

**OIL AND GAS DEVELOPMENT COMPANY LIMITED**  
**CONDENSED INTERIM BALANCE SHEET [UNAUDITED]**  
**AS AT 31 DECEMBER 2017**

	Unaudited 31 December 2017	Audited 30 June 2017
Note	------(Rupees '000)-----	
<b>SHARE CAPITAL AND RESERVES</b>		
Share capital	43,009,284	43,009,284
Reserves	4	12,597,538
	477,920,018	457,881,766
	533,526,840	512,984,337
<b>NON CURRENT LIABILITIES</b>		
Deferred taxation	19,753,444	19,638,412
Deferred employee benefits	19,480,035	19,026,984
Provision for decommissioning cost	23,026,334	22,027,796
	62,259,813	60,693,192
<b>CURRENT LIABILITIES</b>		
Trade and other payables	5	60,474,417
	656,261,070	627,287,973
<b>CONTINGENCIES AND COMMITMENTS</b>		
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	Unaudited 31 December 2017	Audited 30 June 2017
Note	------(Rupees '000)-----	
<b>NON CURRENT ASSETS</b>		
Fixed assets		
Property, plant and equipment	7	126,399,530
Development and production assets - intangible	8	97,766,921
Exploration and evaluation assets	9	9,886,968
	234,053,419	234,491,879
Long term investments	10	36,211,170
Long term loans and receivable	7,320,101	6,817,374
Long term prepayments	668,573	852,691
	278,253,263	284,827,754
<b>CURRENT ASSETS</b>		
Stores, spare parts and loose tools	18,191,863	18,442,847
Stock in trade	331,460	376,390
Trade debts	11	132,016,403
Loans and advances	12	14,503,828
Deposits and short term prepayments	1,680,919	1,557,439
Interest accrued	21,252,067	21,873,164
Other receivables	255,238	440,997
Income tax - advance	13	44,451,765
Current maturity of term finance certificates and PIBs	61,500,000	102,059,086
Other financial assets	14	74,239,952
Cash and bank balances	9,584,312	4,159,073
	378,007,807	342,460,219
	656,261,070	627,287,973

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 PROFIT AND LOSS ACCOUNT [UNAUDITED]**  
**FOR SIX MONTHS ENDED 31 DECEMBER 2017**

	Note	Three month ended 31 December		Six months ended 31 December	
		2017	2016	2017	2016
------(Rupees '000)-----					
Sales - net	15	51,997,872	41,515,547	95,960,267	81,081,129
Royalty		(5,529,872)	(4,521,002)	(9,961,804)	(8,827,940)
Operating expenses		(14,325,219)	(15,277,395)	(28,279,623)	(28,356,449)
Transportation charges		(419,806)	(426,223)	(835,357)	(836,190)
		<u>(20,274,897)</u>	<u>(20,224,620)</u>	<u>(39,076,784)</u>	<u>(38,020,579)</u>
<b>Gross profit</b>		<b>31,722,975</b>	<b>21,290,927</b>	<b>56,883,483</b>	<b>43,060,550</b>
Other income	16	3,556,011	4,247,558	6,666,703	9,308,749
Exploration and prospecting expenditure		(5,841,099)	(3,867,628)	(7,365,080)	(8,189,364)
General and administration expenses		(903,661)	(924,651)	(2,016,400)	(1,652,716)
Finance cost		(428,285)	(412,165)	(846,724)	(815,240)
Workers' profit participation fund		(1,454,718)	(1,035,166)	(2,738,361)	(2,131,720)
Share of profit in associate - net of taxation		988,428	369,290	1,445,238	922,424
		<u>27,639,651</u>	<u>19,668,165</u>	<u>52,028,859</u>	<u>40,502,683</u>
<b>Profit before taxation</b>		<b>27,639,651</b>	<b>19,668,165</b>	<b>52,028,859</b>	<b>40,502,683</b>
Taxation	17	(7,977,601)	(4,291,315)	(15,357,282)	(10,494,279)
<b>Profit for the period</b>		<b><u>19,662,050</u></b>	<b><u>15,376,850</u></b>	<b><u>36,671,577</u></b>	<b><u>30,008,404</u></b>
<b>Earnings per share - basic and diluted (Rupees)</b>	18	<b><u>4.57</u></b>	<b><u>3.58</u></b>	<b><u>8.53</u></b>	<b><u>6.98</u></b>

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 SIX MONTHS ENDED 31 DECEMBER 2017**

	<b>Three month ended</b>		<b>Six months ended</b>	
	<b>31 December</b>		<b>31 December</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	----- <b>(Rupees '000)</b> -----			
<b>Profit for the period</b>	19,662,050	15,376,850	36,671,577	30,008,404
Other comprehensive income/(loss) for the period	-	-	-	-
<b>Total comprehensive income for the period</b>	<u>19,662,050</u>	<u>15,376,850</u>	<u>36,671,577</u>	<u>30,008,404</u>

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**Chief Executive**

**Director**

**OIL AND GAS DEVELOPMENT COMPANY LIMITED**  
**CONDENSED INTERIM CASH FLOW STATEMENT [UNAUDITED]**  
**FOR SIX MONTHS ENDED 31 DECEMBER 2017**

	Six months ended	
	31 December	
	2017	2016
Note	------(Rupees '000)-----	
<b>Cash flows from operating activities</b>		
Profit before taxation	52,028,859	40,502,683
<b>Adjustments for:</b>		
Depreciation	5,166,713	4,146,084
Amortization of development and production assets	6,988,609	9,474,004
Royalty	9,961,804	8,827,940
Workers' profit participation fund	2,738,361	2,131,720
Provision for employee benefits	2,324,377	1,744,069
Decommissioning cost	22,348	473,261
Un-winding of discount on provision for decommissioning cost	843,240	811,769
Interest income	(5,443,854)	(6,468,900)
Un-realized loss/ (gain) on investments at fair value through profit or loss	59,796	(101,657)
Dividend income	(20,431)	(20,431)
Gain on disposal of property, plant and equipment	(1,842)	(2,412)
Share of profit in associate	(1,445,238)	(922,424)
Stores inventory written off	1,774	-
	<u>73,224,516</u>	<u>60,595,706</u>
<b>Changes in:</b>		
Stores, spare parts and loose tools	249,210	(831,519)
Stock in trade	44,930	(91,683)
Trade debts	(13,441,935)	(8,660,486)
Deposits and short term prepayments	(123,480)	(33,915)
Advances and other receivables	(741,092)	(1,852,048)
Trade and other payables	<u>(2,914,998)</u>	<u>(1,568,374)</u>
<b>Cash generated from operations</b>	56,297,151	47,557,681
Royalty paid	(7,859,586)	(7,381,263)
Employee benefits paid	(4,509,966)	(2,378,928)
Long term prepayments	184,118	(146,742)
Payment from self insurance reserve	(592)	(1,130)
Decommissioning cost paid	(117,972)	(872,404)
Payments to workers' profit participation fund-net	(1,291,445)	(4,450,000)
Income taxes paid	<u>(10,092,686)</u>	<u>(12,830,457)</u>
	<u>(23,688,129)</u>	<u>(28,060,924)</u>
Net cash from operating activities	32,609,022	19,496,757
<b>Cash flows from investing activities</b>		
Capital expenditure	(10,319,858)	(17,040,273)
Interest received	6,064,951	4,073,246
Dividends received	68,537	66,350
Encashment of investments	50,809,086	-
Purchase of investments	(2,398,228)	(422,366)
Proceeds from disposal of property, plant and equipment	20,021	12,885
Net cash generated from/ (used in) investing activities	44,244,509	(13,310,158)
<b>Cash flows from financing activities</b>		
Dividends paid	(8,424,267)	(9,662,294)
Net cash used in financing activities	<u>(8,424,267)</u>	<u>(9,662,294)</u>
<b>Net increase/ (decrease) in cash and cash equivalents</b>	68,429,264	(3,475,695)
Cash and cash equivalents at beginning of the period	15,074,591	19,034,930
<b>Cash and cash equivalents at end of the period</b>	<u>83,503,855</u>	<u>15,559,235</u>

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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 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
<b>Total comprehensive income for the period</b>								
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	-
<b>Transactions with owners of the company</b>								
<b>Distributions</b>								
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 of the company	-	-	-	-	-	-	(15,053,250)	(15,053,250)
<b>Balance as at 31 December 2016</b>	<u>43,009,284</u>	<u>836,000</u>	<u>8,395,000</u>	<u>2,118,000</u>	<u>20,000</u>	<u>62,927</u>	<u>439,145,380</u>	<u>493,586,591</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
<b>Total comprehensive income for the period</b>								
Profit for the period	-	-	-	-	-	-	36,671,577	36,671,577
Other comprehensive income/ (loss) for the period	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-	36,671,577	36,671,577
Transfer to self insurance reserve	-	-	525,592	-	-	-	(525,592)	-
Charged to self insurance reserve	-	-	(592)	-	-	-	-	(592)
Transfer from undistributed percentage return reserve by an associated company	-	-	-	-	-	(20,749)	20,749	-
<b>Transactions with owners of the company</b>								
<b>Distributions</b>								
Final dividend 2017: Rs 2.00 per share	-	-	-	-	-	-	(8,601,857)	(8,601,857)
First interim dividend 2018: Rs 1.75 per share	-	-	-	-	-	-	(7,526,625)	(7,526,625)
Total distributions to owners of the company	-	-	-	-	-	-	(16,128,482)	(16,128,482)
<b>Balance as at 31 December 2017</b>	<u>43,009,284</u>	<u>836,000</u>	<u>9,445,000</u>	<u>2,118,000</u>	<u>120,000</u>	<u>78,538</u>	<u>477,920,018</u>	<u>533,526,840</u>

The annexed notes 1 to 24 form an integral part of 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 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. The shares of the Company are quoted on Pakistan Stock Exchange Limited. The Global Depository Shares (IGDS = 10 ordinary shares of the Company) of the Company are listed on the London Stock Exchange.

**2 BASIS OF PREPARATION**

This condensed interim financial information of the Company for the six months period ended 31 December 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 six months period ended 31 December 2016.

The Companies Act, 2017 was enacted on 30 May 2017 and the Securities and Exchange Commission of Pakistan (SECP) vide its circular No. CLD/CCD/PR(11)/2017 dated 04 October 2017 required that the companies whose financial year, including interim periods, closes on or before 31 December 2017 shall prepare their financial statements, including interim financial information, in accordance with the provisions of the repealed Companies Ordinance, 1984. The Companies Act, 2017 applicable for financial years closing after 31 December 2017 requires certain additional disclosures.

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 31 December 2017	Audited 30 June 2017
------(Rupees '000)-----			
<b>4 RESERVES</b>			
Capital reserves:			
Capital reserve	4.1	836,000	836,000
Self insurance reserve	4.2	9,445,000	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	78,538	99,287
		<u>12,597,538</u>	<u>12,093,287</u>
<b>4.1</b>	This represents bonus shares issued by former wholly owned subsidiary - Pirkoh Gas Company (Private) Limited (PGCL) prior to merger.		
<b>4.2</b>	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. Refer note 10.1 and 10.2 for investments against this reserve. Accordingly, the reserve is not available for distribution to shareholders.		
<b>4.3</b>	This represents Company's share of profit set aside by an associated company to redeem redeemable preference shares in the form of cash to the preference shareholders.		

**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 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.

	<b>Unaudited</b>	<b>Audited</b>
	<b>31 December</b>	<b>30 June</b>
	<b>2017</b>	<b>2017</b>
	----- <b>(Rupees '000)</b> -----	
<b>5 TRADE AND OTHER PAYABLES</b>		
Creditors	361,914	392,923
Accrued liabilities	8,997,926	13,940,426
Payable to partners of joint operations	5,098,139	5,415,565
Retention money payable	5,634,048	5,066,326
Royalty payable	2,722,836	620,618
Gas Infrastructure Development Cess (GIDC) payable	2,741,362	929,625
Petroleum Levy payable	118,187	-
Withholding tax payable	861,037	774,943
Trade deposits	124,798	118,298
Workers' profit participation fund - net	2,738,361	1,291,445
Employees' pension trust	7,329,102	8,833,994
Gratuity fund	153,395	122,881
Un-paid dividend	5.1 21,646,490	13,862,361
Un-claimed dividend	497,310	577,224
Advances from customers	1,280,218	1,486,121
Other payables	169,294	177,694
	<u>60,474,417</u>	<u>53,610,444</u>

- 5.1** This includes an amount of Rs 14,871 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 1,691.461 million at period 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 1.281 million (30 June 2017: Rs 1.321 million).
- 6.1.3** For contingencies related to tax matters, refer note 13.1 to 13.3 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 34,229.955 million (30 June 2017: Rs 30,237.700 million). These include amounts aggregating to Rs 20,840.893 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 period end amounted to Rs 4,053.524 million (30 June 2017: Rs 6,644.095 million).
- 6.2.3** The Company's share of associate commitments for capital expenditure based on the latest available financial information of associate for the period ended 30 September 2017 was Rs 1,336.741 million (30 June 2017: Rs 1,280.869million).

**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 2017**

		<b>Unaudited</b>	<b>Audited</b>
		<b>31 December</b>	<b>30 June</b>
		<b>2017</b>	<b>2017</b>
	<b>Note</b>	<b>------(Rupees '000)-----</b>	
<b>7</b>	<b>PROPERTY, PLANT AND EQUIPMENT</b>		
	Carrying amount at beginning of the period/year	128,336,018	120,542,404
	Additions/adjustments during the period/year	7.1 3,750,783	18,348,662
	Book value of disposals	(18,179)	(104,450)
	Depreciation charge for the period/year	(5,669,092)	(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>126,399,530</u>	<u>128,336,018</u>
<b>7.1</b>	<b>Additions/adjustments during the period/year</b>		
	Freehold land	-	8,068
	Buildings, offices and roads on freehold land	22,143	74,748
	Buildings, offices and roads on leasehold land	200,558	1,018,107
	Plant and machinery	6,366,867	48,419,917
	Rigs	49,349	87,789
	Pipelines	279,533	3,296,028
	Office and domestic equipment	24,981	92,521
	Office and technical data computers	44,695	84,930
	Furniture and fixture	4,233	8,078
	Vehicles	12,395	266,713
	Decommissioning cost	7,298	898,055
	Capital work in progress (net)	(3,563,776)	(35,507,054)
	Stores held for capital expenditure (net)	302,507	(399,238)
		<u>3,750,783</u>	<u>18,348,662</u>
<b>7.2</b>	<b>Property, plant and equipment comprises:</b>		
	Operating fixed assets	113,325,470	112,002,909
	Capital work in progress	10,592,298	14,156,074
	Stores held for capital expenditure	2,481,762	2,177,035
		<u>126,399,530</u>	<u>128,336,018</u>
<b>8</b>	<b>DEVELOPMENT AND PRODUCTION ASSETS - INTANGIBLE</b>		
	Carrying amount at beginning of the period/year	95,159,850	87,990,960
	Additions during the period/year	5,688,152	18,813,738
	Transferred from exploration and evaluation assets during the period/year	3,907,528	3,360,821
	Amortization charge for the period/year	(6,988,609)	(13,900,593)
	Revision in estimates of decommissioning cost during the period/year	-	(1,105,076)
	Carrying amount at end of the period/year	<u>97,766,921</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 SIX MONTHS ENDED 31 DECEMBER 2017**

		Unaudited 31 December 2017	Audited 30 June 2017
	Note	------(Rupees '000)-----	
<b>9</b>	<b>EXPLORATION AND EVALUATION ASSETS</b>		
Balance at beginning of the period/year		8,720,362	5,153,857
Additions during the period/year		6,801,606	10,954,246
		<u>15,521,968</u>	<u>16,108,103</u>
Cost of dry and abandoned wells during the period/year		(4,008,106)	(4,026,920)
Cost of wells transferred to development and production assets during the period/year		(3,907,528)	(3,360,821)
		<u>(7,915,634)</u>	<u>(7,387,741)</u>
		7,606,334	8,720,362
Stores held for exploration and evaluation activities		2,280,634	2,275,649
Balance at end of the period/year		<u>9,886,968</u>	<u>10,996,011</u>
<b>10</b>	<b>LONG TERM INVESTMENTS</b>		
Investment in related party - associate, quoted Mari Petroleum Company Limited (MPCL)		6,505,604	5,108,472
Investments held to maturity			
Term Deposit Receipts (TDRs)	10.1	2,000,000	6,807,338
Investment in Treasury Bills	10.2	7,205,566	-
Investment in Pakistan Investment Bonds (PIBs)	10.3	-	50,809,086
Investment in Term Finance Certificates (TFCs)	10.4	82,000,000	82,000,000
		91,205,566	139,616,424
Less: Current maturity of TFCs and PIBs		(61,500,000)	(102,059,086)
		<u>36,211,170</u>	<u>42,665,810</u>

**10.1** These represent investments in local currency TDRs carrying effective interest rate of 6.22% (30 June 2017: 6.50%) per annum. These investments are earmarked against self insurance reserve.

**10.2** These represent investments in Treasury bills and carries effective yield of 6.0344% (30 June 2017: Nil) per annum. These investments are also earmarked against self insurance reserve.

**10.3** This represents investments in PIBs which were matured on 19 July 2017 and encashed by the Company.

**10.4** This represents investment in Privately Placed Term Finance Certificates (TFCs) amounting to Rs 82 billion. In 2013, the Government of Pakistan, for partial resolution of circular debt issue prevailing in the energy sector, approved issuance of TFCs amounting to Rs 82 billion by Power Holding (Private) Limited (PHPL). These TFCs were subscribed by the Company in order to settle its overdue receivables from oil refineries and gas companies.

As per original terms, 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 shall be paid in eight (8) equal installments starting from 42nd month of date of transaction. National Bank of Pakistan executed the transaction on 10 September 2012 as Trustee. These TFCs are secured by Sovereign Guarantee, covering the principal, markup, and/or any other amount becoming due for payment in respect of investment in TFCs. As per original terms, principal repayment amounting to Rs 41,000 million (30 June 2017: Rs 30,750 million) was past due as at 31 December 2017. Further, interest due as of 31 December 2017 was Rs 21,033 million (30 June 2017: Rs 18,989 million) of which Rs 19,218 million (30 June 2017: Rs 17,179 million) was 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) subject to the condition that a revised term sheet, based on above, with the Company shall be agreed by PHPL. 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. The Company has not yet agreed on the deferment plan and has requested Ministry of Energy to address the Company's point of view on overdue markup, etc and also define a mechanism of payments under the facility. Accordingly adjustments, if any, in the financial statements will be made on finalization of the matter.

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	Unaudited 31 December 2017	Audited 30 June 2017
	------(Rupees '000)-----	
<b>11 TRADE DEBTS</b>		
Un-secured, considered good	132,016,403	118,575,727
Un-secured, considered doubtful	110,730	110,730
	<u>132,127,133</u>	<u>118,686,457</u>
Provision for doubtful debts	(110,730)	(110,730)
Trade debts written off	-	(1,259)
	<u>132,016,403</u>	<u>118,574,468</u>

**11.1** Trade debts include overdue amount of Rs 91,472 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 64,968 million (30 June 2017: Rs 64,660 million) and Rs 17,703 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 3,671 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/revision of sales tax returns for the remaining amount of Rs 3,180 million for the period July 2004 to March 2011 and currently the matter is pending with FBR.

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, which is yet not fixed for hearing. FBR has linked the disposal of OGDCL's condonation request with the outcome of UPL's aforementioned CPLA. The Company and its legal advisors are confident that CPLA of UPL before Honorable Supreme Court of Pakistan will also be decided in favour of the Company and required condonations will be obtained and the amount will be recovered from UPL. Accordingly no provision in this respect has been made in 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 companies appeals for the period 2011-12, 2012-13 and 2013-14 and annulled the demands of Rs 260 million, Rs 1,821 million and Rs 4,887 million passed by the tax authorities being void ab-initio and without jurisdiction respectively.

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		Unaudited 31 December 2017	Audited 30 June 2017
	Note	------(Rupees '000)-----	
<b>13 INCOME TAX - ADVANCE</b>			
Income tax- advance at beginning of the period/ year		49,601,329	41,599,042
Income tax paid during the period/ year		10,092,686	25,616,740
Income tax recovered by tax authorities during the period/ year		-	3,963
Provision for current taxation - Profit and loss account		(15,242,250)	(21,275,147)
Tax credit related to remeasurement loss on employee retirement benefit plans for the period/ year - Other Comprehensive Income		-	3,656,731
Income tax - advance at end of the period/ year	13.1 to 13.3	<u>44,451,765</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 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 the actuarial loss is an admissible expense under the tax laws and 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 31 December 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 for sixty days with effect from 12 January 2018 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 appeals with ATIR 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 this condensed interim financial information.

		Unaudited 31 December 2017	Audited 30 June 2017
	Note	------(Rupees '000)-----	
<b>14 OTHER FINANCIAL ASSETS</b>			
Investment in Term Deposits	14.1	17,791,608	10,915,518
Investment in Treasury Bills	14.2	56,127,935	-
Investment at fair value through profit or loss - NIT units		320,409	380,204
		<u>74,239,952</u>	<u>11,295,722</u>

**14.1** This includes foreign currency TDRs amounting to USD 161.244 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: six months).

**14.2** Treasury Bills are purchased on 11 December 2017 and 19 December 2017 for sixty three and fifty five days at yield of 6.0323% to 6.0331% per annum respectively.

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	Three month ended 31 December		Six months ended 31 December	
	2017	2016	2017	2016
	------(Rupees '000)-----			
<b>15 SALES - NET</b>				
<b>Gross sales</b>				
Crude oil	20,214,593	18,492,048	38,670,828	33,486,474
Gas	35,040,665	27,520,780	64,210,530	57,582,624
Liquefied petroleum gas	4,786,510	1,837,734	7,715,506	3,044,966
Sulphur	-	115,285	108,491	234,836
Gas processing	23,633	24,582	47,152	52,203
	<u>60,065,401</u>	<u>47,990,429</u>	<u>110,752,507</u>	<u>94,401,103</u>
<b>Government levies</b>				
General sales tax	(5,789,766)	(4,325,016)	(10,472,907)	(8,889,814)
Gas Infrastructure Development Cess (GIDC)	(1,283,450)	(1,368,241)	(2,588,206)	(2,874,437)
Petroleum Levy	(208,549)	-	(208,549)	-
Excise duty	(785,764)	(781,625)	(1,522,578)	(1,555,723)
	<u>(8,067,529)</u>	<u>(6,474,882)</u>	<u>(14,792,240)</u>	<u>(13,319,974)</u>
	<u>51,997,872</u>	<u>41,515,547</u>	<u>95,960,267</u>	<u>81,081,129</u>

**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 M/s Jamshoro Joint Venture Limited issued in prior years are on provisional basis.

**15.3** In respect of six of its operated concessions, namely, Gurgalot, Sinjhora, Bitrisim, Khewari, Nim and TAY Blocks and one non-operated Tal Block, Petroleum Concession Agreements (PCAs) were executed under the framework of Petroleum Policies 1994 and 1997. Later on, in pursuance to the option available under Petroleum Policy 2012, the Tal Block working interest owners wherein the Company's working interest is 27.7632% signed the Supplemental Agreement (SA) dated August 28, 2015 with the GoP for conversion of eligible existing and future discoveries under Tal PCA to the Petroleum Policy (PP), 2012. Further for aforementioned operated Concessions the Company also signed the SAs for conversion to PP 2012. Under the said arrangement, price regimes prevailing in PP 2007, PP 2009 and PP 2012 in terms of PP 2012 shall be applicable, correlated with the spud dates of the wells in the respective policies starting from 27 November 2007. The conversion package as defined in the SAs included windfall levy on natural gas only.

Oil and Gas Regulatory Authority (OGRA) has notified the revised wellhead prices in accordance with the Tal block SA for the period from the commencement of production from the respective discoveries till 31 December 2017. Accordingly, the financial impacts of the price revision were duly accounted for in the financial statements for the years ended 30 June 2016 and 30 June 2017 and this condensed interim financial information on completion of the process laid down in the law and in line with the Company's accounting policy. Furthermore, this condensed interim financial information also include an amount of Rs 3,677 million which represents impact of the aforesaid gas price revisions of Tal block pertaining to the prior-period.

On 27 December 2017, the Ministry of Energy (Petroleum Division) notified amendments in Petroleum Policy 2012 after approval from the Council of Common Interests (CCI). These amendments include imposition of Windfall Levy on Oil/Condensate (WLO). Under the said Notification, the Supplemental Agreements already executed for conversion from Petroleum policies of 1994 and 1997 shall be amended within 90 days, failing which the working interest owners will not remain eligible for gas price incentive. On 3 January 2018, Directorate General Petroleum Concessions (DGPC) has required all exploration and production companies to submit supplemental agreements to incorporate the aforementioned amendments in Petroleum Concession Agreements (PCAs) signed under 1994 and 1997 policies, for execution within the stipulated time as specified above.

Based on a legal advice, the Company is of the view that terms of the existing PCAs as amended to-date through the Supplemental Agreements already executed cannot unilaterally be amended by the GoP through introduction of amendment nor can the GoP lawfully require and direct that such amendments be made to include imposition of WLO retrospectively and nor the GoP unilaterally hold and direct that the gas price incentive to which the Company is presently entitled to and receiving under the conversion package as enshrined under the Supplemental Agreement stands withdrawn or the Company ceases to be eligible for such incentive in case of failure to adopt the unilateral amendments in the existing PCAs. Accordingly, the aforementioned amendments as well as the subsequent letters requiring implementation of the amendments are not enforceable or binding upon the Company.

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The Company intends to challenge the applicability of WLO against the backdrop of Supplemental Agreements already executed pursuant to PP 2012. The Company is of the view that rights already accrued remain unaffected from any subsequent changes in the Policy. A case in this regard will be filed in the Court of Law, by the Company, for operated blocks and jointly with the Tal Block Working Interest Owners for TAL Block.

The cumulative past benefit accrued to the Company to date in the form of incremental revenue and related profit after tax is Rs 8,550 million and 4,426 million, respectively.

	Three month ended 31 December		Six months ended 31 December	
	2017	2016	2017	2016
<b>16 OTHER INCOME</b>	----- <b>(Rupees '000)</b> -----			
Interest income on	2,744,051	3,072,974	5,443,854	6,468,900
Dividend income from NIT units	-	-	20,431	20,431
Un-realized (loss)/gain on investments at fair value through profit or loss	(26,152)	63,791	(59,796)	101,657
Exchange gain - net	609,945	(61,458)	671,153	88,618
Signature bonus	183,162	832,546	338,995	2,176,612
Others	45,005	339,705	252,066	452,531
	<u>3,556,011</u>	<u>4,247,558</u>	<u>6,666,703</u>	<u>9,308,749</u>

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

	Three month ended 31 December		Six months ended 31 December	
	2017	2016	2017	2016
<b>17 TAXATION</b>	----- <b>(Rupees '000)</b> -----			
Current -charge for the period	8,059,518	4,188,946	15,242,250	10,781,941
Deferred -charge/(credit) for the period	(81,917)	102,369	115,032	(287,662)
	<u>7,977,601</u>	<u>4,291,315</u>	<u>15,357,282</u>	<u>10,494,279</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 the condensed interim financial information.

	Three month ended 31 December		Six months ended 31 December	
	2017	2016	2017	2016
<b>18 EARNINGS PER SHARE - BASIC AND DILUTED</b>				
Profit for the period (Rupees '000)	<u>19,662,050</u>	<u>15,376,850</u>	<u>36,671,577</u>	<u>30,008,404</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>4.57</u>	<u>3.58</u>	<u>8.53</u>	<u>6.98</u>

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

	Six months ended 31 December	
	2017	2016
<b>19 CASH AND CASH EQUIVALENTS</b>	----- <b>(Rupees '000)</b> -----	
Cash and bank balances	9,584,312	3,450,328
Short term highly liquid investments	73,919,543	12,108,907
	<u>83,503,855</u>	<u>15,559,235</u>

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**20 RELATED PARTIES TRANSACTIONS**

Government of Pakistan owns 74.97% (31 December 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:

	<b>Six months ended</b>	
	<b>31 December</b>	
	<b>2017</b>	<b>2016</b>
	----- <b>(Rupees '000)</b> -----	
<b>Associated company - MPCL</b>		
Share of profit in associate - net of taxation	1,445,238	922,424
Dividend received	48,106	45,919
Share (various fields) -net receivable	27,474	286,666
<b>Major shareholders</b>		
<b>Government of Pakistan</b>		
Dividend paid	5,804,160	7,255,200
Dividend paid - Privatization Commission of Pakistan	644,922	806,152
Dividend payable as at 31 December	5,078,640	4,353,120
<b>OGDCL Employees' Empowerment Trust (OEET)</b>		
Dividend payable as at 31 December	14,870,631	12,013,089
<b>Related parties by virtue of common directorship and GoP holdings</b>		
<b>Government Holdings (Private) Limited (GHPL)</b>		
GHPL share (various fields) - net receivable	1,730,604	1,028,700
<b>Power Holding (Private) Limited (PHPL)</b>		
Markup earned	2,952,404	2,963,705
Balance of investment in TFCs receivable not yet due as at 31 December	41,000,000	61,500,000
Balance of past due principal repayment on TFCs as at 31 December	41,000,000	20,500,000
Balance of markup receivable on TFCs not yet due as at 31 December	1,815,121	1,789,734
Balance of past due markup receivable on TFCs as at 31 December	19,217,655	19,312,730
<b>State Bank of Pakistan</b>		
Interest earned on Pakistan Investment Bonds (PIBs)	275,724	2,951,868
Balance of investment in PIBs and markup receivable as at 31 December	-	53,846,314
Balance of investment in Treasury Bills as at 31 December	63,333,501	-
Interest earned on Treasury Bills	1,385,628	-
Interest receivable on Treasury Bills as at 31 December	195,284	-
<b>National Bank of Pakistan</b>		
Balance of accounts as at 31 December	2,913,912	1,138,029
Balance of Investment (TDR) as at 31 December	-	6,807,338
Interest earned during the period	539,881	255,576
<b>Pak Arab Refinery Company Limited</b>		
Sale of crude oil	6,610,304	4,384,854
Trade debts as at 31 December	2,208,743	1,742,744
<b>Pakistan Petroleum Limited</b>		
Share (various fields) - net payable	-	2,885,710
Share (various fields) - net receivable	475,090	-
<b>Sui Northern Gas Pipelines Limited</b>		
Sale of natural gas	29,994,170	24,486,897
Trade debts as at 31 December	29,554,402	23,351,529
Payable as at 31 December	-	73,880

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**RELATED PARTIES TRANSACTIONS - Continued**

	<b>Six months ended</b>	
	<b>31 December</b>	
	<b>2017</b>	<b>2016</b>
	----- <b>(Rupees '000)</b> -----	
<b>Sui Southern Gas Company Limited</b>		
Sale of natural gas	17,908,258	15,219,186
Pipeline rental charges	18,330	18,330
Trade debts as at 31 December	71,411,453	71,715,692
<b>Pakistan State Oil Company Limited</b>		
Sale of liquefied petroleum gas	282,786	98,067
Purchase of petroleum, oil and lubricants	1,716,611	1,673,911
Trade debts as at 31 December	1,867	1,867
Payable as at 31 December	2,800	2,500
<b>National Insurance Company Limited</b>		
Insurance premium paid	241,763	193,867
<b>National Logistic Cell</b>		
Crude transportation charges paid	405,597	508,288
Payable as at 31 December	407,642	482,280
<b>Enar Petrotech Services Limited</b>		
Consultancy services	10,797	34,479
Payable as at 31 December	1,239	72
<b>Enar Petroleum Refining Facility</b>		
Sale of crude oil	5,021,941	3,922,135
Trade debts as at 31 December	1,615,750	910,083
<b>Other related parties</b>		
Contribution to staff benefit funds	3,299,021	1,591,323
Remuneration including benefits and perquisites of key management personnel	339,850	268,378

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 2017.

**22 NON ADJUSTING EVENT AFTER BALANCE SHEET DATE**

**22.1** The Board of Directors approved interim cash dividend at the rate of Rs \_\_\_\_\_ per share amounting to Rs \_\_\_\_\_ million in its meeting held on \_\_\_\_\_.

**23 DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were authorized for issue on \_\_\_\_\_ 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**