

OIL AND GAS DEVELOPMENT COMPANY LIMITED
 CONDENSED INTERIM BALANCE SHEET [UNAUDITED]
 AS AT 31 DECEMBER 2016

	Unaudited 31 December 2016	Audited 30 June 2016		Unaudited 31 December 2016	Audited 30 June 2016
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	11,431,927	Property, plant and equipment	7	122,782,678
		10,529,373	Development and production assets - intangible	8	90,085,808
			Exploration and evaluation assets	9	7,113,708
					219,982,194
Unappropriated profit	439,145,380	425,093,910	Long term investments	10	52,077,028
	493,586,591	478,632,567	Long term loans and receivable		6,557,586
			Long term prepayments		1,029,208
					279,646,016
					334,764,869
NON CURRENT LIABILITIES			CURRENT ASSETS		
Deferred taxation	15,291,837	15,579,499	Stores, spare parts and loose tools		19,082,703
Deferred employee benefits	15,142,554	14,971,638	Stock in trade		383,587
Provision for decommissioning cost	22,140,964	21,412,687	Trade debts	11	119,864,672
	52,575,355	51,963,824	Loans and advances	12	11,696,990
			Deposits and short term prepayments		1,680,692
			Interest accrued		23,815,866
			Other receivables		236,961
			Income tax - advance	13	43,647,558
			Current maturity of term finance certificates and PIBs		92,153,950
			Other financial assets	14	12,506,365
			Cash and bank balances		3,450,328
					328,519,672
					254,800,670
					608,165,688
					589,565,539
					608,165,688
					589,565,539
CONTINGENCIES AND COMMITMENTS					

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

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Chief Executive

Director

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OIL AND GAS DEVELOPMENT COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME [UNAUDITED]
FOR SIX MONTHS ENDED 31 DECEMBER 2016

	Three months ended		Six months ended	
	31 December		31 December	
	2016	2015	2016	2015
	----- (Rupees '000) -----			
Profit for the period	15,376,850	15,945,775	30,008,404	34,205,587
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>15,376,850</u>	<u>15,945,775</u>	<u>30,008,404</u>	<u>34,205,587</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 SIX MONTHS ENDED 31 DECEMBER 2016

	Six months ended	
	31 December	
	2016	2015
Note	------(Rupees '000)-----	
Cash flows from operating activities		
Profit before taxation	40,502,683	48,076,051
Adjustments for:		
Depreciation	4,146,084	3,419,375
Amortization of development and production assets	9,474,004	8,463,996
Impairment on assets	-	943,241
Royalty	8,827,940	9,693,800
Workers' profit participation fund	2,131,720	2,530,319
Provision for employee benefits	1,744,069	1,500,553
Decommissioning expense	473,261	-
Un-winding of discount on provision for decommissioning cost	811,769	825,791
Interest income	(6,468,900)	(6,817,785)
Un-realized (gain)/loss on investments at fair value through profit or loss	(101,657)	2,316
Dividend income	(20,431)	(19,296)
Gain on disposal of property, plant and equipment	(2,412)	(6,578)
Share of profit in associate	(922,424)	(614,517)
	<u>60,595,706</u>	<u>67,997,266</u>
Changes in:		
Stores, spare parts and loose tools	(831,519)	(2,330,574)
Stock in trade	(91,683)	34,714
Trade debts	(8,660,486)	(2,041,848)
Deposits and short term prepayments	(33,915)	(128,799)
Advances and other receivables	(1,852,048)	(1,405,338)
Trade and other payables	(1,568,374)	(3,597,228)
Cash generated from operations	<u>47,557,681</u>	<u>58,528,193</u>
	<u>(7,381,263)</u>	<u>(9,708,457)</u>
Royalty paid	(2,378,928)	(1,747,940)
Employee benefits paid	(146,742)	(159,252)
Long term prepayments	(1,130)	-
Payment from self insurance reserve	(872,404)	-
Decommissioning cost paid	(4,450,000)	(6,685,550)
Payments to workers' profit participation fund	(12,830,457)	(17,685,680)
Income taxes paid	<u>(28,060,924)</u>	<u>(35,986,879)</u>
Net cash from operating activities	19,496,757	22,541,314
Cash flows from investing activities		
Capital expenditure	(17,040,273)	(17,096,184)
Interest received	4,073,246	3,777,876
Dividends received	66,350	133,459
Purchase of investments	(422,366)	(522,843)
Proceeds from disposal of property, plant and equipment	12,885	21,995
Net cash used in investing activities	(13,310,158)	(13,685,697)
Cash flows from financing activities		
Dividends paid	(9,662,294)	(17,916,068)
Net cash used in financing activities	(9,662,294)	(17,916,068)
Net decrease in cash and cash equivalents	(3,475,695)	(9,060,451)
Cash and cash equivalents at beginning of the period	19,034,930	22,527,785
Cash and cash equivalents at end of the period	<u>15,559,235</u>	<u>13,467,334</u>

19

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 SIX MONTHS ENDED 31 DECEMBER 2016

	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 reserve 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									
Profit for the period	-	-	-	-	-	-	-	34,205,587	34,205,587
Other comprehensive income /(loss) for the period	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-	-	34,205,587	34,205,587
Transfer to self insurance reserve	-	-	426,009	-	-	-	-	(426,009)	-
Charged to self insurance reserve	-	-	(1,009)	-	-	-	-	1,009	-
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									
Final dividend 2015: Rs 1.50 per share	-	-	-	-	-	-	-	(6,451,393)	(6,451,393)
First interim dividend 2016: Rs 1.50 per share	-	-	-	-	-	-	-	(6,451,393)	(6,451,393)
Total distributions to owners	-	-	-	-	-	-	-	(12,902,786)	(12,902,786)
Balance as at 31 December 2015	<u>43,009,284</u>	<u>836,000</u>	<u>7,045,000</u>	<u>858,744</u>	<u>311,919</u>	<u>120,534</u>	<u>-</u>	<u>411,642,288</u>	<u>463,823,769</u>
Balance as at 1 July 2016	43,009,284	836,000	7,470,000	-	2,118,000	-	20,000	85,373	425,093,910
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	-	-	30,008,404	30,008,404
Other comprehensive income /(loss) for the period	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-	-	30,008,404	30,008,404
Transfer to self insurance reserve	-	-	926,130	-	-	-	-	(926,130)	-
Charged to self insurance reserve	-	-	(1,130)	-	-	-	-	-	(1,130)
Transfer from undistributed percentage return reserve by an associated company	-	-	-	-	-	-	(22,446)	22,446	-
Transactions with owners, recorded directly in equity									
Final dividend 2016: Rs 2.00 per share	-	-	-	-	-	-	-	(8,601,857)	(8,601,857)
First interim dividend 2017: Rs 1.50 per share	-	-	-	-	-	-	-	(6,451,393)	(6,451,393)
Total distributions to owners	-	-	-	-	-	-	-	(15,053,250)	(15,053,250)
Balance as at 31 December 2016	<u>43,009,284</u>	<u>836,000</u>	<u>8,395,000</u>	<u>-</u>	<u>2,118,000</u>	<u>-</u>	<u>20,000</u>	<u>62,927</u>	<u>439,145,380</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
SELECTED NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION [UNAUDITED]
FOR SIX MONTHS ENDED 31 DECEMBER 2016

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 six months period ended 31 December 2016 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 condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity are stated from unaudited condensed interim financial information for the six months period ended 31 December 2015.

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 December 2016	Audited 30 June 2016
Note	------(Rupees '000)-----	
4 RESERVES		
Capital reserves:		
Capital reserve	4.1 836,000	836,000
Self insurance reserve	4.2 8,395,000	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>11,431,927</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.
- 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.

OIL AND GAS DEVELOPMENT COMPANY LIMITED
SELECTED NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION [UNAUDITED
FOR SIX MONTHS ENDED 31 DECEMBER 2016

	Unaudited 31 December 2016	Audited 30 June 2016
Note	------(Rupees '000)-----	
5 TRADE AND OTHER PAYABLES		
Creditors	341,668	115,148
Accrued liabilities	11,023,263	14,359,034
Payable to partners of joint operations	7,332,107	4,573,507
Retention money payable	4,802,870	6,124,024
Royalty payable	3,946,048	2,499,371
Excise duty payable	-	235,912
General sales tax payable	-	526,179
Gas Infrastructure Development Cess (GIDC) Payable	2,966,123	2,137,525
Withholding tax payable	560,305	735,910
Trade deposits	117,298	119,298
Workers' profit participation fund - net	1,918,951	4,237,231
Employees' pension trust	9,336,205	9,272,728
Gratuity fund	89,145	69,009
Un-paid dividend	5.1 17,821,355	12,439,784
Un-claimed dividend	210,161	200,776
Advances from customers	1,213,577	1,133,572
Other payables	324,666	190,140
	<u>62,003,742</u>	<u>58,969,148</u>

5.1 This includes an amount of Rs 12,013 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.

6.2 Commitments

6.2.1 Commitments outstanding at period end amounted to Rs 39,257.555 million (30 June 2016: Rs 48,618.352 million). These include amounts aggregating to Rs 23,793.415 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 14,782.152 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).

OIL AND GAS DEVELOPMENT COMPANY LIMITED
SELECTED NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION [UNAUDITED]
FOR SIX MONTHS ENDED 31 DECEMBER 2016

	Unaudited 31 December 2016	Audited 30 June 2016
Note	----- (Rupees '000) -----	
7 PROPERTY, PLANT AND EQUIPMENT		
Carrying amount at beginning of the period/year	120,542,404	109,983,739
Additions/adjustments during the period/year	7.1 6,899,752	18,605,881
Book value of disposals	(10,473)	(30,654)
Depreciation charge for the period/year	(4,649,005)	(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>122,782,678</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	10,051	103,141
Buildings, offices and roads on leasehold land	298,254	261,848
Plant and machinery	20,837,110	11,569,147
Rigs	7,388	401,193
Pipelines	1,017,029	933,261
Office and domestic equipment	24,321	158,427
Office and technical data computers	49,818	211,740
Furniture and fixture	1,945	16,263
Vehicles	20,851	306,467
Decommissioning cost	65,055	269,947
Capital work in progress (net)	(15,239,763)	5,621,959
Stores held for capital expenditure (net)	(202,053)	(1,249,190)
	<u>6,899,752</u>	<u>18,605,881</u>
7.2 Property, plant and equipment comprises:		
Operating fixed assets	85,986,219	68,304,129
Capital work in progress	34,423,365	49,663,128
Stores held for capital expenditure	2,373,094	2,575,147
	<u>122,782,678</u>	<u>120,542,404</u>
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	9,888,420	18,560,126
Transferred from exploration and evaluation assets during the period/year	1,680,432	10,222,033
Amortization charge for the period/year	(9,474,004)	(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	<u>90,085,808</u>	<u>87,990,960</u>
9 EXPLORATION AND EVALUATION ASSETS		
Balance at beginning of the period/ year	5,153,857	6,103,544
Additions during the period/ year	4,907,036	14,182,070
	<u>10,060,893</u>	<u>20,285,614</u>
Cost of dry and abandoned wells during the period/ year	(3,106,934)	(4,909,724)
Cost of wells transferred to development and production assets during the period/ year	(1,680,432)	(10,222,033)
	<u>(4,787,366)</u>	<u>(15,131,757)</u>
	5,273,527	5,153,857
Stores held for exploration and evaluation activities	1,840,181	1,680,221
Balance at end of the period/ year	<u>7,113,708</u>	<u>6,834,078</u>

OIL AND GAS DEVELOPMENT COMPANY LIMITED

**SELECTED NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION [UNAUDITED]
FOR SIX MONTHS ENDED 31 DECEMBER 2016**

		Unaudited 31 December 2016	Audited 30 June 2016
	Note	------(Rupees '000)-----	
10 LONG TERM INVESTMENTS			
Investment in related party-associate, quoted Mari Petroleum Company Limited (MPCL)		4,269,690	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	51,153,950	51,489,135
Investment in Term Finance Certificates (TFCs)	10.3	82,000,000	82,000,000
		139,961,288	139,874,107
Less: Current maturity of TFCs and PIBs		(92,153,950)	(30,750,000)
		52,077,028	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 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 20,500 million (30 June 2016: Rs 10,250) is past due as at 31 December 2016. Further, interest due as of 31 December 2016 is Rs 21,102 million (30 June 2016: Rs 18,139 million) of which Rs 19,313 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 December 2016	Audited 30 June 2016
		------(Rupees '000)-----	
11 TRADE DEBTS			
Un-secured, considered good		119,864,672	111,204,979
Un-secured, considered doubtful		111,989	111,989
		119,976,661	111,316,968
Provision for doubtful debts		(111,989)	(111,989)
Trade debts written off		-	(793)
		119,864,672	111,204,186

11.1 Trade debts include overdue amount of Rs 86,645 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 67,166 million (30 June 2016: Rs 59,395 million) and Rs 14,657 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 3,437 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.

OIL AND GAS DEVELOPMENT COMPANY LIMITED

**SELECTED NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION [UNAUDITED]
FOR SIX MONTHS ENDED 31 DECEMBER 2016**

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. The management is actively persuing 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.

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 2013, 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 relating to the period July 2013 to June 2014. 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. Further, ATIR has granted stay against the recovery of demand amount till the decision of appeal by the CIRA. The Company believes that these demands have been raised without legal validity, accordingly no provision has been made in this condensed interim financial information.

13 INCOME TAX - ADVANCE

	Note	Unaudited 31 December 2016	Audited 30 June 2016
------(Rupees '000)-----			
Income tax- advance at beginning of the period/ year		41,599,042	24,059,740
Income tax paid during the period/ year		12,826,494	35,025,909
Income tax recovered by tax authorities during the period/ year		3,963	50,559
Provision for current taxation for the period/ year- Profit and loss account		(10,781,941)	(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>43,647,558</u>	<u>41,599,042</u>

13.1 This includes amount of Rs 13,846 million (30 June 2016: Rs 13,846 million) paid to tax authorities on account of disallowance of actuarial loss amounting to Rs 27,556 million which the Company claimed in its return for the tax years 2014 and 2015. 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.

OIL AND GAS DEVELOPMENT COMPANY LIMITED

**SELECTED NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION [UNAUDITED]
FOR SIX MONTHS ENDED 31 DECEMBER 2016**

- 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 which is currently pending with ATIR. Further, ATIR has granted stay of thirty days against the recovery of demand amount with effect from 19 January 2017 or till the decision of 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 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.
- 13.3** Income tax advance includes Rs 2,746 million (30 June 2016: Rs 2,746 million) paid to tax authorities during the year ended 30 June 2016 on account of super tax relating to tax year 2015. 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 30 June 2016.
- 13.4** Income tax advance includes Rs 5,805 million (30 June 2016: Rs 5,805 million) paid to tax authorities during the year ended 30 June 2016 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 year ended 30 June 2015. 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.

	Note	Unaudited 31 December 2016	Audited 30 June 2016
		----- (Rupees '000) -----	
14 OTHER FINANCIAL ASSETS			
Investment in Term Deposits	14.1	12,108,907	11,131,164
Investment at fair value through profit or loss - NIT units		397,458	295,800
		<u>12,506,365</u>	<u>11,426,964</u>

- 14.1** This includes foreign currency TDRs amounting to USD 115.598 million (30 June 2016: USD 106.305 million), carrying interest rate ranging from 2.20% to 2.30% (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 December		Six months ended 31 December	
	2016	2015	2016	2015
----- (Rupees '000) -----				
15 SALES - NET				
Gross sales				
Crude oil	18,492,048	15,402,645	33,486,474	32,106,912
Gas	27,520,780	31,506,637	57,582,624	65,198,714
Liquefied petroleum gas	1,837,734	1,834,561	3,044,966	3,160,317
Sulphur	115,285	-	234,836	299,907
Gas processing	24,582	14,326	52,203	29,262
	<u>47,990,429</u>	<u>48,758,169</u>	<u>94,401,103</u>	<u>100,795,112</u>
Government levies				
General sales tax	(4,325,016)	(4,846,721)	(8,889,814)	(9,983,668)
Gas Infrastructure Development Cess (GIDC)	(1,368,241)	(1,414,437)	(2,874,437)	(2,992,148)
Excise duty	(781,625)	(823,944)	(1,555,723)	(1,633,009)
	<u>(6,474,882)</u>	<u>(7,085,102)</u>	<u>(13,319,974)</u>	<u>(14,608,825)</u>
	<u>41,515,547</u>	<u>41,673,067</u>	<u>81,081,129</u>	<u>86,186,287</u>

OIL AND GAS DEVELOPMENT COMPANY LIMITED

**SELECTED NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION [UNAUDITED]
FOR SIX MONTHS ENDED 31 DECEMBER 2016**

- 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.
- 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 December 2016 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.

OIL AND GAS DEVELOPMENT COMPANY LIMITED
SELECTED NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION [UNAUDITED]
FOR SIX MONTHS ENDED 31 DECEMBER 2016

Note	Three months ended 31 December		Six months ended 31 December	
	2016	2015	2016	2015
------(Rupees '000)-----				
16 OTHER INCOME				
Interest income	3,072,974	3,317,666	6,468,900	6,817,785
Dividend income from NIT units	-	-	20,431	19,296
Un-realized gain/(loss) on investments at fair value through profit or loss	63,791	15,664	101,657	(2,316)
Exchange gain - net	(61,458)	267,509	88,618	483,070
Signature bonus	832,546	574,006	2,176,612	788,206
Others	339,705	129,847	452,531	189,014
	<u>4,247,558</u>	<u>4,304,692</u>	<u>9,308,749</u>	<u>8,295,055</u>

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

Note	Three months ended 31 December		Six months ended 31 December	
	2016	2015	2016	2015
------(Rupees '000)-----				
17 TAXATION				
Current - charge for the period	4,188,946	6,001,354	10,781,941	13,979,649
Deferred - credit for the period	102,369	(99,347)	(287,662)	(109,185)
	<u>4,291,315</u>	<u>5,902,007</u>	<u>10,494,279</u>	<u>13,870,464</u>

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.

Note	Three months ended 31 December		Six months ended 31 December	
	2016	2015	2016	2015
18 EARNINGS PER SHARE - BASIC AND DILUTED				
Profit for the period (Rupees '000)	<u>15,376,850</u>	<u>15,945,775</u>	<u>30,008,404</u>	<u>34,205,587</u>
Average number of shares outstanding during the period ('000)	<u>4,300,928</u>	<u>4,300,928</u>	<u>4,300,928</u>	<u>4,300,928</u>
Earnings per share - basic (Rupees)	<u>3.58</u>	<u>3.71</u>	<u>6.98</u>	<u>7.95</u>

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

Note	Unaudited 31 December	
	2016	2015
------(Rupees '000)-----		
19 CASH AND CASH EQUIVALENTS		
Cash and bank balances	3,450,328	3,985,649
Short term highly liquid investments	12,108,907	9,481,685
	<u>15,559,235</u>	<u>13,467,334</u>

OIL AND GAS DEVELOPMENT COMPANY LIMITED
SELECTED NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION [UNAUDITED]
FOR SIX MONTHS ENDED 31 DECEMBER 2016

20 RELATED PARTIES TRANSACTIONS

Government of Pakistan owns 74.97% (31 December 2015: 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:

	Six months ended	
	31 December	
	2016	2015
	------(Rupees '000)-----	
Associated company		
Share of profit in associate - net of taxation	922,424	614,517
Dividend received	45,919	114,163
Major shareholders		
Government of Pakistan		
Dividend paid	7,255,200	13,784,880
Payable on account of Kunnar discount as at 31 December	-	2,085,112
Dividend payable at 31 December	4,353,120	-
OGDCL Employees' Empowerment Trust (OEET)		
Dividend payable	12,013,089	9,765,706
Related parties by virtue of common directorship and GoP holdings		
Government Holdings (Private) Limited (GHPL)		
GHPL share (various fields) - net receivable	1,028,700	704,577
Power Holding (Private) Limited (PHPL)		
Markup earned	2,963,705	3,520,631
Balance of investment in TFCs receivable not yet due as at 31 December	61,500,000	82,000,000
Balance of past due principal repayment on TFCs as at 31 December	20,500,000	-
Balance of markup receivable on TFCs not yet due as at 31 December	1,789,734	2,043,597
Balance of past due markup receivable on TFCs as at 31 December	19,312,730	12,978,870
State Bank of Pakistan		
Interest earned on Pakistan Investment Bonds (PIBs)	2,951,868	2,943,426
Balance of investment in PIBs and markup receivable as at 31 December	53,846,314	53,428,182
National Bank of Pakistan		
Balance of accounts as at 31 December	1,138,029	567,533
Balance of Investment (TDR) as at 31 December	6,807,338	6,384,972
Interest earned during the period	255,576	299,013
Pak Arab Refinery Company Limited		
Sale of crude oil	4,384,854	2,725,947
Trade debts as at 31 December	1,742,744	853,840
Sui Northern Gas Pipelines Limited		
Sale of natural gas	24,486,897	26,631,374
Trade debts as at 31 December	23,351,529	24,305,980
Payable as at 31 December	73,880	473,503

OIL AND GAS DEVELOPMENT COMPANY LIMITED
SELECTED NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION [UNAUDITED]
FOR SIX MONTHS ENDED 31 DECEMBER 2016

	Six months ended 31 December	
	2016	2015
	------(Rupees '000)-----	
RELATED PARTIES TRANSACTIONS - Continued		
Sui Southern Gas Company Limited		
Sale of natural gas	15,219,186	21,071,056
Pipeline rental charges	18,330	18,330
Trade debts as at 31 December	71,715,692	67,767,910
Pakistan State Oil Company Limited		
Sale of liquefied petroleum gas	98,067	-
Purchase of petroleum, oil and lubricants	1,673,911	2,361,477
Trade debts as at 31 December	1,867	1,867
Payable as at 31 December	2,500	3,000
National Insurance Company Limited		
Insurance premium paid	193,867	235,604
Payable as at 31 December	-	71,726
National Logistic Cell		
Crude transportation charges paid	508,288	654,202
Payable as at 31 December	482,280	461,001
Enar Petrotech Services Limited		
Consultancy services paid	34,479	93,564
Sale of crude oil	3,922,135	4,228,961
Trade debts as at 31 December	910,083	1,133,461
Payable as at 31 December	72	1,712
Other related parties		
Contribution to staff benefit funds	1,591,323	849,292
Remuneration including benefits and perquisites of key management personnel	268,378	223,596

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

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 1.00 per share amounting to Rs 4,301 million in its meeting held on 17 February 2017.

23 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 17 February 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