

OIL AND GAS DEVELOPMENT COMPANY LIMITED
CONDENSED INTERIM BALANCE SHEET [UNAUDITED]
AS AT 30 SEPTEMBER 2016

	Unaudited 30 September 2016	Audited 30 June 2016
Note	------(Rupees '000)-----	
SHARE CAPITAL AND RESERVES		
Share capital	43,009,284	43,009,284
Reserves	4 11,169,427	10,529,373
	<u>439,084,707</u>	<u>425,093,910</u>
Unappropriated profit	493,263,418	478,632,567
NON CURRENT LIABILITIES		
Deferred taxation	15,189,468	15,579,499
Deferred employee benefits	15,037,542	14,971,638
Provision for decommissioning cost	21,728,206	21,412,687
	51,955,216	51,963,824
CURRENT LIABILITIES		
Trade and other payables	5 54,471,053	58,969,148
	<u>599,689,687</u>	<u>589,565,539</u>

CONTINGENCIES AND COMMITMENTS

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

Chief Executive

NON CURRENT ASSETS

	Unaudited 30 September 2016	Audited 30 June 2016
Note	------(Rupees '000)-----	
Fixed assets		
Property, plant and equipment	7 121,275,582	120,542,404
Development and production assets - intangible	8 88,294,460	87,990,960
Exploration and evaluation assets	9 7,184,818	6,834,078
	216,754,860	215,367,442
Long term investments	10 102,652,924	112,517,292
Long term loans and receivable	6,438,215	5,997,669
Long term prepayments	871,285	882,466
	<u>326,717,284</u>	<u>334,764,869</u>

CURRENT ASSETS

Stores, spare parts and loose tools	18,215,469	18,251,184
Stock in trade	317,326	291,904
Trade debts	11 113,882,770	111,204,186
Loans and advances	12 10,422,874	10,459,609
Deposits and short term prepayments	1,664,444	1,646,777
Interest accrued	21,228,802	21,085,027
Other receivables	298,123	182,211
Income tax - advance	13 40,641,271	41,599,042
Current maturity of term finance certificates	41,000,000	30,750,000
Other financial assets	14 18,923,013	11,426,964
Cash and bank balances	6,378,311	7,903,766
	<u>272,972,403</u>	<u>254,800,670</u>
	<u>599,689,687</u>	<u>589,565,539</u>

Director

OIL AND GAS DEVELOPMENT COMPANY LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT [UNAUDITED]
FOR THE QUARTER ENDED 30 SEPTEMBER 2016

	Note	Quarter ended 30 September	
		2016	2015
		----- (Rupees '000) -----	
Sales - net	15	39,565,582	44,513,220
Royalty		(4,306,938)	(5,013,989)
Operating expenses		(13,079,054)	(12,634,230)
Transportation charges		(409,967)	(468,405)
		(17,795,959)	(18,116,624)
Gross profit		21,769,623	26,396,596
Other income	16	5,061,191	3,990,363
Exploration and prospecting expenditure		(4,321,736)	(1,807,095)
General and administration expenses		(728,065)	(915,305)
Finance cost		(403,075)	(424,693)
Workers' profit participation fund		(1,096,554)	(1,380,435)
Share of profit in associate - net of taxation		553,134	368,838
Profit before taxation		20,834,518	26,228,269
Taxation	17	(6,202,964)	(7,968,457)
Profit for the quarter		14,631,554	18,259,812
Earnings per share - basic and diluted (Rupees)	18	3.40	4.25

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 2016

	Quarter ended 30 September	
	2016	2015
	------(Rupees '000)-----	
Profit for the quarter	14,631,554	18,259,812
Other comprehensive income for the quarter	-	-
Total comprehensive income for the quarter	<u>14,631,554</u>	<u>18,259,812</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 2016

	Quarter ended 30 September	
	2016	2015
Note	------(Rupees '000)-----	
Cash flows from operating activities		
Profit before taxation	20,834,518	26,228,269
Adjustments for:		
Depreciation	1,948,737	1,682,511
Amortization of development and production assets	4,023,111	4,485,372
Royalty	4,306,938	5,013,989
Workers' profit participation fund	1,096,554	1,380,435
Provision for employee benefits	870,733	750,248
Un-winding of discount on provision for decommissioning cost	401,492	420,699
Interest income	(3,395,926)	(3,500,119)
Un-realized (gain)/loss on investments at fair value through profit or loss	(37,866)	17,980
Dividend income	(20,431)	(19,296)
Gain on disposal of property, plant and equipment	(528)	(1,259)
Share of profit in associate	(553,134)	(368,838)
	<u>29,474,198</u>	<u>36,089,991</u>
Changes in:		
Stores, spare parts and loose tools	35,715	(1,005,837)
Stock in trade	(25,422)	56,555
Trade debts	(2,678,584)	(7,786,478)
Deposits and prepayments	(6,486)	(256,871)
Advances and other receivables	(519,723)	662,252
Trade and other payables	420,809	172,110
Cash generated from operations	<u>26,700,507</u>	<u>27,931,722</u>
Royalty paid	(4,564,348)	(5,022,171)
Employee benefits paid	(625,680)	(1,007,837)
Payment from self insurance reserve	(703)	-
Payment from provision for decommissioning cost	(135,271)	-
Payments to workers' profit participation fund	(4,450,000)	(7,200,000)
Income taxes paid	(5,635,224)	(9,867,254)
	<u>(15,411,226)</u>	<u>(23,097,262)</u>
Net cash from operating activities	<u>11,289,281</u>	<u>4,834,460</u>
Cash flows from investing activities		
Capital expenditure	(6,869,019)	(8,853,349)
Interest received	3,419,653	3,047,567
Dividends received	20,431	100,660
Proceeds from disposal of property, plant and equipment	5,575	3,879
Net cash used in investing activities	<u>(3,423,359)</u>	<u>(5,701,243)</u>
Cash flows from financing activities		
Dividends paid	(1,933,194)	(7,522,124)
Net cash used in financing activities	<u>(1,933,194)</u>	<u>(7,522,124)</u>
Net Increase/ (decrease) in cash and cash equivalents	<u>5,932,728</u>	<u>(8,388,907)</u>
Cash and cash equivalents at beginning of the quarter	<u>19,034,930</u>	<u>22,527,785</u>
Cash and cash equivalents at end of the quarter	<u>19</u> <u>24,967,658</u>	<u>14,138,878</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 2016

	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 2015	43,009,284	836,000	6,620,000	-	-	-	392,055,684	442,520,968
Total comprehensive income for the quarter								
Profit for the quarter	-	-	-	-	-	-	18,259,812	18,259,812
Other comprehensive income /(loss) for the quarter	-	-	-	-	-	-	-	-
Total comprehensive income for the quarter	-	-	-	-	-	-	18,259,812	18,259,812
Transfer to self insurance reserve	-	-	212,893	-	-	-	(212,893)	-
Charged to self insurance reserve	-	-	(393)	-	-	-	393	-
Transactions with owners, recorded directly in equity								
Total distributions to owners	-	-	-	-	-	-	-	-
Balance as at 30 September 2015	<u>43,009,284</u>	<u>836,000</u>	<u>6,832,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>410,102,996</u>	<u>460,780,780</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	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)
Appropriation out of undistributed percentage return reserve by an associated company	-	-	-	-	-	(22,446)	22,446	-
Transactions with owners, recorded directly in equity								
Total distributions to owners	-	-	-	-	-	-	-	-
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>

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 THE QUARTER ENDED 30 SEPTEMBER 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 (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 quarter ended 30 September 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 condensed interim 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 interim financial information for the quarter ended 30 September 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.

	Note	Unaudited 30 September 2016	Audited 30 June 2016
		------(Rupees '000)-----	
4 RESERVES			
Capital reserves:			
Capital reserve	4.1	836,000	836,000
Self insurance reserve	4.2	8,132,500	7,470,000
Capital redemption reserve fund - associated company	4.3	2,118,000	2,118,000
Self insurance reserve - associated company	4.4	20,000	20,000
Other reserves:			
Undistributed percentage return reserve - associated company	4.5	62,927	85,373
		11,169,427	10,529,373

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. During the quarter ended 30 September 2016, the associated company has appropriated an amount of Rs 112.234 million out of undistributed percentage return reserve for dividend distribution. Accordingly, the Company's share amounting to Rs 22.446 million has been adjusted 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 2016

		Unaudited 30 September 2016	Audited 30 June 2016
	Note	------(Rupees '000)-----	
5 TRADE AND OTHER PAYABLES			
Creditors		296,462	115,148
Accrued liabilities		13,267,940	14,359,034
Payable to partners of joint operations		5,097,994	4,573,507
Retention money payable		5,264,409	6,124,024
Royalty payable		2,241,961	2,499,371
Excise duty payable		236,632	235,912
General sales tax payable		1,489,878	526,179
Gas Infrastructure Development Cess (GIDC) Payable		2,526,126	2,137,525
Withholding tax payable		787,014	735,910
Trade deposits		119,298	119,298
Workers' profit participation fund - net		883,785	4,237,231
Employees' pension trust		9,887,805	9,272,728
Gratuity fund		79,077	69,009
Un-paid dividend	5.1	10,707,366	12,439,784
Un-claimed dividend		-	200,776
Advances from customers		1,356,147	1,133,572
Other payables		229,159	190,140
		<u>54,471,053</u>	<u>58,969,148</u>

5.1 This includes an amount of Rs 10,500 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 quarter 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 1.707 million (30 June 2016: Rs 1.707 million).

6.1.3 The Company's share of associate contingencies at period end are as follows:

Indemnity bonds given to Collector of Customs against duty concessions on import of vehicles amounted to Rs 1.045 million (30 June 2016: Rs 1.045 million).

6.1.4 For contingencies related to tax matters, refer note 13.1 to 13.4 and note 17.1.

6.1.5 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 quarter end amounted to Rs 47,507.400 million (30 June 2016: Rs 48,618.352 million). These include amounts aggregating to Rs 24,400.749 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 quarter end amounted to Rs 17,585.817 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 condensed interim financial information of associate for the period ended 30 September 2016: Rs 1,314.604 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 THE QUARTER ENDED 30 SEPTEMBER 2016

	Note	Unaudited 30 September 2016	Audited 30 June 2016
		------(Rupees '000)-----	
7	PROPERTY, PLANT AND EQUIPMENT		
		120,542,404	109,983,739
	Carrying amount at beginning of the quarter/year		
	Additions/adjustments during the quarter/year	2,937,430	18,605,881
	Book value of disposals	(5,047)	(30,654)
	Depreciation charge for the quarter/year	(2,199,205)	(8,222,218)
	Revision in estimate of decommissioning cost during the quarter/year	-	205,656
	Carrying amount at end of the quarter/year	<u>121,275,582</u>	<u>120,542,404</u>
7.1	Additions/adjustments during the quarter/year		
	Freehold land	463	1,678
	Buildings, offices and roads on freehold land	1,292	103,141
	Buildings, offices and roads on leasehold land	63,658	261,848
	Plant and machinery	9,442,443	11,569,147
	Rigs	5,850	401,193
	Pipelines	128,387	933,261
	Office and domestic equipment	16,945	158,427
	Office and technical data computers	25,175	211,740
	Furniture and fixture	37	16,263
	Vehicles	1,312	306,467
	Decommissioning cost	-	269,947
	Capital work in progress (net)	(7,233,295)	5,621,959
	Stores held for capital expenditure (net)	485,163	(1,249,190)
		<u>2,937,430</u>	<u>18,605,881</u>
8	DEVELOPMENT AND PRODUCTION ASSETS - INTANGIBLE		
	Carrying amount at beginning of the quarter/year	87,990,960	78,260,687
	Additions during the quarter/year	4,189,778	18,560,126
	Transferred from exploration and evaluation assets during the quarter/year	136,833	10,222,033
	Amortization charge for the quarter/year	(4,023,111)	(15,266,568)
	Revision of decommissioning cost	-	(1,898,767)
	Impairment charge for the quarter/year	-	(1,886,551)
	Carrying amount at end of the quarter/year	<u>88,294,460</u>	<u>87,990,960</u>
9	EXPLORATION AND EVALUATION ASSETS		
	Balance at beginning of the quarter/ year	5,153,857	6,103,544
	Additions during the quarter/ year	2,559,711	14,182,070
		7,713,568	20,285,614
	Cost of dry and abandoned wells during the quarter/ year	(1,993,232)	(4,909,724)
	Cost of wells transferred to development and production assets during the quarter/ year	(136,833)	(10,222,033)
		<u>(2,130,065)</u>	<u>(15,131,757)</u>
		5,583,503	5,153,857
	Stores held for exploration and evaluation activities	1,601,315	1,680,221
	Balance at end of the quarter/ year	<u>7,184,818</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 THE QUARTER ENDED 30 SEPTEMBER 2016

		Unaudited 30 September 2016	Audited 30 June 2016
	Note	------(Rupees '000)-----	
10 LONG TERM INVESTMENTS			
Investments in related party-associate, quoted Mari Petroleum Company Limited (MPCL)	10.1	3,946,319	3,393,185
Investments held to maturity			
Term Deposit Receipts (TDRs)	10.2	6,384,972	6,384,972
Investment in Pakistan Investment Bonds	10.3	51,321,633	51,489,135
Investment in Term Finance Certificates	10.4	82,000,000	82,000,000
		139,706,605	139,874,107
Less: Current maturity of Term Finance Certificates		(41,000,000)	(30,750,000)
		<u>98,706,605</u>	<u>109,124,107</u>
		<u>102,652,924</u>	<u>112,517,292</u>

10.1 This represents Company's share in profit of the associated company for the quarter ended 30 September 2016.

10.2 These represent investments in local currency TDRs carrying effective interest rate of 7.35% (30 June 2016: 7.35%) per annum. These investments are earmarked against self insurance reserve.

10.3 This represents investment in Pakistan Investment Bonds (PIBs) carrying interest rate of 11.50% (30 June 2016: 11.50%) per annum. These PIBs were issued on 19 July 2012 for a period of five years maturing on 19 July 2017.

10.4 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 shall be repaid in eight (8) equal installments starting from 42nd month of date of transaction. The interest due as of 30 September 2016 is Rs 19,645 million (30 June 2016: Rs 18,139 million) of which Rs 19,313 million (30 June 2016: Rs 16,270 million) was past due as of the balance sheet date.

		Unaudited 30 September 2016	Audited 30 June 2016
		------(Rupees '000)-----	
11 TRADE DEBTS			
Un-secured, considered good		113,882,770	111,204,979
Un-secured, considered doubtful		111,989	111,989
		<u>113,994,759</u>	<u>111,316,968</u>
Provision for doubtful debts		(111,989)	(111,989)
Trade debts written off		-	(793)
		<u>113,882,770</u>	<u>111,204,186</u>

11.1 Trade debts include overdue amount of Rs 81,551 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 63,117 million (30 June 2016: Rs 59,395 million) and Rs 15,216 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 3,313 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 THE QUARTER ENDED 30 SEPTEMBER 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 has filed an Intra Court appeal against the decision of the Islamabad High Court and the Islamabad High Court has granted stay against recovery of Rs 750 million to UPL. Management and its legal advisor are confident that the stay will be vacated and the Intra Court appeal by UPL will also be decided in favor of the Company.

12.2 This also includes recoveries of Rs 317 million (30 June 2016: Rs 317) made by the tax department against sales tax and Federal Excise Duty (FED) demand of Rs 6,699 million, issued by the Deputy Commissioner Inland Revenue (DCIR). In addition, DCIR has also issued a show cause notice of Rs 5,271 million against sales tax and FED, response against which has been submitted by the management. 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. The Company has filed an appeal before the Appellate Tribunal Inland Revenue (ATIR), Islamabad and the required reconciliation has been submitted as instructed by ATIR for verification. The Company has obtained stay from ATIR against further recovery of the outstanding demand notice. The Company believes that these demands have been raised without legal validity.

	Note	Unaudited 30 September 2016	Audited 30 June 2016
------(Rupees '000)-----			
13 INCOME TAX - ADVANCE			
Income tax- advance at beginning of the quarter/ year		41,599,042	24,059,740
Income tax paid during the quarter/ year		5,631,261	35,025,909
Income tax recovered by tax authorities during the quarter/ year		3,963	50,558
Provision for current taxation for the quarter/ year- Profit and loss account	17	(6,592,995)	(21,853,820)
Tax credit related to remeasurement loss on employee retirement benefit plans for the quarter/ year - Other Comprehensive Income		-	4,026,760
Provision for taxation - prior years		-	289,894
Income tax - advance at end of the quarter/ year	13.1 to 13.4	<u>40,641,271</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.

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 30 September 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 sixty days against the recovery of demand amount with effect from 21 September 2016 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.

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- 13.3** Income tax advance includes Rs 2,746 million (30 June 2016: Rs 2,746) 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, 30 June 2016 and for the quarter ended 30 September 2016.
- 13.4** Income tax advance includes Rs 5,805 million (30 June 2016: Rs 5,805) 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.

		Unaudited 30 September 2016	Audited 30 June 2016
	Note	------(Rupees '000)-----	
14 OTHER FINANCIAL ASSETS			
Investment in Term Deposits	14.1	18,589,347	11,131,164
Investment at fair value through profit or loss - NIT units		333,666	295,800
		<u>18,923,013</u>	<u>11,426,964</u>

- 14.1** This include foreign currency TDRs amounting to USD 129.917 million (30 June 2016: USD 106.305 million), carrying interest rate ranging from 1.25% to 1.70% (30 June 2016: 1.60% to 2.65%) per annum, having maturities between one month to three months. These also includes local currency TDRs amounting to Rs 5,000 million (30 June 2016: Rs NIL), carrying interest rate of 6.25% (30 June 2016: NIL) per annum having maturities up to one month.

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	Quarter ended 30 September	
	2016	2015
	------(Rupees '000)-----	
15 SALES - NET		
Gross sales		
Crude oil	14,994,426	16,704,267
Gas	30,061,844	33,692,077
Liquefied petroleum gas	1,207,232	1,325,756
Sulphur	119,551	299,907
Gas processing	<u>27,621</u>	<u>14,936</u>
	<u>46,410,674</u>	<u>52,036,943</u>
Government levies		
General sales tax	(4,564,798)	(5,136,947)
Gas Infrastructure Development Cess (GIDC)	(1,506,196)	(1,577,711)
Excise duty	(774,098)	(809,065)
	<u>(6,845,092)</u>	<u>(7,523,723)</u>
	<u>39,565,582</u>	<u>44,513,220</u>

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

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, statements in respect of TAL block - Mamikhel, Maramzai & Makori East discoveries - have been submitted to the GoP. GoP shall facilitate for issuance of necessary gas price notifications for payments to be made to the parties. Effect of adjustment arising from revision in sale price will be recognized upon issuance of gas price notifications by OGRA. However, 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 quarter ended 30 September 2016 amounts to Rs 64.294 million (30 June 2016: Rs NIL) which has been incorporated in this condensed interim financial information.

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	Quarter ended 30 September	
	2016	2015
16 OTHER INCOME	Note -----(Rupees '000)-----	
Interest income	3,395,926	3,500,119
Dividend income from NIT units	20,431	19,296
Un-realized gain/(loss) on investments at fair value through profit or loss	37,866	(17,980)
Exchange gain - net	150,076	215,561
Others	16.1 1,456,892	273,367
	<u>5,061,191</u>	<u>3,990,363</u>

16.1 This includes an amount of Rs 1,344 million (30 September 2015: Rs 214 million) received on account of signature bonus.

	Quarter ended 30 September	
	2016	2015
17 TAXATION	----- (Rupees '000) -----	
Current		
- charge for the quarter	6,592,995	7,978,295
Deferred		
- credit for the quarter	(390,031)	(9,838)
	<u>6,202,964</u>	<u>7,968,457</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.

	Quarter ended 30 September	
	2016	2015
18 EARNINGS PER SHARE - BASIC AND DILUTED		
Profit for the quarter (Rupees '000)	<u>14,631,554</u>	<u>18,259,812</u>
Average number of shares outstanding during the quarter ('000)	<u>4,300,928</u>	<u>4,300,928</u>
Earnings per share - basic (Rupees)	<u>3.40</u>	<u>4.25</u>

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

	Unaudited	Audited
	30 September	30 June
	2016	2016
19 CASH AND CASH EQUIVALENTS	----- (Rupees '000) -----	
Cash and bank balances	6,378,311	9,386,642
Short term highly liquid investments	18,589,347	4,752,236
	<u>24,967,658</u>	<u>14,138,878</u>

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20 RELATED PARTIES TRANSACTIONS

Government of Pakistan owns 74.97% (30 June 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 financial information. Transactions of the Company with related parties and balances outstanding at quarter end are as follows:

	Quarter ended 30 September	2015
	2016	2015
	----- (Rupees '000) -----	
Associated company		
Share of profit in associate - net of taxation	553,134	368,838
Major shareholders		
Government of Pakistan		
Dividend paid	1,451	5,078,640
Payable on account of Kunnar discount at 30 September	-	2,085,112
OGDCL Employees' Empowerment Trust (OEEET)		
Dividend payable	10,500,000	7,887,000
Related parties by virtue of common directorship and GoP holdings		
Government Holdings (Private) Limited (GHPL)		
GHPL share (various fields) - net receivable	452,567	258,887
Power Holding (Private) Limited (PHPL)		
Markup earned	1,506,576	1,856,817
Balance of investment in TFCs receivable not yet due as at 30 September	61,500,000	82,000,000
Balance of past due principal repayment on TFCs as at 30 September	20,500,000	-
Balance of markup receivable on TFCs not yet due as at 30 September	332,606	1,868,432
Balance of past due markup receivable on TFCs as at 30 September	19,312,730	16,270,327
State Bank of Pakistan		
Interest earned on Pakistan Investment Bonds (PIBs)	1,459,715	1,471,713
Balance of investment in PIBs and markup receivable as at 30 September	52,521,843	51,956,469
Pak Arab Refinery Company Limited		
Sale of crude oil	1,863,547	1,411,240
Trade debts as at 30 September	1,287,837	1,008,132
Sui Northern Gas Pipelines Limited		
Sale of natural gas	12,727,104	13,629,804
Trade debts as at 30 September	23,796,952	21,337,933
Payable as at 30 September	73,880	473,503
Sui Southern Gas Company Limited		
Sale of natural gas	8,065,943	11,065,294
Pipeline rental charges	9,165	9,165
Trade debts as at 30 September	68,389,220	70,772,694

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	Quarter ended 30 September	
	2016	2015
	------(Rupees '000)-----	
RELATED PARTIES TRANSACTIONS - Continued		
Pakistan State Oil Company Limited		
Sale of liquefied petroleum gas	16,185	-
Purchase of petroleum, oil and lubricants	832,826	1,284,311
Trade debts as at 30 September	1,867	1,867
Payable as at 30 September	34,580	91,974
National Insurance Company Limited		
Insurance premium paid	91,705	190,538
National Logistic Cell		
Crude transportation charges paid	178,844	260,753
Payable as at 30 September	480,802	478,979
Enar Petrotech Services Limited		
Consultancy services	-	8,805
Sale of crude oil	2,087,710	2,220,794
Trade debts as at 30 September	1,242,511	1,203,929
Other related parties		
Contribution to staff benefit funds	212,323	636,969
Remuneration including benefits and perquisites of key management personnel	156,939	125,594

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 members approved final cash dividend relating to the year ended 30 June 2016 at the rate of Rs 2.00 per share amounting to Rs 8,602 million in their annual general meeting held on 26 October 2016.

22.2 The Board of Directors approved interim cash dividend at the rate of Rs 1.50 per share amounting to Rs 6,451 million in its meeting held on 27 October 2016.

23 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on 27 October 2016 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