۔ ان کے علاوہ تلاش و پیداوار کی دیگر کمپنیوں کے زیر انتظام رقبے میں سے 5 بلاکس میں عملی مفادات (Working Interest) شامل ہیں۔

تیل و گیس کے نئے ذخائر کی تلاش کی کوششوں کے نتیجے میں تلاش کے شعبے میں کمپنی کی کارکردگی مستحکم رہی۔ اس بات کا ثبوت اس حقیقت سے عیاں ہے کہ کمپنی نے 3,293 لائن کلومیٹر کا 2D (9M 2015-16: 4,288 Line km) اور 1,038 مربع کلومیٹر کا 3D (9M 2015-16: 2,384 sq. km) سسٹم ڈیٹا جولائی 2016 تا مارچ 2017 کے دوران حاصل کیا جو کہ ملک کے کل سسٹم ڈیٹا کا بالترتیب 62 فیصد اور 36 فیصد ہے۔ یہ سسٹم ڈیٹا تلاش کے بلاکس ماڑی ایسٹ، کلاچی، پیزو، رانی پور، خانپور، دکھنی، نورنگلہ، شان، زورگڑھ، تمبر، خاران-3، رسلمان، رسلمان ویسٹ، سمندر، کوہاٹ، باراتی، پرکینی اے اور بی، اور پسینی ویسٹ سے اکٹھا کیا گیا۔ علاوہ ازیں کمپنی نے ژوب اور لکھی رُڈ ELs میں تلاش کے اجازت نامے کے تحت 216 لائن کلومیٹر کا جغرافیائی فیلڈ ورک بھی کیا۔ مزید برآں 3,879 لائن کلومیٹر کا 2D اور 4,191 مربع کلومیٹر کا 3D سسٹم ڈیٹا مختلف بلاکس میں اپنے ذرائع سے انجام/از سر نو انجام دیا۔

زیر جائزہ دورانیے میں اوجی ڈی سی ایل نے ہائیڈروکاربن ذخائر کو برقرار رکھنے اور اس میں اضافہ کرنے اور کاروبار کو منافع بخش رکھنے کے لئے تیل اور گیس کے کنوؤں کی کھدائی کا کام جاری رکھا۔ اس سلسلے میں کمپنی نے 13 نئے کنوؤں (16 کنوئیں: 9M 2015-16) جن میں 6 آزمائشی/تخصیصی کنوئیں بنام گدنواری-1، رانی پور-1، چبارو-1، کچاخیل-1، تھل ویسٹ-2 اور تھل ایسٹ-3 اور 7 ترقیاتی کنوئیں بنام میلہ-5، چندا-4، راجیان-10، نشہ-8، قادر پور HRL-12 اور قادر پور-56 اور 57 شامل ہیں کی کھدائی کا آغاز کیا۔ علاوہ ازیں کمپنی نے پچھلے سال سے جاری 15 کنوؤں کی کھدائی جاری رکھی جن میں سے 13 کی کھدائی اور آزمائش مکمل کر لی گئی ہے۔ زیر جائزہ مدت میں کمپنی نے کل 55,949 میٹرز کی کھدائی کی (میٹرز 9M 2015-16: 71,079)۔

تیل اور گیس کی دریافتیں

نئے ہائیڈروکاربن ذخائر کی تلاش کی انتھک کوششوں کی بدولت اوجی ڈی سی ایل 9 ماہ کے عرصے میں 4 نئی دریافتیں کرنے میں کامیاب ہوئی جن کی اجتماعی بومیہ پیداواری صلاحیت 37 ایم ایم سی ایف گیس اور 300 بیرل تیل ہے۔ ان دریافتوں میں گدنواری-1 اور مٹھری-1 تحصیل خیر پور میں، خیسو-1 تحصیل گھوگی میں اور چٹو-1 تحصیل حیدر آباد، صوبہ سندھ شامل ہیں۔



Oil & Gas Development Company Limited

OGDCL House, Plot No. 3, F-6/G-6, Blue Area,
Jinnah Avenue, Islamabad - Pakistan.

www.ogdcl.com