

OIL AND GAS DEVELOPMENT COMPANY LIMITED
CONDENSED INTERIM BALANCE SHEET [UNAUDITED]
AS AT 30 SEPTEMBER 2017

	Unaudited 30 September 2017	Audited 30 June 2017		Unaudited 30 September 2017	Audited 30 June 2017
	Note -----(Rupees '000)-----			Note -----(Rupees '000)-----	
SHARE CAPITAL AND RESERVES			NON CURRENT ASSETS		
Share capital	43,009,284	43,009,284	Fixed assets		
Reserves	4	12,355,787	Property, plant and equipment	7	126,723,679
		12,093,287	Development and production assets - intangible	8	95,497,687
			Exploration and evaluation assets	9	13,303,443
					235,524,809
Unappropriated profit	474,628,511	457,881,766	Long term investments	10	32,872,619
	529,993,582	512,984,337	Long term loans and receivable		7,578,804
			Long term prepayments		767,841
					276,744,073
					284,827,754
NON CURRENT LIABILITIES			CURRENT ASSETS		
Deferred taxation	19,835,361	19,638,412	Stores, spare parts and loose tools	18,652,728	18,442,847
Deferred employee benefits	19,377,968	19,026,984	Stock in trade	286,445	376,390
Provision for decommissioning cost	22,512,821	22,027,796	Trade debts	11	118,611,242
	61,726,150	60,693,192	Loans and advances	12	12,623,516
			Deposits and short term prepayments		1,660,736
			Interest accrued		21,504,339
			Other receivables		290,752
			Income tax - advance	13	46,247,391
			Current maturity of term finance certificates and PIBs		61,500,000
			Other financial assets	14	67,535,300
			Cash and bank balances		16,782,320
					365,694,769
					642,438,842
					627,287,973
					627,287,973
CONTINGENCIES AND COMMITMENTS					
	6				

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

Chief Executive

Director

OIL AND GAS DEVELOPMENT COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME [UNAUDITED]
FOR THE QUARTER ENDED 30 SEPTEMBER 2017

	Quarter ended 30 September	
	2017	2016
	----- (Rupees '000) -----	
Profit for the quarter	17,009,527	14,631,554
Other comprehensive income/(loss) for the quarter	-	-
Total comprehensive income for the quarter	<u>17,009,527</u>	<u>14,631,554</u>

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

Chief Executive

Director

OIL AND GAS DEVELOPMENT COMPANY LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT [UNAUDITED]
FOR THE QUARTER ENDED 30 SEPTEMBER 2017

	Quarter ended 30 September	
	2017	2016
Note	------(Rupees '000)-----	
Cash flows from operating activities		
Profit before taxation	24,389,208	20,834,518
Adjustments for:		
Depreciation	2,588,558	1,948,737
Amortization of development and production assets	3,612,134	4,023,111
Royalty	4,431,932	4,306,938
Workers' profit participation fund	1,283,643	1,096,554
Provision for employee benefits	1,159,476	870,733
Un-winding of discount on provision for decommissioning cost	416,596	401,492
Interest income	(2,699,803)	(3,395,926)
Un-realized loss/ (gain) on investments at fair value through profit or loss	33,644	(37,866)
Dividend income	(20,431)	(20,431)
Gain on disposal of property, plant and equipment	(931)	(528)
Share of profit in associate	(456,810)	(553,134)
	<u>34,737,216</u>	<u>29,474,198</u>
Changes in:		
Stores, spare parts and loose tools	(209,881)	35,715
Stock in trade	89,945	(25,422)
Trade debts	(36,774)	(2,678,584)
Deposits and short term prepayments	(103,297)	(6,486)
Advances and other receivables	845,003	(519,723)
Trade and other payables	(4,627,109)	420,810
Cash generated from operations	<u>30,695,103</u>	<u>26,700,507</u>
Royalty paid	(2,536,212)	(4,564,348)
Employee benefits paid	(481,011)	(625,680)
Long term prepayments	84,850	-
Payment from self insurance reserve	(282)	(703)
Decommissioning cost paid	(35,877)	(135,271)
Payments to workers' profit participation fund-net	(1,400,000)	(4,450,000)
Income taxes paid	(3,828,794)	(5,635,224)
	<u>(8,197,326)</u>	<u>(15,411,226)</u>
Net cash from operating activities	<u>22,497,777</u>	<u>11,289,281</u>
Cash flows from investing activities		
Capital expenditure	(6,551,409)	(6,869,019)
Interest received	3,068,628	3,419,653
Dividends received	20,431	20,431
Encashment of investments	50,809,086	-
Proceeds from disposal of property, plant and equipment	7,862	5,575
Net cash generated from/ (used in) investing activities	<u>47,354,597</u>	<u>(3,423,359)</u>
Cash flows from financing activities		
Dividends paid	(955,907)	(1,933,194)
Net cash used in financing activities	<u>(955,907)</u>	<u>(1,933,194)</u>
Net increase in cash and cash equivalents	<u>68,896,468</u>	<u>5,932,728</u>
Cash and cash equivalents at beginning of the quarter	<u>15,074,591</u>	<u>19,034,930</u>
Cash and cash equivalents at end of the quarter	<u>19</u> <u>83,971,059</u>	<u>24,967,658</u>

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

Chief Executive

Director

OIL AND GAS DEVELOPMENT COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY [UNAUDITED]
FOR THE QUARTER ENDED 30 SEPTEMBER 2017

Share capital	Reserves					Unappropriated profit	Total equity	
	Capital reserves				Other reserves			
	Capital reserve	Self insurance reserve	Share of capital redemption reserve fund in associated company	Share of self insurance reserve in associated company	Share of undistributed percentage return reserve in associated company			
------(Rupees '000)-----								
Balance as at 1 July 2016	43,009,284	836,000	7,470,000	2,118,000	20,000	85,373	425,093,910	478,632,567
Total comprehensive income for the quarter								
Profit for the quarter	-	-	-	-	-	-	14,631,554	14,631,554
Other comprehensive income/ (loss) for the quarter	-	-	-	-	-	-	-	-
Total comprehensive income for the quarter	-	-	-	-	-	-	14,631,554	14,631,554
Transfer to self insurance reserve	-	-	663,203	-	-	-	(663,203)	-
Charged to self insurance reserve	-	-	(703)	-	-	-	-	(703)
Transfer to undistributed percentage return reserve by an associated company	-	-	-	-	-	(22,446)	22,446	-
Total distributions to owners of the company	-	-	-	-	-	-	-	-
Balance as at 30 September 2016	<u>43,009,284</u>	<u>836,000</u>	<u>8,132,500</u>	<u>2,118,000</u>	<u>20,000</u>	<u>62,927</u>	<u>439,084,707</u>	<u>493,263,418</u>
Balance as at 1 July 2017	43,009,284	836,000	8,920,000	2,118,000	120,000	99,287	457,881,766	512,984,337
Total comprehensive income for the quarter								
Profit for the quarter	-	-	-	-	-	-	17,009,527	17,009,527
Other comprehensive income/ (loss) for the quarter	-	-	-	-	-	-	-	-
Total comprehensive income for the quarter	-	-	-	-	-	-	17,009,527	17,009,527
Transfer to self insurance reserve	-	-	262,782	-	-	-	(262,782)	-
Charged to self insurance reserve	-	-	(282)	-	-	-	-	(282)
Total distributions to owners of the company	-	-	-	-	-	-	-	-
Balance as at 30 September 2017	<u>43,009,284</u>	<u>836,000</u>	<u>9,182,500</u>	<u>2,118,000</u>	<u>120,000</u>	<u>99,287</u>	<u>474,628,511</u>	<u>529,993,582</u>

The annexed notes 1 to 37 form an integral part of these financial statements.

Chief Executive

Director

OIL AND GAS DEVELOPMENT COMPANY LIMITED
SELECTED NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION [UNAUDITED]
FOR THE QUARTER ENDED 30 SEPTEMBER 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 (IGDS = 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 three months period ended 30 September 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 2017. Comparative balance sheet is extracted from the audited annual financial statements as of 30 June 2017, 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 three months period ended 30 September 2016.

The Companies Act, 2017 was enacted on 30 May 2017 and SECP vide its circular 23 of 2017 has clarified that the companies whose financial year closes on or before 31 December 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. However, The Companies whose financial year closes after 31 December 2017 shall prepare financial statements in accordance with the provision of the Companies Act, 2017.

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 2017.

	Note	Unaudited 30 September 2017	Audited 30 June 2017
		------(Rupees '000)-----	
4 RESERVES			
Capital reserves:			
Capital reserve	4.1	836,000	836,000
Self insurance reserve	4.2	9,182,500	8,920,000
Capital redemption reserve fund - associated company	4.3	2,118,000	2,118,000
Self insurance reserve - associated company	4.4	120,000	120,000
Other reserves:			
Undistributed percentage return reserve - associated company	4.5	99,287	99,287
		<u>12,355,787</u>	<u>12,093,287</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. Accordingly, 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.

OIL AND GAS DEVELOPMENT COMPANY LIMITED
SELECTED NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION [UNAUDITED]
FOR THE QUARTER ENDED 30 SEPTEMBER 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 year related to undistributed percentage return reserve.

		Unaudited 30 September 2017	Audited 30 June 2017
------(Rupees '000)-----			
		Unaudited 30 September 2017	Audited 30 June 2017
------(Rupees '000)-----			
5	TRADE AND OTHER PAYABLES		
	Note		
		346,376	392,923
	Creditors	9,701,412	13,940,426
	Accrued liabilities	4,163,907	5,415,565
	Payable to partners of joint operations	5,073,255	5,066,326
	Retention money payable	2,516,338	620,618
	Royalty payable	1,466,426	929,625
	Gas Infrastructure Development Cess (GIDC) Payable	1,262,069	774,943
	Withholding tax payable	119,298	118,298
	Trade deposits	1,175,088	1,291,445
	Workers' profit participation fund - net	9,731,059	8,833,994
	Employees' pension trust	138,138	122,881
	Gratuity fund	5.1 13,255,351	13,862,361
	Un-paid dividend	228,327	577,224
	Un-claimed dividend	1,388,544	1,486,121
	Advances from customers	153,522	177,694
	Other payables	<u>50,719,110</u>	<u>53,610,444</u>

- 5.1 This includes an amount of Rs 13,250 million (30 June 2017: Rs 13,250 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). Further, PCP vide letter no. F. No. 12(1)L/PC/BESOS/2016 dated 16 August 2017 has informed that the matter of BESOS, as a scheme, is pending adjudication before the Honorable Supreme Court of Pakistan. Once finalized, OEET will be informed accordingly.

6 CONTINGENCIES AND COMMITMENTS

6.1 Contingencies

- 6.1.1 Claims against the Company not acknowledged as debts amounted to Rs 1,568.441 million at quarter end (30 June 2017: Rs 1,568.441 million).
- 6.1.2 Certain banks have issued guarantees on behalf of the Company in ordinary course of business aggregating Rs 1.321 million (30 June 2017: Rs 1.321 million).
- 6.1.4 For contingencies related to sales tax and federal excise duty, refer note 12.1 and 12.2

6.2 Commitments

- 6.2.1 Commitments outstanding at period end amounted to Rs 35,298.604 million (30 June 2017: Rs 30,237.700 million). These include amounts aggregating to Rs 21,323.512 million (30 June 2017: Rs 22,567.871 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 quarter end amounted to Rs 3,469.363 million (30 June 2017: Rs 6,644.095 million).
- 6.2.3 The Company's share of associate commitments based on the latest available financial statements (30 June 2017) of associate are same as disclosed in the annual audited financial statements for the year ended 30 June 2017.

OIL AND GAS DEVELOPMENT COMPANY LIMITED
SELECTED NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION [UNAUDITED]
FOR THE QUARTER ENDED 30 SEPTEMBER 2017

	Note	Unaudited 30 September 2017 ------(Rupees '000)-----	Audited 30 June 2017 -----
7			
PROPERTY, PLANT AND EQUIPMENT			
Carrying amount at beginning of the period/year		128,336,018	120,542,404
Additions/adjustments during the period/year	7.1	1,233,606	18,348,662
Book value of disposals		(6,931)	(104,450)
Depreciation charge for the period/year		(2,839,014)	(10,033,682)
Revision in estimate of decommissioning cost during the period/year		-	(416,916)
Carrying amount at end of the period/year	7.2	<u>126,723,679</u>	<u>128,336,018</u>
7.1 Additions/adjustments during the period/year			
Freehold land		-	8,068
Buildings, offices and roads on freehold land		5,684	74,748
Buildings, offices and roads on leasehold land		64,462	1,018,107
Plant and machinery		920,666	48,419,917
Rigs		28,883	87,789
Pipelines		46,747	3,296,028
Office and domestic equipment		11,720	92,521
Office and technical data computers		27,337	84,930
Furniture and fixture		2,914	8,078
Vehicles		25	266,713
Decommissioning cost		-	898,055
Capital work in progress (net)		59,402	(35,507,054)
Stores held for capital expenditure (net)		65,766	(399,238)
		<u>1,233,606</u>	<u>18,348,662</u>
7.2 Property, plant and equipment comprises:			
Operating fixed assets		110,265,402	112,002,909
Capital work in progress		14,215,476	14,156,074
Stores held for capital expenditure		2,242,801	2,177,035
		<u>126,723,679</u>	<u>128,336,018</u>
8 DEVELOPMENT AND PRODUCTION ASSETS - INTANGIBLE			
Carrying amount at beginning of the period/year		95,159,850	87,990,960
Additions		2,902,608	18,813,738
Transferred from exploration and evaluation assets during the period/year		1,047,363	3,360,821
Amortization charge for the period/year		(3,612,134)	(13,900,593)
Revision of decommissioning cost		-	(1,105,076)
Carrying amount at end of the period/year		<u>95,497,687</u>	<u>95,159,850</u>

OIL AND GAS DEVELOPMENT COMPANY LIMITED
SELECTED NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION [UNAUDITED]
FOR THE QUARTER ENDED 30 SEPTEMBER 2017

		Unaudited	Audited
		30 September	30 June
		2017	2017
	Note	------(Rupees '000)-----	
9	EXPLORATION AND EVALUATION ASSETS		
Balance at beginning of the quarter/ year		8,720,362	5,153,857
Additions during the quarter/ year		3,418,689	10,954,246
		<u>12,139,051</u>	<u>16,108,103</u>
Cost of dry and abandoned wells during the quarter/ year		(41,945)	(4,026,920)
Cost of wells transferred to development and production assets during the quarter/ year		(1,047,363)	(3,360,821)
		<u>(1,089,308)</u>	<u>(7,387,741)</u>
		11,049,743	8,720,362
Stores held for exploration and evaluation activities		2,253,700	2,275,649
Balance at end of the quarter		<u>13,303,443</u>	<u>10,996,011</u>
10	LONG TERM INVESTMENTS		
Investment in related party-associate, quoted			
Mari Petroleum Company Limited (MPCL)		5,565,281	5,108,472
Investment held to maturity			
Term Deposit Receipts (TDRs)	10.1	6,807,338	6,807,338
Investment in Pakistan Investment Bonds (PIBs)	10.2	-	50,809,086
Investment in Term Finance Certificates (TFCs)	10.3	82,000,000	82,000,000
		88,807,338	139,616,424
Less: Current maturity of TFCs and PIBs		(61,500,000)	(102,059,086)
		<u>32,872,619</u>	<u>42,665,810</u>

10.1 These represent investments in local currency TDRs carrying effective interest rate of 6.50% (30 June 2017: 6.50%) per annum. These investments are earmarked against self insurance reserve.

10.2 The PIBs matured on 19 July 2017 and were encashed by the Company.

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 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 41,000 million (30 June 2017: Rs 30,750) is past due as at 30 September 2017. Further, interest due as of 30 September 2017 is Rs 20,464 million (30 June 2017: Rs 18,989 million) of which Rs 20,127 million (30 June 2017: Rs 17,179 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.

On 23 October 2017, PHPL has 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 billion from 07 years to 10 years including extension in grace period from 03 years to 06 years. The ECC of the Cabinet considered and approved the proposal of Ministry of Energy (Power Division). Pursuant to the approval, the principal installment payments shall be deferred till March 2019. PHPL has requested the Company to prepare revised term sheet for onward submission to Finance Division for approval. Since the matter was placed before the ECC of the cabinet unilaterally by PHPL, therefore, the Company intends to communicate its position to the Federal Government for necessary amendment(s).

OIL AND GAS DEVELOPMENT COMPANY LIMITED
SELECTED NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION [UNAUDITED]
FOR THE QUARTER ENDED 30 SEPTEMBER 2017

	Unaudited 30 September 2017	Audited 30 June 2017
	------(Rupees '000)-----	
11 TRADE DEBTS		
Un-secured, considered good	118,611,242	118,575,727
Un-secured, considered doubtful	110,730	110,730
	<u>118,721,972</u>	<u>118,686,457</u>
Provision for doubtful debts	(110,730)	(110,730)
Trade debts written off	-	(1,259)
	<u>118,611,242</u>	<u>118,574,468</u>

11.1 Trade debts include overdue amount of Rs 84,043 million (30 June 2017: Rs 82,707 million) on account of Inter-Corporate Circular debt, receivable from oil refineries and gas companies out of which Rs 68,012 million (30 June 2017: Rs 64,660 million) and Rs 10,818 million (30 June 2017: Rs 13,048 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. The Company considers this amount to be fully recoverable.

11.2 Included in trade debts is an amount of Rs 3,177 million (30 June 2017: Rs 2,981 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.

12 LOANS AND ADVANCES

12.1 This includes an amount of Rs 3,180 million (30 June 2017: 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 in favour of the Company. UPL has filed Civil Petition for Leave to Appeal (CPLA) before the Honorable Supreme Court of Pakistan against the decision of IHC. The Company and its legal advisors are confident that CPLA of UPL before Honorable Supreme Court of Pakistan will also be decided in favour of the Company and the amount will be recovered from UPL. Accordingly no provision in this respect has been made in this condensed interim financial information.

12.2 This also includes recoveries of Rs 317 million (30 June 2017: Rs 317 million) made by the tax department against sales tax and Federal Excise Duty (FED) demand of Rs 6,968 million (30 June 2017: Rs 6,968 million) relating to periods July 2011 to June 2014. The Honorable Appellate Tribunal Inland Revenue (ATIR) has accepted the Company's appeals for tax period 2012-13 and 2013-14 and annulled the demands of Rs 1,821 million and Rs 4,887 million passed by the authorities being ab-intio void and without jurisdiction respectively. For the remaining demands, ATIR has granted stay against recovery of Rs 260 million and appeal is pending before ATIR. These demands 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. The Company believes that these demands have been raised without legal validity and are identical to the case decided by ATIR in favour of the Company, accordingly no provision has been made in this condensed interim financial information.

OIL AND GAS DEVELOPMENT COMPANY LIMITED
SELECTED NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION [UNAUDITED]
FOR THE QUARTER ENDED 30 SEPTEMBER 2017

		Unaudited 30 September 2017	Audited 30 June 2017
	Note	------(Rupees '000)-----	
13	INCOME TAX - ADVANCE		
		49,601,329	41,599,042
		3,828,794	25,616,740
		-	3,963
		(7,182,732)	(21,275,147)
		-	3,656,731
	13.1 to 13.3	<u>46,247,391</u>	<u>49,601,329</u>

13.1 This includes amount of Rs 17,819 million (30 June 2017: Rs 17,819 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, 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 2017: Rs 5,372 million) from the Company upto 30 June 2017. 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. Further, ATIR has granted stay of forty days with effect from 14 September 2017 or till the decision of the appeals, whichever is earlier. 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 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.

13.3 Income tax advance includes Rs 3,580 million (30 June 2017: Rs 3,580 million) mainly on account of disallowances made by the Additional Commissioner Inland Revenue (ACIR) against workers' profit participation fund expense for tax year 2016 and decommissioning cost for tax year 2015 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 for tax year 2016 and ATIR for tax year 2015 against the said disallowances. Management believes that these disallowances are against income tax laws and regulations and accordingly no provision has been made in this respect in the financial statements.

		Unaudited 30 September 2017	Audited 30 June 2017
	Note	------(Rupees '000)-----	
14	OTHER FINANCIAL ASSETS		
		17,189,190	10,915,518
		49,999,549	-
		346,561	380,204
		<u>67,535,300</u>	<u>11,295,722</u>

14.1 This includes foreign currency TDRs amounting to USD 134.686 million (30 June 2017: USD 104.086 million), carrying interest rate ranging from 2.31% to 3.35% (30 June 2017: 2.75% to 3.35%) per annum, having maturities of six months (30 June 2017: maturities between one month to three months).

14.2 T-bills have been purchased on 24 July 2017 for eighty (80) days at yield of 5.99% per annum.

OIL AND GAS DEVELOPMENT COMPANY LIMITED
SELECTED NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION [UNAUDITED]
FOR THE QUARTER ENDED 30 SEPTEMBER 2017

		Quarter ended 30 September	
		2017	2016
		----- (Rupees '000) -----	
15	SALES - NET		
	Gross sales		
	Crude oil	18,456,235	14,994,426
	Gas	29,169,865	30,061,844
	Liquefied petroleum gas	2,928,996	1,207,232
	Sulphur	108,491	119,551
	Gas processing	23,519	27,621
		50,687,106	46,410,674
	Government levies		
	General sales tax	(4,683,141)	(4,564,798)
	Gas Infrastructure Development Cess (GIDC)	(1,304,756)	(1,506,196)
	Excise duty	(736,814)	(774,098)
		(6,724,711)	(6,845,092)
		43,962,395	39,565,582

15.1 Gas sales include sales from Uch II and Nur-Bagla fields 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.

15.2 Kunnar Pasahki Deep (KPD) field final prices will be agreed between Sui Southern Gas Company Limited and the Company upon execution of Gas Sale Agreement (GSA) and adjustment, if any, will be incorporated in the books on finalization of GSA. Additionally credit and debit notes issued in prior years in relation to M/s Jamshoro Joint Venture Limited are on provisional basis.

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 October 2017, Oil and Gas Regulatory Authority has issued wellhead gas price notifications in respect of Makori East, Mamikhel, and Maramzai fields converted under Petroleum Policy 2012. MOL (the operator of Tal Block) is in the process of issuing invoices to Sui Northern Gas Pipeline Limited on behalf of all partners in Tal Block. The impact of these prices on Company's revenue is around Rs 3.62 billion net of sales tax. The price impact on the Company's operated fields Sheikhhan, Gopang and Pakhro, converted under Petroleum Policy 2012, have already been incorporated in financial statements of the Company for the year ended 30 June 2017.

OIL AND GAS DEVELOPMENT COMPANY LIMITED
SELECTED NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION [UNAUDITED]
FOR THE QUARTER ENDED 30 SEPTEMBER 2017

	Quarter ended 30 September	
	2017	2016
	------(Rupees '000)-----	
16 OTHER INCOME		
Interest income	2,699,803	3,395,926
Dividend income from NIT units	20,431	20,431
Un-realized (loss)/ gain on investments at fair value through profit or loss	(33,644)	37,866
Exchange gain - net	61,208	150,076
Signature bonus	155,833	1,344,066
Others	207,061	112,826
	<u>3,110,692</u>	<u>5,061,191</u>

17 TAXATION

Current - charge for the quarter	7,182,732	6,592,995
Deferred - charge/(credit) for the quarter	196,949	(390,031)
	<u>7,379,681</u>	<u>6,202,964</u>

17.1 Various appeals in respect of assessment years 1992-93 to 2002-03, tax years 2003 to 2016 are pending at different appellate forums in the light of the order of the Commissioner of Inland Revenue (Appeals) and decision of the Adjudicator, appointed by both the Company as well as the Federal Board of Revenue (FBR) mainly on the issues of decommissioning cost, depletion allowance, prospecting, exploration and development expenditure, tax rate and super tax. Total amount of tax demand against the major issues, raised in respect of assessment years 1992-93 to 2002-03 and tax years 2003-2016 amounts to Rs 77,037 million out of which an amount of Rs 73,696 million has been paid to tax authorities. Also refer to note 13.1 to 13.3 of this condensed interim financial information.

	Quarter ended 30 September	
	2017	2016
18 EARNINGS PER SHARE - BASIC AND DILUTED		
Profit for the quarter (Rupees '000)	<u>17,009,527</u>	<u>14,631,554</u>
Average number of shares outstanding during the period ('000)	<u>4,300,928</u>	<u>4,300,928</u>
Earnings per share - basic (Rupees)	<u>3.95</u>	<u>3.40</u>

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

	Quarter ended 30 September	
	2017	2016
	------(Rupees '000)-----	
19 CASH AND CASH EQUIVALENTS		
Cash and bank balances	16,782,320	6,378,311
Short term highly liquid investments	67,188,739	18,589,347
	<u>83,971,059</u>	<u>24,967,658</u>

OIL AND GAS DEVELOPMENT COMPANY LIMITED
SELECTED NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION [UNAUDITED]
FOR THE QUARTER ENDED 30 SEPTEMBER 2017

20 RELATED PARTIES TRANSACTIONS

Government of Pakistan owns 74.97% (30 June 2017: 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 quarter end are as follows:

	Quarter ended 30 September	
	2017	2016
	----- (Rupees '000) -----	
Associated company - MPCL		
Share of profit in associate - net of taxation	456,810	553,134
Dividend received	-	111,518
Major shareholders		
Government of Pakistan		
Dividend paid	-	1,451,040
Dividend paid - Privatization Commission of Pakistan	-	161,230
OGDCL Employees' Empowerment Trust (OEET)		
Dividend payable	13,249,922	10,500,000
Related parties by virtue of common directorship and GoP holdings		
Government Holdings (Private) Limited (GHPL)		
GHPL share (various fields) - net receivable	1,393,866	452,567
Power Holding (Private) Limited (PHPL)		
Markup earned	1,474,607	1,506,576
Balance of investment in TFCs receivable not yet due as at 30 September	41,000,000	61,500,000
Balance of past due principal repayment on TFCs as at 30 September	41,000,000	20,500,000
Balance of markup receivable on TFCs not yet due as at 30 September	337,323	332,606
Balance of past due markup receivable on TFCs as at 30 September	20,126,799	19,312,730
State Bank of Pakistan		
Interest earned on Pakistan Investment Bonds (PIBs)	275,724	1,459,715
Balance of investment in PIBs and markup receivable as at 30 September	-	52,521,843
National Bank of Pakistan		
Balance of accounts as at 30 September	385,443	525,887
Balance of Investment (TDR) as at 30 September	9,807,338	7,221,772
Interest earned during the quarter	161,398	127,365
Pak Arab Refinery Company Limited		
Sale of crude oil	3,827,029	1,863,547
Trade debts as at 30 September	2,706,172	1,287,837
Pakistan Petroleum Limited		
Share (various fields) - net payable	538,999	2,239,057
Sui Northern Gas Pipelines Limited		
Sale of natural gas	13,298,936	12,727,104
Trade debts as at 30 September	19,707,598	23,796,952
Payable as at 30 September	-	73,880

OIL AND GAS DEVELOPMENT COMPANY LIMITED
SELECTED NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION [UNAUDITED]
FOR THE QUARTER ENDED 30 SEPTEMBER 2017

RELATED PARTIES TRANSACTIONS - Continued

	Quarter ended 30 September	
	2017	2,016
	------(Rupees '000)-----	
Sui Southern Gas Company Limited		
Sale of natural gas	7,685,830	8,065,943
Pipeline rental charges	9,165	9,163
Trade debts as at 30 September	73,429,036	68,389,220
Payable as at 30 September	-	-
Pakistan State Oil Company Limited		
Sale of liquefied petroleum gas	75,707	16,185
Purchase of petroleum, oil and lubricants	789,862	832,826
Trade debts as at 30 September	1,867	1,867
Payable as at 30 September	61,155	34,580
National Insurance Company Limited		
Insurance premium paid	234,126	91,705
National Logistic Cell		
Crude transportation charges paid	182,618	178,844
Payable as at 30 September	416,158	480,802
Enar Petrotech Services Limited		
Consultancy services	6,488	-
Payable as at 30 September	844	-
Enar Petroleum Refining Facility		
Sale of crude oil	2,230,213	2,087,710
Trade debts as at 30 September	1,269,879	1,242,511
Other related parties		
Contribution to staff benefit funds	-	212,323
Remuneration including benefits and perquisites of key management personnel	206,999	156,939

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 2017.

22 NON ADJUSTING EVENT AFTER BALANCE SHEET DATE

22.1 The Board of Directors approved interim cash dividend at the rate of Rs 1.75 per share amounting to Rs 7,527 million in its meeting held on 25 October 2017.

23 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 25 October 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