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CONDENSED INTERIM FINANCIAL STATEMENTS

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Corporate Information

Board of Directors

| | |
|----------------------------|----------|
| Dr. Qamar Javaid Sharif | Chairman |
| Mr. Naveed Kamran Baloch | Director |
| Mian Asad Hayaud Din | Director |
| Mr. Muhammad Ayub Chaudhry | Director |
| Capt (R) Fazeel Asghar | Director |
| Ms. Sadia Khan | Director |
| Mr. Akbar Ayub Khan | Director |
| Mr. Saeed Ahmad Qureshi | Director |
| Mr. Nessar Ahmad | Director |
| Mr. Saud Saqlain Khawaja | Director |
| Mr. Shahid Salim Khan | MD/CEO |

- *Mr. Tariq Ali Shah resigned on 20 November 2019*
- *Mr. Muhammad Ayub Chaudhry appointed as Director w.e.f. 26 December 2019 in place of Mr. Sher Afghan Khan*
- *Mr. Shahid Salim Khan appointed as MD/CEO w.e.f. 27 January 2020 in place of Dr. Naseem Ahmad*

Chief Financial Officer

Mr. Irteza Ali Qureshi

Company Secretary

Mr. Ahmed Hayat Lak

Auditors

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

Legal Advisor

M/s Khokhar Law Chambers

Tax Advisor

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

Registered Office

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

Share Registrar

CDC-Share Registrar Services Limited,
CDC House, 99-B, Block-B, S.M.C.H.S.,
Main Shahrah-e-Faisal, Karachi-74400.
Phone: +92 21 111 111 500
Fax: +92 21 34326053
Website: www.cdcsrsl.com
Email: info@cdcsrsl.com

Directors' Interim Review

The Board of Directors of Oil & Gas Development Company Limited (OGDCL) is pleased to present a concise review of the Company's operational and financial performance accompanied with condensed interim financial information for the half year ended 31 December 2019.

Exploration and Development Activities

OGDCL being the market leader in E&P sector of Pakistan holds the largest exploration acreage, which as of 31 December 2019 stood at 82,239 sq. km representing 37% of the Country's total area under exploration (source: PPIS). Business exploration portfolio currently comprises forty five (45) owned and operated joint venture exploration licenses. Additionally, the Company possesses working interest in six (6) exploration blocks operated by other E&P companies.

OGDCL with an aim to explore new oil and gas reserves and augment production acquired 1,503 Line km of 2D seismic data compared to 584 Line km of 2D and 394 sq. km of 3D seismic data in the corresponding period last year. This seismic data acquisition represents 79% of total 2D seismic data acquired in the Country during the period under review (source: PPIS). Moreover, 1,623 Line km of 2D and 1,169 sq. km of 3D seismic data were also processed/reprocessed using in-house resources.

In addition to the above, OGDCL during the reporting period spud twelve (12) wells (1H 2018-19: 6 wells) comprising seven (7) exploratory/appraisal wells; Rangunwari-1, Dhok Hussain North-1, Wali-1, Metlo-1, Katiar-1, KUC-1 & Zin SML-4, three (3) development wells; Thora Deep-3, Rajian-11 & Nashpa-10 and two (2) re-entry wells; Siab-1 & Qadirpur-14. Moreover, drilling and testing of twelve (12) wells pertaining to previous fiscal years have also been completed, whereas total drilling recorded during the six months period was 28,043 meters (1H 2018-19: 30,075 meters).

Discoveries

OGDCL's exploratory endeavors to locate hydrocarbon reserves yielded three (3) oil and gas discoveries namely Pandhi-1 in district Sanghar, Sindh province, Togh-1 and Chanda-5 in district Kohat, KPK province. Aforementioned discoveries have cumulative daily production potential of 22 MMcf of gas and 836 barrels of oil. Preliminary reserves estimates of discoveries on 2P basis are 42.26 billion cubic feet of gas and 1.50 million barrels of oil, combined 9.37 million barrels of oil equivalent.

Development Projects

| Name of Project | Location of Project | Working Interest | Completion Date | Current Status |
|----------------------|-------------------------|--|-----------------|---|
| Nashpa Compression | Karak, KPK | OGDCL 56.45% PPL 28.55% GHPL 15.00% | July 2020 | Design review and HAZOP study have been completed while development work at project site by the EPCC contractor is underway. |
| Mela | Kohat, KPK | OGDCL 56.45% PPL 28.55% GHPL 15.00% | February 2020 | Pre-commissioning activities at project site have started while laying of gas pipeline to Nashpa plant for LPG extraction is near to completion. |
| Qadirpur Compression | Ghotki, Sindh | OGDCL 75.00% PPL 7.00% KUFPEC 8.50% PKPEL 4.75% PKPEL2 4.75% | June 2021 | Turbine up-gradation contract has been finalized while cases for procurement of compressors and hiring of PC contractor is under financial and technical evaluation respectively. |
| Uch Compression | Dera Bugti, Balochistan | OGDCL 100% | June 2022 | Basic engineering/FEED work has been completed while tender documents prepared by the consultant ENAR are under review. |

Production

OGDCL in line with its production strategy is endeavoring to maintain and optimize oil and gas production from owned and operated joint venture fields. In this pursuit, the Company during the half year contributed around 46%, 28% and 32% of Country's total oil, gas and LPG production respectively (source: PPIS). The Company's hydrocarbon production in comparison to corresponding period last year was adversely affected owing to natural decline at Rajian, Lashari Centre, Nashpa, Sinjhora and Qadirpur fields coupled with mechanical problems at Tando Alam, Nashpa and KPD fields. Moreover, less gas intake from Uch-II and Qadirpur fields by UPL-II (unplanned ATA) and Engro (lower demand by WAPDA during November and December 2019) respectively impacted gas production. Furthermore, decline in production from NJV fields contributed towards lower hydrocarbon production.

Aforesaid decline in production was partially mitigated by injection of seven (7) operated wells in the production system viz., Qadirpur-61, Pasakhi Deep-4 & 5, Nashpa-9, Qadirpur Deep X-1, TAY North-1 & Uch-17A which cumulatively yielded gross crude oil and gas production of 48,255 barrels and 2,483 MMcf respectively, whereas installation of Electrical Submersible Pump at Pasakhi-5 produced a positive impact of 52,850 barrels. OGDCL's average daily net saleable production is as follows:

| Products | Unit of Measurement | 1H 2019-20 | 1H 2018-19 |
|-----------|---------------------|------------|------------|
| Crude oil | Barrels per day | 38,084 | 40,846 |
| Gas | MMcf per day | 910 | 990 |
| LPG | Tons per day | 747 | 798 |
| Sulphur | Tons per day | 54 | 61 |

Financial Results

Despite decline in production and international price of crude oil, OGDCL during the half year ended 31 December 2019 registered Sales Revenue of Rs 133.441 billion (1H 2018-19: Rs 126.898 billion). Average basket price of crude oil during the six months plunged to US\$ 61.93/barrel (1H 2018-19: US\$ 72.34/barrel) leading to lower realized price of US\$ 54.11/barrel (1H 2018-19: US\$ 62.22/barrel). Moreover, Sales were influenced by decrease in average realized price of LPG to Rs 63,174/ton (1H 2018-19: Rs 69,295/ton) offset by increase in average realized price of gas to Rs 396.01/Mcf (1H 2018-19: Rs 317.33/Mcf) and average exchange rate to Rs 156.99/US\$ (1H 2018-19: Rs 129.92/US\$).

However, OGDCL's profitability during the period under review got impacted by higher exploration and prospecting expenditures owing to five (5) number of wells declared dry and abandoned against one (1) well in the corresponding period last year. Moreover, reduced other income on account of exchange loss on revaluation of FC investment contributed towards lower financial results. Overall, the Company recorded Profit after Tax of Rs 53.184 billion (1H 2018-19: Rs 56.756 billion) translating into an Earnings per Share of Rs 12.37 (1H 2018-19: Rs 13.20).

Dividend

The Board has announced second interim cash dividend of Rs 1.75 per share (17.5%) for the year ending 30 June 2020. This is in addition to the first interim cash dividend of Rs 2.50 per share (25.0%) already declared during the fiscal year.

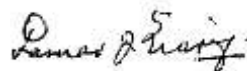
Acknowledgement

The Board of Directors places on record its sincere appreciation for the continued patronage and cooperation extended by all the stakeholders that have always rendered the Company requisite impetus to embrace business challenges and undertake new development activities. The Board also wishes to place on record contributions put in by the Company employees at all levels to ensure that OGDCL continues to grow and excel, safely and responsibly.



(Mr. Shahid Salim Khan)
Managing Director/CEO
26 February 2020

On behalf of the Board



(Dr. Qamar Javaid Sharif)
Chairman

INDEPENDENT AUDITORS' REVIEW REPORT

To the members of Oil and Gas Development Company Limited Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Oil and Gas Development Company Limited ("the Company") as at 31 December 2019 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

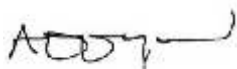
Emphasis of Matter

We draw attention to note 13.1 to the accompanying interim financial statements which describes in detail matter relating to overdue trade debts on account of Inter-Corporate circular debt. Our conclusion is not modified in respect of this matter.

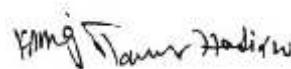
Other Matter

The figures for the three-month period ended 31 December 2019 and 2018 in the condensed interim statement of profit or loss and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

The engagement partners on the audit resulting in this independent auditors' report are M. Imtiaz Aslam (A. F. Ferguson & Co.) and Inam Ullah Kakra (KPMG Taseer Hadi & Co.).



A. F. Ferguson & Co.
Chartered Accountants
Islamabad
Date: 28 February 2020



KPMG Taseer Hadi & Co.
Chartered Accountants
Islamabad
Date: 28 February 2020

Condensed Interim Statement of Financial Position [unaudited]

As at 31 December 2019

| | | Unaudited 31 December 2019 | Audited 30 June 2019 |
|------------------------------------|------|----------------------------------|----------------------------|
| | Note | ----- (Rupees '000)- ----- | |
| SHARE CAPITAL AND RESERVES | | | |
| Share capital | | 43,009,284 | 43,009,284 |
| Reserves | 4 | 15,067,357 | 14,614,483 |
| Unappropriated profit | | 598,968,078 | 567,741,481 |
| | | 657,044,719 | 625,365,248 |
| NON CURRENT LIABILITIES | | | |
| Deferred taxation | | 23,888,335 | 23,571,884 |
| Deferred employee benefits | | 22,829,156 | 22,154,000 |
| Provision for decommissioning cost | 5 | 27,956,965 | 22,862,587 |
| | | 74,674,456 | 68,588,471 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 6 | 42,197,858 | 49,477,743 |
| Unpaid dividend | 7 | 25,625,528 | 22,951,943 |
| Unclaimed dividend | | 211,969 | 213,785 |
| | | 68,035,355 | 72,643,471 |
| | | 799,754,530 | 766,597,190 |
| CONTINGENCIES AND COMMITMENTS | | | |
| | 8 | | |

The annexed notes 1 to 27 form an integral part of these interim financial statements.


Chief Financial Officer


Chief Executive


Director

| | | Unaudited 31 December 2019 | Audited 30 June 2019 |
|--|------|-----------------------------------|----------------------------|
| | Note | - - - - - (Rupees '000) - - - - - | |
| NON CURRENT ASSETS | | | |
| Property, plant and equipment | 9 | 119,466,296 | 117,787,033 |
| Development and production assets - intangible | 10 | 104,243,286 | 91,958,684 |
| Exploration and evaluation assets | 11 | 11,274,916 | 15,216,824 |
| | | 234,984,498 | 224,962,541 |
| Long term investments | 12 | 27,459,552 | 22,895,586 |
| Long term loans and receivable | | 8,283,640 | 8,085,201 |
| Long term prepayments | | 925,488 | 868,036 |
| | | 271,653,178 | 256,811,364 |
| CURRENT ASSETS | | | |
| Stores, spare parts and loose tools | | 17,953,250 | 18,751,790 |
| Stock in trade | | 473,384 | 446,645 |
| Trade debts | 13 | 288,496,855 | 242,731,940 |
| Loans and advances | 14 | 11,260,581 | 9,669,299 |
| Deposits and short term prepayments | | 1,855,930 | 1,329,883 |
| Other receivables | | 6,959,346 | 7,762,428 |
| Income tax - advance | 15 | 17,940,013 | 20,027,510 |
| Current portion of long term investments | | 119,292,629 | 113,770,186 |
| Other financial assets | 16 | 51,709,110 | 74,726,436 |
| Cash and bank balances | | 12,160,254 | 20,569,709 |
| | | 528,101,352 | 509,785,826 |
| | | 799,754,530 | 766,597,190 |


Chief Financial Officer


Chief Executive


Director

Condensed Interim Statement of Profit or Loss [unaudited]

For Six Months ended 31 December 2019

| | | Three months ended 31 December | | Six months ended 31 December | |
|--|----|--------------------------------|-------------------|------------------------------|-------------------|
| | | 2019 | 2018 | 2019 | 2018 |
| Note | | ----- (Rupees '000) ----- | | | |
| Sales - net | 17 | 67,237,279 | 65,098,572 | 133,441,268 | 126,897,761 |
| Royalty | | (7,476,900) | (7,363,317) | (15,215,640) | (14,239,713) |
| Operating expenses | | (15,674,322) | (14,772,500) | (30,559,838) | (29,634,319) |
| Transportation charges | | (423,587) | (404,618) | (812,515) | (787,931) |
| | | (23,574,809) | (22,540,435) | (46,587,993) | (44,661,963) |
| Gross profit | | 43,662,470 | 42,558,137 | 86,853,275 | 82,235,798 |
| Other income | 18 | 5,082,445 | 7,752,360 | 7,927,013 | 11,850,503 |
| Exploration and prospecting expenditure | | (6,463,310) | (2,520,334) | (10,425,171) | (4,481,784) |
| General and administration expenses | | (1,775,617) | (790,539) | (2,819,495) | (1,787,272) |
| Finance cost | | (754,902) | (418,788) | (1,499,901) | (829,631) |
| Workers' profit participation fund | | (2,060,406) | (2,388,201) | (4,149,267) | (4,459,962) |
| Share of profit in associate - net of taxation | | 1,457,027 | 1,183,177 | 2,949,618 | 2,211,624 |
| Profit before taxation | | 39,147,707 | 45,375,812 | 78,836,072 | 84,739,276 |
| Taxation | 19 | (13,279,613) | (15,354,451) | (25,651,628) | (27,982,918) |
| Profit for the period | | 25,868,094 | 30,021,361 | 53,184,444 | 56,756,358 |
| Earnings per share - basic and diluted (Rupees) | 20 | 6.01 | 6.98 | 12.37 | 13.20 |

The annexed notes 1 to 27 form an integral part of these interim financial statements.



Chief Financial Officer



Chief Executive



Director

Condensed Interim Statement of Comprehensive Income [unaudited]

For Six Months ended 31 December 2019

| | Three months ended 31 December | | Six months ended 31 December | |
|---|--------------------------------|------------|------------------------------|------------|
| | 2019 | 2018 | 2019 | 2018 |
| | ----- (Rupees '000) ----- | | | |
| Profit for the period | 25,868,094 | 30,021,361 | 53,184,444 | 56,756,358 |
| Other comprehensive income for the period | - | - | - | - |
| Total comprehensive income for the period | 25,868,094 | 30,021,361 | 53,184,444 | 56,756,358 |

The annexed notes 1 to 27 form an integral part of these interim financial statements.


Chief Financial Officer


Chief Executive


Director

Condensed Interim Statement of Changes in Equity [unaudited]

For Six Months ended 31 December 2019

| | Share capital | Reserves | | | | Unappropriated profit | Total equity |
|--|---------------|-----------------|------------------------|--|---|--|--------------|
| | | Capital reserve | Self insurance reserve | Share of capital redemption reserve fund in associated company | Share of self insurance reserve in associated company | Other reserves Share of undistributed percentage return reserve in associated company | |
| | | | | | | | |
| Balance as at 1 July 2018 | 43,009,284 | 836,000 | 9,970,000 | 2,118,000 | 320,000 | 122,622 | 550,556,422 |
| Total comprehensive income for the period | | | | | | | |
| Profit for the period | - | - | - | - | - | - | 56,756,358 |
| Other comprehensive income for the period | - | - | - | - | - | - | 56,756,358 |
| Total comprehensive income for the period | - | - | - | - | - | - | - |
| Transfer to self insurance reserve | - | - | 525,317 | - | - | - | - |
| Charged to self insurance reserve | - | - | (317) | - | - | - | (317) |
| Transfer from undistributed percentage return reserve by an associated company | - | - | - | - | - | (56,448) | - |
| Transactions with owners of the Company | - | - | - | - | - | 56,448 | - |
| Distributions | - | - | - | - | - | - | - |
| Final dividend 2018: Rs 2.50 per share | - | - | - | - | - | - | (10,752,321) |
| First interim dividend 2019: Rs 2.75 per share | - | - | - | - | - | - | (11,827,553) |
| Total distributions to owners of the Company | - | - | - | - | - | - | (22,579,874) |
| Balance as at 31 December 2018 | 43,009,284 | 836,000 | 10,495,000 | 2,118,000 | 320,000 | 66,174 | 584,732,589 |
| Balance as at 1 July 2019 | 43,009,284 | 836,000 | 11,020,000 | 2,118,000 | 520,000 | 120,483 | 625,365,248 |
| Total comprehensive income for the period | | | | | | | |
| Profit for the period | - | - | - | - | - | - | 53,184,444 |
| Other comprehensive income for the period | - | - | - | - | - | - | 53,184,444 |
| Total comprehensive income for the period | - | - | - | - | - | - | - |
| Transfer to self insurance reserve | - | - | 525,331 | - | - | - | - |
| Charged to self insurance reserve | - | - | (331) | - | - | - | (331) |
| Transfer from undistributed percentage return reserve by an associated company | - | - | - | - | - | (72,126) | - |
| Transactions with owners of the Company | - | - | - | - | - | 72,126 | - |
| Distributions | - | - | - | - | - | - | - |
| Final dividend 2019: Rs 2.50 per share | - | - | - | - | - | - | (10,752,321) |
| First interim dividend 2020: Rs 2.50 per share | - | - | - | - | - | - | (10,752,321) |
| Total distributions to owners of the Company | - | - | - | - | - | - | (21,504,642) |
| Balance as at 31 December 2019 | 43,009,284 | 836,000 | 11,545,000 | 2,118,000 | 520,000 | 48,357 | 657,044,719 |

The annexed notes 1 to 27 form an integral part of these interim financial statements.


Chief Financial Officer


Chief Executive



Director


Condensed Interim Statement of Cash Flows [unaudited]

For Six Months ended 31 December 2019

| | | Six months ended 31 December | |
|--|----|------------------------------|--------------|
| | | 2019 | 2018 |
| Note | | ----- (Rupees '000) ----- | |
| Cash flows from operating activities | | | |
| Profit before taxation | | 78,836,072 | 84,739,276 |
| Adjustments for: | | | |
| Depreciation | | 5,475,736 | 5,560,942 |
| Amortization of development and production assets | | 6,644,045 | 8,017,004 |
| Royalty | | 15,215,640 | 14,239,713 |
| Workers' profit participation fund | | 4,149,267 | 4,459,962 |
| Provision for employee benefits | | 3,342,518 | 1,959,423 |
| Decommissioning Cost | | (480,019) | - |
| Un-winding of discount on provision for decommissioning cost | | 1,497,759 | 826,108 |
| Interest income | | (9,794,972) | (6,738,403) |
| Un-realized (gain)/ loss on investments at fair value through profit or loss | | (41,317) | 47,491 |
| Exchange loss/ (gain) on foreign currency investment and deposit accounts | | 3,334,975 | (3,903,882) |
| Dividend income | | (7,037) | (10,579) |
| (Gain)/ loss on disposal of property, plant and equipment | | (40,085) | 52,176 |
| Share of profit in associate | | (2,949,618) | (2,211,624) |
| Stores inventory written off | | - | 56,817 |
| | | 105,182,964 | 107,094,424 |
| Changes in: | | | |
| Stores, spare parts and loose tools | | 798,540 | 144,854 |
| Stock in trade | | (26,739) | (174,737) |
| Trade debts | | (45,764,915) | (34,886,089) |
| Deposits and short term prepayments | | (526,047) | (551,761) |
| Advances and other receivables | | (1,920,679) | 4,668,436 |
| Trade and other payables | | (658,898) | (3,119,116) |
| | | 57,084,226 | 73,176,011 |
| | | | |
| Royalty paid | | (16,282,119) | (14,787,292) |
| Employee benefits paid | | (2,888,147) | (5,115,561) |
| Long term prepayments | | (57,452) | (74,167) |
| Payment from self insurance reserve | | (331) | (317) |
| Decommissioning cost paid | | (54,138) | (1,933) |
| (Payment to) / receipt from workers' profit participation fund-net | | (9,294,706) | 172,276 |
| Income taxes paid | | (23,247,680) | (14,372,101) |
| | | (51,824,573) | (34,179,095) |
| Net cash generated from operating activities | | 5,259,653 | 38,996,916 |
| Cash flows from investing activities | | | |
| Capital expenditure | | (17,274,056) | (9,465,155) |
| Interest received | | 4,272,529 | 3,369,897 |
| Dividends received | | 55,143 | 65,245 |
| Encashment of investments | | 10,170,987 | 9,327,104 |
| Purchase of investments | | (11,833,441) | (9,638,668) |
| Proceeds from disposal of property, plant and equipment | | 48,935 | 33,295 |
| Net cash used in investing activities | | (14,559,903) | (6,308,282) |
| Cash flows from financing activities | | | |
| Dividends paid | | (18,832,873) | (19,500,291) |
| Net cash used in financing activities | | (18,832,873) | (19,500,291) |
| Net (decrease)/ increase in cash and cash equivalents | | (28,133,123) | 13,188,343 |
| Cash and cash equivalents at beginning of the period | | 95,049,153 | 71,169,841 |
| Effect of movements in exchange rate on cash and cash equivalents | | (3,334,975) | 3,903,882 |
| Cash and cash equivalents at end of the period | 21 | 63,581,055 | 88,262,066 |

The annexed notes 1 to 27 form an integral part of these interim financial statements.


Chief Financial Officer


Chief Executive


Director

For Six Months ended 31 December 2019

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 (now the Companies Act, 2017). 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 (1GDS = 10 ordinary shares of the Company) of the Company are listed on the London Stock Exchange.

2 BASIS OF PREPARATION

These condensed interim financial statements (here in after referred to as the "interim financial statements") have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017. Where provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed

The disclosures in these interim financial statements do not include those reported for full annual audited financial statements and should therefore be read in conjunction with the annual audited financial statements for the year ended 30 June 2019. Comparative statement of financial position is extracted from the annual audited financial statements as of 30 June 2019, whereas comparative statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows are stated from unaudited interim financial statements for the six months period ended 31 December 2018.

These interim financial statements are unaudited and are being submitted to the members as required under Section 237 of Companies Act, 2017 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 these interim financial statements and financial risk management policies are the same as those applied in preparation of annual audited financial statements for the year ended 30 June 2019, except for the change mentioned below:

3.1 IFRS 16 'Leases'

IFRS 16 'Leases', became effective from 01 January 2019, and has replaced the existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases-Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. The Company has adopted IFRS 16 from 01 July 2019 except for gas supply agreements with M/s Uch Power (Private) Limited (UPL) and M/s Uch II Power (Private) Limited (Uch-II). For UPL and Uch II refer note 3.1.2 below.

3.1.1 As a Lessee

IFRS 16 has introduced a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. In applying IFRS 16, the Company has opted not to recognize right of use assets for short-term leases i.e. leases with a term of twelve (12) months or less. The payments associated with such leases are recognized when incurred. In respect of lease arrangements of the Company as a lessee, the adoption of IFRS 16 does not have any other material impact on these interim financial statements.

During the period, the expenditure relating to short-term leases of rigs amounts to Rs 2,791 million, and has been recognized in these interim financial statements as follows.

Notes to the Interim Financial Statements [unaudited]

For Six Months ended 31 December 2019

Unaudited
31 December 2019
(Rupees '000)

Condensed interim statement of financial position:
Development and production assets - intangible
Exploration and evaluation assets

2,218,454
224,749
2,443,203

Unaudited
Six months ended
31 December 2019
(Rupees '000)

Condensed interim statement of profit or loss:
Exploration and prospecting expenditure

347,558

3.1.2 As a Lessor

Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The Company has gas supply agreements with M/s Uch Power (Private) Limited (UPL) and M/s Uch-II Power (Private) Limited (Uch-II). The Company is assessing its contractual arrangements with UPL and Uch-II to ascertain whether these constitute or contain "lease" based on the definition in IFRS 16 and has requested the Securities and Exchange Commission of Pakistan (SECP) vide letter dated 10 February 2020 to grant exemption from application of IFRS 16 for its gas supply agreements with UPL and Uch-II till 30 June 2020. Response from SECP is expected to be received in coming days. Had these aforementioned arrangements with UPL and Uch-II been assessed as a leasing arrangement under IFRS 16, following adjustments to condensed interim statement of financial position and condensed interim statement of profit or loss would have been made:

| | Cumulative effect upto 31 December 2019 | 30 June 2019 |
|--|---|-------------------|
| | ----- (Rupees '000) ----- | |
| Condensed interim statement of financial position | | |
| Non-current assets | | |
| Derecognition of property, plant and equipment | (16,123,929) | (16,844,522) |
| Recognition of finance lease receivable | 44,564,608 | 45,626,052 |
| Current assets | | |
| Derecognition of trade debts | (9,396,104) | (6,406,534) |
| Recognition of current portion of finance lease receivable | 13,700,302 | 10,469,597 |
| Non-current liabilities | | |
| (Increase) in deferred taxation | (10,331,008) | (10,352,616) |
| Current liabilities | | |
| Recognition of trade and other payables | | |
| Workers' profit participation fund - net | (1,637,244) | (1,642,230) |
| Increase in unappropriated profit | <u>20,776,625</u> | <u>20,849,747</u> |

| | Effect for the six months ended 31 December 2019 | 2018 |
|--|--|------------------|
| | ----- (Rupees '000) ----- | |
| Condensed interim statement of profit or loss | | |
| Derecognition of sales - net | (5,989,427) | (4,633,767) |
| Decrease in operating expenses on account of Depreciation | 720,593 | 712,476 |
| Increase in other income on account of Exchange gain | 1,137,220 | 5,893,245 |
| Increase in finance income | 4,031,899 | 3,352,972 |
| Decrease/ (Increase) in workers' profit participation fund | 4,986 | (266,246) |
| Decrease/ (Increase) in taxation | | |
| Deferred-credit/(charge) for the period | 21,607 | (1,589,032) |
| Net effect | <u>(73,122)</u> | <u>3,469,648</u> |
| (Decrease) / increase in earnings per share - basic and diluted (Rupees) | <u>(0.02)</u> | <u>0.81</u> |

Notes to the Interim Financial Statements [unaudited]

For Six Months ended 31 December 2019

| | | Unaudited 31 December 2019 | Audited 30 June 2019 |
|--|-------------|----------------------------------|----------------------------|
| 4 RESERVES | Note | ----- (Rupees '000) ----- | |
| Capital reserves: | | | |
| Capital reserve | 4.1 | 836,000 | 836,000 |
| Self insurance reserve | 4.2 | 11,545,000 | 11,020,000 |
| Capital redemption reserve fund - associated company | 4.3 | 2,118,000 | 2,118,000 |
| Self insurance reserve - associated company | 4.4 | 520,000 | 520,000 |
| Other reserves: | | | |
| Undistributed percentage return reserve - associated company | 4.5 | 48,357 | 120,483 |
| | | <u>15,067,357</u> | <u>14,614,483</u> |

- 4.1 This represents bonus shares issued by former wholly owned subsidiary - Pirkoh Gas Company (Private) Limited (PGCL) prior to merger. Accordingly, the reserve is not available for distribution to shareholders.
- 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. Refer note 12.2 for investments against this reserve. Accordingly, the reserve is not available for distribution to shareholders.
- 4.3 This represents Company's share of profit set aside by an associated company to redeem redeemable preference shares in the form of cash to the preference shareholders.
- 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 related to undistributed percentage return reserve.

| | Unaudited 31 December 2019 | Audited 30 June 2019 |
|---|---|-------------------------------------|
| | ----- (Rupees '000) ----- | |
| 5 Provision for Decommissioning Cost | | |
| Balance at beginning of the period/year | 22,862,587 | 19,465,075 |
| Provision during the period/year | 269,501 | 281,850 |
| Decommissioning cost incurred during the period/year | (54,138) | (95,442) |
| | <u>23,077,950</u> | <u>19,651,483</u> |
| Revision due to change in estimates | 3,896,510 | 1,524,679 |
| Adjustment during the period/year | (515,254) | - |
| Unwinding of discount on provision for decommissioning cost | 1,497,759 | 1,686,425 |
| Balance at end of the period/year | <u>27,956,965</u> | <u>22,862,587</u> |
| | Unaudited 31 December 2019 | Audited 30 June 2019 |
| Significant financial assumptions used were as follows: | | |
| Discount rate per annum | 10.95% | 13.68% |
| Inflation rate per annum | 9.50% | 9.30% |

Notes to the Interim Financial Statements [unaudited]

For Six Months ended 31 December 2019

| Unaudited 31 December 2019 | Audited 30 June 2019 |
|----------------------------------|----------------------------|
| ----- (Rupees '000) ----- | |

6 TRADE AND OTHER PAYABLES

| | | |
|--|-------------------|-------------------|
| Creditors | 1,030,665 | 953,478 |
| Accrued liabilities | 10,565,393 | 12,165,213 |
| Payable to partners of joint operations | 7,815,050 | 7,194,670 |
| Retention money payable | 5,028,615 | 4,720,986 |
| Royalty payable to Government of Pakistan | 3,129,154 | 4,195,633 |
| Excise duty payable | 221,797 | 230,780 |
| General sales tax payable | 412,767 | 872,919 |
| Gas Infrastructure Development Cess (GIDC) payable | 4,818,823 | 4,383,426 |
| Petroleum Levy payable | 135,289 | 142,833 |
| Withholding tax payable | 146,066 | 852,897 |
| Trade deposits | 132,464 | 151,064 |
| Workers' profit participation fund - net | 4,149,267 | 9,294,706 |
| Gratuity fund | 53,383 | 462,452 |
| Provident fund | 62,812 | - |
| Advances from customers | 2,494,151 | 2,103,553 |
| Other payables | 2,002,162 | 1,753,133 |
| | <u>42,197,858</u> | <u>49,477,743</u> |

7 UNPAID DIVIDEND

This includes an amount of Rs 24,271 million (30 June 2019: Rs 22,110 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). Previously, PCP vide letter no. F. No. 13(4)12/PC/BESOS/OGDCL dated 15 May 2018 had informed that the matter of BESOS, as a scheme, is pending adjudication before the Honorable Supreme Court of Pakistan, hence status quo may be maintained till final decision of Honorable Supreme Court of Pakistan. Government of Pakistan, Finance Division vide letter No F.No. 2(39)BIU-I/2018-19 dated 15 April 2019 advised the Company to deposit the GoP share of dividend including interest, if any, lying in OEET account(s) or any other reserve/account till date in the Federal Consolidated Fund pursuant to decision of the Federal Cabinet in its meeting held on 09 April 2019.

Furthermore, PCP vide letter No 1(1)PC/BESOS/F&A/2019 dated 08 May 2019, requested the Company not to remit any amounts on the account of BESOS in view of the decision of the Federal Cabinet. Based on the legal advise, OEET submitted its response to Petroleum Division on 05 August 2019 that the matter is pending adjudication before the Honourable Supreme Court of Pakistan, the transfer would commit breach of fiduciary duties of the trustees and therefore the directions to be kindly recalled.

During the period the Ministry of Energy, Government of Pakistan, vide letter no U.O. No. 8(9)/ 2014/D-III/BESOS, dated 27 December 2019 requested the Company to transfer Federal Government's share of dividend money to PCP on immediate basis as per the direction of Finance Division, Government of Pakistan. OEET submitted its response vide letter No. OEET-127/2019 dated 30 December 2019 that in order to proceed further with the direction given above, it is requested that PCP withdraw the above mentioned letter no. F. No. 13(4)12/PC/BESOS/OGDCL dated 15 May 2018 and all previous letters related to maintaining status quo in respect of this matter.

Notes to the Interim Financial Statements [unaudited]

For Six Months ended 31 December 2019

8 CONTINGENCIES AND COMMITMENTS

8.1 Contingencies

- 8.1.1 Claims against the Company not acknowledged as debts amounted to Rs 1,342 million at period end (30 June 2019: Rs 1,632 million).
- 8.1.2 During the year ended 30 June 2019, Attock Refinery Limited (ARL) has filed a writ petition against the Company before Islamabad High Court on 17 December 2018 and has disputed and withheld amounts invoiced to it on account of adjustment of premium or discount as announced by Saudi Aramco for deliveries to Asian customers/ destinations under the sale agreement signed on 13 March 2018. As at 31 December 2019, the amount withheld by ARL stands at Rs 2,338 million (30 June 2019: Rs 1,957 million). Further, ARL has also claimed the amounts already paid in this respect during the period 2007 to 2012 amounting to Rs 562 million (30 June 2019: Rs 562 million). Islamabad High Court vide order dated 16 January 2019 granted interim relief to ARL until next hearing. The Company believes that the debit notes/ invoices have been raised in accordance with the sale agreements signed with GoP and no provision is required in this respect.
- 8.1.3 Oil and Gas Regulatory Authority (OGRA) vide its decision dated 22 June 2018 decided that LPG producers, in public or private sector, cannot charge signature bonus in compliance with LPG Policy 2016. The Company has challenged this decision in Islamabad High Court on 23 July 2018. Signature bonus recognized as income by the Company after decision of OGRA amounts to Rs 646.458 million (30 June 2019: Rs 584.391 million). Management believes that the matter will be decided in favour of the Company.
- 8.1.4 Certain banks have issued guarantees on behalf of the Company in ordinary course of business aggregating Rs 1.281 million (30 June 2019: Rs 1.281 million).
- 8.1.5 For contingencies related to tax matters, refer note 15.1 to 15.3 and note 19.1.
- 8.1.6 For contingencies related to sales tax and federal excise duty, refer note 14.1 and 14.2.
- 8.1.7 For matter relating to conversion of certain blocks to Petroleum Policy 2012, refer note 17.3.

8.2 Commitments

- 8.2.1 Commitments outstanding at period end amounted to Rs 46,621.023 million (30 June 2019: Rs 56,073.030 million). These include amounts aggregating to Rs 26,930.912 million (30 June 2019: Rs 28,608.883 million) representing the Company's share in the minimum work commitments under Petroleum Concession Agreements.
- 8.2.2 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 7,706.558 million (30 June 2019: Rs 6,689.964 million).
- 8.2.3 The Company's share of associate commitments for capital expenditure based on the financial information of the associate for the period ended 31 December 2019 was Rs 2,278 million (30 June 2019: Rs 2,615 million).

| | | Unaudited 31 December 2019 | Audited 30 June 2019 |
|---|-------------|--------------------------------------|----------------------------|
| 9 PROPERTY, PLANT AND EQUIPMENT | Note | ----- (Rupees '000) - - - - - | |
| Carrying amount at beginning of the period/year | | 117,787,033 | 124,063,611 |
| Additions during the period/year | 9.1 | 6,541,992 | 5,802,167 |
| Book value of disposals | | (8,850) | (92,712) |
| Depreciation charge for the period/year | | (5,941,411) | (11,960,597) |
| Revision in estimate of decommissioning cost during the period/year | | 1,087,532 | (25,436) |
| Carrying amount at end of the period/year | 9.2 | <u>119,466,296</u> | <u>117,787,033</u> |

Notes to the Interim Financial Statements [unaudited]

For Six Months ended 31 December 2019

| | Unaudited 31 December 2019 | Audited 30 June 2019 |
|---|----------------------------------|----------------------------|
| | ----- (Rupees '000) ----- | |
| 9.1 Addition during the period/year | | |
| Freehold land | 90 | - |
| Buildings, offices and roads on freehold land | 22,699 | 125,513 |
| Buildings, offices and roads on leasehold land | 67,112 | 588,048 |
| Plant and machinery | 3,963,333 | 3,764,323 |
| Rigs | 93,833 | 15,401 |
| Pipelines | 515,320 | 814,644 |
| Office and domestic equipment | 7,891 | 24,218 |
| Office and technical data computers | 14,443 | 240,292 |
| Furniture and fixture | 2,039 | 55,550 |
| Vehicles | 59,341 | 87,383 |
| Decommissioning cost | - | 21,157 |
| Capital work in progress (net) | 53,257 | (22,986) |
| Stores held for capital expenditure (net) | 1,742,634 | 88,624 |
| | <u>6,541,992</u> | <u>5,802,167</u> |
| 9.2 Property, plant and equipment comprises: | | |
| Operating fixed assets | 110,741,283 | 110,857,919 |
| Capital work in progress | 2,394,008 | 2,340,751 |
| Stores held for capital expenditure | 6,331,005 | 4,588,363 |
| | <u>119,466,296</u> | <u>117,787,033</u> |
| 10 DEVELOPMENT AND PRODUCTION ASSETS-INTANGIBLE | | |
| Carrying amount at beginning of the period/year | 91,958,684 | 94,403,553 |
| Additions during the period/year | 7,696,690 | 12,377,508 |
| Transferred from exploration and evaluation assets during the period/year | 5,452,473 | 1,290,779 |
| Amortization charge for the period/year | (6,644,045) | (17,947,440) |
| Revision in estimates of decommissioning cost during the period/year | 2,773,743 | 1,834,284 |
| | <u>101,237,545</u> | <u>91,958,684</u> |
| Stores held for development and production activities | 3,005,741 | - |
| Carrying amount at end of the period/year | <u>104,243,286</u> | <u>91,958,684</u> |
| 11 EXPLORATION AND EVALUATION ASSETS | | |
| Balance at beginning of the period/year | 15,129,892 | 6,329,728 |
| Additions during the period/year | 7,233,504 | 16,182,738 |
| | <u>22,363,396</u> | <u>22,512,466</u> |
| Cost of dry and abandoned wells during the period/year | (7,090,330) | (6,091,795) |
| Cost of wells transferred to development and production assets during the period/year | (5,452,473) | (1,290,779) |
| | <u>(12,542,803)</u> | <u>(7,382,574)</u> |
| | <u>9,820,593</u> | <u>15,129,892</u> |
| Stores held for exploration and evaluation activities | 1,454,323 | 86,932 |
| Balance at end of the period/year | <u>11,274,916</u> | <u>15,216,824</u> |

Notes to the Interim Financial Statements [unaudited]

For Six Months ended 31 December 2019

| | | Unaudited 31 December 2019 | Audited 30 June 2019 |
|---|------|----------------------------------|----------------------------|
| Note | | ----- (Rupees '000) ----- | |
| 12 LONG TERM INVESTMENTS | | | |
| Investment in related party - associate, quoted | | | |
| Mari Petroleum Company Limited (MPCL) | 12.1 | 15,626,111 | 12,724,599 |
| Investments at amortised cost | | | |
| Term Deposit Receipts (TDRs) | 12.2 | 11,896,270 | - |
| Treasury Bills (T-Bills) - Government of Pakistan | 12.3 | - | 10,209,629 |
| Investment in Term Finance Certificates (TFCs) | 12.4 | 119,229,800 | 113,731,544 |
| | | 131,126,070 | 123,941,173 |
| Less: Current portion shown under current assets | 12.5 | (119,292,629) | (113,770,186) |
| | | 11,833,441 | 10,170,987 |
| | | <u>27,459,552</u> | <u>22,895,586</u> |

12.1 MPCL is a listed company incorporated in Pakistan and is principally engaged in exploration, production and sale of hydrocarbons. The Company has 20% (30 June 2019: 20%) holding in the associate. During the period, MPCL issued 10% bonus shares i.e. 2,425,500 shares, increasing the total number of shares held by the Company to 26,680,500 shares (30 June 2019: 24,255,000 shares).

12.2 This represents investments in local currency TDRs and carry effective interest rate of 13.10% to 14% (30 June 2019: 6.7%) per annum. TDRs have maturities of one (1) to five (5) years, however, these have been classified as non-current assets based on management's intention to reinvest in the like investment for a longer term. These investments are earmarked against self insurance reserve as explained in note 4.2 to the interim financial statements.

12.3 This represents investment in T-Bills and carried effective yield of Nil (30 June 2019: 12.61%) per annum.

12.4 This represents investment in Privately Placed 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 PHPL, which is government owned entity and a related party. These TFCs were subscribed by the Company in order to settle its overdue receivables from oil refineries and gas companies. As per original terms of investor agreement between the Company and PHPL, 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 82,000 million (30 June 2019: Rs 71,750 million) was past due as at 31 December 2019. Further, interest due as of 31 December 2019 was Rs 37,230 million (30 June 2019: Rs 31,732 million) of which Rs 37,230 million (30 June 2019: Rs 28,723 million) was past due at the period end. 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. As of 31 December 2019, the Company expects to realise the TFCs in accordance with the original terms of the investor agreement and accordingly adjustments, if any, in these interim financial statements will be made on finalization of the matter. SECP

Notes to the Interim Financial Statements [unaudited]

For Six Months ended 31 December 2019

has exempted the applicability of Expected Credit Loss (ECL) model till June 2021 on financial assets due directly/ultimately from GoP.

- 12.5 Current portion includes Rs 62,829 million (30 June 2019: Rs Nil), Rs Nil (30 June 2019: Rs 38,642 million) and Rs 37,230 million (30 June 2019: Rs 31,732 million) representing accrued markup on TDRs, T-Bills and TFCs respectively.

| | Unaudited 31 December 2019 | Audited 30 June 2019 |
|---------------------------------|----------------------------------|----------------------------|
| | ----- (Rupees '000) ----- | |
| Un-secured, considered good | 288,496,855 | 242,741,558 |
| Un-secured, considered doubtful | 101,113 | 101,113 |
| | 288,597,968 | 242,842,671 |
| Provision for doubtful debts | (101,113) | (101,113) |
| Trade debts written off | - | (9,618) |
| | <u>288,496,855</u> | <u>242,731,940</u> |

- 13.1 Trade debts include overdue amount of Rs 244,142 million (30 June 2019: Rs 194,179 million) on account of Inter-Corporate circular debt, receivable from oil refineries and gas companies out of which Rs 119,476 million (30 June 2019: Rs 99,653 million) and Rs 94,457 million (30 June 2019: Rs 72,165 million) is mainly overdue from related parties, Sui Southern Gas Company Limited and Sui Northern Gas Pipeline Limited respectively. The Government of Pakistan (GoP) is committed, hence continuously pursuing for satisfactory settlement of Inter-Corporate Circular debt issue, however, the progress is slower than expected resulting in accumulation of Company's trade debts. The Company considers this amount to be fully recoverable because the Government of Pakistan has been assuming the responsibility to settle the Inter-corporate circular debt in the Energy sector. The Company recognizes interest/ surcharge, if any, on delayed payments from customers only to the extent that it is highly probable that a significant reversal in the amount of income recognized will not occur when the uncertainty associated with the interest/ surcharge is subsequently resolved, which is when the interest/ surcharge on delayed payments is received by the Company. SECP has exempted the applicability of ECL model till June 2021 on financial assets due directly/ ultimately from GoP.

- 13.2 Included in trade debts is an amount of Rs 5,416 million (30 June 2019: Rs 5,032 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.

14 LOANS AND ADVANCES

- 14.1 This includes an amount of Rs 3,180 million (30 June 2019: 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. In January 2017, UPL filed Civil Petition for Leave to Appeal (CPLA) against the Company and others, before the Honorable Supreme Court of Pakistan against the decision of IHC, which is currently pending. 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 these interim financial statements.

For Six Months ended 31 December 2019

- 14.2 This also includes recoveries of Rs 317 million (30 June 2019: Rs 317 million) made by the tax department during the year ended 30 June 2016, against Sales Tax and Federal Excise Duty (FED) demand of Rs 7,373 million (30 June 2019: Rs 7,373 million) relating to periods July 2011 to June 2015. The Honorable Appellate Tribunal Inland Revenue (ATIR) has accepted the Company's 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 respectively, passed by the tax authorities being void ab-initio and without jurisdiction respectively. The Commissioner Inland Revenue (CIR) has filed sales tax reference before Islamabad High Court (IHC) against judgments of ATIR for the period 2012-13 and 2013-14 on 09 February 2018, however, sales tax reference has not been filed by CIRA for the period 2011-12. The Company has filed appeal before ATIR against the order of Commissioner of Inland Revenue Appeals (CIRA) for the period 2014-15 on 7 September 2018, which is currently pending before ATIR and the ATIR vide order dated 10 February 2020 has granted stay against recovery till 13 March 2020. These demands were raised by tax authorities due to difference between computation of sales/ production reported by the Company in its sales tax return and sales/ production based on other sources of data. The Company believes that these demands were raised without legal validity and will be decided by IHC and ATIR in its favour as already decided by ATIR for the years 2011-2014.

| | | Unaudited 31 December 2019 | Audited 30 June 2019 |
|----|--|----------------------------------|----------------------------|
| 15 | INCOME TAX-ADVANCE | Note | ----- (Rupees '000) ----- |
| | Income tax- advance at beginning of the period/year | 20,027,510 | 37,278,361 |
| | Income tax paid during the period/year | 23,247,680 | 41,649,854 |
| | Provision for current taxation - profit or loss | (25,335,177) | (54,621,860) |
| | Tax charge related to remeasurement gain/loss on employee retirement benefit plans for the period/ year - other comprehensive income | - | (4,278,845) |
| | Income tax - advance at end of the period/ year | 15.1 to 15.3 <u>17,940,013</u> | <u>20,027,510</u> |

- 15.1 This includes amount of Rs 21,785 million (30 June 2019: Rs 21,785 million) paid to tax authorities on account of disallowance of actuarial loss amounting to Rs 43,134 million which the Company claimed in its return for the tax years 2014 to 2018. 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 appeals against the orders of CIRA in Appellate Tribunal Inland Revenue (ATIR) for tax years 2014, 2016, 2017 and 2018 on 8 January 2016, 05 January 2018, 21 August 2019 and 12 February 2020 respectively, which are currently pending. For tax year 2015 ATIR has remanded the matter back to CIRA vide its order dated 06 January 2020, which is currently pending with CIRA. 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.

- 15.2 During the year ended 30 June 2014, tax authorities raised demands of Rs 13,370 million (30 June 2019: 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 2019: Rs 5,372 million) from the Company upto 31 December 2019. 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 vide order dated 17 February 2016, set aside the order of ATIR and remanded the case back to ATIR with the instructions to pass a speaking order. The case is currently pending before ATIR. Further, IHC vide order dated 14 January 2019 directed ATIR to decide the appeal expeditiously and until seven days after the decision on the Company's appeal, the tax department is restrained from adopting coercive measures for the recovery of the disputed tax liability in the event the appeal is dismissed. Management and its legal advisor are of the view that the price discount is not the 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.

- 15.3 Income tax advance includes Rs 2,105 million (30 June 2019: Rs 4,388 million) mainly on account of disallowances

Notes to the Interim Financial Statements [unaudited]

For Six Months ended 31 December 2019

made by the Additional Commissioner Inland Revenue (ACIR) in respect of decommissioning cost for tax year 2015 and workers' profit participation fund expense for tax year 2018 claimed by the Company in its return of income for the respective tax years. The Company filed appeal against the said disallowances with ATIR on 08 June 2017 for tax year 2015 and the case has been remanded back to CIRA vide ATIR's order dated 06 January 2020. For tax year 2018, the Company has filed an appeal against the order of CIRA in ATIR on 12 February 2020, which is currently pending. Management believes that these disallowances are against income tax laws and regulations and accordingly no provision has been made in this respect in these interim financial statements.

| | | Unaudited 31 December 2019 | Audited 30 June 2019 |
|---|------|----------------------------------|----------------------------|
| 16 OTHER FINANCIAL ASSETS | Note | ----- (Rupees '000) ----- | |
| Investment in Term Deposit Receipts (TDRs) | 16.1 | 51,420,801 | 48,255,619 |
| Investment in Treasury Bills (T-Bills) - Government of Pakistan | | - | 26,223,825 |
| Investment at fair value through profit or loss - NIT units | | 288,309 | 246,992 |
| | | <u>51,709,110</u> | <u>74,726,436</u> |

- 16.1** This represent foreign currency TDRs amounting to USD 332.092 million (30 June 2019: USD 296.485 million), and accrued interest amounting to USD 0.406 million (30 June 2019: USD 0.656 million), carrying interest rate ranging from 3.51% to 5.25% (30 June 2019: 4.00% to 7.55%) per annum, having maturities up to six months (30 June 2019: six months).

| | Three months ended 31 December | | Six months ended 31 December | |
|--|--------------------------------|--------------------|------------------------------|---------------------|
| | 2019 | 2018 | 2019 | 2018 |
| 17 SALES - net | ----- (Rupees '000) ----- | | | |
| Gross sales | | | | |
| Crude oil | 29,910,270 | 29,487,491 | 58,303,638 | 58,622,251 |
| Gas | 39,757,282 | 37,736,740 | 82,365,987 | 72,680,670 |
| Liquefied petroleum gas | 6,206,394 | 6,304,653 | 10,810,717 | 12,739,002 |
| Sulphur | 196,588 | 176,425 | 201,057 | 246,725 |
| Gas processing | 30,868 | 27,840 | 61,146 | 51,190 |
| | <u>76,101,402</u> | <u>73,733,149</u> | <u>151,742,545</u> | <u>144,339,838</u> |
| Government levies | | | | |
| General sales tax | (6,938,218) | (6,597,513) | (13,962,555) | (12,821,176) |
| Gas Infrastructure Development Cess (GIDC) | (904,720) | (952,905) | (2,311,133) | (2,418,480) |
| Petroleum Levy | (337,726) | (349,856) | (635,106) | (686,509) |
| Excise duty | (683,459) | (734,303) | (1,392,483) | (1,515,912) |
| | <u>(8,864,123)</u> | <u>(8,634,577)</u> | <u>(18,301,277)</u> | <u>(17,442,077)</u> |
| | <u>67,237,279</u> | <u>65,098,572</u> | <u>133,441,268</u> | <u>126,897,761</u> |

- 17.1** Gas sales include sales from Uch II and Nur-Bagla fields invoiced on provisional prices. Effect of adjustments arising from finalisation of sale price will be recognised in the period when the prices are approved by the relevant government authorities.
- 17.2** 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.
- 17.3** In respect of six of its operated concessions, namely, Gurgalot, Sinjhor, 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

For Six Months ended 31 December 2019

interest owners wherein the Company's working interest is 27.7632% signed the Supplemental Agreement (SA) dated 28 August 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 been notifying the revised wellhead prices in accordance with the Tal block SA for the period from the commencement of production of the respective discoveries. Accordingly, the financial impacts of the price revision were duly accounted for in the financial statements for the years ended 30 June 2016, 30 June 2017 and 30 June 2018 on completion of the process laid down in the law and in line with the Company's accounting policy.

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) dated 24 November 2017. 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 03 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.

The Company along with other Joint Venture Partners has challenged the applicability of WLO against the backdrop of supplemental agreements already executed pursuant to PP 2012 in the Honorable Islamabad High Court which has granted stay order till next date of hearing against the CCI decision dated 24 November 2017 on imposition of WLO. As mentioned above, the Company on the advice of its legal counsel is confident that it has sound grounds to defend the aforesaid issue in the Court and that the issue will be decided in favour of the Company.

The cumulative past benefit accrued and recorded in these financial statements by the Company upto 23 November 2017 in the form of revenue and profit after tax is Rs 8,550 million and Rs 4,426 million, respectively. However, without prejudice to the Company's stance in the court case and as a matter of prudence, revenue of Rs 9,972 million (30 June 2019: Rs 7,695 million) related to gas price incentive against the supplemental agreements has been set aside on a point forward basis effective 24 November 2017 (the date of decision of CCI).

| | Three months ended 31 December | | Six months ended 31 December | |
|--|----------------------------------|------------------|------------------------------|-------------------|
| | 2019 | 2018 | 2019 | 2018 |
| 18 OTHER INCOME | ----- (Rupees '000) ----- | | | |
| Interest income | 5,700,941 | 3,788,543 | 9,794,972 | 6,738,403 |
| Dividend income from NIT units | - | - | 7,037 | 10,579 |
| Un-realized gain/ (loss) on investments at fair value through profit or loss | 66,788 | (25,834) | 41,317 | (47,491) |
| Exchange (loss)/ gain - net | (984,854) | 3,624,753 | (2,636,838) | 4,479,586 |
| Signature bonus | 27,809 | 167,378 | 62,067 | 385,658 |
| Liquidated damages / penalty imposed on suppliers | 129,639 | 16,448 | 406,168 | 77,675 |
| Others | 142,122 | 181,072 | 252,290 | 206,093 |
| | <u>5,082,445</u> | <u>7,752,360</u> | <u>7,927,013</u> | <u>11,850,503</u> |

Notes to the Interim Financial Statements [unaudited]

For Six Months ended 31 December 2019

| | Three months ended 31 December | | Six months ended 31 December | |
|----------------------------------|--------------------------------|-------------------|------------------------------|-------------------|
| | 2019 | 2018 | 2019 | 2018 |
| | ----- (Rupees '000) ----- | | | |
| 19 TAXATION | | | | |
| Current - charge for the period | 11,979,920 | 14,914,760 | 25,335,177 | 28,373,156 |
| Deferred - charge for the period | 1,299,693 | 439,691 | 316,451 | (390,238) |
| | <u>13,279,613</u> | <u>15,354,451</u> | <u>25,651,628</u> | <u>27,982,918</u> |

- 19.1 Various appeals in respect of assessment years 1992-93 to 2002-03, tax years 2003 to 2018 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 2003-2018 amounts to Rs 99,302 million out of which an amount of Rs 95,961 million has been paid to tax authorities and has also been provided for in these interim financial statements. Also refer to note 15.1 to 15.3 of the interim financial statements.

| | Three months ended 31 December | | Six months ended 31 December | |
|---|--------------------------------|------------|------------------------------|------------|
| | 2019 | 2018 | 2019 | 2018 |
| 20 EARNINGS PER SHARE-BASIC AND DILUTED | | | | |
| Profit for the period (Rupees '000) | 25,868,094 | 30,021,361 | 53,184,444 | 56,756,358 |
| Average number of shares outstanding during the period ('000) | 4,300,928 | 4,300,928 | 4,300,928 | 4,300,928 |
| Earnings per share-basic (Rupees) | 6.01 | 6.98 | 12.37 | 13.20 |

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

| | Unaudited 31 December 2019 | Unaudited 31 December 2018 |
|--------------------------------------|----------------------------------|----------------------------------|
| 21 Cash and Cash Equivalents | ----- (Rupees '000) ----- | |
| Cash and bank balances | 12,160,254 | 11,629,150 |
| Short term highly liquid investments | | |
| Investment in Term Deposit Receipts | 51,420,801 | 32,061,536 |
| Investment in Treasury Bills | - | 44,571,380 |
| | <u>51,420,801</u> | <u>76,632,916</u> |
| | <u>63,581,055</u> | <u>88,262,066</u> |

22 FAIR VALUE HIERARCHY

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the Interim Financial Statements [unaudited]

For Six Months ended 31 December 2019

The Company held the following financial assets at fair value:

| | Level 1 | Level 2 | Level 3 |
|--|-----------------------------------|---------|---------|
| | - - - - - (Rupees '000) - - - - - | | |

31 December 2019

Financial assets measured at fair value

| | | | |
|------------------------------------|---------|---|---|
| Other financial assets - NIT units | 288,309 | - | - |
|------------------------------------|---------|---|---|

30 June 2019

Financial assets measured at fair value

| | | | |
|------------------------------------|---------|---|---|
| Other financial assets - NIT units | 246,992 | - | - |
|------------------------------------|---------|---|---|

23 RELATED PARTIES TRANSACTIONS

Government of Pakistan owns 74.97% (30 June 2019: 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 these interim financial statements. Transactions of the Company with related parties and balances outstanding at period end are as follows:

| | Six months ended 31 December | |
|--|-----------------------------------|------|
| | 2019 | 2018 |
| | - - - - - (Rupees '000) - - - - - | |

MPCL- Associated company (20% share holding of the Company)

| | | |
|--|-----------|-----------|
| Share of profit in associate - net of taxation | 2,949,618 | 2,211,624 |
| Dividend received | 48,106 | 54,666 |
| Expenditure charged by Joint Venture (JV) partner- net | 76,990 | 514,499 |
| Cash calls received from/(paid to) JV partner- net | 202,292 | (269,720) |
| Share (various fields) receivable | 99,757 | - |
| Share (various fields) payable | 198,191 | 242,076 |

Major shareholders

Government of Pakistan (74.97% share holding)

| | | |
|--|------------|------------|
| Dividend paid | 14,510,401 | 15,235,921 |
| Dividend paid - Privatization Commission of Pakistan | 1,612,304 | 1,692,920 |

OGDCL Employees' Empowerment Trust (OEET) (10.05% share holding)

| | | |
|------------------|------------|------------|
| Dividend payable | 24,270,743 | 19,624,711 |
|------------------|------------|------------|

Related parties by virtue of GoP holdings and /or common directorship

Sui Northern Gas Pipelines Limited

| | | |
|-------------------------------|-------------|------------|
| Sale of natural gas | 35,274,305 | 30,900,933 |
| Trade debts as at 31 December | 106,034,375 | 66,070,793 |

Notes to the Interim Financial Statements [unaudited]

For Six Months ended 31 December 2019

| | Six months ended 31 December | |
|--|------------------------------|------------|
| | 2019 | 2018 |
| | ----- (Rupees '000) ----- | |
| Pakistan State Oil Company Limited | | |
| Sale of liquefied petroleum gas | 452,070 | 729,119 |
| Purchase of petroleum, oil and lubricants | 2,602,260 | 2,308,380 |
| Trade debts as at 31 December | - | 1,867 |
| Payable as at 31 December | 25,613 | 2,700 |
| Pakistan Petroleum Limited | | |
| Expenditure charged (by)/to JV partner- net | 431,933 | 870,915 |
| Cash calls (paid to)/received from JV partner- net | (1,124,540) | 767,287 |
| Share (various fields) receivable | 1,842,713 | - |
| Share (various fields) payable | 2,411,178 | 1,565,005 |
| Pak Arab Refinery Company Limited | | |
| Sale of crude oil | 8,212,593 | 6,997,596 |
| Trade debts as at 31 December | 3,313,125 | 2,340,572 |
| PARCO Pearl Gas (Private) Limited | | |
| Sale of liquefied petroleum gas | 141,323 | 214,400 |
| Pakistan Refinery Limited | | |
| Sale of crude oil | 3,485,256 | 3,786,119 |
| Trade debts as at 31 December | 2,103,779 | 1,733,447 |
| Engro Fertilizers Limited | | |
| Sale of natural gas | 764,626 | - |
| Trade debts as at 31 December | 1,161,006 | - |
| State Bank of Pakistan | | |
| Balance of investment in Treasury Bills as at 31 December | - | 54,263,444 |
| Interest earned on Treasury Bills | 2,375,618 | 2,013,010 |
| Habib Bank Limited | | |
| Balance at bank as at 31 December | 3,472,842 | - |
| Balance of investment in TDRs as at 31 December | 1,842,629 | - |
| Interest earned during the period | 86,070 | - |
| Related parties by virtue of GoP holdings | | |
| Government Holdings (Private) Limited (GHPL) | | |
| Payable as at 31 December | 603,637 | 214,026 |
| Expenditure charged to JV partner | 2,465,994 | 1,670,821 |
| Cash calls received from JV partner | 2,180,944 | 1,720,111 |
| GHPL share (various fields) receivable | 1,756,392 | 1,926,786 |
| GHPL share (various fields) payable | 52,747 | 2,417 |
| National Investment Trust | | |
| Investment as at 31 December | 288,309 | 287,809 |
| Dividend received | 7,037 | 10,579 |
| Power Holding (private) Limited (PHPL) | | |
| Markup earned | 5,708,256 | 3,501,670 |
| Balance of investment in TFCs receivable not yet due as at 31 December | - | 20,500,000 |
| Balance of past due principal repayment on TFCs as at 31 December | 82,000,000 | 61,500,000 |
| Balance of markup receivable on TFCs not yet due as at 31 December | - | 2,310,153 |
| Balance of past due markup receivable on TFCs as at 31 December | 37,229,800 | 25,212,933 |

Notes to the Interim Financial Statements [unaudited]

For Six Months ended 31 December 2019

RELATED PARTIES TRANSACTIONS - Continued

Six months ended 31 December

2019 2018

----- (Rupees '000) -----

Sui Southern Gas Company Limited

| | | |
|---------------------------------|-------------|------------|
| Sale of natural gas | 28,662,840 | 25,802,293 |
| Sale of liquefied petroleum gas | 215,784 | 52,895 |
| Pipeline rental charges | 18,330 | 18,330 |
| Trade debts as at 31 December | 129,114,367 | 90,876,978 |

Sui Southern Gas Company LPG (Pvt) Limited

| | | |
|---------------------------------|---------|---------|
| Sale of liquified petroleum gas | 290,584 | 466,048 |
|---------------------------------|---------|---------|

National Bank of Pakistan

| | | |
|---|------------|-----------|
| Balance at bank as at 31 December | 616,045 | 1,292,049 |
| Balance of investment in TDRs as at 31 December | 11,585,116 | - |
| Interest earned during the period | 81,067 | 20,330 |

National Insurance Company Limited

| | | |
|---------------------------|---------|---------|
| Insurance premium paid | 468,205 | 522,628 |
| Payable as at 31 December | 164 | - |

National Logistic Cell

| | | |
|-----------------------------------|---------|---------|
| Crude transportation charges paid | 891,022 | 700,153 |
| Payable as at 31 December | 700,270 | 763,726 |

Enar Petrotech Services Limited

| | | |
|---------------------------|-------|--------|
| Consultancy services | 8,796 | 22,158 |
| Payable as at 31 December | - | 1,700 |

Enar Petroleum Refining Facility

| | | |
|-------------------------------|-----------|-----------|
| Sale of crude oil | 8,694,916 | 6,909,800 |
| Trade debts as at 31 December | 2,761,106 | 1,473,926 |

Other related parties

| | | |
|---|-----------|-----------|
| Contribution to pension fund | 1,220,644 | 3,972,564 |
| Contribution to gratuity fund | 515,835 | - |
| Remuneration including benefits and perquisites of key management personnel | 370,087 | 302,173 |

24 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 2019.

25 NON ADJUSTING EVENT AFTER REPORTING DATE

The Board of Directors approved interim cash dividend at the rate of Rs 1.75 per share amounting to 7,527 million in its meeting held on 26 February 2020 .

26 DATE OF AUTHORIZATION FOR ISSUE

These interim financial statements were authorized for issue on 26 February 2020 by the Board of Directors of the Company.

27 GENERAL

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



Chief Financial Officer



Chief Executive



Director

اظہار تشکر

بورڈ آف ڈائریکٹرز تمام شراکت داروں کی مسلسل حمایت اور تعاون پر ان کو پر خراج تحسین پیش کرتا ہے جس نے نہ صرف کاروباری چیلنجز کا سامنا کرنے بلکہ نئی ترقیاتی سرگرمیوں کو جاری رکھنے میں ہمیشہ بنیادی کردار ادا کیا ہے۔ بورڈ، کمپنی کے ملازمین کی جانب سے ہر سطح پر انجام دی جانے والی ان مخلصانہ کوششوں کو بھی ریکارڈ پر لانا چاہتا ہے جو انہوں نے OGDCL کی ترقی کو یقینی بنانے کے لئے محفوظ اور ذمہ دار انداز میں سرانجام دی ہیں۔

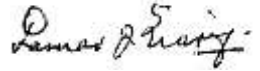
بورڈ کی جانب سے



(جناب شاہد سلیم خان)

منیجنگ ڈائریکٹر/CEO

26 فروری 2020



(ڈاکٹر قمر جاوید شریف)

چیئرمین

| پہلی ششماہی 2018-19 | پہلی ششماہی 2019-20 | پیمائش کی اکائیاں | مصنوعات |
|---------------------|---------------------|-------------------|---------|
| 40,846 | 38,084 | ہیڑلڑیومیہ | خام تیل |
| 990 | 910 | MMcf یومیہ | گیس |
| 798 | 747 | ٹن یومیہ | LPG |
| 61 | 54 | ٹنڈیومیہ | سلفر |

مالیاتی نتائج

OGDCL نے 31 دسمبر 2019 کو اختتام پذیر ہونے والے نصف سال کے دوران خام تیل کی پیداوار اور بین الاقوامی قیمت میں کمی کے باوجود 133.441 ارب روپے (126.898 ارب روپے: 1H 2018-19) کی آمدن حاصل کی۔ خام تیل کی اوسط باسکٹ قیمت چھ ماہ میں 61.93 امریکی ڈالر فی بیرل پر پہنچ گئی (72.34 امریکی ڈالر فی بیرل: 1H 2018-19) جس کے نتیجے میں اوسط حاصل شدہ قیمت 54.11 امریکی ڈالر فی بیرل ریکارڈ کی گئی (امریکی ڈالر فی بیرل: 1H 2018-19)۔ علاوہ ازیں، ایل پی جی کی اوسط حاصل شدہ قیمت میں بھی کمی واقع ہوئی جو کہ زیر جائزہ مدت میں 63,174 روپے فی ٹن تھی (69,295 روپے فی ٹن: 1H 2018-19)۔ جبکہ سال کی پہلی ششماہی میں گیس کی اوسط حاصل شدہ قیمت میں اضافے 396.01 روپے فی Mcf (317.33 روپے فی Mcf: 1H 2018-19) اور بہتر شرح مبادلہ 156.99 روپے فی امریکی ڈالر (129.92 روپے فی امریکی ڈالر: 1H 2018-19) نے کاروباری آمدن کو جزوی تقویت بخشی۔

تاہم، کمپنی کی مالیاتی کارکردگی تیل و گیس کی تلاش کے اخراجات میں اضافے (گزشتہ عرصے میں ایک (1) کنویں کے مقابلے میں پانچ (5) کنویں خشک اور متروک قرار دیئے گئے) اور دیگر آمدنی میں کمی (غیر ملکی کرنسی میں سرمایہ کاری کی تشخیص پر تبادلہ نقصان) کی وجہ سے متاثر ہوئی۔ مجموعی طور پر، کمپنی نے 53.184 ارب روپے بعد از ٹیکس منافع (56.756 ارب روپے: 1H 2018-19) درج کیا جو کہ 12.37 روپے فی حصے کی آمدنی پر منتج ہوا (13.20 روپے: 1H 2018-19)۔

منافع منقسمہ

بورڈ نے 30 جون 2020 کو اختتام پذیر ہونے والے مالی سال کے لئے دوسرے عبوری نقد منافع منقسمہ 1.75 روپے فی شیئر (فیصد 17.5) کا اعلان کیا ہے۔ یہ منافع منقسمہ رواں مالی سال کے دوران پہلے اعلان کردہ منافع منقسمہ 2.50 روپے فی شیئر (فیصد 25.0) کے علاوہ ہے۔

ترقیاتی منصوبہ جات

| منصوبے کا نام | منصوبے کا محل وقوع | عملی مفاد | تاریخ تکمیل | حالیہ صورتحال |
|-----------------|------------------------|--|-------------|---|
| نشا کپریشن | کرک، خیبر پختون خواہ | OGDCL 56.45% PPL 28.55% GHPL 15.00% | جولائی 2020 | ڈیزائن کا جائزہ اور HAZOP اسٹڈی کا کام مکمل ہو چکا ہے جبکہ EPCC کنٹریکٹر کی جانب سے سائٹ پر ترقیاتی کام جاری ہے۔ |
| میلہ | کوہاٹ، خیبر پختون خواہ | OGDCL 56.45% PPL 28.55% GHPL 15.00% | فروری 2020 | پراجیکٹ سائٹ پر پری کمیشننگ سرگرمیوں کا آغاز ہو چکا ہے جبکہ LPG کی پیداوار کے حصول کیلئے نسا پلانٹ تک گیس پائپ لائن بچھانے کا کام مکمل ہونے کے قریب ہے۔ |
| قادر پور کپریشن | گھوٹکی، سندھ | OGDCL 75.00% PPL 7.00% KUFPEC 8.50% PKPEL 4.75% PKPEL2 4.75% | جون 2021 | ٹرائل کی اپ گریڈیشن کا ٹھیکہ فائل ہو چکا ہے جبکہ کپریشنرز کی خریداری اور PC کنٹریکٹر کو مقرر کرنے کے لئے بالترتیب مالیاتی اور تکنیکی تجزیہ جاری ہے۔ |
| اوچ کپریشن | ڈیرہ بگٹی، بلوچستان | OGDCL 100% | جون 2022 | انجینئرنگ / FEED کا بنیادی کام مکمل کیا جا چکا ہے جبکہ ENAR کنسلٹنٹ کی جانب سے تیار کردہ ٹینڈر دستاویزات کا جائزہ لیا جا رہا ہے۔ |

پیداوار

OGDCL اپنی پیداواری حکمت عملی کی روشنی میں تیل و گیس کی پیداوار کو برقرار رکھنے اور مزید بہتر بنانے کے لئے تمام تر کوششیں کر رہی ہے۔ اس حوالے سے، چھ ماہ کے دوران کمپنی کی پیداوار ملک میں تیل، گیس اور ایل پی جی کی کل پیداوار کا بالترتیب 46 فی صد، 28 فی صد اور 32 فی صد ہے (ماخذ: PPIS)۔ کمپنی کی ہائیڈروکاربن کی پیداوار گزشتہ عرصہ کے مقابلے میں راجیان، لاشاری سنٹر، نسا، پنجوڑ اور قادر پور فیلڈز پر قدرتی کمی اور ٹنڈو عالم، نسا اور KPD فیلڈز پر مکینیکل مسائل کے باعث متاثر ہوئی۔ علاوہ ازیں، اوچ-II اور قادر پور فیلڈز سے بالترتیب UPL-II اور بغیر منصوبہ بندی کے ATA اور اینگرو باج نمبر اور دسمبر 2019 کے دوران واپڈا کی جانب سے طلب کی کمی کی وجہ سے بھی گیس کی پیداوار متاثر ہوئی۔ مزید برآں، NJV فیلڈز سے پیداوار میں کمی نے بھی ہائیڈروکاربن کی پیداوار کو متاثر کیا۔

OGDCL نے زیر جائزہ مدت کے دوران، سات (7) کنویں بنام قادر پور-61، پٹانی ڈیپ-5 & 4، نسا-9، قادر پور ڈیپ-1، X-TAY North-1 اور اُچ-17A کو پیداواری نظام میں شامل کیا، جس سے 48,255 بیرلز تیل اور 2,483MMcf گیس کی مجموعی پیداوار حاصل ہونے کے ساتھ ساتھ پیداوار کی کمی کو بھی جزوی تقویت ملی۔ جبکہ پٹانی-5 پر Electrical Submersible Pump کی تنصیب نے پیداوار پر 52,850 بیرلز کا مثبت اثر ڈالا۔ OGDCL کی اوسط پومیہ قطعی قابل فروخت پیداوار کی تفصیل درج ذیل ہے:

ڈائریکٹرز کا عبوری جائزہ

آئل اینڈ گیس ڈویلپمنٹ کمپنی لمیٹڈ (OGDCL) کے بورڈ آف ڈائریکٹرز 31 دسمبر 2019 کو مکمل ہونے والی ششماہی میں کمپنی کی آپریشنل اور مالیاتی کارکردگی اور عبوری مالیاتی معلومات کا مختصر جائزہ پیش کرتے ہوئے مسرت کا اظہار کرتے ہیں۔

تیل اور گیس کی تلاش اور ترقیاتی سرگرمیاں

پاکستان کے E&P شعبے میں مارکیٹ لیڈر ہونے کے ناطے OGDCL ملک میں تلاش کا سب سے بڑا رقبہ رکھتی ہے جو کہ 31 دسمبر 2019 کو 82,239 مربع کلومیٹر تھا اور یہ رقبہ ملک کے زیر تلاش رقبے کا 37 فیصد ہے (ماخذ: PPIS)۔ کمپنی کے تیل و گیس کے اثاثہ جات پینتالیس (45) کل ملکیتی اور مشترکہ بلاکس کے اجازت ناموں پر مشتمل ہیں۔ علاوہ ازیں، دیگر E&P کمپنیوں کے زیر انتظام چھ (6) تشخیصی بلاکس میں کمپنی کے عملی مفادات (working interests) بھی شامل ہیں۔

OGDCL نے زیر جائزہ مدت کے دوران، اپنے زیر انتظام بلاکس میں تیل و گیس کے ذخائر تلاش کرنے اور پیداوار کو بڑھوتری دینے کے لیے 1,503 لائن کلومیٹر 2D سیمک ڈیٹا حاصل کیا جو کہ گذشتہ مدت کے دوران 584 لائن کلومیٹر 2D اور 394 مربع کلومیٹر 3D تھا۔ مذکورہ حاصل کردہ 2D سیمک ڈیٹا ملک میں کل حاصل کردہ سیمک ڈیٹا کا 79 فیصد ہے (ماخذ: PPIS)۔ مزید برآں، کمپنی نے زیر جائزہ مدت کے دوران 1,623 لائن کلومیٹر 2D اور 1,169 مربع کلومیٹر 3D سیمک ڈیٹا کو اپنے ذرائع سے پرائس/ری پرائس بھی کیا۔

مذکورہ بالا کے علاوہ، OGDCL نے زیر جائزہ مدت کے دوران بارہ (12) کنوؤں پر کھدائی کا کام کیا (6 کنوئیں: 1H 2018-19) جن میں سات (7) تشخیصی/آزمائشی کنوئیں بنام رگن واری-1، ڈھوک حسین نارتھ-1، ولی-1، میتلو-1، کنیار-1، KUC-1 اور Zin SML-4، تین (3) ترقیاتی کنوئیں بنام تھوڑا ڈیپ-3، راجیان-11 اور نچا-10 اور دو (2) ری انٹری (Re-entry) کے کنوئیں بنام سیاب-1 اور قادر پور-14 شامل ہیں۔ مزید برآں، گزشتہ مالی سالوں سے بارہ (12) کنوؤں پر جاری کھدائی اور جانچ کے عمل کو بھی مکمل کیا گیا، جبکہ چھ ماہ کے عرصے میں 28,043 میٹر (30,075 میٹر: 1H 2018-19) کی کھدائی ریکارڈ کی گئی۔

تیل و گیس کی دریافتیں

ہائیڈروکاربن کے ذخائر کی تلاش کی کوششوں کی بدولت زیر جائزہ مدت کے دوران صوبہ سندھ کے ضلع ساگھڑ میں پاندھی-1 اور صوبہ خیبر پختونخواہ کے ضلع کوہاٹ میں توخ-1 اور چندا-5 کے نام سے تین (3) نئی تیل و گیس کی دریافتیں کیں۔ مذکورہ دریافتوں سے ممکنہ مجموعی یومیہ پیداوار 22 MMcf گیس اور 836 بیرلز تیل ہے۔ ابتدائی مجموعی ذخائر کا 2P کی بنیاد پر تخمینہ 42.26 ملین کیوبک فٹ گیس اور 1.50 ملین بیرلز تیل ہے جو کہ مشترکہ طور پر 9.37 ملین بیرلز تیل کے مساوی (MMBOEs) ہے۔