

# SUSTAINABILITY & GROWTH

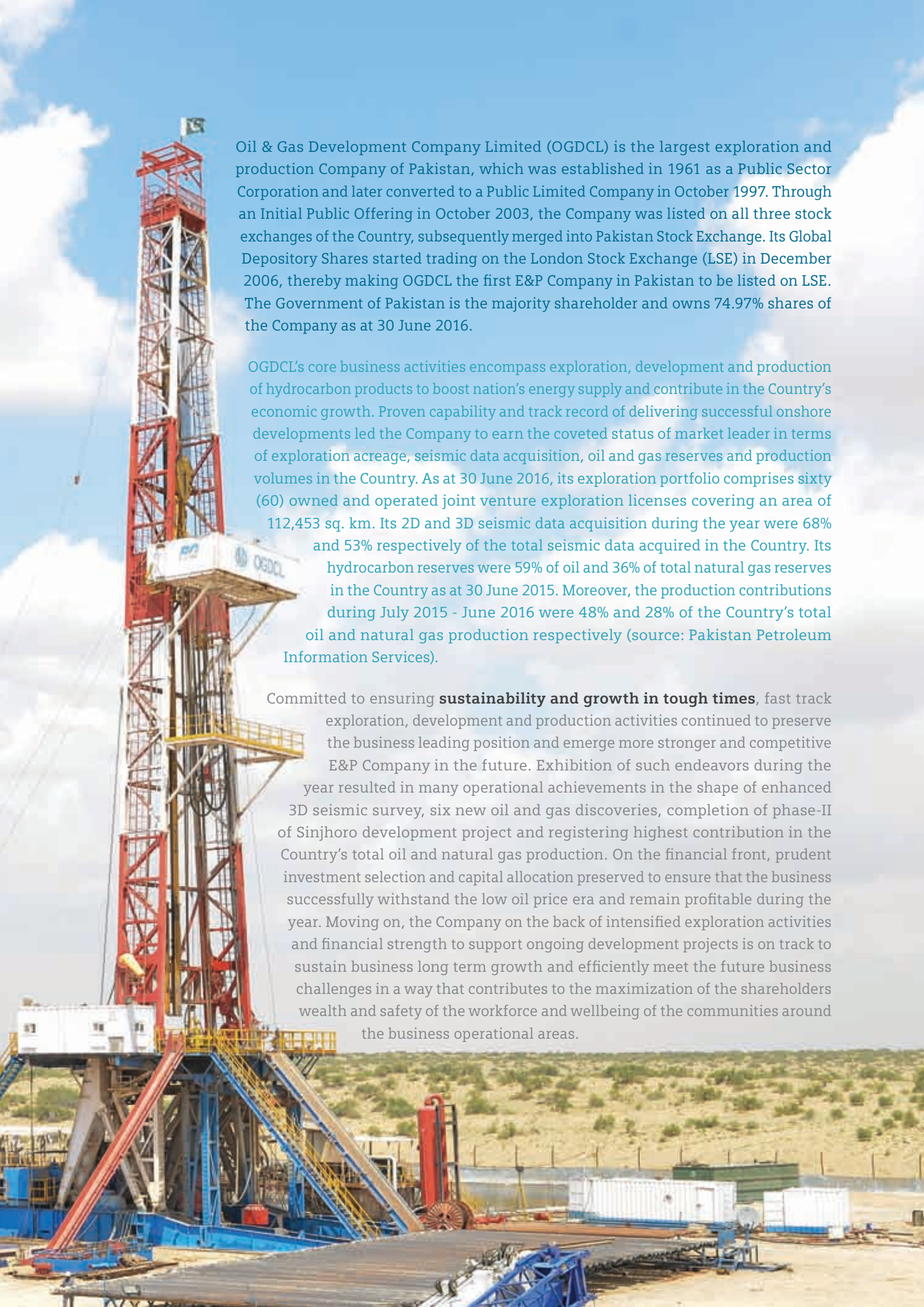
IN TOUGH TIMES



Oil & Gas Development Company Limited

Annual Report **2016**





Oil & Gas Development Company Limited (OGDCL) is the largest exploration and production Company of Pakistan, which was established in 1961 as a Public Sector Corporation and later converted to a Public Limited Company in October 1997. Through an Initial Public Offering in October 2003, the Company was listed on all three stock exchanges of the Country, subsequently merged into Pakistan Stock Exchange. Its Global Depository Shares started trading on the London Stock Exchange (LSE) in December 2006, thereby making OGDCL the first E&P Company in Pakistan to be listed on LSE. The Government of Pakistan is the majority shareholder and owns 74.97% shares of the Company as at 30 June 2016.

OGDCL's core business activities encompass exploration, development and production of hydrocarbon products to boost nation's energy supply and contribute in the Country's economic growth. Proven capability and track record of delivering successful onshore developments led the Company to earn the coveted status of market leader in terms of exploration acreage, seismic data acquisition, oil and gas reserves and production volumes in the Country. As at 30 June 2016, its exploration portfolio comprises sixty (60) owned and operated joint venture exploration licenses covering an area of 112,453 sq. km. Its 2D and 3D seismic data acquisition during the year were 68% and 53% respectively of the total seismic data acquired in the Country. Its hydrocarbon reserves were 59% of oil and 36% of total natural gas reserves in the Country as at 30 June 2015. Moreover, the production contributions during July 2015 - June 2016 were 48% and 28% of the Country's total oil and natural gas production respectively (source: Pakistan Petroleum Information Services).

Committed to ensuring **sustainability and growth in tough times**, fast track exploration, development and production activities continued to preserve the business leading position and emerge more stronger and competitive E&P Company in the future. Exhibition of such endeavors during the year resulted in many operational achievements in the shape of enhanced 3D seismic survey, six new oil and gas discoveries, completion of phase-II of Sinjhora development project and registering highest contribution in the Country's total oil and natural gas production. On the financial front, prudent investment selection and capital allocation preserved to ensure that the business successfully withstand the low oil price era and remain profitable during the year. Moving on, the Company on the back of intensified exploration activities and financial strength to support ongoing development projects is on track to sustain business long term growth and efficiently meet the future business challenges in a way that contributes to the maximization of the shareholders wealth and safety of the workforce and wellbeing of the communities around the business operational areas.

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# Geographical Presence

As of 30 June 2016, OGDCL's Exploration Licenses (ELs) and Development and Production Leases (D&PLs) constitute sixty (60) and sixty nine (69) owned and operated joint venture ELs and D&PLs respectively. Being the leading exploration and production Company of Pakistan, its exploration and leases portfolio spread across all four (4) provinces of the Country. Moreover, its ELs covered an area of 112,453 sq. km, representing 31% of the Country's total area under exploration (source: Pakistan Petroleum Information Services), is the largest exploration acreage held by any E&P Company in Pakistan. Adding to this strength, it also holds working interest in six (6) exploratory blocks and thirty four (34) leases operated by other exploration and production companies.

Province/area wise breakdown of OGDCL's ELs and D&PLs in numbers is shown on the following Pakistan's map:

## Exploration Acreage – Operated ELs

# 112,453 sq. km

(31% of the Country's total area under exploration)





# Product Portfolio

OGDCL in an endeavor to meet growing energy demands and contribute in the economic growth of the Country is making all out efforts to maintain and augment the current production levels of crude oil, gas, LPG and sulphur. Pursuit to this ambition during the reporting period led the Company to make largest contribution of around 48% and 28% in the Country's total oil and natural gas production respectively, which in addition to generating operational cash flows also continues to render significant foreign exchange savings as import substitution. During the period under review, Company's major fields contributing in the aforesaid production of crude oil include Nashpa, Kunnar/KPD, Pasakhi, Sinjhora and Rajian and for gas include Qadirpur, Uch, KPD, Nashpa and Dakhni.

## Crude Oil



40,609

Barrels per day

## Gas



1,056

MMcf per day

## LPG



342

Tons per day

## Sulphur



39

Tons per day

## Product wise contribution in Net Sales



Net Sales Rs 162.867 billion

# Pursuing Sustainability and Growth

## in tough times

OGDCL in pursuit to sustain and grow E&P operations in a tough environment, existent due to plunge in international oil prices, is focused on the following:



### **E&P Activities**

Continuing fast track seismic data acquisition, expeditious processing/reprocessing of the acquired seismic data and active drilling campaigns in the business operated blocks to pave the way to discover potential hydrocarbon bearing zones and counter the impact of low oil prices leading to improved business profitability and shareholder value.

Moreover, undertaking effective production operations and ramping up completion activities of ongoing development projects will enable the business to reap the futuristic rewards in the form of enhanced oil, gas and LPG output and carry on the track record of delivering industry leading performance in the coming years.

### **Development of New Partnerships**

Benefit from the expertise of experienced E&P companies (indigenous/international) through continuing formulation of value driven joint ventures to ensure that projects and operations remain cost effective and technical and commercial risks are diversified.

### **Enhance Recovery of Reserves**

Utilize advance reservoir management practices and state of the art oil recovery methods to optimize oil and gas reserves and maximize hydrocarbon recovery from mature fields. Moreover, locate and exploit alternate sources of energy such as shale gas, coal bed methane, etc., to enhance energy security of the Country.

### **New Discoveries**

Carry on intensified exploratory efforts to yield new oil and gas discoveries alongside focus on seamless development of new discoveries in the shortest possible time to overcome the impact of natural decline from mature fields and boost the existing reserves and production levels.

### **Operational Improvement**

Adapt and use latest production techniques and innovative technologies to drive functional excellence across E&P operations. Moreover in compliance to the risk management framework, identify, manage and curtail controllable business risks in parallel displaying zero tolerance to the health and safety matters and contributing to the wellbeing of marginalized communities residing around the business operational areas.

### **Internationalization**

In line with the business vision to expand E&P operations, make efforts to establish footprints abroad by undertaking farm-in/farm-out opportunities as well as acquisition of concessions in an international market subject to their economic and financial viability.



# Calendar of Major Events

During the Fiscal Year 2015-16

2015

## 1st Quarter

Oil discovery was made at Chak Naurang South-1 located in district Chakwal, Punjab province.

OGDCL's Annual Report 2014 secured Best Corporate Report Award and ranked second in fuel and energy sector by the Joint Committee of Institute of Chartered Accountants of Pakistan and Institute of Cost and Management Accountants of Pakistan.

Gas discovery was made at Aradin-1 located in district Khairpur, Sindh province.

Pakistan's 69th Independence Day was celebrated at Head Office, field locations and other offices with great zeal and fervor.

OGDCL signed MOU with Russian firm JSC Rosgeologia on 9 September 2015 for exploration and production on broader terms within their exploration blocks to seek mutual benefits.

Hosted 463rd Scout Check Meeting on 21 September 2015 at OGDCL House, Islamabad, which was attended by representatives of twelve E&P companies to discuss details of exploration activities.

## 2nd Quarter

OGDCL's 18th Annual General Meeting was held on 15 October 2015 at Marriott Hotel, Islamabad.

Co-hosted 22nd Annual Technical Conference on "E&P Challenges: Prospects, Professionals and Policies", which was inaugurated by Mr. Shahid Khaqan Abbasi, Minister for Petroleum & Natural Resources on 24 November 2015.

An EPCC contract for LPG plant at Nashpa field was signed between OGDCL and Hong Kong Huihua Global Technology Limited.

Mr. Shahid Khaqan Abbasi, Minister for Petroleum & Natural Resources took the oath from the newly elected office bearers of Officers' Association in a ceremony held on 29 December 2015.

Three days workshop on "HSE Hazards Identification and Risk Assessment for managing Risk Register" was held on 29-31 December 2015.

2016

## 3rd Quarter

Gas discovery was made at Thal East-1 located in district Sukkur, Sindh province.

Oil discovery was made at Nashpa X-5 located in district Karak, Khyber Pakhtunkhwa province.

In recognition of activities relating to social responsibilities, OGDCL won the 5th Corporate Social Responsibility Award 2016 in a ceremony organized by National Forum for Environment and Health on 14 January 2016.

OGDCL was assigned medium to long term entity rating 'AAA' (triple A) and short term entity rating 'A-1 +' (A One Plus) by the Pakistan Credit Rating Agency for the fiscal year 2014-15.

## 4th Quarter

Gas discovery was made at Thal West-1 located in district Sukkur, Sindh province.

Gas condensate discovery was made at Bitrism West-1A located in district Sanghar, Sindh province.

On account of compliance to HSE standards, Chanda and Dakhni fields attained ISO 14001 and OHSAS 18001 certifications.

7th Annual HSE Awareness Event 2016 was celebrated at Bobi Oil Complex on 24 April 2016.

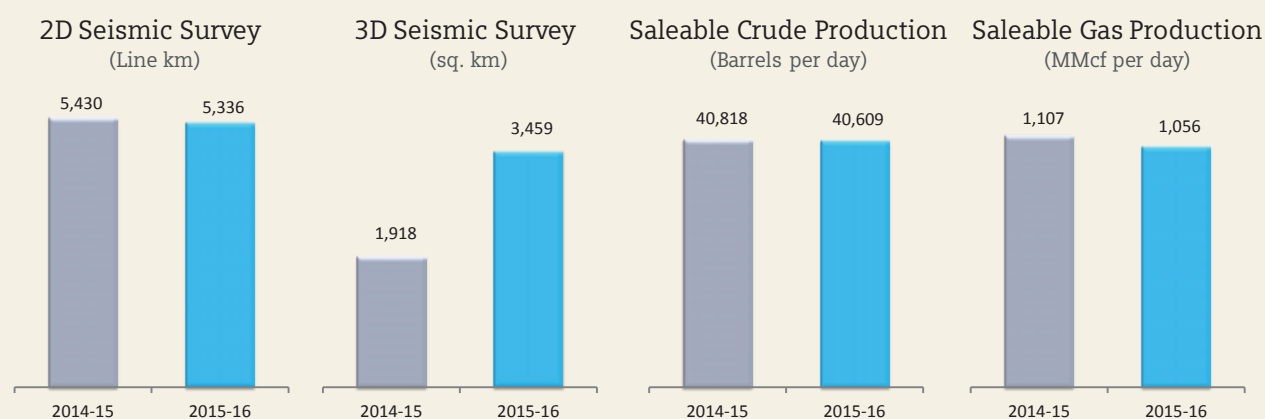
On the basis of contributions and implementations in the field of fire and safety, OGDCL won the 6th Fire and Safety Award 2016 in a conference organized by Fire Protection Association of Pakistan in collaboration with National Forum for Environment and Health on 28 April 2016.

# Highlights of the Year

## Operational Highlights



- Six (6) new oil and gas discoveries namely Nashpa X-5, Thal East-1, Thal West-1, Bitrism West-1A, Aradin-1 and Chak Naurang South-1 were made by the Company
- Saleable crude oil production on working interest basis averaged 40,609 barrels per day
- Saleable gas production on working interest basis averaged 1,056 MMcf per day
- LPG production on working interest basis averaged 342 Tons per day
- Seismic data acquisition of 5,336 Line km of 2D and 3,459 sq. km of 3D
- Twenty six (26) new wells spud including twelve (12) exploratory/appraisal wells and fourteen (14) development wells
- Fourteen (14) wells have been brought into the production system which at present are cumulatively producing 4,150 barrels per day of crude oil and 43 MMcf per day of gas





Seismic Data Acquisition (2D)

5,336

Line km

Seismic Data Acquisition (3D)

3,459

sq. km

Wells Spud

26

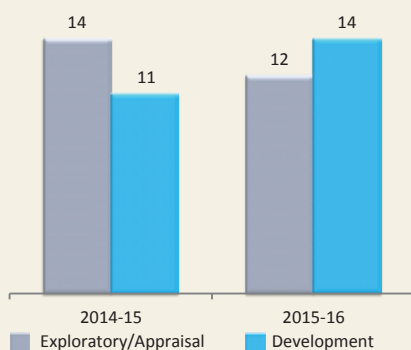
Numbers

Discoveries

6

Numbers

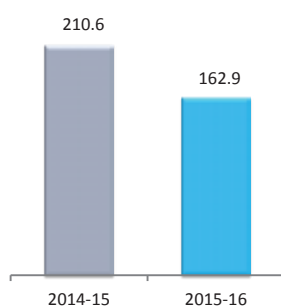
Wells Spud  
(Numbers)



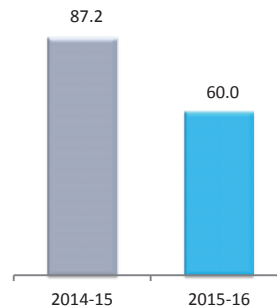
## Financial Highlights

- Total assets increased to Rs 589.6 billion from Rs 553.8 billion
- Net realized prices of crude oil and gas averaged US\$ 39.07/ barrel and Rs 253.77/Mcf respectively (2014-15: US\$ 63.29/ barrel and Rs 272.61/Mcf)
- Sales revenue for the year Rs 162.9 billion (2014-15: Rs 210.6 billion)
- Profit for the year Rs 60.0 billion (2014-15: Rs 87.2 billion)
- Earnings per share for the year Rs 13.94 (2014-15: Rs 20.29)
- Total cumulative dividend declared Rs 5.20 per share (2014-15: Rs 7.75 per share)
- Contribution to national exchequer Rs 81.6 billion (2014-15: Rs 123.7 billion)

Sales Revenue  
(Rs in billion)



Profit for the Year  
(Rs in billion)



# Notice of Annual General Meeting

Notice is hereby given that the 19th Annual General Meeting of Oil and Gas Development Company Limited will be held at Marriott Hotel, Islamabad on 26 October 2016 at 10:00 a.m. to transact the following business:

## ORDINARY BUSINESS

- 1) To confirm the minutes of the 18th Annual General Meeting held on 15 October 2015.
- 2) To confirm the minutes of 10th Extraordinary General Meeting held on 23 August 2016.
- 3) To receive, consider and adopt the audited accounts of the Company for the year ended 30 June 2016 together with the Directors' and Auditors' Reports thereon.
- 4) To approve the final cash dividend @ 20% i.e. Rs 2.00 per share for the year ended 30 June 2016 as recommended by the Board of Directors. This is in addition to three interim cash dividends totaling to 32% i.e. Rs 3.20 per share already paid during the year.
- 5) To appoint Auditors for the year 2016-17 and fix their remuneration. The present auditors M/s KPMG Taseer Hadi & Co., Chartered Accountants and M/s A.F. Ferguson & Co., Chartered Accountants will stand retired on the conclusion of this meeting.
- 6) To transact any other business with the permission of the Chair.

By order of the Board

20 September 2016  
Islamabad

(Ahmed Hayat Lak)  
Company Secretary

## NOTES:

### 1- Participation in the Annual General Meeting

A member entitled to attend and vote at this meeting is entitled to appoint another person as his/her proxy to attend and vote. Proxies in order to be effective must be received at the Registered Office of the Company duly stamped and signed not less than 48 hours before the meeting.

### 2- CDC Account holders will further have to follow the under mentioned guidelines as laid down in Circular 1 dated 26 January 2000 issued by the Securities and Exchange Commission of Pakistan:

#### a. For attending the meeting

In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per regulations, shall authenticate his/her identity by showing his/her original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.

In the case of corporate entities, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

#### b. For appointing proxies

- i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per regulations, shall submit the proxy form as per the above requirement.



- ii) The proxy form shall be witnessed by two (2) persons whose names, addresses and CNIC number shall be mentioned on the form.
- iii) Attested copies of CNIC or the passport of the beneficial owners and of the proxy shall be furnished with the proxy form.
- iv) The proxy shall produce his/her original CNIC or original passport at the time of the meeting.
- v) In the case of a corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the person nominated to represent and vote on behalf of the corporate entity shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

**c. E-Voting**

Pursuant to SECP Companies (E-voting) Regulations, 2016, members can also exercise their right to vote through e-voting by giving their consent in writing at least 10 days before the date of the meeting to the Company on the appointment of Execution Officer by the intermediary as Proxy.

**3- Video Conference Facility**

Pursuant to provisions of SECP Circular No. 10 of 2014 dated 21 May 2014, if the Company receives consent from members holding aggregate 10% or more shareholding residing in geographical location to participate in the meeting through video conference at least 10 days prior to the date of meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city. In order to vote through e-voting and avail video conference facility, please fill the requisite forms and submit to the Company within the time frame as mentioned in forms. The forms are being sent to each individual shareholder through post and are also available on the Company website.

**4- Closure of Share Transfer Books**

The share transfer books of the Company will remain closed and no transfer of shares will be accepted for registration from 19 October 2016 to 26 October 2016 (both days inclusive). Transfers received in order at the Share Registrar's office Share Registrar Department, Central Depository Company of Pakistan Limited, CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahrah-e-Faisal, Karachi-74400 by the close of business on 18 October 2016 will be treated in time for the purpose of payment of final cash dividend, if approved by the shareholders.

**5- Change in Address**

Members are requested to promptly notify any change in their address.

**6- Notice to Shareholders who have not provided their CNICs**

In accordance with the notification of the Securities and Exchange Commission of Pakistan (SECP), SRO 831(I) 2012 dated 5 July 2012, dividend warrants should bear CNIC number of the registered member or the authorized person. Accordingly members who have not yet submitted copy of their valid CNIC/NTN (in case of corporate entities) are requested to submit the same to the Company with members Folio No. mentioned thereon. It may kindly be noted that in case of non-receipt of the copy of valid CNIC, the Company in the light of SECP Notification No. S.R.O 275 (I)/2016 dated 31 March 2016 would be constrained to consider withholding dividend. List of shareholders who have not provided copies of their CNIC/NTN has been uploaded on the Company's website for shareholders' information.

**7- Dissemination of Annual Audited Accounts to Shareholders**

In the light of SRO No. 470(I)/2016 dated 31 May 2016 as notified by Securities and Exchange Commission of Pakistan, shareholders of the Company in the 10th Extraordinary General meeting held on 23 August 2016 approved dissemination of information regarding annual audited accounts in soft form i.e. CD/DVD/USB. Shareholder who opt to receive annual audited accounts at their registered addresses or through email, are requested to fill the standard Request Form uploaded on the Company's website and send the same duly signed by the shareholder to our Share Registrar, Central Depository Company of Pakistan Limited.

# Vision

To be a leading multinational  
Exploration and Production Company.

# Mission

To become the leading provider  
of oil and gas to the Country  
by increasing exploration and  
production both domestically and  
internationally, utilizing all options  
including strategic alliances;

To continuously realign ourselves  
to meet the expectations of  
our stakeholders through best  
management practices, the use of  
latest technology and innovation  
for sustainable growth while being  
socially responsible.



# Core Values



## Goals

### Financial

- Build strategic reserves for future growth/ expansion
- Growth and superior returns to all stakeholders
- Double the value of the Company in the next five (5) years
- Make investment decisions by ranking projects on the basis of best economic indicators
- Maximize profits by investing surplus funds in profitable avenues
- Reduce cost and time overruns to improve performance results

### Learning and Growth

- Motivate our workforce and enhance their technical, managerial and business skills through modern HR practices
- Acquire, learn and apply state-of-the-art technology
- Emphasize organizational learning and research through effective use of knowledge management systems
- Fill the competency gap within the organization by attracting and retaining best professionals
- Attain full autonomy in financial and decision making matters

### Customers

- Continuously improve quality of service and responsiveness to maintain a satisfied customer base
- Improve reliability and efficiency of supply to the customer
- Be a responsible corporate citizen

### Internal Process

- Evolve consensus through consultative process interlinking activities of all departments
- Excel in exploration, development and commercialization
- Be transparent in all business transactions
- Synergize through effective business practices and teamwork
- Have well-defined SOPs with specific ownerships and accountabilities
- Improve internal controls
- Improve internal business decision making and strategic planning through state of the art Management Information System
- Periodic business process reengineering

# Code of Conduct

## 1. OBJECTIVE

To ensure that Oil & Gas Development Company Limited (“the Company”) conducts and is seen to conduct its operations in accordance with highest business ethical consideration complying with all statutory regulations and universally accepted standards of a good corporate citizen. The Company’s core values are Merit, Teamwork, Dedication, Integrity, Safety and Innovation. It is towards this end of fostering the core values in the corporate culture of the Company that the Company has adopted this Code of Conduct (“the Code”).

## 2. APPLICATION

In compliance with the requirements of Clause No. v (a) of the Code of Corporate Governance, this Code applies to all directors and employees of the Company.

## 3. IMPLEMENTATION

The Code implies as follows:

### Use of Company’s assets/record keeping

- 3.1 The directors and employees of the Company seek to protect the Company’s assets and to ensure that the Company’s assets and services are used solely for legitimate business purposes of the Company. The use of Company’s funds for political contributions to any organization or to any candidate for public office is prohibited.
- 3.2 The Company must make and keep books and records that accurately and fairly reflect the Company’s transactions and the disposition of its assets in accordance with Generally Accepted Accounting Principles (GAAP) and applicable laws and regulations.
- 3.3 Any accounting adjustments that materially depart from GAAP must be reported to the Audit Committee of the Board, Board of Directors and the Company’s statutory auditors. In addition, any off-balance sheet transactions, arrangements and obligations, contingent or otherwise, and other relationships of the Company with unconsolidated entities or other persons that may have material current or future effects on the financial condition, changes in financial condition, results of operations, liquidity, capital expenditures, capital resources or significant components or revenues or expenses must also be disclosed to the Audit Committee of the Board, Board of Directors and the Company’s statutory auditors.

### Legal Compliance and Conflict of Interest

- 3.4 The directors and employees adhere in letter and spirit to all laws and conform to the accepted standards of good corporate governance and avoid conflict of interest. The conflict of interest, if any, real or perceived including potential conflicts must be notified to the Company in writing immediately. (A conflict of interest may arise when a director or an employee is in a position to influence a decision or situation that may result in personal gain for such employee or the employee’s family or friends at the expense of the Company or its customers).
- 3.5 The directors and employees shall not place themselves in a position where their loyalty to the Company becomes divided for any reason including their direct or indirect financial interest in a competitor, supplier, consultant or customer.
- 3.6 The Company respects the interests of all the stakeholders and enters into transparent and fairly negotiated contracts. It will do business with customers and suppliers of sound business character and reputation only. All business dealings by the Company with third parties shall be on an arm’s length and commercial basis.

### Corruption

- 3.7 The directors and employees reject corruption in all forms – direct, indirect, public or private and do not directly or indirectly engage in bribery, kick-backs, payoffs or any other corrupt business practices.



No employee of the Company shall accept any funds, loans, favours or other assets (including those provided as preferential treatment) to obtain business from the Company or that might tend to influence an employee's business decisions. Acceptance of any gift will be subject to the Company's policy.

- 3.8 In the course of their normal business duties, employees may be offered entertainment such as lunch, dinner, theatre, a sporting event and the like. Accepting these offers is appropriate if those are reasonable and occur in the course of a meeting or on an occasion the purpose of which is to hold bona fide business discussions or to foster better business relations. Employees should not accept tickets or invitations to entertainment when the prospective host will not be present at the event with the employee.
- 3.9 Employees may offer tips or hospitality of a customary amount or value for routine services or exchange of customary reciprocal courtesies to promote general business goodwill provided it does not influence business decisions or dealings of the Company.

#### **Confidentiality**

- 3.10 The Company respects the privacy of data relating to individual persons (whether employees or third parties) which it may hold or handle as part of its information processing activities or otherwise. Employees maintain confidentiality of the Company's and its customers' confidential information which is disclosed to them.
- 3.11 The directors and employees may not take advantage of the Company's information or property, or their position with the Company, to develop inappropriate personal gains or opportunities.

#### **General**

- 3.12 The Company is an equal opportunity employer and does not discriminate on the basis of sex, colour, religion or creed.
- 3.13 Employees may offer tips, gratuity or hospitality of a customary amount or value for routine services or courtesies received as per the Company policy.
- 3.14 If an employee becomes aware that another employee has violated this Code, he or she is obligated to report that violation to the Company.

### **4. RESPONSIBILITY FOR ENFORCEMENT/INTERPRETATION**

- 4.1 All directors and employees of the Company and its subsidiary/subsidiaries are responsible for the continuing enforcement and compliance of this Code. If any employee has any question about any part of this Code, he or she should direct such question to his or her immediate supervisor or to the Executive Director (Human Resources) or to the Company Secretary. Non-compliance with this Code will result in disciplinary action as per rules of the Company.
- 4.2 Good faith reports of the violations will be promptly and thoroughly investigated. All employees must cooperate in the investigation of reported violations.
- 4.3 The Investigating Officer will not, to the extent practical and appropriate under the circumstances, disclose the identity of anyone who reports a suspected violation or who participates in the investigation.
- 4.4 The Company does not permit retaliation against an employee who in good faith seeks advice or reports misconduct. Retaliation in any form against an individual, who in good faith reports a violation of this Code or the law, even if the report is mistaken, or who assists in the investigation of a reported violation, is itself a serious violation of this Code. Anyone who engages in retaliation will be subject to disciplinary action, including termination from the service of the Company.



# Corporate Information

## Board of Directors

Mr. Zahid Muzaffar	Chairman
Mr. Arshad Mirza	Director
Mr. Saif Ullah Chattha	Director
Mr. Iskander Mohammed Khan	Director
Mr. Hamid Farooq	Director
Mr. Muhammad Ali Tabba	Director
Mr. Zafar Masud	Director
Prince Ahmed Omar Ahmedzai	Director
Sayed Shafqat Ali Shah	Director
Mr. Rahmat Salam Khattak	Director
Mr. Muhammad Yawar Irfan Khan	Director
Mr. Zahid Mir	MD & CEO

## 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





### Bankers

Allied Bank Limited  
 Askari Bank Limited  
 Bank Alfalah Limited  
 Bank Al Habib Limited  
 Barclays Bank PLC  
 Citibank  
 Deutsche Bank  
 Faysal Bank Limited  
 Habib Bank Limited  
 Habib Metropolitan Bank Limited  
 HSBC Bank of Middle East  
 MCB Bank Limited  
 Meezan Bank Limited  
 National Bank of Pakistan  
 NIB Bank Limited  
 Soneri Bank Limited  
 Standard Chartered Bank  
 United Bank Limited

### 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](http://www.ogdcl.com)  
 Email: [info@ogdcl.com](mailto:info@ogdcl.com)

### Registrar Office

Central Depository Company of Pakistan 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.cdcpakistan.com](http://www.cdcpakistan.com)  
 Email: [info@cdcpak.com](mailto:info@cdcpak.com)



# Board of Directors



**Mr. Zahid Muzaffar**  
Chairman

Mr. Zahid Muzaffar has over 36 years of diversified experience in energy sector, in both upstream and downstream oil and gas operations, including transportation of gas via terrestrial pipelines as well as liquefied natural gas ("LNG"). Mr. Muzaffar has developed successful working relationships with investors, business professionals, financiers and government officials internationally, particularly those resident in the Far East, South Asia, the Middle East and North Africa. He has been involved in securing valuable deal flows and business opportunities for leading international companies. Mr. Muzaffar has served on the board of directors of London and Scottish Marine Oil plc in Pakistan and many other international E&P and refining companies. He headed the acquisition of the largest oil refining company in the Mediterranean, (RA's LANUF Refinery Libya). Mr. Muzaffar was appointed as a board member of the new entity LIBYAN EMIRATES oil Refinery Company (LERCO) as well as various initiatives on behalf of Middle Eastern groups in connection with the privatization of assets in different countries in the energy sector. He was also responsible for setting up a joint venture consortium for Spanish and Turkish oil and gas companies for a cross-country gas pipeline and LNG terminal in Turkey.

Mr. Muzaffar holds a Bachelor of Economics from the University of the Punjab, Pakistan and has attended various management courses at the College of Petroleum Studies and St. Catherine's College, Oxford, UK, and the Edwin H. Cox School of Business at Southern Methodist University, Dallas Texas, USA, WENTWORTH Consultants, HUDDERSFIELD UK. He has also attended high performance Board program at IMD Switzerland.



**Mr. Arshad Mirza**  
Director

Mr. Arshad Mirza, Secretary, Federal Ministry of Petroleum and Natural Resources is a career civil servant. After doing his M.Sc. (Public Administration) from Quaid-e-Azam University, Islamabad in 1981, he joined civil service of Pakistan (District Management Group) in the year 1983. He has held various positions in the Federal as well as Provincial Governments and District Administration.

He has served as Secretary, Works and Services, Secretary Health Department, Additional Secretary, Finance Department and Additional Secretary Planning and Development Department in the Government of Khyber Pukhtunkhwa.

In the Federal Government he was posted as Joint Secretary, Ministry of Finance and Revenue (PMSP Wing), Islamabad in May 2005. Served in Prime Minister's Secretariat, ERR and Environment Division. Elevated to the post of Additional Secretary and worked in Finance Division and Water & Power Division.

He joined National Defence University for higher training and obtained M.Sc. degree in Defence and Strategic Studies in 2009. He visited different countries i.e. Philippines, USA, Sri Lanka, Egypt, UK, Kazakhstan and Korea to attend workshops, trainings, seminars and conferences. He attended advance professional courses in institutions like University of Manchester UK, University of Connecticut USA and Harvard University USA.

He joined Ministry of Petroleum and Natural Resources on 22 July 2013 as Additional Secretary. He assumed the charge of the Federal Secretary on 23 January 2015. He also served as Managing Director, Pakistan Petroleum Limited (PPL), Government Holding Pvt Ltd (GHPL) and Hydrocarbon Development Institute of Pakistan (HDIP). He is ex-officio Member on the Board of PPL and PARCO.



**Mr. Saif Ullah Chattha**  
Director

Mr. Saif Ullah Chattha is a career civil servant. He is at present the Chief Secretary of Balochistan. Mr. Chattha holds a Bachelor of Arts degree from Government College, Lahore and Bachelor of Law degree from Punjab University, Law College, Lahore. Mr. Chattha has significant experience of Public Administration. He has served as Assistant Commissioner, Sui (Dera Bugti), Sibi and Usta Mohammad; as Deputy Secretary to the Chief Minister of Balochistan; as Deputy Commissioner of Jafarabad and Loralai; as Deputy Secretary to the Chief Minister of Punjab; as Additional Secretary of Agriculture of Punjab; as Deputy Commissioner of Bhakkhar, Multan and Jhelum; and as Secretary of the Mines and Minerals Department of Punjab. He has also served in the Federal Government as Principal Staff Officer to the Prime Minister of Pakistan; as Counsel General of Pakistan in Montreal, Canada; as Chief Secretary of Gilgit Baltistan; as Additional Secretary at the Ministry of Communications; and as Secretary of Water and Power.



**Mr. Iskander  
Mohammed Khan**  
Director

Mr. Iskander Mohammed Khan is a director of the Premier Group of Companies, including Premier Sugar Mills & Distillery Company Limited, Frontier Sugar Mills & Distillery Limited, Chashma Sugar Mills Limited, Arpak International Investments Limited and other non-listed subsidiaries of the Premier Group. He served as Chairman of the All Pakistan Sugar Mills Association between 2000 and 2004, Chairman of the Pakistan Polypropylene Woven Sack Manufacturers Association, Chairman of the All Pakistan Sugar Mills Association (KPK) from 2005 to 2006, Director of the ISE in 2005 and was a member of the Managing Committee of the Federation of Pakistan Chambers of Commerce and Industry from 2005 to 2006. Mr. Khan holds a degree in Law (LLB) and Chartered Accountancy.



**Mr. Hamid Farooq**  
Director

Mr. Hamid Farooq is Chief Business Development Officer at the Pakistan Telecommunication Company Limited. He has 28 years of senior general management experience including 15 years of financial management in leading complex commercial and technical environments. Mr. Hamid Farooq is also Chairman of the Board of Directors at Microfinance Bank Ltd. He has served as Managing Director, MENA Region at Catalyst Managerial Services, CEO of Warid Telecom, Executive Vice President, CFO and Company Secretary of Mobilink, Chief Accountant and Administrator at Canadian Occidental Petroleum, Head of Accounts and Operations at Petro Canada, and Country Finance Manager at DHL/TCS. Mr. Farooq is a certified financial consultant and holds a Diploma in Financial Consulting and an MBA. He trained as an accountant with PricewaterhouseCoopers in Pakistan and obtained a Bachelor of Commerce degree. He is also a Certified Director (training and programme), certified through the Securities and Exchange Commission of Pakistan.



**Mr. Muhammad Ali Tabba**  
Director

Mr. Muhammad Ali Tabba is Chief Executive of Lucky Cement Ltd, a member of the Yunus Brothers Group, which holds diversified interests in textiles, energy, chemicals, cement and other construction related sectors. Muhammad Ali Tabba also heads Yunus Textile Mills, a home textiles unit with subsidiaries in the USA, Europe, Canada and France. He also serves as Vice Chairman on the Board of Directors of ICI Pakistan. Mr. Tabba also sits on the Board of Governors at several universities, institutions and foundations. He also runs the Aziz Tabba Foundation which works extensively in education, health and housing. The foundation also operates a kidney centre and a state-of-the art cardiac hospital. The World Economic Forum has bestowed the title of Young Global Leader on Mr. Tabba, recognizing his outstanding services and commitment to the social development sector in Pakistan.



**Mr. Zafar Masud**  
Director

Mr. Zafar Masud is the Director and Co-Founder of Burj Capital, which is represented in Pakistan by Burj Capital Pakistan (Private) Limited, a global corporate finance and advisory house with a specific focus on the energy sector, particularly alternate energy and power.

Mr. Zafar Masud is a member of the Central Board of the State Bank of Pakistan, having been appointed in March 2013 for a three year term. He is the Chairman of the Publications Review Sub-Committee and a member of the Human Resource and Nomination Sub-Committee as well as the Investment Sub-Committee of the Board. In the past he had also served as Managing Director/Head of Southern Africa at Barclays Bank plc, Dubai Islamic Bank Pakistan Limited, Citigroup and American Express Bank. Mr. Zafar Masud obtained his MBA in Banking from the Institute of Business Administration, Karachi and a Bachelor of Commerce from the Hailey College of Commerce, University of the Punjab, Lahore.



**Prince Ahmed Omar Ahmedzai**  
Director

Prince Ahmed Omar Ahmedzai belongs to the Khan of the Kalat Family of Balochistan. He is the Executive Director of Agha Techny Construction, a planning and project administration firm, working on infrastructure projects at Gwadar. He is also the sole proprietor of Dynamic International, a construction firm and a Director/Executive of Dynamic Traders (Pvt) Ltd. He graduated from the University of Balochistan in Political Science. He is a member of the Quetta Chamber of Commerce and the Gwadar Chamber of Commerce.



**Sayed Shafqat Ali Shah**  
Director

Sayed Shafqat Ali Shah is Managing Director of Matiari Sugar Mills Ltd and CEO of Matol (Pvt) Limited. He is a Member of the Economic Advisory Council (EAC) of Government of Pakistan. He has been on the Board of Directors of the National Bank of Pakistan and a member of the National Commission on Government Reforms. He had also served in the past as Federal Minister for Agriculture, Food and Livestock, an Advisor and Minister under several different portfolios in the Government of Sindh. He has taught International Relations at the University of Sindh and the University of Virginia. He has also led, and been a member, of various national and international bodies and institutions. He holds a Ph.D. in Foreign Affairs from the University of Virginia, a Master of Arts in Foreign Affairs from the University of Virginia, a Master of Arts in Political Science and a B.Sc. in Chemistry and Zoology from the University of Sindh.





**Mr. Rahmat Salam Khattak**  
Director

Mr. Rahmat Salam Khattak holds a Bachelor of Arts degree from the University of Peshawar. Mr. Khattak was elected District Nazim of Karak and performed functions as executive head of the district management and the council. He is well abreast with the problems being faced by E&P sector in Pakistan. As District Nazim he successfully managed & resolved long outstanding local issues of E&P companies operating in District Karak. He has also been associated with education and founder of first modern management sciences institute in Peshawar, the first of its kind in the province designed to equip young business managers with modern management skills. He served as Chief Executive of the Institute of Management and Computer Sciences Peshawar; Hayatabad Science College Peshawar and Chief Executive of the Shenghar Children Academy Karak. Besides education sector, Mr. Khattak established a construction company and managed its operations. He also served in Saudi Arabia and Habib Bank Limited in various capacities.



**Mr. Muhammad Yawar Irfan Khan**  
Director

Mr. Muhammad Yawar Irfan Khan holds a Masters in Business Administration and is the Chairman of the Irfan Group of Companies which includes Famous Brands Pvt Ltd and Irfan Foods Pvt Ltd. He serves as Chairman of the Asifa Irfan Foundation Trust, a family-run charity organisation. He is a board member of both the Pakistan School of Fashion Design, Lahore and the Government Chuna Mandi College for Women, Lahore, and is a Life Member of the South Asian Association for Regional Cooperation ("SAARC") on behalf of the Chamber of Commerce and Industry. Previously, he served as a Director of the Lahore Transport Company, as Chairman of the Chief Minister of Punjab's Task Force for Industrial Development, and as Managing Director of the Punjab Small Industries Corporation.



**Mr. Zahid Mir**  
MD & CEO

Mr. Zahid Mir is a Petroleum Engineer with over 27 years experience in the oil and gas industry with assignments relating to onshore and offshore operations having been involved at a senior level in all stages of upstream operations. He has strong HSE background, extensive experience as an oil and gas commercial negotiator and business developer, strategy, joint ventures and license management, new ventures, economic evaluations, mergers and acquisitions.

Mr. Zahid Mir had significant exposure to field operations including production, project development, development planning, conceptual engineering and operational support. During the performance of his functions, he closely interacted with oil and gas producers both in Pakistan and United Kingdom like Shell Exploration Pakistan B.V., Premier Exploration Pakistan Limited, Premier-Kufpec Pakistan B.V., Premier Oil Pakistan and Premier Oil UK.

He has done his B.Sc. in Petroleum Engineering in 1986 from University of Engineering and Technology Lahore and Masters in Business Administration from Preston University, Islamabad.

# Committees of the Board

## Human Resource and Nomination Committee

Mr. Saif Ullah Chattha	Chairman
Mr. Zahid Muzaffar	Member
Mr. Arshad Mirza	Member
Mr. Hamid Farooq	Member
Mr. Zafar Masud	Member
Mr. Rahmat Salam Khattak	Member
Company Secretary	Secretary

### Terms of Reference

- To deal with all employee related matters including recruitment, training, remuneration, performance evaluation, succession planning and measures for effective utilization of the employees of the Public Sector Company;
- Recommending to the Board the selection, evaluation, compensation (including retirement benefits) and succession planning of the CEO;
- Consideration and approval on recommendations of CEO on such matters for key management positions who report directly to CEO;
- Approval of appointments/promotions to EG-VI and EG-VII;
- Recommendations for appointment/promotions beyond EG-VII;
- Guidance/recommendations for CBA agreements;
- Restructuring of the organization;
- Review of compensation package;
- Review of HR policies including the policies required under the Code of Corporate Governance; and
- Consider any other issue or matter as may be assigned by the Board of Directors.

## Risk Management Committee

Mr. Zafar Masud	Chairman
Mr. Iskander Mohammad Khan	Member
Mr. Hamid Farooq	Member
Sayed Shafqat Ali Shah	Member
Mr. Muhammad Yawar Irfan Khan	Member
Company Secretary	Secretary

### Terms of Reference

- Review the risk identification and management process developed by management to confirm it is consistent with the Company's strategy and business plan;
- Review management's assessment of risk periodically and provide an update to the Board in this regard;
- Inquire of management and the independent auditors about significant business, political, financial and control risks or exposure to such risks;
- Oversee and monitor management's documentation of the material risks that the Company is exposed to and update as events change and risks shift;
- Assess the steps management has implemented to manage and mitigate identifiable risk, including the

use of hedging, insurance and other measures taken by the management;

- Oversee and monitor management's review, periodically of the Company's policies for risk assessment and risk management (the identification, monitoring, and mitigation of risks); and
- Review the following with management, with the objective of obtaining reasonable assurance that all risks are being effectively managed and controlled:
  - management's tolerance for financial risks;
  - management's assessment of significant risks the Company is exposed to;
  - the Company's policies, procedures, plans, processes and any proposed changes to those policies for controlling significant financial/non-financial risks; and
  - the Company's counsel legal matters which could have a material impact on the Company's public disclosure, including financial statements.

## Audit Committee

Mr. Iskander Mohammad Khan	Chairman
Mr. Saif Ullah Chattha	Member
Mr. Hamid Farooq	Member
Mr. Muhammad Ali Tabba	Member
Prince Ahmed Omar Ahmedzai	Member
Company Secretary	Secretary

### Terms of Reference

- Recommend appointment of external auditors to the Board of Directors and consider any questions of resignation or removal of external auditors, audit fees, etc.;
- Recommend appointment of financial consultant for any service to the Company in addition to audit of its financial statements;
- Recommend appointment of suitable candidate(s) for the position of Head of Internal Audit;
- Determination of appropriate measures to safeguard the Company's assets;
- Review preliminary announcements of financial results prior to publication;
- Review of quarterly, half-yearly and annual financial statements of the Company, prior to their approval by the Board of Directors, focusing on:
  - major judgment areas;
  - significant adjustments resulting from the audit;
  - the going-concern assumption;
  - any changes in accounting policies and practices;
  - compliance with applicable accounting standards; and
  - compliance with listing regulations and other statutory and regulatory requirements.
- Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);

- Review of management letter issued by external auditors and management's response thereto;
- Ensuring coordination between the internal and external auditors of the Company;
- Review the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company;
- Consideration of major findings of internal investigations and management's response thereto;
- Ascertaining that the internal control system including financial and operational controls, accounting system and reporting structure are adequate and effective;
- Review of the Company's statement on internal control systems prior to endorsement by the Board of Directors;
- Instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the Chief Executive Officer and to consider remittance of any matter to the external auditors or to any other external body;
- Determination of compliance with relevant statutory requirements;
- Monitoring compliance with the best practices of corporate governance and identification of significant violations thereof; and
- Consideration of any other issue or matter as may be assigned by the Board of Directors.

## Procurement, Operations and Finance Committee

Mr. Rahmat Salam Khattak	Chairman
Mr. Zahid Muzaffar	Member
Mr. Arshad Mirza	Member
Mr. Hamid Farooq	Member
Sayed Shafqat Ali Shah	Member
Company Secretary	Secretary

### Terms of Reference

- To ensure transparency in procurement transactions and in dealing with the suppliers and financial institutions;
- Procurement of plant machinery and store items etc., exceeding the powers delegated to Managing Director;
- Approval/recommendation for award of contracts for civil works, development of fields etc., exceeding the powers delegated to Managing Director;
- Review and recommend Business and Strategic Plans of the Company for approval by the Board of Directors;
- Formulation of Technical and Financial Policies and Controls including the policies required under the Code of Corporate Governance;
- Review and recommend policies for investment of surplus funds of the Company and opening/closing of bank accounts;
- Review and recommend financing plans for Company's projects/operations including borrowing limits, loans from banks/financial institutions and other credit lines for approval by the Board of Directors;
- Review and recommend write-off cases involving the Company assets;

- Approval of Exploration Licenses and related work programmes within budgetary provision;
- Recommendations for Farm-in and Farm-out in concessions;
- Recommendations for participation in off shore and overseas opportunities;
- Recommend/review the physical targets;
- Formulation of Technical Policies required under the Code of Corporate Governance and Public Sector Companies (Corporate Governance) Rules, 2013;
- Business Development;
- Field operations;
- Drilling operations;
- Business Plan;
- Formation of subsidiaries, acquisition etc.; and
- Consider any other issue or matter as may be assigned by the Board of Directors.

## Corporate Social Responsibility Committee

Prince Ahmed Omar Ahmedzai	Chairman
Mr. Hamid Farooq	Member
Mr. Zafar Masud	Member
Sayed Shafqat Ali Shah	Member
Mr. Rahmat Salam Khattak	Member
Company Secretary	Secretary

### Terms of Reference

- To meet all obligatory requirements as prescribed under the Petroleum Concession Agreement (PCA);
- To meet non-obligatory projects under OGDCL's Corporate Social Responsibility (CSR) Policy viz., education, health, water supply and sanitation, supply of gas, infrastructure, sports etc., as prescribed under the Company's CSR policy;
- The Committee will recommend the annual budget of CSR (along with a detailed list of all CSR related initiatives), at the beginning of each financial year, to the Board of Directors. Any deviation from this budget can only be made after approval from the Board of Directors;
- In the event of an emergency/natural calamity, such as earthquakes, floods etc., the CSR Council may recommend to the MD & CEO to approve a donation up to Rs 1,000,000/- (Rupees one million). However, this must be in line with the approved CSR policy of the Company. The Board of Directors shall be informed of this by circular, to be ratified at its next meeting;
- The Committee will review and monitor the progress of ongoing CSR projects on a quarterly basis. A detailed report will be provided by Manager CSR to the Committee and the Board of Directors;
- All activities carried out under the head CSR will be audited by an external auditor (each financial year) and the audit report will be circulated to the Board of Directors; and
- Consider any other issue or matter as may be assigned by the Board of Directors.



# Attendance of the Board and Committee Meetings

Name of Director	Board			Human Resource and Nomination Committee			Risk Management Committee		
	Member	Meetings <sup>1</sup>	Attendance	Member	Meetings <sup>1</sup>	Attendance	Member	Meetings <sup>1</sup>	Attendance
Mr. Zahid Muzaffar	*	8	8	*	4	4	SI	1	1
Mr. Arshad Mirza	*	8	5	*	2	1	-	-	-
Mr. Saif Ullah Chattha	*	8	5	*	4	3	-	1	1
Mr. Iskander Mohammed Khan	*	8	8	SI	1	1	*	2	2
Mr. Hamid Farooq	*	8	7	*	3	3	*	2	2
Mr. Muhammad Ali Tabba	*	8	-	-	3	1	-	-	-
Mr. Zafar Masud	*	8	7	*	4	4	*	2	2
Prince Ahmed Omar Ahmedzai	*	8	8	-	4	4	-	2	2
Sayed Shafqat Ali Shah	*	8	2	-	-	-	*	1	1
Mr. Rahmat Salam Khattak	*	8	7	*	4	4	-	1	1
Mr. Muhammad Yawar Irfan Khan	*	8	4	-	-	-	*	2	-
Mr. Zahid Mir	*	8	7	SI	2	2	-	-	-

Name of Director	Audit Committee			Procurement, Operations & Finance Committee			Corporate Social Responsibility Committee		
	Member	Meetings <sup>1</sup>	Attendance	Member	Meetings <sup>1</sup>	Attendance	Member	Meetings <sup>1</sup>	Attendance
Mr. Zahid Muzaffar	-	-	-	*	4	4	-	1	1
Mr. Arshad Mirza	-	-	-	*	-	-	-	-	-
Mr. Saif Ullah Chattha	*	2	1	-	-	-	-	-	-
Mr. Iskander Mohammed Khan	*	4	4	-	-	-	-	-	-
Mr. Hamid Farooq	*	4	3	*	4	3	*	1	1
Mr. Muhammad Ali Tabba	*	2	-	-	-	-	-	-	-
Mr. Zafar Masud	SI	1	1	-	4	4	*	1	1
Prince Ahmed Omar Ahmedzai	*	4	4	SI	4	4	*	1	1
Sayed Shafqat Ali Shah	-	-	-	*	4	1	*	-	-
Mr. Rahmat Salam Khattak	-	2	2	*	4	4	*	1	1
Mr. Muhammad Yawar Irfan Khan	-	-	-	-	-	-	-	-	-
Mr. Zahid Mir	-	-	-	SI	2	2	SI	1	1

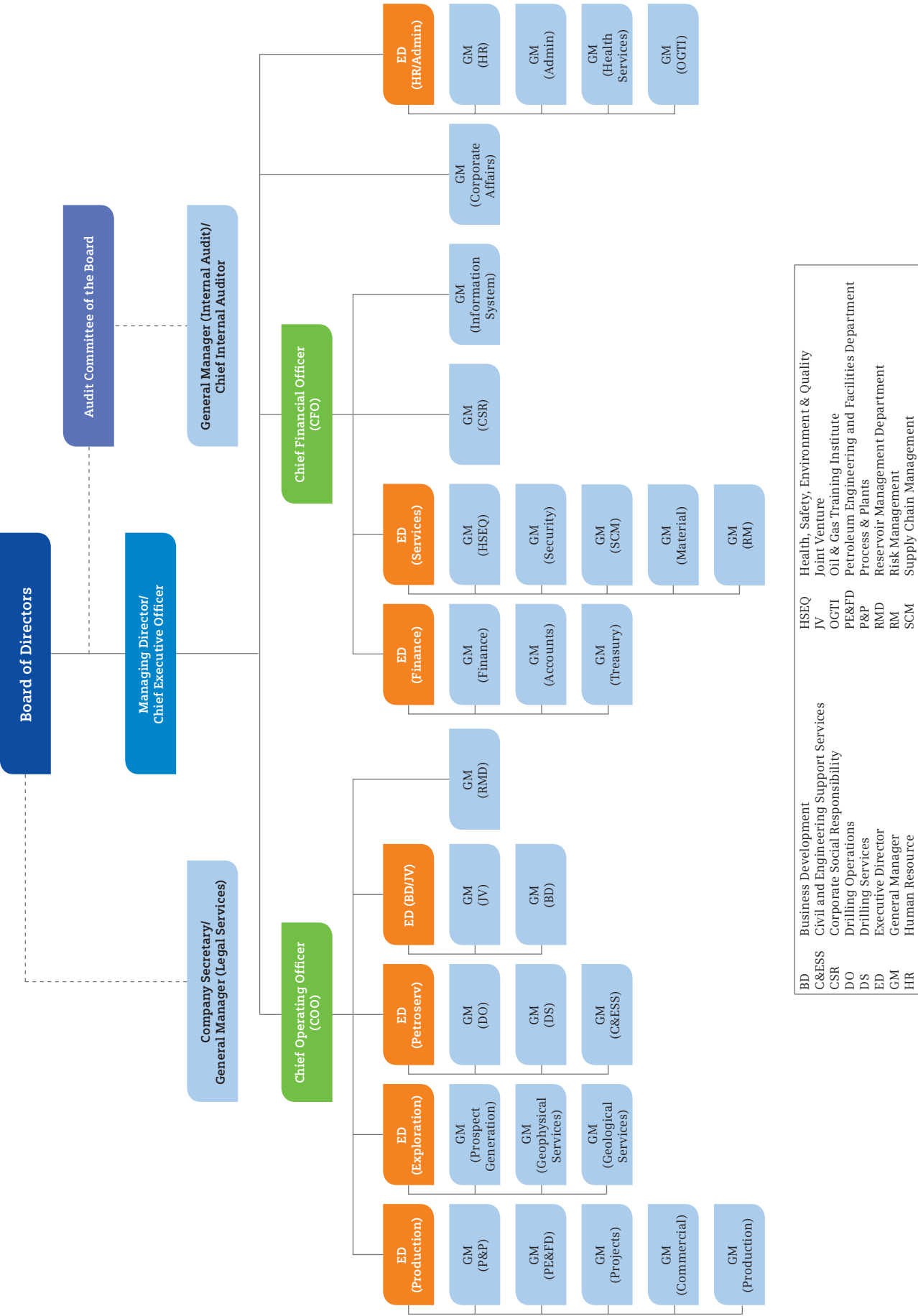
**Notes:**

<sup>1</sup> Held during the period concerned Directors were on the Board

\* Member of the Board/respective Committee

SI Special Invitation

# Organizational Chart





# Management Objectives and Strategies

Management objectives and strategies are tasked at improving the corporate performance and creating material value for shareholders in the future. These objectives and strategies are in line with OGDCL's strategic plan and may change/alter depending upon change(s) in the internal and external environment.

Management objectives and strategies are summarized as follows:



- Pursue investment choices that play to the business strengths and deemed financially viable for the purpose of reserve building, production enhancement and growth in distributions to shareholders in the coming years;
- Formulate value driven joint ventures with leading E&P companies both locally and internationally to introduce new partners with complementary skills and to carry out exploration, development and production operations cost effectively;
- Ensure the existence of a mixed exploration portfolio constituting exploration concessions in the established, promising and unexplored areas alongside keeping a balance between enhancing exploratory endeavors and mitigating risk with acceptable drilling success leading to reserves accretion and sustainable long term business growth;
- Maintain and accelerate the exploratory endeavors including fast track seismic data acquisition, data processing/interpretation and active drilling campaigns to tap additional reserves and optimize hydrocarbon production to address energy challenges in the Country;
- Seek production growth from owned and operated joint venture fields through expediting efforts for completion of ongoing development projects, fast track development of newly discovered fields and utilizing latest production techniques and innovative technologies to maximize hydrocarbon recovery;
- In carrying out intensified E&P activities to maintain market leadership status, ensure adherence to high safety standards coupled with respecting the environment and local communities that may be affected by the business operations. Being a socially responsible entity, carry on CSR activities through investment in areas; education, health, water supply, infrastructure development and providing generous donations in the case of natural calamities;
- Based on suppressed international oil prices impacting the business financials, a trend witness across the entire E&P industry, maintain a rigorous approach to capital allocation and concentrate on efficiency and competitiveness in carrying out business activities;
- Improve efficiency and output of the employees by continuing to provide training in the form of workshops, seminars and conferences alongside building and maintaining strong relationships with the stakeholders to ensure business growth and success;
- In line with the business vision, focus on establishing foot prints abroad by undertaking suitable farm-in/ farm-out opportunities as well as acquisition of concessions in domestic and international market. In this respect, grab and exploit such overseas opportunities which can be monetized quickly and deliver immediate production boost; and
- To exploit unconventional sources of energy like shale gas and coal bed methane, carry on the study initiated in the business operated blocks to evaluate shale and tight gas potential and define development strategy for operated reservoirs.

# Core Management Team

**Mr. Zahid Mir**

Managing Director & CEO

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**Mr. Irteza Ali Qureshi**

Chief Financial Officer

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**Mr. Masood Nabi**

Executive Director (Business Development and Joint Venture)

---

**Dr. Mohammad Saeed Khan Jadoon**

Acting Executive Director (Exploration)

---

**Mr. Muhammad Aslam Khan Niazi**

Acting Executive Director (Services)

---

**Mr. Khan Alam**

Acting Executive Director (Petroserv)

---

**Mr. Malik Muhammad Arshad**

Acting Executive Director (HR/Administration)

---

**Dr. Naseem Ahmad**

Acting Executive Director (Production)

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**Mr. Ahmed Hayat Lak**

Company Secretary/General Manager (Legal Services)

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**Sitting from left to right:**

Mr. Muhammad Aslam Khan Niazi, Mr. Irteza Ali Qureshi, Mr. Zahid Mir, Dr. Mohammad Saeed Khan Jadoon, Mr. Masood Nabi

**Standing from left to right:**

Dr. Naseem Ahmad, Mr. Khan Alam, Mr. Ahmed Hayat Lak, Mr. Malik Muhammad Arshad



# Exploration Licenses

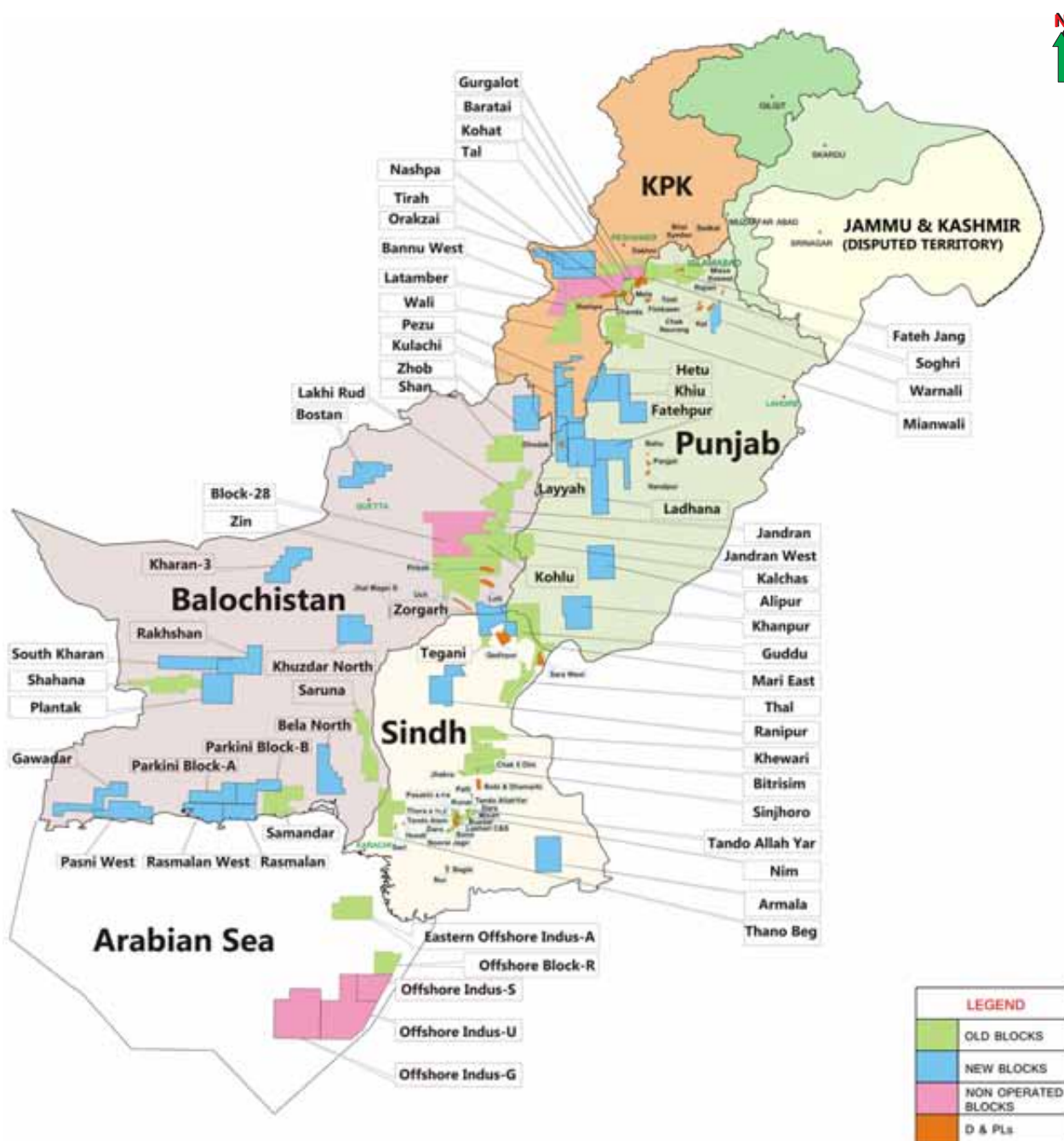
Held by OGDCL as on 30 June 2016

Sr. No.	Exploration License	Districts	Area (sq. km)	Date of Grant	Working Interest (%)
<b>OGDCL's 100% Owned Exploration Licenses</b>					
1	Fateh Jang	Islamabad, Rawalpindi & Attock	1,080.43	05.11.2002	OGDCL 100%
2	Jandaran	Barkhan, Kohlu & Loralai	408.00	20.09.1989	OGDCL 100%
3	Saruna	Khuzdar & Lasbella	2,431.62	17.02.2004	OGDCL 100%
4	Shahana	Kharan & Panjgur	2,445.06	29.12.2004	OGDCL 100%
5	Samandar	Awaran & Uthal	2,495.33	06.07.2005	OGDCL 100%
6	Latamber	Bannu & Tribal area adjacent to Bannu	331.47	24.10.2005	OGDCL 100%
7	Tegani	Shikarpur, Sukkur, Kandhkot & Kashmore	270.60	13.02.2006	OGDCL 100%
8	Thano Beg	Lasbela, Jamshoro & Karachi	2,404.73	13.02.2006	OGDCL 100%
9	Thal	Khairpur, Sukkur & Ghotki	1,622.67	13.02.2006	OGDCL 100%
10	Wali	South Waziristan Agency, Bannu, Lakki Marwat & Tribal area adjacent to Tank	2,179.26	31.05.2006	OGDCL 100%
11	Mianwali	Mianwali, Chakwal, Khushab & Lakki Marwat	2,280.91	31.05.2006	OGDCL 100%
12	Soghri	Kohat & Attock	410.36	31.05.2006	OGDCL 100%
13	Shaan	Zhob, Qila Saifullah & Musakhel Bazar	2,489.80	13.07.2007	OGDCL 100%
14	Mari East	Ghotki, Rahim Yar Khan & Rajanpur	1,399.44	21.01.2010	OGDCL 100%
15	Lakhi Rud	Loralai, Musakhel, Barkhan & Kohlu	2,488.78	21.01.2010	OGDCL 100%
16	Jandran West	Kohlu & Barkhan	759.46	16.02.2010	OGDCL 100%
17	Eastern Offshore Indus-A	Offshore Area	2,500.00	05.07.2007	OGDCL 100%
18	Offshore Indus-R	Offshore Area	1,492.23	19.04.2007	OGDCL 100%
19	Ladhana	Muzaffargarh, Layyah & Multan	2,409.05	10.02.2014	OGDCL 100%
20	Fatehpur	Layyah, Muzaffargarh, Khanewal & Multan	2,430.84	10.02.2014	OGDCL 100%
21	Rasmalan	Gwadar, Awaran & Lasbela	1,463.74	10.02.2014	OGDCL 100%
22	Alipur	Multan, Bahawalpur, Rahim Yar Khan & Muzaffargarh	2,425.55	21.02.2014	OGDCL 100%
23	Parkani Block-B	Awaran & Gwadar	1,908.31	10.02.2014	OGDCL 100%
24	Parkini Block-A	Awaran & Kech	1,892.10	21.03.2014	OGDCL 100%
25	Rasmalan West	Awaran & Pasni	1,639.69	21.03.2014	OGDCL 100%
26	Bostan	Ziarat, Pishin, Killah Abdullah & Quetta	2,337.50	21.03.2014	OGDCL 100%
27	Kharan-3	Kharan & Noshki	2,487.46	21.03.2014	OGDCL 100%
28	Bela North	Khuzdar, Awaran & Lasbela	2,045.73	21.03.2014	OGDCL 100%
29	Khiu	Bhakkar & Khushab	2,395.64	21.03.2014	OGDCL 100%
30	Layyah	Layyah, D.G. Khan & Muzaffargarh	2,459.20	21.03.2014	OGDCL 100%
		<b>Sub Total</b>	<b>55,384.96</b>		
<b>OGDCL Operated JV Exploration Licenses (with GHPL, KPOGCL &amp; SEHCL)</b>					
1.	Ranipur	Khairpur, Larkana & Naushahro Feroz	2,379.52	10.02.2014	OGDCL 95.00%, SEHCL 2.50%, GHPL 2.50%
2.	Armala	Tharparkar	2,488.98	10.02.2014	OGDCL 97.50%, SEHCL 2.50%
3.	Zorgarh	Ghotki, Jaffarabad, Kashmore, Dera Bugti & Rajanpur	2,402.48	28.02.2014	OGDCL 95.80%, SEHCL 1.70%, GHPL 2.50%
4.	Baratai	Kohat	38.92	10.02.2014	OGDCL 97.50%, KPOGCL 2.50%
5.	Orakzai	Kurram, Orakzai Agency & Hangu	1,708.04	28.02.2014	OGDCL 97.16%, KPOGCL 0.34%, GHPL 2.50%
6.	Tirah	Khyber, Kurram & Orakzai Agencies.	1,945.64	21.03.2014	OGDCL 97.50%, GHPL 2.50%
7.	Pezu	D.G. Khan, Lakki Marwat, Tank, D.I. Khan & Tribal area of D.I. Khan	2,430.73	21.02.2014	OGDCL 95.88%, KPOGCL 1.62%, GHPL 2.50%
8.	Hetu	Bhakkar, Mianwali & D.I. Khan	2,432.37	28.02.2014	OGDCL 97.14%, KPOGCL 0.36%, GHPL 2.50%
9.	Zhob	Zhob, Musa Khail Bazar & Tribal area of D.I. Khan	2,473.45	21.03.2014	OGDCL 97.50%, GHPL 2.50%
10.	Pasni West	Gwadar & Kech	2,293.40	21.02.2014	OGDCL 97.50%, GHPL 2.50%
11.	Khanpur	Rahim Yar Khan	2,494.92	21.02.2014	OGDCL 97.50%, GHPL 2.50%
12.	Plantak	Washuk & Panjgur	2,457.01	21.03.2014	OGDCL 97.50%, GHPL 2.50%
13.	Gawadar	Gwadar & Kech	2,407.01	21.03.2014	OGDCL 97.50%, GHPL 2.50%
14.	Rakhshan	Washuk	2,459.17	21.03.2014	OGDCL 97.50%, GHPL 2.50%
15.	South Kharan	Kharan	2,187.48	21.03.2014	OGDCL 97.50%, GHPL 2.50%
16.	Khuzdar North	Khuzdar	2,451.44	21.03.2014	OGDCL 97.50%, GHPL 2.50%
17.	Warnali	Chakwal, Jhelum & Rawalpindi	718.57	21.03.2014	OGDCL 97.50%, GHPL 2.50%
18.	Kulachi	D.I. Khan, D.G. Khan & Bhakkar	2,494.89	07.01.2015	OGDCL 95.45%, KPOGCL 2.05%, GHPL 2.50%
		<b>Sub Total</b>	<b>38,264.02</b>		
<b>OGDCL Operated JV Exploration Licenses (with GHPL)</b>					
1	Bitrisim	Nawabshah, Khairpur & Sanghar	1,445.11	27.09.1997	OGDCL 95%, GHPL 5%
2	Khewari	Khairpur & Nawabshah	1,276.40	29.12.1999	OGDCL 95%, GHPL 5%
3	Nim	Hyderabad & Tando Muhammad Khan	229.58	29.12.1999	OGDCL 95%, GHPL 5%
4	Tando Allah Yar	Hyderabad & Matiari	403.34	27.09.1997	OGDCL 95%, GHPL 5%
5	Zin	Dera Bugti, Nasirabad, Kohlu & Bolan	5,559.74	15.08.1996	OGDCL 95%, GHPL 5%
		<b>Sub Total</b>	<b>8,914.17</b>		
<b>OGDCL Operated JV Exploration Licenses (with other E&amp;P companies)</b>					
1	Gurgalot	Kohat & Attock	346.92	28.06.2000	OGDCL 75%, POL 20%, GHPL 5%
2	Nashpa	Kohat, Karak, Mianwali & Tribal area adjacent to Bannu	531.16	16.04.2002	OGDCL 65%, PPL 30%, GHPL 5%
3	Kohat	Kohat, Naushera, Orakzai Agency, Hangu, Peshawar, Tribal area adjacent to Kohat & Tribal area adjacent to Peshawar	1,107.21	03.02.2009	OGDCL 30%, Tullow 40%, MPCL 20%, Saif Energy 10%
4	Sinjhoro	Sanghar & Khairpur	1,283.43	29.12.1999	OGDCL 76%, OPL 19%, GHPL 5%
5	Kalchas	Kohlu, Dera Bugti & Rajanpur	2,068.32	29.12.2004	OGDCL 50%, MPCL 20%, Tullow 30%
6	Kohlu	Kohlu, Dera Bugti & Barkhan	2,459.11	29.12.2004	OGDCL 40%, MPCL 30%, Tullow 30%
7	Guddu	Rajanpur, Rahim Yar Khan, Ghotki & Kashmore	2,093.40	04.12.2006	OGDCL 70%, IPRTOC 11.50%, SEPL 13.50%, GHPL 5%
		<b>Sub Total</b>	<b>9,889.55</b>		
		<b>Total Operated</b>	<b>112,452.70</b>		
<b>OGDCLs Non-Operated JV Exploration Licenses</b>					
1	Block-28	Sibbi, Kohlu & Loralai	5,856.71	14.01.1991	Tullow 95%, OGDCL 5%
2	Bunnu West	Bannu & North Waziristan Agency	1,229.57	27.04.2005	Tullow 40%, OGDCL 40%, MPCL 10%, SEL 10%
3	Tal Block	Kohat, Karak, Bannu & Tribal area adjacent to Bannu	3,224.58	11.02.1999	MOL 10%, OGDCL 30%, PPL 30%, POL 25%, GHPL 5%
4	Offshore Indus-U	Offshore Area	6,294.28	21.07.2006	UEPL 72.50%, OGDCL 27.50%
5	Offshore Indus-S	Offshore Area	2,129.91	22.03.2007	UEPL 50%, OGDCL 50%
6	Offshore Indus-G	Offshore Area	5,972.82	12.12.2012	ENI 33.34%, OGDCL 33.33%, PPL 33.33%
		<b>Total Non-Operated</b>	<b>24,707.87</b>		

# Concession Portfolio (Exploration Licenses)

As on 30 June 2016

Summary of Exploration Licenses		
Province/Area	Operated	Non-Operated
Punjab	12	-
Sindh	12	-
Balochistan	24	1
KPK	10	2
Offshore	2	3
<b>Total</b>	<b>60</b>	<b>6</b>



# Development & Production/Mining Leases

## Held by OGDCL as on 30 June 2016

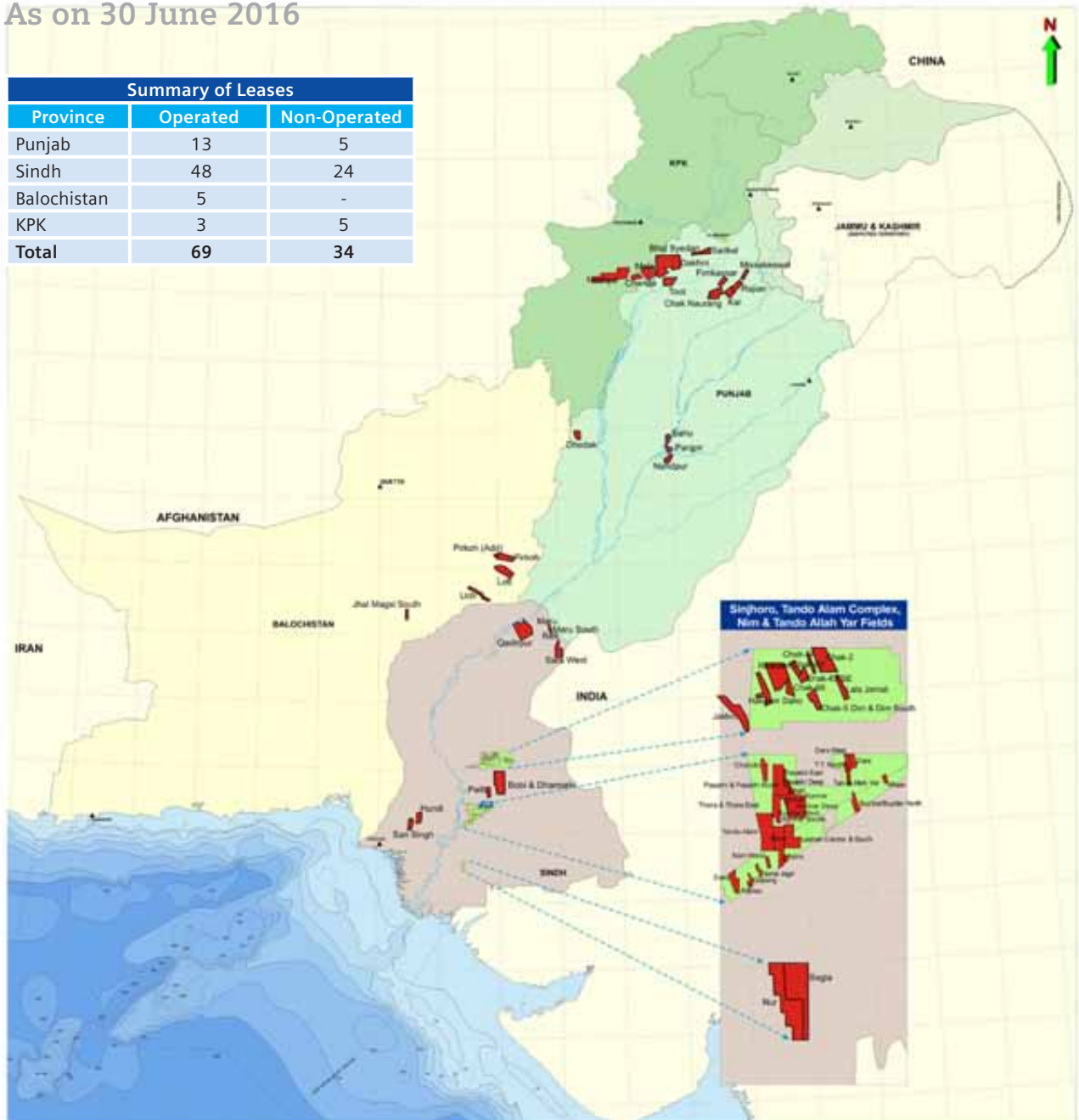
Sr. No.	Lease Name	Districts/Province	Area (sq. km)	Date of Grant	Working Interest (%)
<b>OGDCL's 100% Owned Leases</b>					
1	Bagla	Thatta & Badin, Sindh	29.70	27.02.1995	OGDCL 100%
2	Bahu	Jhang, Punjab	11.22	19.05.2008	OGDCL 100%
3	Bhal Syedan	Attock, Punjab	16.41	11.04.1994	OGDCL 100%
4	Bobbi/Dhamrakhi (ML)	Sanghar, Sindh	128.93	23.01.1990	OGDCL 100%
5	Buzdar	Hyderabad, Sindh	6.58	13.12.1999	OGDCL 100%
6	Chak 5 Dim South	Sanghar, Sindh	15.92	18.03.1996	OGDCL 100%
7	Dakhni (ML)	Attock, Punjab & Kohat, KPK	267.83	23.04.1984	OGDCL 100%
8	Daru	Thatta, Sindh	10.26	07.04.1990	OGDCL 100%
9	Dhodak	Dera Ghazi Khan, Punjab	41.92	01.02.1995	OGDCL 100%
10	Fimkassar	Chakwal, Punjab	27.98	19.12.1992	OGDCL 100%
11	Hundi	Dadu, Sindh	15.04	21.09.2002	OGDCL 100%
12	Kal	Chakwal, Punjab	41.96	13.08.1996	OGDCL 100%
13	Kunnar Deep (ML)	Hyderabad, Sindh	16.07	17.05.2008	OGDCL 100%
14	Kunnar (ML)	Hyderabad, Sindh	34.21	23.01.1990	OGDCL 100%
15	Kunnar West (ML)	Hyderabad, Sindh	3.13	17.05.2008	OGDCL 100%
16	Lashari Centre & South	Hyderabad, Sindh	23.15	25.06.1989	OGDCL 100%
17	Loti (ML)	Dera Bugti Agency, Balochistan	204.11	14.11.1986	OGDCL 100%
18	Misan	Hyderabad, Sindh	2.50	12.07.1999	OGDCL 100%
19	Missa Keswal	Rawalpindi, Punjab	23.43	11.04.1994	OGDCL 100%
20	Nandpur	Multan & Jhang, Punjab	45.05	12.03.1996	OGDCL 100%
21	Nur	Thatta & Badin, Sindh	30.64	27.02.1995	OGDCL 100%
22	Pali	Hyderabad, Sindh	16.43	17.11.2001	OGDCL 100%
23	Panjpir	Multan & Jhang, Punjab	45.18	12.03.1996	OGDCL 100%
24	Pasakhi & Pasakhi North	Hyderabad, Sindh	27.95	27.01.1990	OGDCL 100%
25	Pasakhi Deep	Hyderabad, Sindh	18.08	17.05.2008	OGDCL 100%
26	Pirkoh	Sibi (Bugti Tribal Territory), Balochistan	141.69	14.07.1988	OGDCL 100%
27	Pirkoh (Additional)	Dera Bugti Agency, Balochistan	13.57	08.08.1977	OGDCL 100%
28	Rajian	Chakwal & Jhelum, Punjab	39.09	28.02.1996	OGDCL 100%
29	Sadkal	Attock, Punjab	26.77	24.01.1994	OGDCL 100%
30	Sara West	Ghotki, Sindh	168.41	08.06.2001	OGDCL 100%
31	Sari Sing	Dadu, Sindh	25.89	30.07.2008	OGDCL 100%
32	Sono	Hyderabad, Sindh	25.08	23.07.1989	OGDCL 100%
33	Tando Alam (ML)	Hyderabad, Sindh	38.62	30.07.1985	OGDCL 100%
34	Thora/Thora East & Thora Add. (ML)	Hyderabad, Sindh	15.20	23.01.1990	OGDCL 100%
35	Toot (ML)	Attock, Punjab	67.97	02.11.1968	OGDCL 100%
36	Uch	Dera Bugti, Balochistan	121.00	01.07.1996	OGDCL 100%
<b>OGDCL's Operated JV Leases</b>					
1	Baloch	Sanghar, Sindh	9.78	16.09.2013	OGDCL 62.5%, OPL 15%, GHPL 22.5%
2	Chak Naurang (ML) (28.07Sq.Miles)	Chakwal, Punjab	72.70	14.11.1988	OGDCL 85%, POL 15%
3	Chak-63	Sanghar, Sindh	50.95	06.05.2013	OGDCL 62.5%, OPL 15%, GHPL 22.5%
4	Chak-63 South East	Sanghar, Sindh	9.60	23.05.2013	OGDCL 62.5%, OPL 15%, GHPL 22.5%
5	Chak-66	Sanghar/Khairpur, Sindh	11.13	16.09.2013	OGDCL 62.5%, OPL 15%, GHPL 22.5%
6	Chak-7A	Sanghar, Sindh	6.12	05.12.2012	OGDCL 62.5%, OPL 15%, GHPL 22.5%
7	Chanda	Kohat, KPK	32.32	01.06.2002	OGDCL 72%, GHPL 17.5%, ZPCL 10.5%
8	Chandio	Hyderabad, Sindh	8.11	07.02.2014	OGDCL 77.5%, GHPL 22.5%
9	Chak-2	Sanghar, Sindh	43.57	13.09.2013	OGDCL 62.5%, OPL 15%, GHPL 22.5%
10	Dars	Hyderabad, Sindh	6.02	24.01.2005	OGDCL 77.5%, GHPL 22.5%
11	Dars Deep	Hyderabad, Sindh	20.27	16.05.2014	OGDCL 77.5%, GHPL 22.5%
12	Dars West	Hyderabad, Sindh	5.20	24.01.2005	OGDCL 77.5%, GHPL 22.5%
13	Gopang	Hyderabad, Sindh	2.88	27.01.2014	OGDCL 77.5%, GHPL 22.5%
14	Hakeem Dahu	Sanghar/Khairpur, Sindh	23.46	13.09.2013	OGDCL 62.5%, OPL 15%, GHPL 22.5%
15	Jakhro	Sanghar, Sindh	35.05	13.02.2002	OGDCL 77.5%, GHPL 22.5%
16	Jhal Maghsi South & additional area	Jhal Maghsi, Balochistan	17.71	24.07.2009	OGDCL 56%, POL 24%, GHPL 20%
17	Kunnar South	Hyderabad, Sindh	6.90	16.07.2013	OGDCL 77.5%, GHPL 22.5%
18	Lala Jamali	Sanghar, Sindh	13.57	23.05.2013	OGDCL 62.5%, OPL 15%, GHPL 22.5%
19	Maru	Ghotki, Sindh	15.41	28.06.2013	OGDCL 57.76%, SPEL 10.66%, IPRTOC 9.08 %, GHPL 22.5%
20	Maru South	Ghotki, Sindh	6.64	18.06.2013	OGDCL 57.76%, SPEL 10.66%, IPRTOC 9.08 %, GHPL 22.5%
21	Mela	Kohat, KPK	77.57	02.04.2013	OGDCL 56.45%, PPL 28.55%, GHPL 15%
22	Nashpa	Karak, KPK	170.21	19.06.2013	OGDCL 56.45%, PPL 28.55%, GHPL 15%
23	Nim	Hyderabad, Sindh	2.14	01.01.2013	OGDCL 77.5%, GHPL 22.5%
24	Nim West	Hyderabad, Sindh	3.25	21.05.2012	OGDCL 77.5%, GHPL 22.5%
25	Norai Jagir	Hyderabad, Sindh	2.43	16.08.2008	OGDCL 77.5%, GHPL 22.5%
26	Pasakhi East	Hyderabad, Sindh	4.16	12.12.2013	OGDCL 77.5%, GHPL 22.5%
27	Qadirpur	Ghotki & Kashmore, Sindh	389.16	18.08.1992	OGDCL 75%, PPL 7%, KUFPEC 8.5%, PKPEL-I 4.75%, PKPEL-II 4.75%
28	Resham	Sanghar, Sindh	9.37	23.05.2013	OGDCL 62.5%, OPL 15%, GHPL 22.5%
29	Reti	Ghotki, Sindh	8.60	25.06.2013	OGDCL 57.76%, SPEL 10.66%, IPRTOC 9.08 %, GHPL 22.5%
30	Shah	Hyderabad, Sindh	2.37	16.09.2013	OGDCL 77.5%, GHPL 22.5%
31	Tando Allah Yar	Hyderabad, Sindh	3.35	24.01.2005	OGDCL 77.5%, GHPL 22.5%
32	Tando Allah Yar North	Hyderabad, Sindh	1.43	07.05.2014	OGDCL 77.5%, GHPL 22.5%
33	Unnar	Hyderabad, Sindh	1.88	01.10.2014	OGDCL 77.5%, GHPL 22.5%
Sr. No.	Lease Name	Districts/Province	Area (sq. km)	Operator	Working Interest (%)
<b>OGDCL's Non-Operated JV Leases</b>					
1	Jabo	Golarchi & Badin, Sindh	16.13	UEPL 51%	OGDCL 49%
2	Kato	Tando Muhammed Alam & Badin, Sindh	20.40	UEPL 51%	OGDCL 49%
3	Paniro	Matli & Badin, Sindh	10.00	UEPL 51%	OGDCL 49%
4	Pir	Golarchi & Badin, Sindh	43.84	UEPL 51%	OGDCL 49%
5	Rind	Tando Muhammed Alam & Badin, Sindh	17.00	UEPL 51%	OGDCL 49%
6	Jalal	Hyderabad, Sindh	34.25	UEPL 51%	OGDCL 49%
7	Zaur	Badin, Sindh	15.71	UEPL 51%	OGDCL 49%
8	Meyun Ismail	Hyderabad, Sindh	3.59	UEPL 51%	OGDCL 49%
9	Buzdar South	Badin, Sindh	25.13	UEPL 51%	OGDCL 49%
10	Jagir	Badin, Sindh	1.36	UEPL 76%	OGDCL 24%
11	Raj	Hyderabad, Sindh	21.70	UEPL 76%	OGDCL 24%
12	Muban	Hyderabad, Sindh	1.91	UEPL 76%	OGDCL 24%
13	Sakhi Deep	Tando Muhammad Khan, Sindh	4.71	UEPL 76%	OGDCL 24%
14	Jhaberi South	Badin, Sindh	4.13	UEPL 60%	OGDCL 15%, GHPL 25%
15	Ali Zaur	Badin, Sindh	6.23	UEPL 60%	OGDCL 15%, GHPL 25%
16	Shah Dino	Badin, Sindh	1.46	UEPL 60%	OGDCL 15%, GHPL 25%
17	Fateh Shah North	Thatta, Sindh	23.81	UEPL 60%	OGDCL 15%, GHPL 25%



Sr. No.	Lease Name	Districts/Province	Area (sq. km)	Operator	Working Interest (%)
<b>OGDCL's Non-Operated JV Leases</b>					
18	Manzalai	Karak, Kohat & Bannu, KPK	382.89	MOL 8.421%	OGDCL 27.7632%, PPL 27.7632%, GHPL 15%, POL 21.0526%
19	Makori	Karak, KPK	50.70	MOL 8.421%	OGDCL 27.7632%, PPL 27.7632%, GHPL 15%, POL 21.0526%
20	Makori East	Karak, KPK	30.66	MOL 8.421%	OGDCL 27.7632%, PPL 27.7632%, GHPL 15%, POL 21.0526%
21	Maramzai	Kohat & Hangu, KPK	110.83	MOL 8.421%	OGDCL 27.7632%, PPL 27.7632%, GHPL 15%, POL 21.0526%
22	Mamikhel	Kohat, KPK	95.86	MOL 8.421%	OGDCL 27.7632%, PPL 27.7632%, GHPL 15%, POL 21.0526%
23	Adhi	Rawalpindi & Jehlum, Punjab	199.88	PPL 39%	OGDCL 50%, POL 11%
24	Ratana	Attock, Punjab	214.50	OPL 65.91%	OGDCL 25%, AOC 4.545%, POL 4.545%
25	Dhurnal	Attock, Punjab	24.76	OPL 70%	OGDCL 20%, AOC 5%, POL 5%
26	Bhangali	Gujjar Khan, Punjab	45.30	OPL 40%	OGDCL 50%, AOC 3%, POL 7%
27	Bhit	Dadu, Sindh	250.08	ENI 40%	OGDCL 20%, PKP KPBV 28%, PKP KIR B.V 6%, Premier Oil Pakistan Kirthar B.V 6%
28	Badhra	Dadu, Sindh	36.72	ENI 40%	OGDCL 20%, PKP KPBV 28%, PKP KIR B.V 6%, Premier Oil Pakistan Kirthar B.V 6%
29	Kadanwari	Khairpur, Sindh	457.82	ENI 18.42%	OGDCL 50%, PKP-Kad Ltd 15.79%, Premier Oil Pakistan Kadanwari Ltd 15.79%
30	Miano	Sukkur, Sindh	814.02	OMV 17.68%	OGDCL 52%, PPL 15.16%, ENI 15.16%
31	Pindori	Chakwal, Punjab	86.58	POL 35%	OGDCL 50%, AOC 15%
32	Badar	Kashmor, Sukkur & Ghotki, Sindh	122.00	PEL 26.32%	OGDCL 50%, SHERRITT 15.79%, SEPL 7.89%
33	Sara	Ghotki, Sindh	82.72	SEPL 60%	OGDCL 40%
34	Suri	Ghotki, Sindh	23.82	SEPL 60%	OGDCL 40%

## Lease Map

As on 30 June 2016



# Six Years Performance

		2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
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## Operational Performance

Seismic Survey - 2D	Line km	1,500	2,589	1,584	1,807	5,430	5,336
- 3D	sq. km	660	654	1,121	867	1,918	3,459
Wells Drilled	Numbers	21	17	24	17	25	26
Oil & Gas Discoveries	Numbers	2	2	3	2	4	6

## Quantity Sold

Crude Oil	Thousand barrels	13,224	13,713	14,183	14,734	14,591	14,461
Gas	MMcf	362,924	381,863	392,513	416,238	404,128	386,637
LPG	Tons	71,061	75,005	41,003	64,088	95,629	125,241
Sulphur	Tons	34,400	21,400	14,493	27,707	23,600	15,800
White Petroleum Products	Thousand barrels	30	19	-	-	-	-

## Financial Results

Net Sales	Rs in billion	155.63	197.84	223.37	257.01	210.62	162.87
Other Revenues		3.38	9.75	15.80	19.24	20.23	16.89
Profit before Taxation		90.98	133.08	146.81	172.35	127.03	80.51
Profit for the Year		63.53	96.91	91.27	123.91	87.25	59.97

## Balance Sheet

Share Capital	Rs in billion	43.01	43.01	43.01	43.01	43.01	43.01
Reserves and Unappropriated Profit		158.56	220.37	269.26	352.66	399.51	435.62
Non-Current Liabilities		38.44	42.69	43.29	52.52	49.37	51.96
Current Liabilities		21.78	32.21	58.38	48.05	61.90	58.97
<b>Total Equity and Liabilities</b>		<b>261.78</b>	<b>338.29</b>	<b>413.93</b>	<b>496.23</b>	<b>553.79</b>	<b>589.57</b>
Fixed Assets		106.03	116.04	134.53	155.77	196.38	215.37
Long Term Investments, Loans, Receivables & Prepayments		6.14	7.40	145.15	146.30	137.63	119.40
Current Assets		149.60	214.85	134.25	194.16	219.78	254.80
<b>Total Assets</b>		<b>261.78</b>	<b>338.29</b>	<b>413.93</b>	<b>496.23</b>	<b>553.79</b>	<b>589.57</b>

## Cash Flow Summary

Net Cash from Operating Activities	Rs in billion	67.88	48.58	185.68	50.39	74.01	55.85
Net Cash used in Investing Activities		(15.92)	(14.66)	(164.80)	(25.47)	(53.65)	(35.59)
Net Cash used in Financing Activities		(18.66)	(30.61)	(33.92)	(27.22)	(37.95)	(23.76)
<b>Increase/(Decrease) in Cash and Cash Equivalents</b>		<b>33.30</b>	<b>3.31</b>	<b>(13.04)</b>	<b>(2.30)</b>	<b>(17.59)</b>	<b>(3.49)</b>
Cash and Cash Equivalents at beginning of the Year		18.84	52.14	55.45	42.41	40.11	22.53
<b>Cash and Cash Equivalents at end of the Year</b>		<b>52.14</b>	<b>55.45</b>	<b>42.41</b>	<b>40.11</b>	<b>22.53</b>	<b>19.03</b>

## Key Indicators

### Profitability Ratios

Gross Profit Margin	%	66	70	71	69	63	54
Net Profit Margin	%	41	49	41	48	41	37
EBITDA Margin to Sales	%	71	74	69	73	67	58
Return on Average Capital Employed	%	35	42	32	35	21	13

### Liquidity Ratios

Current Ratio	Times	6.87	6.67	2.30	4.04	3.55	4.32
Acid Test/Quick Ratio	Times	6.22	6.26	2.01	3.65	3.27	4.01
Cash to Current Liabilities	Times	2.40	1.73	0.73	0.84	0.37	0.33
Cash Flow from Operations to Sales	%	87	59	125	63	79	74

### Activity/Turnover Ratios

Debtor Turnover in Days (1)	Numbers	189	200	158	111	192	261
Total Assets Turnover Ratio	%	63	66	59	56	40	28

### Investment/Market Ratios

Earnings per Share	Rupees	14.77	22.53	21.22	28.81	20.29	13.94
Price Earning Ratio	Times	10.36	7.12	10.78	9.07	8.84	9.90
Dividend Yield Ratio	%	4	5	4	4	4	4
Dividend Payout Ratio	%	37	32	39	32	38	37
Dividend Coverage Ratio	Times	2.69	3.11	2.57	3.11	2.62	2.68
Cash Dividend per Share	Rupees	5.50	7.25	8.25	9.25	7.75	5.20
Market Price per Share (2) - As on June 30	Rupees	153.00	160.44	228.75	261.28	179.24	138.07
- High during the Year		180.66	170.70	254.81	287.84	277.52	183.50
- Low during the Year		129.13	120.29	167.41	229.47	172.44	95.58
Break-up Value per Share	Rupees	46.87	61.24	72.60	92.00	102.89	111.29

<b>Contribution to National Exchequer</b>	Rs in billion	76.84	100.55	129.62	132.26	123.70	81.64
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### Notes:

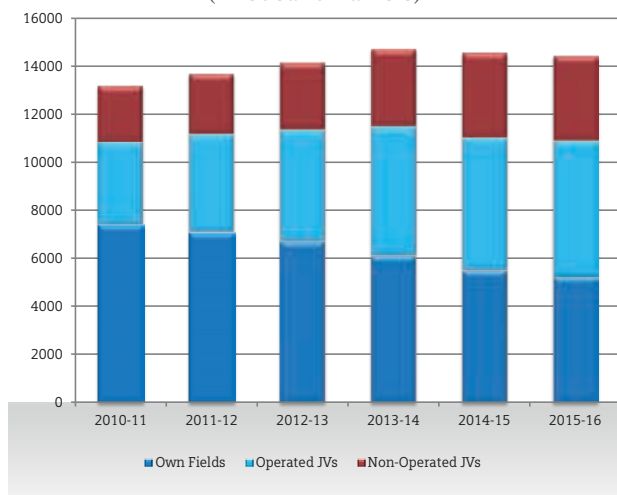
Previous year figures have been rearranged and/or reclassified, wherever, necessary for the purpose of comparison

- 366 days have been used for the year 2011-12 and 2015-16
- Source: Pakistan Stock Exchange

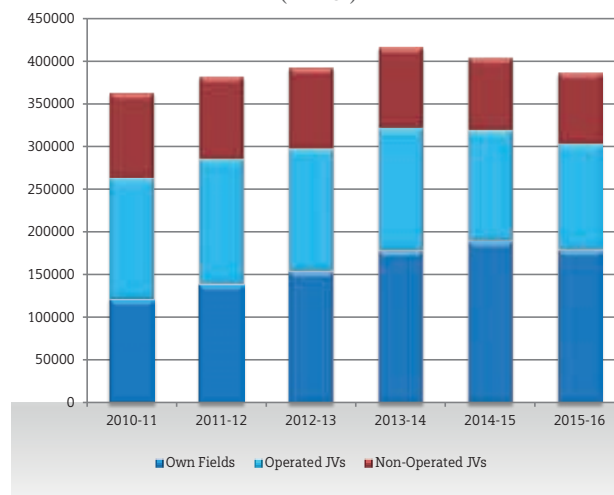
# Graphical Presentation

## Six Years Operational and Financial Performance

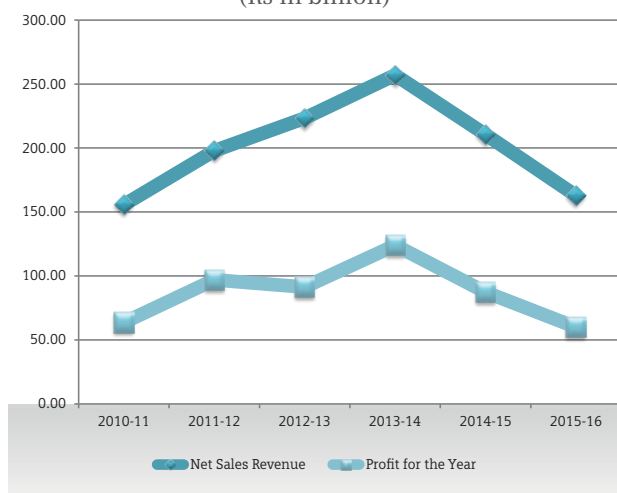
**Quantity Sold - Crude Oil/Condensate**  
(Thousand Barrels)



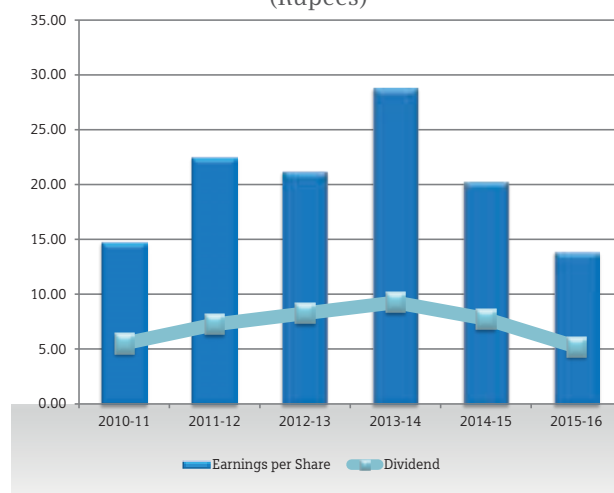
**Quantity Sold - Gas**  
(MMcf)



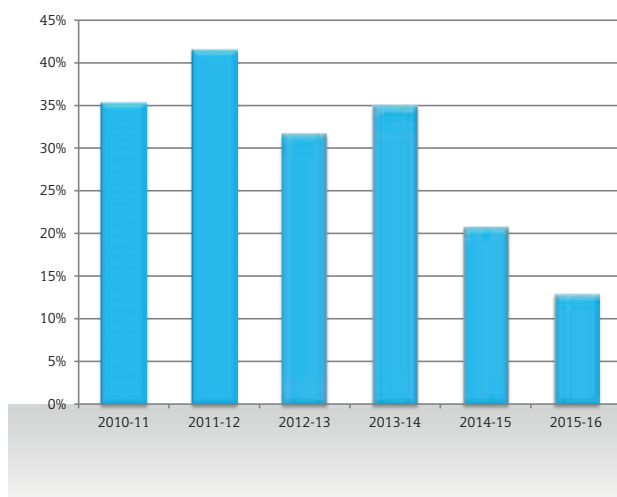
**Net Sales Vs Profit for the Year**  
(Rs in billion)



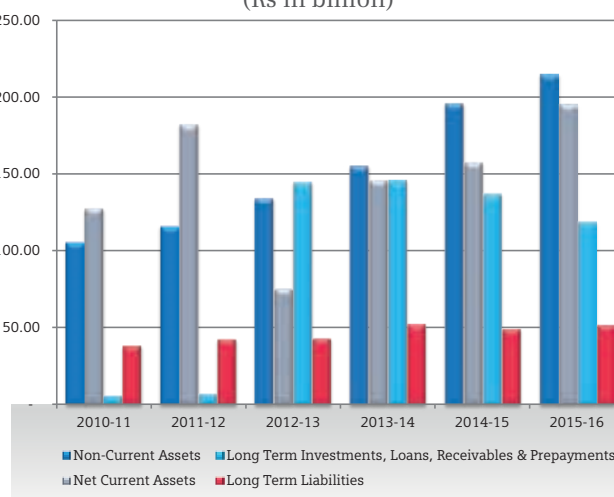
**Earnings and Dividend per Share**  
(Rupees)



**Return on Average Capital Employed**



**Assets and Liabilities**  
(Rs in billion)





## Comments on Six Years Performance

OGDCL in an effort to seek sustainability and growth of its business operations is determined to carry on vigorous exploratory activities and deliver stable operational performance leading to production enhancement and improved operational cash flows in the future. This is testified by the Company's operational results recorded in the past many years while on the financial front slump in international oil prices impacted the business profitability during the fiscal years 2014-15 and 2015-16.

OGDCL's operational and financial snapshot during the fiscal years 2010-11 to 2015-16 is as follows:

- 2D and 3D seismic survey acquired in 2015-16 is 5,336 Line km and 3,459 sq. km respectively against 1,500 Line km and 660 sq. km in 2010-11 portraying fast track seismic data acquisition carried out with the aim to tap additional oil and gas reserves and further enrich the reserves portfolio;
- Twenty six (26) exploratory/appraisal and development wells are drilled during 2015-16 against twenty one (21) wells during 2010-11 representing active drilling campaigns carried out to locate new hydrocarbon reserves;
- Intensified exploratory activities, particularly in the last two fiscal years, led the business to witness a total of nineteen (19) new oil and gas discoveries during the last six (6) fiscal years, which effectively contributed in maintaining and enhancing oil and gas production;
- Quantity sold with respect to crude oil, gas and LPG in 2015-16 were higher in comparison to 2010-11, mainly owing to extensive exploration, development and production activities coupled with increase in production from non-operated fields;
- Net Sales in 2015-16 were Rs 162.87 billion against Rs 155.63 billion in 2010-11 showing an increase of Rs 7.24 billion mainly on account of higher realized prices of gas, enhancement in oil and gas production and favorable exchange rate. However, dramatic fall in international oil prices impacted the business net sales in the last two fiscal years;
- Profit after tax for 2015-16 stood at Rs 59.97 billion compared to Rs 63.53 billion for 2010-11 primarily due to low oil price environment and increased operating, exploration and prospecting expenditures partially offset by higher other income;
- Total Assets as on 30 June 2016 are Rs 589.57 billion against Rs 261.78 billion as on 30 June 2011 showing a healthy surge of Rs 327.79 billion which is attributable to increase in fixed assets including property, plant and equipment and development and production assets coupled with higher long term investment, mainly due to investment in Privately Placed Term Finance Certificates and Pakistan Investment Bonds. Moreover, rise in current assets largely due to trade debts outstanding against oil refineries and gas distribution companies contributed to increased total assets;
- Cash and cash equivalents at the end of 2015-16 were Rs 19.03 billion in comparison to Rs 52.14 billion at the end of 2010-11 primarily owing to rise in trade debts and higher dividends and taxes payments coupled with increase in expenditures; operating, capital, exploration and prospecting; and
- Being the largest exploration and production Company of Pakistan, OGDCL made a significant contribution of Rs 644.61 billion in national exchequer during 2010-11 to 2015-16 on account of corporate tax, dividend, royalty, general sales tax, gas infrastructure development cess, excise duty and development surcharge.

## Targets for the Fiscal Year 2016-17

During the fiscal year 2016-17, OGDCL seeks to carry out 6,253 Line km and 1,130 sq. km of 2D and 3D seismic survey respectively. Twenty six (26) new wells including sixteen (16) exploratory/appraisal wells and ten (10) development wells are planned to be drilled. Net capital expenditure is estimated at Rs 65.8 billion; Rs 29.2 billion on exploratory, appraisal and development wells (net of estimated dry hole cost of Rs 10.6 billion) and Rs 36.6 billion on development projects and property, plant & equipment.

# Vertical and Horizontal Analysis

## Vertical Analysis

### Profit and Loss Account

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Net Sales	100.0	100.0	100.0	100.0	100.0	100.0
Royalty	(11.4)	(11.7)	(11.6)	(11.6)	(11.3)	(11.1)
Operating Expenses	(21.2)	(17.4)	(16.5)	(19.0)	(25.1)	(33.8)
Transportation Charges	(1.4)	(1.0)	(1.0)	(0.9)	(0.9)	(1.2)
<b>Gross Profit</b>	<b>66.0</b>	<b>69.9</b>	<b>70.9</b>	<b>68.5</b>	<b>62.7</b>	<b>54.0</b>
Other Income	2.1	4.9	7.0	7.4	9.1	9.0
Exploration and Prospecting Expenditure	(4.3)	(2.0)	(6.7)	(3.4)	(5.5)	(8.9)
General and Administration Expenses	(1.4)	(1.1)	(1.1)	(1.2)	(2.0)	(2.3)
Finance Cost	(1.0)	(0.9)	(1.0)	(0.9)	(1.2)	(1.1)
Workers' Profit Participation Fund	(3.1)	(3.5)	(3.5)	(3.5)	(3.2)	(2.6)
Share of Profit in Associate	0.1	0.0	0.0	0.0	0.5	1.3
<b>Profit before Taxation</b>	<b>58.5</b>	<b>67.3</b>	<b>65.7</b>	<b>67.1</b>	<b>60.3</b>	<b>49.4</b>
Taxation	(17.6)	(18.3)	(24.9)	(18.8)	(18.9)	(12.6)
<b>Profit for the Year</b>	<b>40.8</b>	<b>49.0</b>	<b>40.9</b>	<b>48.2</b>	<b>41.4</b>	<b>36.8</b>

### Balance Sheet

Share Capital and Reserves	77.0	77.9	75.4	79.7	79.9	81.2
Non-Current Liabilities	14.7	12.6	10.5	10.6	8.9	8.8
Current Liabilities	8.3	9.5	14.1	9.7	11.2	10.0
<b>Total Equity and Liabilities</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Non-Current Assets	42.9	36.5	67.6	60.9	60.3	56.8
Current Assets	57.1	63.5	32.4	39.1	39.7	43.2
<b>Total Assets</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

## Horizontal Analysis

### Profit and Loss Account

Net Sales	100.0	127.1	143.5	165.1	135.3	104.6
Royalty	100.0	130.6	146.3	167.9	134.1	102.1
Operating Expenses	100.0	104.2	111.5	148.0	160.4	166.6
Transportation Charges	100.0	92.2	102.2	108.5	90.2	86.9
<b>Gross Profit</b>	<b>100.0</b>	<b>134.6</b>	<b>154.2</b>	<b>171.4</b>	<b>128.5</b>	<b>85.6</b>
Other Income	100.0	292.4	475.0	578.9	580.7	445.0
Exploration and Prospecting Expenditure	100.0	61.1	226.2	131.7	175.6	219.7
General and Administration Expenses	100.0	98.5	107.5	132.7	192.9	168.8
Finance Cost	100.0	115.8	155.9	148.5	171.7	115.7
Workers' Profit Participation Fund	100.0	146.3	161.4	189.4	139.6	88.5
Share of Profit in Associate	100.0	111.2	133.7	145.2	1,330.7	2,790.6
<b>Profit before Taxation</b>	<b>100.0</b>	<b>146.3</b>	<b>161.4</b>	<b>189.4</b>	<b>139.6</b>	<b>88.5</b>
Taxation	100.0	131.8	202.3	176.4	144.9	74.8
<b>Profit for the Year</b>	<b>100.0</b>	<b>152.5</b>	<b>143.7</b>	<b>195.1</b>	<b>137.3</b>	<b>94.4</b>

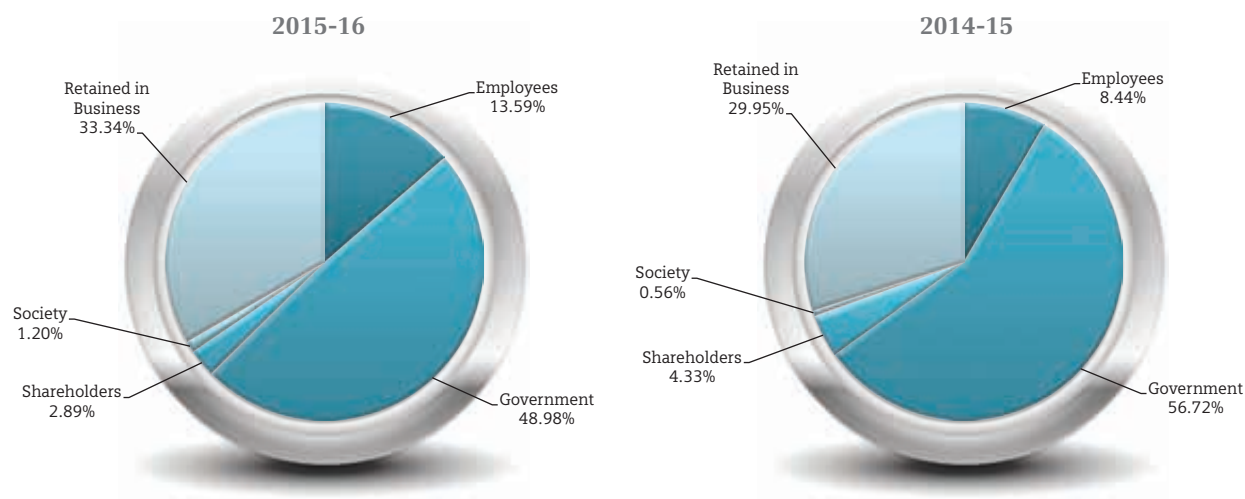
### Balance Sheet

Share Capital and Reserves	100.0	130.7	154.9	196.3	219.5	237.5
Non-Current Liabilities	100.0	111.1	112.6	136.6	128.4	135.2
Current Liabilities	100.0	147.9	268.1	220.6	284.3	270.8
<b>Total Equity and Liabilities</b>	<b>100.0</b>	<b>129.2</b>	<b>158.1</b>	<b>189.6</b>	<b>211.6</b>	<b>225.2</b>
Non-Current Assets	100.0	110.0	249.3	269.3	297.8	298.4
Current Assets	100.0	143.6	89.7	129.8	146.9	170.3
<b>Total Assets</b>	<b>100.0</b>	<b>129.2</b>	<b>158.1</b>	<b>189.6</b>	<b>211.6</b>	<b>225.2</b>

# Statement of Value Addition

	(Rs in Million)	
	2015-16	2014-15
Gross Revenue	190,736	240,987
<b>Less:</b>		
Operating, General & Administration, Transportation and Exploration Expenses	30,565	28,787
	160,171	212,200
<b>Add:</b>		
Income from Financial Assets	12,909	18,000
Income from Non-Financial Assets	1,794	1,187
Other	2,189	1,044
<b>Less:</b>		
Other Expenses	1,718	2,550
<b>Total Value Added</b>	<b>175,345</b>	<b>229,880</b>
<b>Distribution to:</b>		
<b>Employees as</b>		
Remuneration	20,180	18,775
Contribution to Employees' Benefits (Pension & Medical)	3,643	616
	23,823	19,391
<b>Government as</b>		
Corporate Tax	20,537	39,776
Dividends	15,155	29,827
Levies - Sales Tax	19,133	21,311
Excise Duty	3,157	3,316
Gas Infrastructure Development Cess (GIDC)/Development Surcharge	5,579	5,735
Royalty	18,079	23,737
Workers' Profit Participation Fund	4,237	6,686
	85,877	130,387
<b>Shareholders other than the Government as</b>		
Dividends	5,059	9,957
<b>Society</b>	2,107	1,290
<b>Business as</b>		
Reserves	3,075	850
Depreciation	7,099	5,724
Amortization	15,267	16,281
Unappropriated Profit	33,038	46,000
	58,479	68,855
<b>Total Value Added</b>	<b>175,345</b>	<b>229,880</b>

## Distribution of Value Added





# DuPont Analysis

DuPont Analysis shows that OGDCL's Return on Equity during the fiscal year 2015-16 is impacted in comparison to the preceding year. This is due to fall in average basket price of crude oil to US\$ 42.50/barrel from US\$ 74.45/barrel in the preceding year leading the business to witness lower realized prices for crude oil and gas

coupled with increase in operating, exploration and prospecting expenditures and reduced other income which influenced the Company's Total Assets Turnover and Net Profit Margin. Equity Multiplier is slightly lower on account of greater increase in equity in comparison to increase in total assets.

	<b>Total Assets Turnover</b>	x	<b>Net Profit Margin</b>	x	<b>Equity Multiplier</b>	=	<b>Return on Equity</b>
<b>FY 2015-16</b>	<b>28%</b>		<b>37%</b>		<b>1.23</b>		<b>13%</b>

## Analysis of Variation in Results Reported in Interim Reports

### Item wise Quarterly Analysis

Quarter wise variations and commentary on the financial results of OGDCL during the fiscal year 2015-16 are as follows:

-----Rupees in billion -----					Rupees
Quarter	Net Sales	Gross Profit	Profit before Tax	Profit after Tax	Earnings per Share
First Quarter	44.513	26.397	26.228	18.260	4.25
Second Quarter	41.673	22.659	21.848	15.946	3.71
Third Quarter	36.525	18.615	13.848	9.294	2.16
Fourth Quarter	40.155	20.220	18.583	16.471	3.83
<b>Total 2015-16</b>	<b>162.867</b>	<b>87.890</b>	<b>80.507</b>	<b>59.971</b>	<b>13.94</b>

**Net sales** for the first quarter in comparison to the remaining quarters is greater mainly due to higher realized prices of crude oil and gas. Significant fall in international oil prices impacted sales revenue in the remaining quarters, while oil prices recovered partially in the fourth quarter resulting in increased net sales in comparison to the third quarter. Lowest net sales are observed in the third quarter which apart from the suppressed oil price is due to reduced gas intake from Uch field by Uch-II Power (Private) Limited and Qadirpur field by Engro Powergen Qadirpur Limited and Liberty Power Limited coupled with SSGCL's increased pipeline pressure which also affected gas production at KPD field.

**Gross profit** reported for the first quarter in comparison to the remaining quarters is higher primarily owing to increased net sales. In the following quarters, lower net sales coupled with increased operating expenses influenced gross profit.

**Profit before tax (PBT)** recorded for the first quarter in comparison to the remaining quarters is more largely attributable to higher net sales and lower exploration and prospecting expenditures. In the subsequent quarters, lower gross profit accompanied with increased exploration and prospecting expenditures on account of enhanced geophysical survey (3D) partially offset by surge in share of profit in associate in the fourth quarter affected PBT.

**Profit after tax (PAT)** posted for the first quarter in comparison with the remaining quarters is greater due to increased profit before tax. In the other quarters, decline in the PBT led to reduced profitability, while slight recovery of PAT in the fourth quarter is attributable to partial price rebound in conjunction with surge in share of profit in associate and lower taxation on account of advance tax adjustment.

**Earnings per share** variations in the four (4) quarters follow the same trend as evident in the results of PAT and owing to the same reasons as well.

# Managing Director's Review



Against the backdrop of steep decline in international oil prices having impacted the earnings of global oil and gas industry, Oil & Gas Development Company Limited (OGDCL) remained committed to serve the national cause of meeting oil and gas demands and in this connection delivered yet another steady operational performance during the fiscal year 2015-16. Moreover, the Company leveraging on robust exploration portfolio, business strategy, financial strength and dedicated employees continued to maintain its position as an industry leader in terms of highest share in exploration acreage, seismic data acquisition, oil and gas reserves and production contribution in E&P sector of Pakistan.

OGDCL's solid operational performance rendered during the period July 2015 to June 2016 is primarily attributable to exploration, which has been once again a driver of value creation for the business. This is witnessed by the fact that the Company's intensified exploratory efforts continued during the year resulting in 3D and 2D seismic data acquisition of 3,459 sq. km and 5,336 Line km in comparison to 1,918 sq. km and 5,430 Line km respectively in the last year. Moreover, the Company drilled a total of twenty six (26) new wells including twelve (12) exploratory/appraisal wells and fourteen (14) development wells against twenty five (25) wells drilled in the previous year.

In addition to the above, OGDCL during the period under review carried on its track record of exploration success striking six (6) new oil and gas discoveries having cumulative daily production potential of 50 MMcf of gas and 1,500 barrels of oil. These discoveries comprise Nashpa X-5 in district Karak, Khyber Pakhtunkhwa province, Thal East-1 & Thal West-1 in district Sukkur, Bitrism West-1A in district Sanghar, Aradin-1 in district Khairpur, Sindh province and Chak Naurang South-1 in district Chakwal, Punjab province. Reserves addition through new discoveries is 171.27 billion cubic feet of gas and 9.20 million barrels of oil combined 35.13 million barrels of oil equivalent, which will contribute to further bolster reserves base of the Company.

Being the national flagship of the Country's E&P sector, OGDCL is striving to augment oil and gas production from owned and operated joint venture fields. In this regard, the Company during the year under review added 4,150 barrels per day of crude oil and 43 MMcf per day of gas through addition of new wells in the existing gathering system, which contributed towards narrowing down the impact of natural decline and operational problems encountered at certain fields. Moreover, the Company during the year contributed around 48% and 28% of the Country's total oil and natural gas production respectively (source: Pakistan Petroleum Information Services). Apart from this, a sum of Rs 81.640 billion is contributed to the national exchequer on account of corporate tax, dividend, royalty, general sales tax, gas infrastructure development cess and excise duty.

Despite the natural decline observed in the mature hydrocarbon producing fields, OGDCL's daily net saleable crude oil and gas production remained steady during the reporting period averaging 40,609 barrels and 1,056 MMcf respectively. Moving forward, the Company envisages production growth from its owned and operated joint venture fields based on aggressive exploratory endeavors, expediting pace of bringing new discoveries on production and completion of ongoing development projects including Kunnar Pasakhi Deep-Tando Allah Yar (KPD-TAY), Sinjhora, Uch-II, Nashpa and Mela. In this regard, phase-II of the Sinjhora development project upon completion of commissioning activities has been brought into production during the month of July 2015. At present, cumulative daily production from phases I and II is around 2,600 barrels of crude oil, 30 MMcf of gas and 140 Tons of LPG. Likewise, concerted efforts are underway at phase-II of the KPD-TAY development project which is expected to be completed during September 2016 leading to an average daily incremental production of 4,000 barrels of oil, 105 MMcf of gas and 400 tons of LPG. Development work at Nashpa-Mela fields is also in full swing as the EPCC contract is awarded, pipeline to be laid from Mela to Nashpa field is procured and the contractor is mobilized at site with activities including construction of temporary site facilities and leveling and grading process of plant area and LPG bullet area under progress. This development project will be brought on stream by June 2017 to deliver an incremental daily production of 1,200 barrels of crude oil, 10 MMcf of gas and 380 Tons of LPG.

On the financial front, slump in oil prices owing to crude supply glut in the international market continues to impact OGDCL's financial performance. This is reflected in the standings of average basket price which during the year under review plummeted to US\$ 42.50/barrel against US\$ 74.45/barrel in the comparative period. Resultantly, the Company recorded lower realized prices for crude oil and gas averaging US\$ 39.07/barrel and Rs 253.77/Mcf compared with US\$ 63.29/barrel and Rs 272.61/Mcf respectively in the preceding year. This decrease in oil prices has influenced the

business financial results leading the Company to register Sales Revenue and Profit after Tax of Rs 162.867 billion and Rs 59.971 billion respectively translating into Earnings per Share of Rs 13.94 for the year ended 30 June 2016. In order to successfully navigate through this era of low oil prices and volatility, the Company has maintained vigilance on its operational and capital spending while adapting to the changing conditions and position for an eventual recovery.

Moving on, OGDCL with the aim to carry out exploration, development and production operations efficiently and cost effectively will continue formulation of value driven joint ventures with leading E&P companies, both locally and internationally. While acting as a low cost operator, the Company also seeks to acquire concessions in domestic and international market and evaluate suitable farm-in/farm-out opportunities to enhance reserves and production base resulting in improved operational cash flows. In addition, the Company is focused on locating alternate sources of energy by carrying out a comprehensive study through an international consultant to evaluate shale gas/oil and tight gas/oil potential in its operated blocks.

As we enter the fiscal year 2016-17, OGDCL is confident that its fast track exploration, development and production activities coupled with concentration on rigorous financial spending and capital discipline will pave the way to discover new oil and gas reserves and optimize production on competitive basis. While doing so, the Company stands firm in utilizing latest production techniques and innovative technologies to drive functional excellence across E&P operations and maximize hydrocarbon recovery from mature fields. In pursuit to meet the stated commitments, the Company will continue to bank on the support and patronage of all its stakeholders particularly Government of Pakistan, Ministry of Petroleum & Natural Resources, Directorate General of Petroleum Concessions, joint venture partners, Board of Directors, shareholders and employees as we look ahead to embrace new business challenges and accept courageous tasks to carry on our track record of delivering industry leading performance, safely and responsibly.

24 August 2016  
Islamabad

(Zahid Mir)  
Managing Director & CEO



# Directors' Report



## Dear Shareholders,

On behalf of the Board of Directors of the Company, I am pleased to present OGDCL's operational and financial performance together with the audited financial statements and Auditors' Report for the year ended 30 June 2016.

Fiscal year 2015-16 is marked as a year of both challenges and achievements in the Company's history. Despite the tough market conditions, existent due to low oil price environment influencing the oil and gas sector across the globe, OGDCL being the national flagship of Pakistan's E&P sector remained steadfast in its resolve to carry on vigorous exploratory endeavors and continue playing a pivotal role in enhancing the Country's energy security. Pursuit to this ambition led the Company to report yet another industry leading performance in the Country while preserving its coveted status as a market leader in E&P sector in terms of exploration acreage, seismic data acquisition, oil and gas reserves and production volumes.



## Exploration and Development Activities

OGDCL's exploration strategy is to maintain a balanced portfolio of exploratory assets in the established, promising and unexplored areas and focus on accelerating exploration activities leading to hydrocarbon reserves accretion. As of 30 June 2016, the Company's exploratory assets covered an area of 112,453 sq. km which is the largest exploration acreage held by any E&P Company in Pakistan. These exploratory licenses are spread across all four (4) provinces of the Country and the portfolio constitutes sixty (60) owned and operated joint venture exploration licenses along with holding working interest in six (6) blocks operated by other exploration and production companies.

In line with its exploration-led growth strategy to enhance oil and gas reserves and embark upon new growth opportunities, OGDCL's fast track seismic data acquisition continued during the year under review. These exploratory efforts culminated in 3D and 2D seismic data acquisition of 3,459 sq. km (2014-15: 1,918 sq. km) and 5,336 Line km (2014-15: 5,430 Line km) respectively in various exploratory blocks including Armala, Dakhni, Fatehpur, Khanpur, Khiu, Ladhana, Layyah, Mari East, Pezu, Kulachi, Ranipur, Thal, Tegani, Zorgarh, Baratai, Rakshan, Plantak, Shahana, Kohat, Khewari and Warnali. The Company also carried out geological field work of 182 Line km in Bostan exploration license. Moreover to identify prospective areas offering the potential for commercial oil and gas reserves, 8,054 Line km of 2D seismic data and 2,061 sq. km of 3D seismic data of various blocks were processed using in-house resources.

In a suppressed oil price market where some of the E&P companies have resorted to scale back their capital expenditures, OGDCL carried on its active drilling campaigns to replenish and augment the hydrocarbon reserves and ensure business sustainability. In this pursuit, the Company spud twenty six (26) wells (2014-15: 25 wells) including twelve (12) exploratory/appraisal wells viz., Bachani-1, Bitrism West-1A, Thal West-1, Pirkoh Deep-1, Barkatwala-1, Daru Deep-1, Mithri-1, Dhodak Rubbly X-1, Khamiso-1, Chhutto-1, Thal East-2 and Jand-2 and fourteen (14) development wells viz., Buzdar North-2, Pirkoh-54, Pasakhi Deep-6, Palli-2, Rajian-9, Dhachrapur-3, Kunnar Deep-11, Kunnar-10 & 11, Qadirpur-54 & 55 and Qadirpur HRL-9, 10 & 11 during the reporting period. In addition, drilling and testing of nine (9) wells spud in the previous fiscal year were completed.

In order to exploit unconventional oil and gas resources like shale gas and coal bed methane, first phase of the study carried out by an international consultant to



evaluate shale gas/oil and tight gas/oil potential in OGDCL's operated blocks is completed while second and third phases of the study are underway. Moreover to measure and evaluate shale gas potential at the well-site during the drilling phase, services including Well-site Geosciences and Canister Gas Analysis are being utilized at Kunnar Deep-10 and Suleman-2. Moving forward with this study, shale/tight gas evaluation program comprising additional drilling, stress testing, analyzing cores and special logs is incorporated in wells under drilling and to be drilled in the future. Furthermore, efforts are in progress to formulate joint exploration strategy in collaboration with Pakistan Petroleum Limited for shale/tight gas evaluation.

Apart from the above, OGDCL being a low cost operator is focused on establishing foot prints abroad by undertaking farm-in/farm-out opportunities as wells as acquisition of concessions in domestic and international market. In this respect, the Company is making all out efforts to seek suitable opportunities that play to the business strengths and deemed financially viable. Moving forward, OGDCL is determined to carry on its extensive exploration program including fast track seismic data acquisition, data processing/interpretation and active drilling campaigns to replenish and augment hydrocarbon reserves, ramp up oil and gas production and contribute in the economic development of the Country.



## Discoveries

OGDCL's aggressive exploratory efforts to locate new hydrocarbon reserves bear fruit during the period under review resulting in six (6) new oil and gas discoveries having cumulative daily production potential of 50 MMcf of gas and 1,500 barrels of oil. These discoveries were witnessed at Nashpa X-5 in district Karak, Khyber Pakhtunkhwa province, Thal East-1 & Thal West-1 in district Sukkur, Bitrism West-1A in district Sanghar, Aradin-1 in district Khairpur, Sindh province and Chak Naurang South-1 in district Chakwal, Punjab province. Reserves addition attributable to the aforesaid discoveries is 171.27 billion cubic feet of gas and 9.20 million barrels of oil combined 35.13 million barrels of oil equivalent.

## Oil and Gas Reserves

OGDCL's total gross remaining recoverable 3P reserves as of 30 June 2016 stood at 498.50 million barrels of oil and 11,689.20 billion cubic feet of gas. These reported reserves are in accordance with the Reserves Evaluation Study-2014 carried out by an independent consultant namely Bayphase Limited, UK for all OGDCL fields. Original reserves by Bayphase Limited, UK have been revised/updated during the reporting period based on the production performance, workovers and development wells result of individual fields.

## Production

OGDCL's production strategy is to maintain and enhance hydrocarbon production profile by expediting connectivity of newly discovered exploratory, appraisal and development wells in the system, employing latest production techniques and innovative technologies to curtail natural decline and undertaking/completing ongoing development projects on seamless track to meet the growing demands of oil and gas in Pakistan. In this pursuit, the Company during the period under review injected new wells; Chak 63-3, Chak 2-3, Mela-4, Loti Deep-1, Kunnar-10, Pirkoh-54, Palli-2, Nashpa X-5, Loti-19 & 20, Qadirpur-54 & 55 and Qadirpur HRL-9 & 10 in the existing gathering system which at present are cumulatively producing 4,150 barrels per day of crude oil and 43 MMcf per day of gas. This addition of oil and gas to the production base contributed towards narrowing down the impact of natural decline and operational problems encountered at certain fields. Moreover, the Company contributed around 48% and 28% of the Country's total oil and natural gas production respectively during July 2015 to June 2016 (source: Pakistan Petroleum Information Services).

In order to revive and enhance production from the mature wells, OGDCL during the reporting period carried out workover jobs with rig at Kal-3, Missakeswal-3, Sono-7, Pasakhi North-1, Nim West-1, Thora Deep-1, Chak 2-2, Kunnar-6 & 8, Rajian 1 & 2 and Thora-1, 3 & 4. Likewise, rig-less workover jobs were carried out at various wells to boost oil and gas production. Moreover to induce improvement in current well flow parameters, pressure build-up survey jobs







were completed at various wells of Qadirpur, Sinjhor, Kunnar, Kunnar Pasakhi Deep, Maru Reti, Uch, Bobi, Chanda, Mela and Nashpa fields.

During the period under review, OGDCL as part of preventive maintenance plan carried out Annual Turn Around of plants at Bobi, Qadirpur, Kunnar, Kunnar Pasakhi Deep, Dakhni, Chanda, Uch and Sinjhor fields. In addition, production testing has been completed at wells; Suleman-2, Thal East-1, Thal West-1, Bitrism West-1A, Kunnar-11, Pasakhi Deep-6 and Kunnar Deep-10 & 11. The commissioning of cathodic protection system at twenty four (24) wells of Kunnar Pasakhi Deep and fifteen (15) wells of Uch-II project has also been completed.

Against the backdrop of natural decline in some of the mature hydrocarbon producing fields, OGDCL during the fiscal year 2015-16 recorded stable crude oil production while gas production is impacted in comparison to the corresponding year. The Company's gas production is influenced by less gas intake from Uch-I & II fields by Uch-II Power (Private) Limited during the months of January, February and March 2016 due to its Annual Turn Around and tripping of turbines and Qadirpur field by Engro Powergen Qadirpur Limited and Liberty Power Limited owing to their shut-in from 22 January 2016 to 30 April 2016 and 17 February 2016 to 14 March 2016 respectively. Moreover on account of

SSGCL's increased pipeline pressure, gas production is affected at Qadirpur and KPD fields. Regarding LPG production, the Company witnessed surge mainly owing to startup of production from Sinjhor and Jakhro fields.

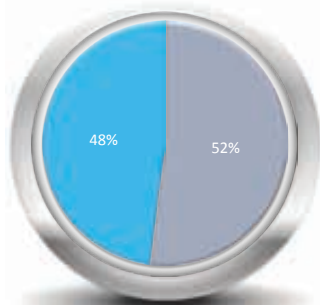
The average daily net saleable production of crude oil, gas and LPG during the period under review, including share in both operated and non-operated joint venture fields is as under:

Products	Unit of Measurement	FY 2015-16	FY 2014-15
Crude oil	Barrels per day	40,609	40,818
Gas	MMcf per day	1,056	1,107
LPG	Tons per day	342	260

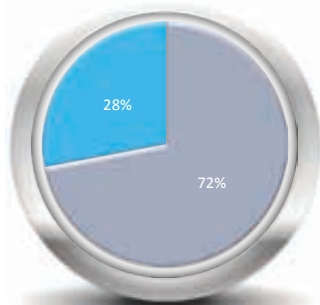
Going forward, OGDCL is confident that its vigorous exploratory endeavors accompanied with the expedited efforts for completion of ongoing development projects will lay a solid foundation to reap the reward of augmented oil and gas output in the future. In doing so, utilizing advanced technology, pursuing latest production techniques and enhancing engineering design and simulation capabilities will remain part and parcel of the Company's production strategy leading to growth in production and distribution to the shareholders in the coming years.

## Production

### Crude Oil



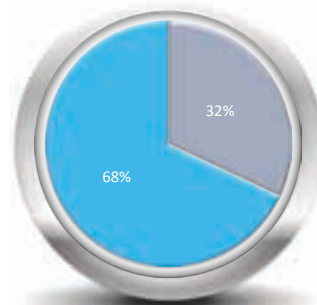
### Gas



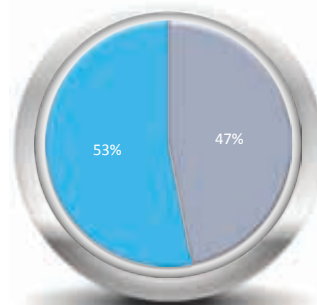
■ OGDCL ■ Other E&P companies

## Sesimic Data Acquisition

### 2D



### 3D



## Market Share Information from an Independent Source

Being an industry leader in E&P sector, OGDCL boasts the highest share in exploration acreage, seismic data acquisition, oil and gas reserves and production volumes in comparison to other E&P companies operating in Pakistan. The Company's exploration portfolio comprises sixty (60) owned and operated joint venture exploration licenses covering an area of 112,453 sq. km, which represents 31% of the Country's total exploration acreage awarded as of 30 June 2016. Its 2D and 3D seismic data acquisition were 68% and 53% respectively of the total seismic data acquired in the Country during the year. Moreover, hydrocarbon reserves of the business were 59% of oil and 36% of total natural gas reserves in the Country as at 30 June 2015. Furthermore, the Company contributed around 48% and 28% of the Country's total oil and natural gas production respectively during the period July 2015-June 2016.

(Source: Pakistan Petroleum Information Services)

## Development Projects

OGDCL in line with its business strategy to augment hydrocarbon production and improve operational cash flows continued to make all out efforts for completion of its ongoing development projects including Kunnar Pasakhi Deep-Tando Allah Yar (KPD-TAY), Sinjhor, Uch-II and Nashpa-Mela. These development projects are of significant importance as sizeable increase in

crude oil, gas and LPG production is expected upon their completion in the near future.

OGDCL's progressive efforts for completion of its ongoing development projects during the fiscal year 2015-16 are as follows:

### KPD-TAY Development Project

KPD-TAY integrated development project is located adjacent to existing Kunnar LPG plant in district Hyderabad, Sindh province. OGDCL through use of in-house resources is engaged in completion of this project in two (2) phases. In this regard, phase-I of the project has already been completed, currently supplying around 1,000 barrels per day of condensate and 120 MMcf per day of dehydrated gas.

Under phase-II of the project, OGDCL has carried out installation of well head facilities, gas gathering system, CO<sub>2</sub> removal unit, LPG extraction feed/sales gas compressors, power generation and allied utilities. Moreover, work on 21 kilometer trunk line and EPCC installation coupled with mechanical and piping activities relating to sales gas compressors is completed and pre-commissioning activities have started. Phase-II of the project is expected to be completed during September 2016 upon which production from combined phases I and II will be around 5,000 barrels per day of oil/condensate/NGL, 225 MMcf per day of gas and 400 Tons per day of LPG.





### Sinjhor Development Project

Sinjhor development project is located near district Sanghar, Sindh province. This project is a joint venture among OGDCL, OPL and GHPL having 62.5%, 15% and 22.5% working interest respectively with OGDCL acting as the operator. By using in-house resources, the Company has carried out development of this field in two (2) phases. Phase-I of the project has already been completed and is currently supplying around 1,000 barrels per day of oil and 16 MMcf per day of gas.

During the month of July 2015, OGDCL upon completion of commissioning activities has brought phase-II of the project into production. At present, total production from combined phases I and II is around 2,600 barrels per day of crude oil, 30 MMcf per day of gas and 140 Tons per day of LPG.

### Uch-II Development Project

Uch gas field is located about 67 kilometers South East of Dera Bugti in Balochistan province. OGDCL is working to complete this project by employing in-house resources. The contractor has already been mobilized at site and development activities are in the final stages of completion. At present, 130 MMcf per day of gas under interim arrangement is being supplied to Uch-II Power (Private) Limited from one amine unit as per demand. Expected completion of the project during the month of September 2016 will enable the Company to exhibit operational excellence in supply of 160 MMcf per day of gas to Uch-II Power (Private) Limited.

### Nashpa-Mela Development Project

Nashpa-Mela fields are located in Karak and Kohat districts of Khyber Pakhtunkhwa province. OGDCL is the operator of these fields with 56.45% share while joint venture partners include PPL and GHPL with 28.55% and 15% working interest respectively. The scope of this project involves the installation of well head compressors, crude stabilization unit and laying of 22 kilometers gas transport pipeline from Mela to Nashpa field. The tendering relating to EPCC for gas processing,

LPG recovery plant and allied facilities at Nashpa field and respective evaluation has been completed and the contract is awarded to Hong Kong Huihua Global Technology Limited.

At present, the contractor has been mobilized at site and activities including construction of temporary site facilities and leveling and grading process of plant area and LPG bullet area are under progress. Moreover, pipeline to be laid from Mela to Nashpa field has been procured and tender to hire the services of contractor for laying, construction and commissioning of pipeline is under preparation. Currently, Nashpa-Mela fields are cumulatively contributing around 22,400 barrels per day of oil and 90 MMcf per day of gas. This development project is expected to be completed by June 2017 leading to an incremental production of 1,200 barrels per day of crude oil, 10 MMcf per day of gas and 380 Tons per day of LPG.



## Non Operated Joint Ventures

OGDCL holds working interest in various blocks operated by other exploration and production companies. The detail of the activities carried out in the Company's non-operated joint ventures during the fiscal year 2015-16 is as follows:

### TAL Concession

TAL block is located in Khyber Pakhtunkhwa province and spreads over Karak, Kohat, Hangu, Bannu, North Waziristan and Orakzai agency areas. The concession is operated by MOL Pakistan with OGDCL, PPL and GHPL as joint venture partners. OGDCL has 27.76% working interest in TAL concession. To date, discoveries accredited to TAL concession include Manzalai, Makori, Mamikhel, Maramzai, Makori East, Tolanj and Mardan Khel. During the period under review, drilling at Tolanj West-1 and production testing at Makori Deep-1 continued while drilling at Makori East-5 has been completed. Moreover, civil work activities at Mardan Khel-2 & 3 and Maramzai-4 along with tie-in of Mardan Khel-1 with the production facilities remained under progress. At present, average daily production is 20,207 barrels of crude oil/condensate, 263 MMcf of gas and 432 Tons of LPG.

### Adhi Field

Adhi oil field is located in district Rawalpindi, Punjab province and is operated by PPL with OGDCL and POL as joint venture partners. OGDCL holds 50% working interest in Adhi oil field. During the reporting period, drilling at Adhi-23, 24 & 25 has been completed while drilling at Adhi-27 remained under way. Moreover, Adhi reservoir simulation study along with 3D seismic data and petro-physical interpretation continued during the year. The erection of Adhi plant-III is also completed and is in operation since November 2015. Currently, average daily production is 4,650 barrels of crude oil, 50 MMcf of gas, 1,950 barrels of NGL and 160 Tons of LPG.

### Pindori Field

Pindori field is located in district Chakwal, Punjab province and is operated by POL while OGDCL holds 50% working interest. The main productive reservoirs are fractured carbonates of the Eocene Sakesar formation and the Paleocene Lockhart formation. To date, eleven (11) wells are drilled including two (2) water injectors wells. Presently, two (2) wells are on production and contributing average daily production of 242 barrels of crude oil and 0.13 MMcf of gas.

### Kadanwari, Bhit and Badhra Fields

Kadanwari gas field is located in district Khairpur, Sindh province while Bhit and Badhra fields are located in district Dadu, Sindh province. ENI Pakistan is the operator of these fields and OGDCL possess a working

interest of 50% in Kadanwari field and 20% each in Bhit and Badhra fields. In order to enhance the production from Bhit and Badhra fields, phase-II of compression project has been completed under which ten (10) booster compressors have been commissioned resulting in cumulative gain of 38 MMcf per day of gas. Moreover, drilling of a development well with potential of 25 MMcf per day of gas at Badhra field has been completed. During the year, average daily gas production for Kadanwari and Badhra fields is 45 MMcf and 112 MMcf respectively while Bhit field is contributing around 151 MMcf per day of gas and 262 barrels per day of condensate.

### Badar Field

Badar gas field is located in Kashmore, Sukkur and Ghotki, Sindh province and is operated by PEL with OGDCL holding 50% working interest. During the year under review, Badar-2 has been put on regular production and currently the field is producing on average 16 MMcf per day of gas.

### Miano Field

Miano gas field is located in district Sukkur, Sindh province and is operated by OMV Pakistan with OGDCL, ENI and PPL as joint venture partners. OGDCL holds 52% working interest in Miano field. During the period under review, drilling at Miano-19 has been completed and well is under production testing. Moreover, Miano TG-16 horizontal well has also been completed and feasibility study for tie-in possibility of the well is under progress. At present, there are eight (8) producing wells with average daily production of 83 MMcf of gas and 37 barrels of condensate.

### Dhurnal, Bhangali and Ratana Fields

Dhurnal, Bhangali and Ratana fields are located in district Attock and Rawalpindi in Punjab province. These fields are operated by OPL with OGDCL holding 20%, 50% and 25% working interest in these fields respectively. During the year, reprocessing of 119 sq. km of 3D seismic data and installation of jet pump at Dhurnal-2 remained under progress. The current average daily production of Dhurnal field is 200 barrels of oil and 1 MMcf of gas and Ratana field is producing 250 barrels of condensate, 6 MMcf of gas and 8 Tons of LPG.

### Badin-II, Badin-IIR and Badin-III Fields

Badin fields are located in district Badin, Sindh province and are operated by UEPL. OGDCL's working interest in Badin-II, Badin-IIR and Badin-III fields is 49%, 24% and 15% respectively. During the year, drilling of two (2) wells has been completed and average daily gross production from the Badin fields is around 1,063 barrels of oil/condensate and 8 MMcf of gas.

### Sara and Suri Gas Fields

Sara and Suri gas fields are located in district Ghotki, Sindh province and are operated by SEPL with OGDCL holding 40% working interest in each field. In order to commence production from shut-in wells, activities to tie-in Sara-4 with gas transmission facilities are in progress while arrangements are being made to procure and install compression facilities at Suri-1 & 2. Moreover, contract for reinterpretation of Sara-Suri 3D seismic data has also been awarded.

### Indus-Offshore Blocks - S and U

OGDCL holds 50% and 27.5% working interest in blocks S and U respectively. As of 30 June 2016, operator UEPL's request for an extension in the grant period of these exploration licenses remained pending with DGPC.

### Offshore Block G

Block-G is located in the Deep Offshore Indus Basin about 250 km from the coast of Karachi with water depths between 1,800 and 2,800 meters. The block is operated by ENI while joint venture partners include OGDCL and PPL. OGDCL holds a working interest of 33.33% in this block.

Within the Block-G, Kekra structure has been evaluated as "high risk-high reward", a promising carbonate buildup with more than 425 sq. km area. Currently, activities to spud-in exploratory well Kekra-1 have been deferred due to current slump in oil prices.

## Financial Performance Review

Persistent slump in international oil prices owing to crude supply glut in the market, albeit a mild price recovery observed in last quarter of the year, continues to influence OGDCL's financial performance. The same is evident in the shape of average basket price of crude oil which during the fiscal year 2015-16 plunged to US\$ 42.50/barrel from US\$ 74.45/barrel in the corresponding year. This suppressed oil price environment led the Company to report lower realized prices for crude oil and gas averaging US\$ 39.07/barrel and Rs 253.77/Mcf compared with US\$ 63.29/barrel and Rs 272.61/Mcf respectively in the preceding year. In addition, the Company's Sales which have been affected by decrease in saleable oil and gas production were partially offset by increase in exchange rate to Rs 104.56 per US\$ from Rs 102.14 per US\$ during the comparative period leading the business to register Sales Revenue of Rs 162.867 billion (2014-15: Rs 210.625 billion).

During July 2015 - June 2016, reduced other income mainly due to interest income on investment and bank deposits coupled with increased exploration and prospecting expenditure on account of enhanced geophysical survey impacted OGDCL's profitability.

Additionally, higher operating expenses reflecting an increase in depreciation of property, plant & equipment and training and welfare cost contributed to lower financial results thus making the Company to register Profit after Tax of Rs 59.971 billion translating into Earnings per Share of Rs 13.94.

Against the backdrop of the challenging times faced by the E&P companies due to collapse in international oil prices leading the companies to witness squeeze in their profit margins, OGDCL has reset its business strategy whereby concentration on prudent investment selection and capital allocation remained the cornerstone in competitively carrying out the exploration, development and production operations and efficiently meet the business challenges ahead. Going on, the Company on the account of exhibiting stable operational performance coupled with the financial strength to support ongoing development projects and activities will continue to exploit profitable opportunities to sustain business long term growth and create material value for the shareholders in the years to come.

### Liquidity and Cash flow Analysis

During the fiscal year 2015-16, OGDCL's cash flow from operations after working capital changes and payment of income tax of Rs 35.076 billion and royalty of Rs 19.339 billion was Rs 55.852 billion. After adjusting investment and financing activities of Rs 35.586 billion and Rs 23.759 billion respectively (cash outflows), the Company's cash and cash equivalents at the end of the year were Rs 19.035 billion.

The prevailing inter-corporate circular debt issue in the energy sector is hampering the business performance as OGDCL's overdue receivables stood at Rs 78.704 billion as on 30 June 2016, outstanding against oil refineries and gas distribution companies. Out of outstanding receivables, Rs 59.395 billion and Rs 16.525 billion are overdue from related parties namely SSGCL and SNGPL respectively. In this respect, Company's Management with the aim to expedite the payment of outstanding receivable amount is carrying out vigorous follow-ups through personal visits, telephonic calls and written letters directed towards oil refineries and gas distribution companies alongside keeping Ministry of Finance and Ministry of Petroleum & Natural Resources apprised of all such steps coupled with reporting position of receivables to the aforesaid institutes on daily basis. The Government of Pakistan is also pursuing for satisfactory settlement of inter-corporate circular debt issue on account of which the Company considers the receivable amount to be fully recoverable.

As on 30 June 2016, OGDCL's current and acid test/quick ratio were 4.32 and 4.01 respectively reflecting the



Company's sound financial position and adequate liquidity to meet day to day business requirements. Going on, the Company in validation of its going

concern aspect is confident that its core activities will continue to generate sufficient cash flows to fund the exploration, development and production operations.

Financial results for the year ended 30 June 2016 are summarized below:

(Rs in billion)		
Profit before taxation		80.507
Taxation		(20.536)
<b>Profit for the year</b>		<b>59.971</b>
Unappropriated profit brought forward		392.056
Other comprehensive loss		(3.643)
<b>Profit available for appropriations</b>		<b>448.384</b>
<b>Appropriations</b>		
Transfer to reserves		(3.076)
<b>Distribution through Dividends</b>		
Final Dividend 2014-15	@ Rs 1.50 per share (15.00%)	(6.451)
First Interim Dividend 2015-16	@ Rs 1.50 per share (15.00%)	(6.451)
Second Interim Dividend 2015-16	@ Rs 1.20 per share (12.00%)	(5.161)
Third Interim Dividend 2015-16	@ Rs 0.50 per share (5.00%)	(2.151)
		(20.214)
<b>Unappropriated profit carried forward</b>		<b>425.094</b>

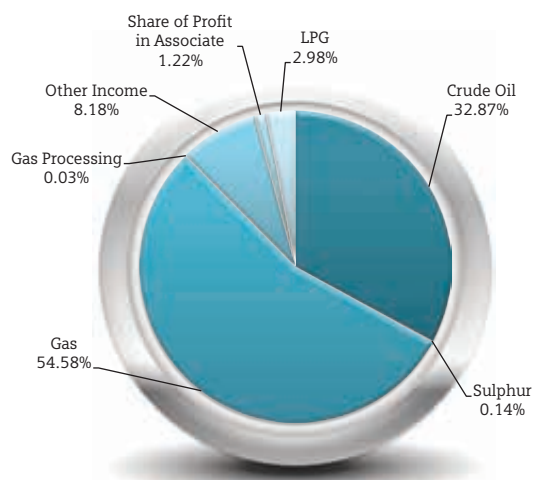
## Final Dividend

The Board of Directors has recommended the final cash dividend of Rs 2.00 per share in addition to three (3) cumulative interim cash dividends of Rs 3.20 per share already declared and paid during the year. This makes a total dividend of Rs 5.20 per share (52%) for the year ended 30 June 2016.

## Contribution to National Exchequer

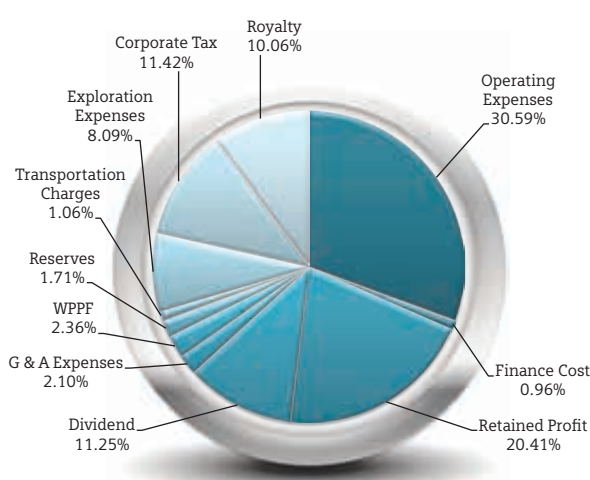
OGDCL being the leading E&P Company of Pakistan made a significant contribution of Rs 81.640 billion to the national exchequer on account of corporate tax, dividend, royalty, general sales tax, gas infrastructure development cess and excise duty during the fiscal year 2015-16. In addition, the Company's oil and gas production continues to render significant foreign exchange savings as import substitution.

## Source of Net Income 2015-16



Total Rs 179.76 billion

## Utilization of Net Income 2015-16



Total Rs 179.76 billion



## Performance Measures and Indicators

OGDCL has a wide range of key performance indicators which are used to measure business operational and financial performance. These indicators are in the form of Six Years Performance given at page 32 of the Annual Report 2016.

## Awards Conferred

### Corporate Excellence Award

OGDCL won the 31st Corporate Excellence Award (CEA) and was ranked first by the Management Association of Pakistan (MAP) in oil and gas sector for the third consecutive year. This award is given in recognition of the Company's outstanding performance and demonstrating progress and enlightened management practices during the fiscal year 2014-15. Chief Minister, Sindh then Senior Minister of Finance, P&D, Energy and Irrigation, Government of Sindh, Mr. Murad Ali Shah presided over the MAP's 31st CEA ceremony and presented the award to Mr. Masood Nabi, Executive Director (Business Development and Joint Venture), OGDCL.



### Best Corporate Report Award

OGDCL won the Best Corporate Report Award (BCR) for its Annual Report 2014 was ranked second in fuel and energy sector by the Joint Committee of the Institute of Chartered Accountants of Pakistan and Institute of Cost and Management Accountants of Pakistan. The aim of BCR awards is to encourage and give recognition to

excellence in annual corporate reporting. BCR Award 2014 was received by Mr. Irteza Ali Qureshi, CFO on behalf of OGDCL.

### Other Awards

OGDCL in recognition of its activities relating to social responsibilities won the 5th Corporate Social Responsibility Award 2016. Apart from this, the Company on the basis of its contributions and implementations in the field of fire and safety won the 6th Fire and Safety Award 2016.

## Board of Directors

OGDCL Board of Directors comprises twelve (12) directors including Chairman and Managing Director & CEO. Mr. Zahid Muzaffar serves as Chairman Board of Directors since 20 May 2014 while Mr. Zahid Mir is fulfilling responsibilities as Managing Director & CEO since 15 April 2015.

The present Board of Directors comprises the following:

Mr. Zahid Muzaffar	Chairman
Mr. Arshad Mirza	Director
Mr. Saif Ullah Chattha	Director
Mr. Iskander Mohammed Khan	Director
Mr. Hamid Farooq	Director
Mr. Muhammad Ali Tabba	Director
Mr. Zafar Masud	Director
Prince Ahmed Omar Ahmedzai	Director
Sayed Shafqat Ali Shah	Director
Mr. Rahmat Salam Khattak	Director
Mr. Muhammad Yawar Irfan Khan	Director
Mr. Zahid Mir	Managing Director & CEO

## Board Structure and Committees

OGDCL's Board structure is in accordance with the Code of Corporate Governance and Public Sector Companies (Corporate Governance) Rules, 2013 issued by the Securities and Exchange Commission of Pakistan. Presently, the Company's Board comprises twelve Directors; nine (9) Independent Directors, two (2) Non-Executive Directors and an Executive Director. The profile of the Board of Directors is given on page 16 of the Annual Report 2016.

In order to ensure effective implementation of sound internal control system and compliance with the Code of Corporate Governance, the Board has constituted various committees including Human Resource & Nomination, Risk Management, Audit and Procurement, Operations & Finance. The composition of the Board committees and their Terms of Reference are given on page 20 of the Annual Report 2016.

## Role of Chairman and Managing Director & CEO

Positions of Chairman and Managing Director & CEO in OGDCL are headed by two separate individuals. Chairman is primarily responsible for running the Board and all matters relevant to governance of the Company where superintendence of the Board is necessary. Moreover, Chairman in consultation with the Board members formulate business policies and strategies and heads Board meetings including fixing the agenda of the meetings and overseeing Board evaluation.

Managing Director & CEO is involved in the management of day to day operations and procedures relating to operational, financial and other matters of the Company. Managing Director & CEO is also responsible for implementation of strategies and policies approved by the Board and making appropriate arrangements to ensure that the business resources are properly safeguarded and used economically, efficiently and effectively in accordance with the statutory obligations.

## Performance Evaluation: Board, Managing Director & CEO and Senior Management

OGDCL's Board in accordance with the requirements laid down in the Code of Corporate Governance and Public Sector Companies (Corporate Governance) Rules, 2013 carried out self-evaluation of the performance, capabilities and competencies. This evaluation exercise is undertaken on annual basis with the aim to enhance the efficiency and effectiveness of the Board. Moreover, performance evaluation of Managing Director & CEO and senior management is done by the Board against their targets and responsibilities.

## Formal Orientation and Continuous Professional Development Programs

Orientation and briefing sessions remained a regular feature at OGDCL during the fiscal year 2015-16. Moreover, the Company continued its focus on imparting external training through professional institutions both local and foreign. During the reporting period, directors; Mr. Iskander Mohammed Khan and Mr. Rahmat Salam Khattak attended Directors' training program viz., Corporate Governance Leadership Skills organized by Pakistan Institute of Corporate Governance (PICG). Additionally, Mr. Zahid Muzaffar and Mr. Hamid Farooq are certified directors from SECP approved institutions. Furthermore, a workshop on Board Effectiveness organized by PICG is attended by the Company directors; Mr. Zahid Muzaffar, Mr. Iskander Mohammed Khan, Mr. Hamid Farooq, Mr. Zafar Masud, Prince Ahmed Omar Ahmedzai and Mr. Muhammad Yawar Irfan Khan.

## Corporate Governance

OGDCL being a listed Company adheres to the Code of Corporate Governance and all listing regulations to ensure business integrity and upholding confidence of all the stakeholders. Moreover, the Company is a public sector enterprise and operates under the framework enshrined in the Public Sector Companies (Corporate Governance) Rules, 2013. Overall superintendence of the Company vests with the Board of Directors which are accountable to the shareholders for good corporate governance while the management is responsible for day to day operations, implementation of policies and disclosure requirements as envisaged in the Companies Ordinance, Rules, Regulations and the Code.

Specific statements to comply with the requirements of the Code of Corporate Governance are as follows:

- The financial statements prepared by the management present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of accounts of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements and any departure there from has been adequately disclosed.
- The Board has complied with the relevant principles of corporate governance and has identified the rules that have not been complied with, the period in which such non-compliance continued and reasons for such non-compliance.
- The sound system of internal control is established and maintained which is regularly reviewed and monitored with ongoing efforts to improve it further.
- There are no doubts upon the Company's ability to continue as a going concern.
- The appointment of the Chairman and other members of the Board and terms of their appointment along with the remuneration policy adopted are in the best interests of the Company as well as in line with the best practices.
- Disclosure on remuneration of Chief Executives, Directors and Executives is given on page 129 of the Annual Report 2016.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- Information about outstanding taxes and levies is given in the notes to the financial statements.

- Value of investments, including bank deposits, of various funds based on the latest audited accounts as of 30 June 2015 are as follows:
 

- Pension Fund	Rs 58,605 million
- General Provident Fund	Rs 3,613 million

## Auditors

The present auditors KPMG Taseer Hadi & Co., Chartered Accountants and A.F. Ferguson & Co., Chartered Accountants have completed their assignment for the year ended 30 June 2016 and shall retire on the conclusion of 19th Annual General Meeting scheduled to be held on 26 October 2016. In accordance with the Code of Corporate Governance, Audit Committee considered and recommended the reappointment of KPMG Taseer Hadi & Co., Chartered Accountants and A.F. Ferguson & Co., Chartered Accountants, as joint statutory auditors for the fiscal year 2016-17. The recommendations of the Audit Committee are endorsed by the Board of Directors.

## Internal Control and Audit

Internal audit function serves as an effective appraisal of internal controls which ensure that methods and measures are in place to safeguard the business assets, monitoring compliance with the best practices of Corporate Governance, check the accuracy and reliability of accounting data and encourage adherence to prescribed rules and policies. In line with this function, OGDCL has an independent Internal Audit Department. The scope and role of the Internal Audit Department has been duly approved by the Company's Board. The role corresponds to the responsibilities envisaged for the internal audit function under the Public Sector Companies (Corporate Governance) Rules, 2013. Head of the Internal Audit Department functionally reports directly to the Audit Committee of the Board.

## Investor Relations (IR)

OGDCL is aware of the fact that both its existing and potential stakeholders are interested in having access to strategic and operational information which could help them charter how the Company might perform going forward. In this regard, the Company's IR program serves to keep the investors and market participants informed of all the material information which could have an influence on the Company's share price. This information is simultaneously broadcasted to Pakistan Stock Exchange and London Stock Exchange, accurately and timely. Moreover, all such material information is regularly posted and updated on OGDCL's website ([www.ogdcl.com](http://www.ogdcl.com)) including share price related data with graphical representations, financial reports, conference call presentations with transcript, financial calendar and other important notices to keep shareholders abreast of all material developments of the Company.

In line with the international best practices, OGDCL maintains a regular dialogue with local and foreign institutional investors/fund managers and research analysts through meetings, presentations and conference calls on full and half year financial results. Personal communication is done through Annual General Meeting (AGM) and on dates of the presentation of annual results and half year results, whereby shareholders and research analysts interface with the executive management through conference calls. In addition, notice of AGM is circulated at least twenty one (21) days prior to the meeting along with dispatch of the Annual Report to all the shareholders within the stipulated timeframe.

## Handling Investor Grievances

In pursuance to OGDCL's mission of meeting expectations of the stakeholders through best management practices, enquiries from shareholders and analysts relating to OGDCL's operational and financial activities are welcomed and in response IR function strives to provide a prompt reply to those queries. Moreover, investor grievances are aptly handled and all out efforts are made to swiftly address their concerns, if any.

## Relationship and Engagement with Stakeholders

OGDCL in adherence to highest standards of corporate governance and ethical consideration maintains strong and healthy relations with its stakeholders including shareholders, Ministries, Divisions and Departments/ Directorates of Federal and Provincial Governments, JV partners, customers, suppliers, employees and local communities. The Company endeavors to build durable bonds with these stakeholders to stay connected, informed and engaged as a group.

OGDCL regulators include MP&NR, DGPC and other divisions and departments of Federal and Provincial Governments. The Company fully complies with their directives/guidelines relating to gas pricing, crude oil and gas allocation to refineries and gas distribution companies, concession management, etc. Regarding shareholders, the Company fully respects their confidence and trust reposed in the business and carries out regular dialogue with them through active Investor Relations, maintaining and updating material information on the organization's website and timely dissemination of the information to the stock exchanges.

OGDCL's workforce through its contributions and relentless efforts has played a pivotal role in making the organization a leading E&P Company of Pakistan. In this regard, the business is focused on safety and satisfaction of its employees in addition to ensuring that their hard work is recognized and valued. Moreover, the Company

enjoys amicable relations with its joint venture partners and works alongside a number of E&P companies through production sharing contracts to explore, develop and produce oil and gas cost effectively in the Country. Likewise, the Company maintains positive relationships with its customers including crude oil refineries and gas distribution companies, suppliers and local communities with the aim to create long term sustainable value for mutual benefits of all the stakeholders.

### Share Price Sensitivity Analysis

By the very nature of E&P business, OGDCL is exposed to various risks inherent in its core business of finding and developing oil and gas resources. Such risk factors may potentially impact the business share price and results of operations. In this regard, the key factors are as follows:

#### Commodity Prices (Crude oil and HSFO)

Changes in the international crude oil/HSFO price impact business revenue thus influencing the share price. The same is witnessed by the slump in international oil price which has impacted the business sales revenue and profitability.

#### Operational Activities

Share price responds positively to success achieved on operational fronts especially as a result of new oil and gas discoveries, enhancement of hydrocarbon production from owned and operated joint venture fields and completion of development projects. Failures such as dry and abandoned wells and operational catastrophes may create a contrary effect on the share price.

#### Macroeconomic, Political and Security Environment

Changes in macroeconomic factors such as growth in economy, low inflation and stable interest/exchange rates have a positive bearing on the business share price and vice versa. Moreover, political stability reduces the Country's risk premium and favorably affects the share price. Likewise, improvement in security situation enhances the E&P activities and reduces security related expenditures thus increasing the share price.

#### Regulatory and Licensing Regimes

Improvement and stability in the regulatory regime and better pricing policies positively influence future earnings leading to a favorable effect on the share price.

#### Infrastructure and Technology

Improvement in existing infrastructure and introduction of latest E&P technologies make it possible to reduce exploration and production costs and provide access to

untapped hydrocarbon reservoirs. This creates future growth opportunities and positively impacts the share price.

### Pattern of Shareholding

The pattern of shareholding as on 30 June 2016 is given on page 135 of the Annual Report 2016.

### Human Resource (HR)

OGDCL's coveted status as a "market leader in E&P sector of Pakistan" is attributable to its employees dedicated and consistent endeavors, extending over a span of many years. On this account, the Company highly values the importance of its human capital and regards it as a key business resource. During the year under review, the Company's prime focus remained on building productivity and capacity enhancement of its workers to seek operational excellence and accomplish organizational objectives in line with the business vision and mission statement. In addition, the Company's HR strategy continues to play a proactive role in embedding high performing culture in the organization hinging on business core values namely merit, teamwork, dedication, integrity, safety and innovation.

In order to carry on delivering performance with higher productivity, OGDCL focuses on maintaining transparency and meritocracy pertaining to its HR activities including employee induction, development, compensation, evaluation and promotion. Moreover to instill a sense of achievement and enhance motivation of the workers, the Company has brought effective changes and innovation in the system of performance management. Performance based awards are granted to inculcate competition and motivate the employees to take on further challenges in the years to come.

Apart from the above, OGDCL continues to promote diversity and equal employment opportunity coupled with providing a safe workplace free from discrimination, hostility and harassment, where rights to freedom of association and collective bargaining are respected. Any discrimination against or harassment of an employee based on age, gender, race, religion, creed, marital status, ethnic group, etc., is regarded as violation of the business regulations and will result in disciplinary action as per the Company's rules.

As of 30 June 2016, OGDCL's manpower strength comprised a total of 9,376 employees working at Head Office, regional offices, field locations and other operational areas of the business. This strength is also inclusive of minorities, women and disabled employees working in the organization. Going forward, the Company is confident that its employees have the requisite skills to meet the challenges of the current



business environment and continue rendering improved operational performance to register new milestones and boost nation's energy supply.

### Succession Planning

OGDCL is focused on career growth and development of employees by ensuring that effective succession planning exists in the organization. This culture is preserved on account of making persistent efforts for development of a professional team and succession plans both short and long term for all critical positions coupled with imparting training to the successors. Skill enhancement workshops and appropriate management courses are regularly designed to train the successors to share the higher responsibilities.

### Industrial Relations

Management relations with the Collective Bargaining Agent continued to be friendly and industrial peace prevailed at all locations during the reporting period. Measures such as settlement of disputes and differences through bilateral negotiations, ensuring security of employment, provision of safe working environment and job satisfaction and maintaining continuous sympathy and understanding along with prompt dealing of cases relating to individual grievances preserved to ensure that relations between the workers and management remain cordial and conducive poised towards meeting business goals and objectives.

### Code of Conduct: Business Ethics & Anti-Corruption Measures and Conflict of Interest

OGDCL's Code of Conduct aims to ensure that the business operations are conducted in accordance with highest business ethical consideration complying with all statutory regulations and standards of good corporate governance. The code provides guidelines on fair employment practices, equitable treatment of the employees and procedures to report any failure to comply with the business regulations, financial malpractices, damage to business assets and actions which are likely to harm the reputation of the Company. The Code of Conduct promotes a culture of openness in which employees report legitimate concerns without the fear of any retaliation or punishment. The directors and employees adhere in letter and spirit to all laws and avoid conflict of interest, which if any (real or perceived) are to be notified to the Company immediately.

### Training and Development

OGDCL is cognizant of the role played by its skilled manpower in rendering industry leading performance in E&P sector of Pakistan. In this regard, the Company strives to provide regular training and professional development courses to its workforce with an aim to

enhance their skills and knowledge and to keep them abreast of technological changes in oil and gas industry. Moreover, the Company's Oil & Gas Training Institute (OGTI) established in 1979 is equipped with well established laboratories and other complimentary facilities thus effectively contributing in carrying out the training programs in a planned and organized manner.

OGTI provides basic training to the petroleum industry graduates and technicians enabling them to start their career in addition to arranging refresher courses and advanced training programs for experienced professionals in all streams of the petroleum industry in general and upstream in particular. Training programs are being offered ranging from technician to management level in the fields of Exploration, Reservoir Management, Drilling, Production and Processing activities. In addition, the institute imparts education and training with respect to Health, Safety and Environment, Information Technology and Management. These training programs are developed and delivered by renowned trainers both from within OGDCL and other companies - indigenous and foreign.

During the fiscal year 2015-16, a batch comprising Geophysicists, Geologists, Data Acquisition Engineers, Wire Line Logging Engineers and Mud Logging Engineers has successfully completed one (1) year training program at OGTI. This program was a delicate mix of classroom and on-job training which included course work and on-job attachments to provide practical exposure to the trainees. Additionally, OGTI successfully conducted 68 refresher training programs in the form of technical courses and workshops. Most of these training programs were arranged at the institute and some at field locations to facilitate the participants. About 1,200 professionals from OGDCL and other E&P companies participated in these programs. Furthermore, OGTI processed cases of 128 professionals relating to foreign training and visit and provided summer internships to more than 600 students from various universities. Besides this, attachments were offered to fresh graduates, who recently completed their education.



## Corporate Social Responsibility (CSR)

In line with its mission to be a socially responsible corporate citizen, OGDCL not only deems community development as an ethical, moral and social responsibility but the same is also reflected in the conduct of business operations. The Company's extensive social welfare program tasks at supporting and sustaining the communities residing in the business operational areas by way of making investment in the domains of education, health care, water supply, infrastructure development and generous donations. While undertaking such poverty alleviation efforts among the marginalized communities, the Company continues to discharge its social welfare obligations under respective Petroleum Concession Agreement.

A brief of CSR activities carried out during the fiscal year 2015-16 is as follows:



### Education

OGDCL during the year carried on with its role to uplift the educational level among the most deprived communities. In this regard, the Company's CSR activities include:

- In collaboration with the Institute of Business Administration (IBA) Karachi and Sukkur launched its first National Talent Hunt Program for the students hailing from the backward areas. This program offered free scholarships to the students selected on merit and in this respect the Company plans to contribute Rs 111.23 million to IBA Karachi and Rs 77.72 million to IBA Sukkur in a period of five (5) years and four (4) years respectively;
- Introduced National Internship Program under which 300 graduates for one (1) year internship were selected from all four provinces of the Country;
- Provided financial support to the Family Education Services Foundation amounting to Rs 3 million for

grant of scholarships to the special students of Deaf Reach School Sukkur, Sindh province;

- Provided scholarship worth Rs 7.5 million to local students for completion of three (3) years diploma program at Technical Training College Daharki, district Ghotki, Sindh province;
- Construction of two (2) class rooms at Government Primary School Alwargi Banda Nashpa, district Karak, Khyber Pakhtunkhwa province costing Rs 1.13 million and construction of one (1) class room coupled with providing computers at Higher Secondary School Chanda Khuram, district Karak, Khyber Pakhtunkhwa province;
- Provided financial assistance for construction of class room and school furniture totaling Rs 1.4 million to Jarwar Bridge School Uch, district Dera Bugti, Balochistan province; and
- Provided uniform and necessary school items to the poor students of Government Primary School Maru/Reti, district Ghotki, Sindh province and furniture, computers and other school items for Boys and Girls School Dhudial, district Chakwal, Punjab province.



### Health

OGDCL's CSR activities in relation to health and medical facilities during the reporting period are as follows:

- Provided fully equipped ambulances amounting Rs 8 million to Tehsil Head Quarter Hospital Jand, district Attock, Punjab and Civil Hospital Shakardara, district Kohat, Khyber Pakhtunkhwa province;
- Organized free medical camps relating to skin diseases for the local communities residing in Kunhar, Bobi, Sinjhor, Qadirpur and Tando Alam Oil Complex fields;
- Established mobile medical setup to provide health care facilities to the patients of remote villages at Qadirpur field, district Ghotki, Sindh province;
- Donated X-ray machine to Basic Health Unit Halepota, district Hyderabad, Sindh province;
- Provided donation to Al-Shifa Eye Trust Hospital Rawalpindi, Punjab province for its outreach

program in the areas of Khyber Pakhtunkhwa and Southern Punjab; and

- Provided financial support for countering dengue to the locals of Kohat district, Khyber Pakhtunkhwa province and non food item kits to Pakistan Red Crescent Society at district Nasirabad, Balochistan province.



#### Supply of Clean Drinking Water

OGDCL continued to supply clean drinking water through water tankers and bouzers to the locals of Loti, Pirkoh, Tando Alam, Daru, Sari/Hundi, Rajian, Chak Naurang, Dhodak, Chanda and Nashpa fields. Installation of water hand pumps has also been carried out at different villages near Kunhar, Pasakhi and Nashpa fields during the year. Moreover, the Company by incurring a cost of Rs 2 million completed water supply scheme at Killi Kalli, district Dera Bugti, Balochistan province. In order to check availability of water in the areas of Loti and Pirkoh, water resistivity survey has also been carried out.

#### Donations and Financial Assistance

Being the national oil and gas Company, OGDCL has always played a proactive role to provide relief activities to the victims of national calamities in addition to making significant contributions for the national cause purpose. In this connection, steps taken by the Company during the year under review include:

##### Flood Relief

OGDCL timely moved to provide relief to the flood affected people in the areas of Ghotki and Khairpur districts of Sindh province. The Company donated an amount of Rs 2 million and distributed medicines and food hampers/dry rations to the needy people. Moreover, flood relief activities were carried out in the areas of Kot Addu, Muzaffargarh and Garh Maharaja, Punjab

province by providing medicines, food hampers and drinking water to the flood affectees at a total cost of Rs 1.65 million.



#### Empowering Women

As a goodwill gesture towards empowering the community particularly women, OGDCL distributed sewing machines among the poor and needy women in the areas of Toba Tek Singh, Tona Nokhani, Zin, Dera Bugti and Maru Reti. The Company believes that this donation will contribute to self-employment of women enabling them to earn their livelihood.

#### Donations to promote Sport Activities

OGDCL contributions towards promoting sport activities include:

- Provided financial support for Centre for Advanced Studies School Karachi for participation in Rowing International Championship, Singapore;
- Donated Rs 5 million and Rs 2.45 million to the Frontier Corp, Quetta and Frontier Constabulary for organizing T20 Ramzan-ul-Mubarak cricket tournament and Golf Championship respectively;
- Sponsored 1st Flood Light Hockey tournament organized by Pakistan Hockey Federation, football tournament at Jand, district Attock, Punjab province, 3rd Prime Minister Blind T20 cricket tournament and 3rd football tournament at district Kohat, Khyber Pakhtunkhwa province with an amount of Rs 10 million, Rs 2.50 million, Rs 1.60 million and Rs 0.88 million respectively; and
- Also sponsored, National Motorsports Desert Challenge Rally at Jhal Magsi, Balochistan province and spring and cultural sports festivals at Sibi and Qadirpur.





## Health, Safety, Environment and Quality (HSEQ)

### Occupational Health, Safety and Environment Initiatives

On account of being a safe operator and responsible corporate citizen, OGDCL attaches great importance to HSE Management System with a view to foster a culture of compliance towards safety and wellbeing of the manpower, community and environment. The Company resolutely believes that responsibility for health, safety, and environment cannot be delegated but is in fact a shared responsibility ultimately leading to business growth. While carrying out E&P activities, the Company ensures that welfare of the local communities, protection of ecosystems and safety of workforce remains a business priority.

In pursuance to sustainable mechanisms for safeguard of environment, OGDCL complies with Pakistan Environment Protection Act 1997 and strictly adheres to the rules and regulations promulgated for protection of the environment. Initial Environment Examination and Environmental Impact Assessment are part and parcel of the business operations and no project is initiated without acquiring No Objection Certificates (NOCs) from the respective Environmental Protection Agency (EPA).

During the year under review, OGDCL participated in 2nd International Summit on Environment, Health, Safety and Security and in recognition for its remarkable efforts in HSE activities has been awarded with a souvenir. Moreover, the Company in recognition of the arrangements for fire prevention and safety received Fire and Safety Award 2016 by National Forum for Environment and Health.

### Consumer Protection Measures

OGDCL continues to ensure that its business products supplied to the markets, consumers and other stakeholders are properly processed and bear minimum (allowable) potential for pollution. In order to mitigate unwanted and hazardous impact of gases, absorbents, scrubbers and desiccants/molecular sieves are utilized to guarantee continuous quality conscious operations at the fields and plants. In addition, it is ascertained that

the remaining traces of gases are burnt in accordance with the international practice in the controlled-flare.

### HSE - key activities

OGDCL key HSE activities during the reporting year are as follows:

- I. Promulgated Risk Management Policy and Framework and launched a comprehensive program to train and aware employees of the key business risks. Moreover, risk management exercise has been conducted at all fields and major risks have been identified at grass root level. Top ten (10) corporate risks have been presented to the Board of Directors which are being controlled/managed as per directions of the Risk Management Committee;
- II. To ensure top level commitment with respect to health, safety and environment, a meeting to devise a framework for implementation of HSE SOPs guidelines and bring cultural change is held between Managing Director & CEO and all the HSE engineers at OGDCL House;
- III. In addition to ISO certifications for its Dhodak and Qadirpur fields, the Company has achieved ISO 14001 and OHSAS 18001 certifications for Dakhni and Chanda fields;
- IV. Became the first Company in Pakistan to introduce a newly emerged technology namely Floating Treatment Island/Wetland (FTW) which is used to treat waste water in an environment friendly, cost effective and efficient manner. This is done through soil-less plantation by integrating agronomy and ecological engineering, whereby regionally suitable vegetation is trapped in self-buoyant mats to construct artificial floating wetlands;
- V. Acquired more than 40 NOCs from all the four provincial EPAs after fulfilling the requirements and submission of comprehensive environmental reports;
- VI. Distribution of safety bulletin amongst the employees and stakeholders to keep them well versed with HSE activities and new techniques. Incidents along with their detailed reports were also shared through safety bulletin to avoid the recurrence of same nature of incidents in the future;

- VII. Safety Audit of OGDCL House has been carried out in accordance with the Capital Development Authority bye laws for high rise buildings and all international applicable laws pertaining to fire and safety, electricity, etc. Safety Audits of different fields were also conducted using in-house competency of HSE professionals;
- VIII. To create awareness through involvement of employees and local community, HSE awareness events were organized at field locations. In view of the fact that health, safety and environment protection is a shared responsibility, all the workers participated in these events; and
- IX. Officials from various operational departments of the Company received training in the following areas:
  - a. Hazard Identification, Risk Assessment and Risk Control
  - b. HSE Auditing – based on ISO 14001 and OHSAS 18001 standards
  - c. Accident prevention and Investigation through Root Cause and Failure Analysis
  - d. Firefighting and Rescue Techniques

#### Major Energy Conservation/Emissions Control Project

With an aim to monitor the impact of OGDCL operations on the environment, Ambient Air Monitoring of the major fields has been carried out during the year. While emissions at most of the locations were within the range, required modifications were made where the results were beyond National Environment Quality Standard limits. Carrying out Ambient Air Monitoring has now become a permanent feature at the Company's fields/locations, which is done on quarterly basis.

Moreover, optimization of process parameters has been achieved at Qadirpur field through monitoring of fuel

and chemical usage and preemptively addressing and troubleshooting heating/cooling systems, whereby energy conservation and saving opportunities are directly or indirectly linked with the results of the heat volume balance. Extensive pragmatic plants have also been developed to ensure prudent utilization of energy resources at key installations like Dakhni, Nashpa, Sinjhora, KPD-TAY and Uch fields. Furthermore, in view of the increasing oil and gas requirements in the Country, the Company is working to install solar systems to meet the energy deficiency and conserve oil reserves of the business.

#### Energy Saving Measures

Energy saving measures carried out at fields and offices through application of 4Rs philosophies; Reduce, Reuse, Recycle and Repair are as follows:

- I. Replacement of conventional lighting with LED lights;
- II. Installation of solar systems;
- III. Timely maintenance of engines and turbines to avoid incomplete combustion and wastage of fuel;
- IV. Predictive maintenance of machines based on condition monitoring to avoid efficiency drop;
- V. Proper insulation of pipelines and air ducts and use of heat tracing cables;
- VI. Decanting and secondary containment systems for condensate/crude oil, diesel and chemicals;
- VII. Replacing lights with low energy lamps or solar lights where feasible and using intelligent lighting controls;
- VIII. Reuse of oil based mud during drilling operations;
- IX. Bioremediation of oil spills, oil based drill cuttings and oily sludge to rehabilitate soil; and
- X. Use of FTW technology to treat waste water in an environment friendly and cost effective manner.





## Information Technology

OGDCL as part of its technology modernization plan continued to undertake system development activities to carry out the business processes efficiently and effectively. Steps taken during the fiscal year 2015-16 include:

### Deployment of Wi-Fi solution

Existing cable networking has been replaced by an enterprise grade secure Wi-Fi solution at Head Office offering high network connectivity for business applications. This system has true mobility and is protected through an inbuilt robust firewall.

### Information Security Management System Audit

An internal security assessment of the Company's data center has been carried out by Solutions Tech Pakistan to ensure that the data center is established and implemented in accordance with international best practices and standards. A comprehensive report in this regard is submitted by the consultant highlighting critical, medium and low level vulnerabilities. Responding to the high level vulnerabilities, remedial actions have been performed by the Company.

### Revamping of Data Center

As a result of Information Security Management System audit, revamping of data center has been carried out by installing Internet Protocol based cameras, smoke detectors, Access Control System and centralized system for monitoring humidity and fire. Similarly, expansion for storage related to Microsoft Exchange and Microsoft SharePoint Infrastructure is added in the data center by increasing its capacity from 12 to 24 terabyte.

### Deployment of Infrastructure for Applications

Infrastructure for applications including Maximo (Maintenance Management System), Medical Management System and Fund Management System has been successfully configured coupled with providing data center facilities for running these applications. In



addition, blade servers have been re-configured as per requirement.

### Integration of Tape Library with Microsoft Exchange Infrastructure and Revision of Backup Policy

Integration of existing TS3200 Tape Library has been made with Microsoft Exchange Infrastructure along with revising the backup policy. Moreover, off-site backups on IBM LTO Ultrium cartridges are being maintained for email databases and archive databases.

### Computerized Maintenance Management System

Computerized Maintenance Management System has been implemented at the Company's two (2) major fields namely Qadirpur and Dakhni. It is an IBM Maximo Asset Management solution that manages physical assets on common platform allowing organizations to share and enforce best practices. Moreover, it is helpful for reducing corrective maintenance. Moving on, the Company plans to implement this system at Sinjhor, KPD and Uch fields.

### Medical Management System

Medical Management System integrated with ERP system has been successfully implemented in the Company. Its main features include maintenance of employee/pensioner medical history and monitoring of medical expenses.

### Document Management System

The Company has developed its own Document Management System using the SharePoint Portal. This system has the capability for archiving of important digital data including policies, procedures, SOPs contracts, etc. Moreover, training session has been arranged to equip the employees with basic knowledge of the system and enable them to carry out the routine functions; upload, retrieve and access the documents.



### Production Database Management System

The Company is carrying out up gradation of the existing Production Data Management System for efficient management of the production data and sales record of oil, gas, LPG, NGL and sulphur. This system is planned to be integrated with different reservoir management software in addition to fulfilling the function of information dissemination to the concerned personnel, departments, joint venture partners and government bodies including Ministry of Petroleum and Natural Resources and Directorate General of Petroleum Concessions.

### Up-gradation of Oracle ERP

The Company implemented ERP system in 2003, which at present requires up-gradation in order to meet the future business requirements. In this regard, review and revamp exercise of the current ERP business processes is planned by carrying out an extensive review of installed processes, identification of gaps and detailed requirement analysis.



## Business Risks and Mitigation Measures

OGDCL's core business activities task at locating, acquiring, developing and commercially producing oil and gas reserves. However, such activities are speculative in nature and are characterized by inherent uncertainties, geological surprises and complexities which may have a potential impact on the business financial conditions and results of exploration, production and development operations.

In order to cope up with business risks, OGDCL has in hand effective risk management strategies and proactive risk mitigation techniques which play an imperative role to accomplish the strategic objectives and protect the business assets, personnel and reputation. Moreover, the Company's Risk Management Committee functions

to identify and mitigate the potential impact of the risks and ensure quality decision making by timely assessing, treating and monitoring the broad spectrum of the risks which may occur while carrying out E&P activities.

OGDCL's business risks are likely to change subject to modification in the business strategy and changes in the external environment. At present, risks and uncertainties which are believed to be material in nature coupled with their mitigation techniques are as follows:

### Strategic Risk

OGDCL's strategy aims at optimization of business portfolio and sustaining production growth in a cost effective manner leading to improved profit margins. Going forward, the Company in an effort to find and develop oil and gas prospects cannot guarantee maintenance of high drilling success and effective execution of low cost strategy. Responding to the risk of strategic failure, the Company focuses on utilizing latest production techniques, advance reservoir management practices and modern technology to exploit new reserves and boost production while ensuring its low cost operator status. Additionally, the Company renews and repositions its exploration portfolio to embark upon future growth opportunities and increase shareholders value.

### Commercial Risk

On account of operating in an energy deficient Country, OGDCL's hydrocarbon production is readily absorbed in the indigenous market thus bearing no risk relating to sale of products. However, following factors may unfavorably influence the Company's financial stature:

### Commodity Price Risk

Crude prices in Pakistan are linked to a basket of Middle East crude oil prices which are calculated by taking into account average prices of Oman, Dubai and Das Blend. Any volatility in the prices of the crude oil has a significant influence on OGDCL's financial performance. In this respect, financial results witnessed across the sector during the year under review were sobering reminders of the challenges low commodity prices pose to sales revenue and profit margins.

However, OGDCL's gas sale is less prone to price risk as the gas prices of major fields are capped at fixed crude oil/HSFO prices and sales revenue is only affected provided international crude oil prices fall below the capped price. Against the backdrop of decline in the international oil prices, the Company will continue managing its costs and preserving capital flexibility while stepping up the exploratory efforts to discover new hydrocarbon reserves and augment oil and gas

production leading to increased operational cash flows in the coming years.

#### **Foreign Currency Risk**

As OGDCL's functional and reporting currency is Pak rupees, the business is exposed to foreign currency risk with respect to crude oil and gas prices which are determined in US dollars and translated into Pak rupees using exchange rate established by the regulatory authority. Therefore, any decline in the value of Pak rupee against US dollar has a positive impact on the Company's earnings and vice versa. While currency risk arising due to foreign currency payments made for purchase of material, equipment and hiring of third party services is neutralized by natural hedging provided by the Company's pricing mechanism.

#### **Credit Risk**

Against supply of crude oil and natural gas products, significant trade debts are payable to OGDCL by crude oil refineries and natural gas distribution companies respectively. Settlement of such debts has been slow which resulted in the creation of Inter Corporate Circular Debt issue in the energy industry. Against this risk, OGDCL's management during the year under review continued to undertake all possible measures including vigorous follow-ups and constant liaison with Government of Pakistan to recover outstanding receivables and avert liquidity problems. Moreover, Government of Pakistan is also pursuing for satisfactory settlement of Inter Corporate Circular Debt issue and on this account the Company considers this amount to be fully recoverable.

#### **Financial Risk**

OGDCL's debt free balance sheet is reflection of the fact that currently the business is not exposed to any financial risk. However, delay in settlement of trade debts can put the business cash position and financial standing in jeopardy. Prolonged nonpayment of trade debts by crude oil refineries and gas distribution companies may trigger the need for borrowing in order to carry out planned exploration, production and development activities/projects alongside ensuring timely discharge of statutory obligations including royalty, taxes/duties, dividend, etc.

#### **Reserves Risk**

Crude oil and gas reserves data are only estimates and the actual quantity of recoverable reserves may differ from the estimated proven and probable reserves. In order to cope up with this risk, OGDCL internally evaluates and update reserves on quarterly basis based on the production performance, workover jobs and

development wells results of individual fields. Also for verification/up-dation of the reserves status, the Company arranges reserves evaluation study in all its fields which is carried out by an independent international expert after every three (3) years.

#### **Operational Risk**

OGDCL operational activities may be exposed to the following risks:

##### **Exploration, Drilling and Production Risk**

The risks and hazards inherent in OGDCL's operational activities include well blowouts, explosions, uncontrollable leaks, down hole fires, oil spills, mechanical failures, adverse weather conditions, etc. Such risks may result in substantial losses in the form of injury to workers, loss of life, severe damage to property, plant and equipment, production loss, pollution and suspension of operations thus adversely affecting the business earnings and growth. In order to mitigate these risks, OGDCL focuses on routine check ups and repair and maintenance of plant and machinery in addition to maintaining an insurance coverage in line with the customary industry practices against some of the potential operational risks.

In addition to the above, drilling of exploratory wells involve the risk that no commercially productive oil or gas reservoirs will be encountered. Moreover, exploration and production activities are often conducted in extremely challenging environments which heighten the risks of technical integrity failure and natural disasters. Furthermore, exploring and developing oil and gas fields is a capital intensive activity requiring sufficient cash flows to finance the operations. The Company counters such risks by maintaining a strong financial discipline and formulation of strategic alliances with other E&P companies having technical expertise and complementary skills to carry out the operations cost effectively and skillfully.

##### **Environmental Risk**

Environmental risks relate to natural disasters in shape of earthquakes, cyclones, floods and other such events which cause the business operations to disrupt or be curtailed. OGDCL in this regard covers all insurable risks through insurance besides maintaining a contingency fund to cover uninsured damages.

##### **Security Risk**

Security risk is in shape of insurgency and political instability which adversely influence the business operations causing threat to lives of the workers in

affected operational areas, suspension of business activities, production limitations, etc. OGDCL is exposed to such risks particularly in the provinces of KPK and Balochistan. In this respect, the Company relies on a well thought-out plan for curbing or neutralizing potential security threats and collaborates with law enforcement agencies to deploy security personnel in the sensitive areas for protection of the workers and operational facilities.

### Competitive Risk

While award of the exploration licenses is done on a competitive basis in the Country, OGDCL being a public sector entity does not enjoy any preferential treatment or relaxation of any sort in bidding for new exploration areas. Moving on, the Company may face increased competition in gaining access to new exploration licenses and utilization of advance equipment and technology by the competitors to more efficiently explore and develop oil and gas fields. To cope up with this risk, the Company based on its quality asset base, capable workforce and commitment to utilize innovative technology and latest production techniques will continue to compete on merit for acquiring new concessions and successfully discharge agreed work commitments as per respective petroleum concession agreement.

## Risk Management Policy and Business Continuity Plan

OGDCL's risk management policy and steps taken to ensure business continuity are given below:

### Risk Management Policy

OGDCL recognizes that an effective system of risk management and internal control is critical for its business success. The Company is committed to managing risks in a manner consistent with the business practices in order to:

- Protect its people, communities, environment, assets and reputation;
- Ensure good governance and legal compliance; and
- Enable it to realize opportunities and create long term shareholder value.

OGDCL's Board of Directors oversee the risk management and control framework of the Company to ensure an appropriate control environment is established and maintained, spanning business operations, financial

reporting and compliance activities. The Audit and Risk Management Committees assist the Board in fulfilling its responsibilities by reviewing and monitoring financial and reporting matters and the Company's risk management and internal control processes.

Management will be responsible for implementation of this policy through the following:

- Formulation of Risk Management SOPs;
- Identification of risks and recording of these risks on risk register;
- Use of appropriate and relevant risk management techniques and methodologies to analyze and quantify risks;
- Determination of mitigation/or action plan for identified risks;
- Regular assessment of risks by Risk Management Committee of the Board; and
- Allocation of necessary and appropriate resources in support of risk management.

Identification and communication of vulnerabilities and changes to OGDCL's risk profile are an integral part of day-to-day management. In addition, all personnel are encouraged to identify and manage risks on a continual basis so as to develop a "risk aware" culture and an environment of continuous improvement.

### Business Continuity Plan

OGDCL's risk management policy ensures business continuity and sustainability thus endorsing the business going concern. The objective of risk management policy is to identify hazards, assess the risks and implement effective control measures to prevent or reduce the likelihood of their occurrence to as low as reasonably practicable. In line with this policy, the Company has a well-defined and extensive Emergency Response Procedures in place at all field locations and operational areas to avoid business disruptions in worst case scenarios. The Company has also established a Disaster Recovery Site for ERP applications at National Telecommunication datacenter, Islamabad to retrieve the data in the case of catastrophic consequences. Moreover, strengthening of business contingency plans through arranging training sessions, mock exercises and HSEQ awareness events are a regular feature at the Company.





## Future Outlook

In the wake of dramatic fall in the oil prices which has made a massive impact on profitability of the oil and gas sector resulting in many upstream companies scaling back their capital expenditures, OGDCL being the largest E&P Company in Pakistan believes that maintaining a conservative financial framework and exercising cost control will be cornerstone of the business long term strategy to optimize oil and gas reserves and remain competitive in the market. In adherence to this, the Company will continue to exploit its low cost operator status and take advantage of reduced cost of suppliers and oilfield service companies to step up its intensified exploratory activities leading to production enhancement and increase in business value in the coming years. Going on with its ambitious exploration plan, the business during the fiscal year 2016-17 will spare no efforts to scale new heights in 2D and 3D seismic data acquisition coupled with gearing up processing and reprocessing of the acquired data to locate new oil and gas reserves and exploit economically feasible growth opportunities. Moreover, active drilling campaigns will also remain part of the core business strategy to replenish and boost the hydrocarbon reserves base.

On the production front, OGDCL is focused on ramping up its production operations with the aim to maintain and enhance oil and gas production from operated fields and address energy challenges in the Country. To achieve production growth, the Company will continue to focus on seamless development of new discoveries in shortest possible time in tandem with utilizing advance reservoir management practices and state of the art oil recovery methods to maximize hydrocarbon recovery from mature fields. Additionally, workover jobs at wells and Annual Turn Around of plants will remain part and parcel of the business strategy to keep production operations effective. Also, vigorous endeavors will be made to expedite the activities pertaining to ongoing development projects, which upon completion in near future are expected to yield enhancement in crude oil, gas and LPG production. It is worth mentioning that

exhibition of such efforts during the year under review led the Company to report; injection of various new wells in the existing gathering system which are currently producing 4,150 barrels per day of crude oil and 43 MMcf per day of gas leading to narrowing down the impact of natural decline and operational problems faced at certain fields, completion of phase-II of Sinjhor development project and record the largest contribution of 48% and 28% in the Country's total oil and natural gas production respectively.

In order to cope with the suppressed oil price environment, the Company will continue formulation of joint ventures with leading E&P companies both within the Country and abroad to introduce new partners with complementary skills and ensure ventures and projects remain value driven. Moving on, the Company deeming this low oil price trend to continue for some time will carry on efficient deployment of capital in all its operational areas and maintain prudent cost control strategy which will not only contribute in carrying out exploration, development and production operations viably and competitively but would also enable the Company to encounter future business challenges in a well-organized and proficient manner. In pursuance to these strategies, OGDCL despite the uncertain oil price outlook is optimistic that its fast track exploration activities, solid financial structure and robust pipeline of ongoing development projects would lay a strong foundation to reap the long term benefits of continued business sustainability and return maximum value to shareholders by embedding highest safety standards and social responsibility in the core business operations.

## Acknowledgement

The fiscal year 2015-16 posed a great challenge to oil and gas industry on account of plunge in the international oil prices. Although, oil prices recovered slightly at end of the year but were not enough to mark a significant contribution in the financial results of oil and gas companies. The takeaway message amid the prevailing volatility in oil prices is that only those E&P companies will successfully sustain their business operations which are able to operate efficiently and smartly. Resultantly, the Company while exercising vigilance on costs and driving efficiencies in business operations has stood up and taken this situation as a challenge to continue delivering industry leading performance alongside maximizing shareholders wealth and bridging the gap between hydrocarbon demand and supply in the Country. Remaining undeterred in our

resolve, we will continue to seek support of all our stakeholders in service of maintaining the Company's balance sheet strength and building a more competitive OGDCL that can outperform through all industry cycles.

With respect to the steady operational performance rendered during the year, I am thankful for the trust and confidence reposed by the shareholders in OGDCL along with expressing my gratitude to Ministry of Petroleum and Natural Resources, Ministry of Finance, Directorate General of Petroleum Concessions and other divisions/ departments of federal and provincial governments for their firm support and guidance. The Company's operational performance also reflects a strong focus on execution from our employees for which I deeply acknowledge their remarkable contributions displayed at all levels. Nevertheless, I am thankful to Board of Directors for their prudent role and valuable counsel in steering the business to the path of new glories and

achievements. As we approach the fiscal year 2016-17, I assure you that we will collectively strive to stay ahead by continuing to push boundaries in the industry's new realities and drive forward our business performance in a commercially, environmentally and socially responsible manner.

On behalf of the Board



24 August 2016  
Islamabad

(Zahid Muzaffar)  
Chairman

# Risk and Opportunity Report

## Risks

OGDCL's core business activities including finding, developing and extracting of oil and gas resources are highly speculative in nature and characterized by inherent uncertainties, geological surprises and complexities which may produce a material impact on the business operational and financial results. A brief of the risks faced by the Company in carrying out exploration, development and production activities are as follows:

- Crude oil and gas reserves data are estimates and actual quantity of recoverable reserves may differ from the estimated proven and probable reserves. This may impact the business reserves estimation, production levels and operational cash flows;
- Strategy to maintain a robust business portfolio and drive production growth may not be sustainable on a long term basis as the business moving on cannot guarantee maintenance of high drilling success;
- Crude prices are linked to a basket of Middle East crude oil prices which are calculated taking into account average of Oman, Dubai and Das Blend prices. Fluctuation in these prices can significantly influence the business sales revenue and profit margins;
- Crude oil and gas prices are determined in US dollars and translated into Pak rupees using exchange rate established by the regulatory authority. Appreciation in the value of Pak rupee against US dollar has a negative bearing on the business earnings and vice versa;
- Operational activities can expose business to well blowouts, unplanned plant shutdowns, uncontrollable leaks, oil spills, mechanical failures and adverse weather conditions which may interrupt smooth carrying out of E&P operations;
- Changes in applicable laws and regulations pertaining to oil and gas sector may impact the business operational and financial performance; and
- Security condition can adversely influence the business activities causing threat to lives of the workers in affected operational areas, damage to business assets and suspension of exploration, development and production activities.

## Opportunities

OGDCL being the market leader in terms of exploration acreage, seismic data acquisition, hydrocarbons reserves and oil and gas production in the Country is committed to carry on and maintain the growth momentum by capturing and exploiting such opportunities which arise in the course of running the business and are deemed financially and commercially feasible. The Company with the aim to ensure sustainability of E&P assets portfolio is focused on the following opportunities:

- Continue fast track seismic data acquisition, swift processing/reprocessing of the seismic data and active drilling campaigns in the business robust exploration portfolio to replenish and increase reserves in the coming years;
- Based on prevailing energy crisis in the Country, carry on fast track exploration, development and production activities and expedite efforts for completion of ongoing development projects to deliver enhanced oil, gas and LPG production while continuing to play a pivotal role in meeting energy demands of the nation;
- Exploit reduced cost of suppliers and oilfield service companies, existent due to low oil price era, to embark upon new growth opportunities. This would be potentially beneficial for the business in the longer run especially when the newly discovered reserves are monetized under a high oil price environment;
- Carry on formulation of value driven joint ventures with leading E&P companies, both within the Country and abroad to introduce new partners with complementary skills and ensure that core business activities are undertaken cost effectively;
- Favorable pricing regimes enable the business to fetch improved prices for sale of the hydrocarbon products which in return positively influence the business financial results;
- In pursuit to the business vision; to be a leading multinational exploration and production Company, seek favorable farm-in/farm-out opportunities and acquisition of concessions in domestic and international markets; and
- Locate unconventional sources of energy like shale gas and coal bed methane to boost reserves and production base and sustain business long term growth.



# Review Report to the Members

## on the Statement of Compliance with the Code of Corporate Governance and Public Sector Companies (Corporate Governance) Rules, 2013

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance and Public Sector Companies (Corporate Governance) Rules, 2013 (both herein referred to as 'Codes') prepared by the Board of Directors of Oil and Gas Development Company Limited for the year ended 30 June 2016 to comply with the requirements of Clause No. 5.19.23 of the Pakistan Stock Exchange Limited Regulations where the Company is listed and provisions of Public Sector Companies (Corporate Governance) Rules, 2013.

The responsibility for compliance with the Codes is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Codes and report if it does not and to highlight any non-compliance with the requirements of the Codes. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Codes.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Codes require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention, which causes us to believe that the 'Statement of Compliance' does not appropriately reflect the Company's compliance, in all material aspects, with the best practices contained in the Codes as applicable to the Company for the year ended 30 June 2016.



A. F. Ferguson & Co.  
Chartered Accountants  
Islamabad

24 August 2016  
Engagement Partner: Asim Masood Iqbal



KPMG Taseer Hadi & Co.  
Chartered Accountants  
Islamabad

24 August 2016  
Engagement Partner: Syed Bakhtiyar Kazmi

# Statement of Compliance

## with the Code of Corporate Governance and Public Sector Companies (Corporate Governance) Rules, 2013

### SCHEDULE I

[See paragraph 2(1)]

- I. This statement is being presented to comply with Code of Corporate Governance (“CCG”) contained in the Clause No. 5.19.23 of Pakistan Stock Exchange Limited Regulations and Public Sector Companies (Corporate Governance) Rules, 2013 (hereinafter called “the Codes”) issued for the purpose of establishing a framework of good governance, whereby a public sector company is managed in compliance with the best practices of public sector governance. In case where there is inconsistency with the CCG, the provisions of Public Sector Companies (Corporate Governance) Rules, 2013 (“Rules”) shall prevail.
- II. The Company has complied with the provisions of the Codes in the following manner:

Sr. No.	Provision of the Rules	Rule No.	Y	N	Remarks		
			Tick the relevant box				
1.	The independent directors meet the criteria of independence as defined under the Rules.	2(d)	✓				
2.	The Board has the requisite percentage of independent directors.	3 (2)	✓				
	At 30 June 2016 the Board includes:						
	Category					Names	Date of appointment
	Independent Directors					✓ Mr. Zahid Muzaffar	24.10.14
						✓ Mr. Iskander Mohammed Khan	24.10.14
						✓ Mr. Muhammad Ali Tabba	24.10.14
						✓ Sayed Shafqat Ali Shah	24.10.14
						✓ Mr. Rahmat Salam Khattak	24.10.14
						✓ Mr. Hamid Farooq	24.10.14
						✓ Mr. Zafar Masud	24.10.14
✓ Prince Ahmed Omar Ahmedzai		24.10.14					
✓ Mr. Muhammad Yawar Irfan Khan	24.10.14						
Executive Director	✓ Mr. Zahid Mir	15.04.15					
Non-Executive Directors	✓ Mr. Saif Ullah Chattha	24.10.14					
	✓ Mr. Arshad Mirza (All Independent Directors are also Non-Executive Directors)	13.04.15					
3.	All casual vacancies occurring on the Board were filled up by the Directors within 90 days.	3(4)			Not applicable. No casual vacancies occurred during the year.		
4.	The Directors have confirmed that none of them is serving as a Director on more than five public sector companies and listed companies simultaneously, except their subsidiaries.	3(5)	✓				
5.	The appointing authorities have applied the fit and proper criteria given in the Annexure to the Rules in making nominations of the persons for election as board members under the provisions of the Ordinance. All the nominations on the Board of Directors have been made by the Government of Pakistan (GoP).	3(7)			All the nominations on the Board of Directors are made by the GoP.		
6.	The Chairman of the Board is working separately from the Chief Executive of the Company.	4(1)	✓				
7.	The Chairman has been elected from amongst the Independent Directors.	4(4)	✓				

Sr. No.	Provision of the Rules	Rule No.	Y	N	Remarks
			Tick the relevant box		
8.	The Board has evaluated the candidates for the position of the Chief Executive on the basis of the fit and proper criteria as well as the guidelines specified by the Commission.	5(2)	✓		During the year ended 30 June 2015, acting charge of CEO was given to Chief Operating Officer. However, the process to evaluate the candidates for the position of the Chief Executive on the basis of the fit and proper criteria as well as the guidelines specified by the Commission is in process.
9.	(a) The Company has prepared a “Code of Conduct” and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures, including posting the same on the Company’s website (www.ogdcl.com).  (b) The Board has set in place adequate systems and controls for the identification and redressal of grievances arising from unethical practices.	5(4)	✓  ✓		
10.	The Board has established a system of sound internal control to ensure compliance with the fundamental principles of probity and propriety; objectivity, integrity and honesty; and relationship with the stakeholders, in the manner prescribed in the Rules.	5(5)	✓		
11.	The Board has developed and enforced an appropriate conflict of interest policy to lay down circumstances or considerations when a person may be deemed to have actual or potential conflict of interests and the procedure for disclosing such interests.	5(5) (b) (ii)	✓		
12.	The Board has developed and implemented a policy on anti-corruption to minimize actual or perceived corruption in the Company.	5(5) (b) (vi)	✓		
13.	(a) The Board has ensured equality of opportunity by establishing open and fair procedures for making appointments and for determining terms and conditions of service.  (b) A Committee has been formed to investigate deviations from the Company’s Code of Conduct.	5(5) (c) (iii)  5(4)& 5(5) (c) (ii)	✓		The Company has its own service regulation and cases of misconduct or discipline are governed



Sr. No.	Provision of the Rules	Rule No.	Y	N	Remarks
			Tick the relevant box		
					as per the procedure given in the regulations. These regulations have statutory protection. Committees are formed depending on the nature and subject matter of the issue involved.
14.	The Board has ensured compliance with the law as well as the Company's internal rules and procedures relating to public procurement, tender regulations and purchasing and technical standards, when dealing with suppliers of goods and services.	5(5) (c) (iii)	✓		
15.	The Board has developed a vision or mission statement, corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.	5(6)	✓		
16.	The Board has quantified the outlay of any action in respect of any service delivered or goods sold by the Company as a public service obligation and has submitted its request for appropriate compensation to the Government for consideration.	5(8)			None
17.	(a) The Board has met at least four times during the year.	6(1)	✓		
	(b) Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings.	6(2)	✓		
	(c) The minutes of the meetings were appropriately recorded and circulated.	6(3)	✓		
18.	The Board has carried out performance evaluation of its members, including the Chairman and the Chief Executive, on the basis of a process, based on specified criteria, developed by it. The Board has also monitored and assessed the performance of senior management on annual basis.	8	✓		The Board has developed a self evaluation mechanism. Annual review of the Board, its Committees, members, Chairman and Managing Director was conducted. Performance evaluation was discussed and concluded in the meeting held on 24 August 2016.
19.	The Board has reviewed and approved the related party transactions placed before it after recommendations of the Audit Committee. A party wise record of transactions entered into with the related parties during the year has been maintained	9	✓		

Sr. No.	Provision of the Rules	Rule No.	Y	N	Remarks																		
			Tick the relevant box																				
20.	The Board has approved the profit and loss account for, and balance sheet as at the end of, the first, second and third quarter of the year as well as the financial year end, and has placed the annual financial statements on the Company’s website. Monthly accounts were also prepared and circulated amongst the Board members.	10	✓																				
21.	All the Board members underwent an orientation course arranged by the Company to appraise them of material developments and information as specified in the Rules.	11	✓		As required under the Rule 11, during the year Company arranged an orientation course for all of its Directors which was attended by six Directors. During the year ended 30 June 2015, all Directors underwent an orientation course.																		
22.	<p>(a) The Board has formed the requisite committees, as specified in the Rules.</p> <p>(b) The Committees were provided with written term of reference defining their duties, authority and composition.</p> <p>(c) The minutes of the meetings of the Committees were circulated to all the Board members.</p> <p>(d) The Committees were chaired by the following Non-Executive Directors:</p> <table><tr><th>Committee</th><th>No. of Members</th><th>Name of Chair</th></tr><tr><td>Audit Committee</td><td>5</td><td>Mr. Iskander Mohammed Khan</td></tr><tr><td>Risk Management Committee</td><td>5</td><td>Mr. Zafar Masud</td></tr><tr><td>Human Resource &amp; Nomination Committee</td><td>6</td><td>Mr. Saif Ullah Chattha</td></tr><tr><td>Procurement, Operations &amp; Finance Committee</td><td>5</td><td>Mr. Rehmat Salam Khattak</td></tr><tr><td>Corporate Social Responsibilities (CSR) Committee</td><td>5</td><td>Prince Ahmed Omar Ahmedzai</td></tr></table>	Committee	No. of Members	Name of Chair	Audit Committee	5	Mr. Iskander Mohammed Khan	Risk Management Committee	5	Mr. Zafar Masud	Human Resource & Nomination Committee	6	Mr. Saif Ullah Chattha	Procurement, Operations & Finance Committee	5	Mr. Rehmat Salam Khattak	Corporate Social Responsibilities (CSR) Committee	5	Prince Ahmed Omar Ahmedzai	12	✓  ✓  ✓  ✓		
Committee	No. of Members	Name of Chair																					
Audit Committee	5	Mr. Iskander Mohammed Khan																					
Risk Management Committee	5	Mr. Zafar Masud																					
Human Resource & Nomination Committee	6	Mr. Saif Ullah Chattha																					
Procurement, Operations & Finance Committee	5	Mr. Rehmat Salam Khattak																					
Corporate Social Responsibilities (CSR) Committee	5	Prince Ahmed Omar Ahmedzai																					
23.	The Board has approved appointment of Chief Financial Officer, Company Secretary and Chief Internal Auditor, with their remuneration and terms and conditions of employment, and as per their prescribed qualifications.	13/14	✓																				
24.	The Company has adopted International Financial Reporting Standards notified by the Commission under clause (i) of sub-section (3) of section 234 of the Ordinance.	16	✓																				

Sr. No.	Provision of the Rules	Rule No.	Y	N	Remarks		
			Tick the relevant box				
25.	The Directors' Report for this year has been prepared in compliance with the requirements of the Ordinance and the Rules and fully describes the salient matters required to be disclosed.	17	✓				
26.	The Directors, CEO and Executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.	18	✓				
27.	A formal and transparent procedure for fixing the remuneration packages of individual directors, who only includes one Executive Director, has been set in place. The criteria and details of remuneration of such director is adequately disclosed in Annual Report.	19	✓				
28.	The financial statements of the Company were duly endorsed by the Chief Executive and Chief Financial Officer before approval of the Board.	20	✓				
29.	The Board has formed an Audit Committee, with defined and written terms of reference, and having the following members as at 30 June 2016:	21	✓				
	Name of Member					Category	Professional background
	Mr. Iskander Mohammed Khan					Independent Director	Chartered Accountant
	Mr. Saif Ullah Chattha					Non-Executive Director	Government Service
	Mr. Mohammed Ali Tabba					Independent Director	Business Executive
	Mr. Hamid Farooq					Independent Director	Business Executive
	Prince Ahmed Omar Ahmedzai					Independent Director	Business Executive
	The Chief Executive and Chairman of the Board are not members of the Audit Committee.						
30.	The Board has set up an effective internal audit function, which has an audit charter, duly approved by the Audit Committee and which worked in accordance with the applicable standards.	22	✓				
31.	The Company has appointed its external auditors in line with the requirements envisaged under the Rules.	23	✓				
32.	The external joint auditors of the Company have confirmed that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as applicable in Pakistan.	23(4)	✓				
33.	The external joint auditors have not been appointed to provide non-audit services except that one of the joint auditors provides Taxation Services to the Company and the joint auditors have confirmed that they have observed applicable guidelines issued by IFAC in this regard.	23(5)	✓				
34.	The Company has complied with all the corporate and financial reporting requirements of the Rules.		✓				



### Certain additional disclosures as required under Code of Corporate Governance (CCG) 2012

- All the resident Directors of the Company are registered as tax payers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
- All the powers of the Board have been duly exercised and decisions on material transactions including appointment and determination of remuneration and terms and conditions of employment of the CEO, other Executive and Non-Executive Directors have been taken by the Board/shareholders.
- Two Directors of the Company have obtained certification as required under Code of Corporate Governance (CCG) during the year.
- The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the Committee have been formed and advised to the Committee for compliance.
- The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of the Company's securities was determined and intimated to Directors, employees and stock exchange(s).
- Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).



(Zahid Mir)  
Chief Executive Officer

24 August 2016  
Islamabad



(Zahid Muzaffar)  
Chairman

# Auditors' Report to the Members

We have audited the annexed Balance Sheet of Oil and Gas Development Company Limited ("the Company") as at 30 June 2016 and the related Profit and Loss Account, Statement of Comprehensive Income, Cash Flow Statement and Statement of Changes in Equity together with the Notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's Management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- (a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) in our opinion -
  - (i) the Balance Sheet and Profit and Loss Account together with the Notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied, except for the changes as stated in Note 3 to the financial statements with which we concur;
  - (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
  - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company.
- (c) in our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet, Profit and Loss Account, Statement of Comprehensive Income, Cash Flow Statement and Statement of Changes in Equity together with the Notes forming part thereof conform with the approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2016 and of the profit, total comprehensive income, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.



A. F. Ferguson & Co.  
Chartered Accountants  
Islamabad

24 August 2016  
Engagement Partner: Asim Masood Iqbal



KPMG Taseer Hadi & Co.  
Chartered Accountants  
Islamabad

24 August 2016  
Engagement Partner: Syed Bakhtiyar Kazmi



# Financial Statements

# Balance Sheet

As at 30 June 2016

		2016	2015
	Note	------(Rupees '000)-----	
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital	4	43,009,284	43,009,284
Reserves	5	10,529,373	7,456,000
Unappropriated profit		425,093,910	392,055,684
		<u>478,632,567</u>	<u>442,520,968</u>
<b>NON CURRENT LIABILITIES</b>			
Deferred taxation	6	15,579,499	16,606,840
Deferred employee benefits	7	14,971,638	12,457,915
Provision for decommissioning cost	8	21,412,687	20,303,619
		<u>51,963,824</u>	<u>49,368,374</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	9	58,969,148	61,901,977
		<u>589,565,539</u>	<u>553,791,319</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	10		

The annexed notes 1 to 45 form an integral part of these financial statements.

  
Chief Executive



		2016	2015
	Note	------(Rupees '000)-----	
NON CURRENT ASSETS			
Fixed assets			
Property, plant and equipment	11	120,542,404	109,983,739
Development and production assets - intangible	12	87,990,960	78,260,687
Exploration and evaluation assets	13	6,834,078	8,139,436
		215,367,442	196,383,862
Long term investments	14	112,517,292	131,193,328
Long term loans and receivable	15	5,997,669	5,932,606
Long term prepayments		882,466	502,972
		334,764,869	334,012,768
CURRENT ASSETS			
Stores, spare parts and loose tools	16	18,251,184	16,847,032
Stock in trade		291,904	317,476
Trade debts	17	111,204,186	121,411,485
Loans and advances	18	10,459,609	8,043,768
Deposits and short term prepayments	19	1,646,777	1,414,433
Interest accrued		21,085,027	14,433,563
Other receivables	20	182,211	183,825
Income tax - advance	21	41,599,042	24,059,740
Current maturity of term finance certificates	14.2	30,750,000	10,250,000
Other financial assets	22	11,426,964	9,814,481
Cash and bank balances	23	7,903,766	13,002,748
		254,800,670	219,778,551
		589,565,539	553,791,319

  
Director

# Profit and Loss Account

For the year ended 30 June 2016

		2016	2015
	Note	------(Rupees '000)-----	
Sales - net	24	162,866,578	210,624,908
Royalty		(18,078,772)	(23,736,702)
Operating expenses	25	(54,986,250)	(52,935,481)
Transportation charges		(1,912,017)	(1,985,814)
		(74,977,039)	(78,657,997)
<b>Gross profit</b>		<b>87,889,539</b>	<b>131,966,911</b>
Other income	26	14,702,971	19,186,191
Exploration and prospecting expenditure	27	(14,548,295)	(11,627,518)
General and administration expenses	28	(3,770,607)	(4,308,255)
Finance cost	29	(1,717,889)	(2,550,067)
Workers' profit participation fund		(4,237,231)	(6,685,550)
Share of profit in associate - net of taxation	14.1	2,188,899	1,043,741
<b>Profit before taxation</b>		<b>80,507,387</b>	<b>127,025,453</b>
Taxation	30	(20,536,585)	(39,776,421)
<b>Profit for the year</b>		<b>59,970,802</b>	<b>87,249,032</b>
<b>Earnings per share - basic and diluted (Rupees)</b>	31	<b>13.94</b>	<b>20.29</b>

The annexed notes 1 to 45 form an integral part of these financial statements.

  
Chief Executive

  
Director

# Statement of Comprehensive Income

For the year ended 30 June 2016

	2016	2015
	------(Rupees '000)-----	
<b>Profit for the year</b>	59,970,802	87,249,032
Other comprehensive income/(loss) for the year		
Items that will not be reclassified to profit or loss:		
Remeasurement loss on employee retirement benefit plans	(7,652,528)	(1,239,809)
Current tax credit related to remeasurement loss on employee retirement benefit plans	4,026,760	624,129
Share of other comprehensive loss of the associate - net of taxation	(17,125)	-
	(3,642,893)	(615,680)
<b>Total comprehensive income for the year</b>	<b>56,327,909</b>	<b>86,633,352</b>

The annexed notes 1 to 45 form an integral part of these financial statements.

  
Chief Executive

  
Director

# Cash Flow Statement

For the year ended 30 June 2016

	2016	2015
Note	------(Rupees '000)-----	-----
<b>Cash flows from operating activities</b>		
Profit before taxation	80,507,387	127,025,453
Adjustments for:		
Depreciation	7,098,893	5,723,600
Amortization of development and production assets	15,266,568	16,281,337
Impairment on assets	1,886,551	2,611,044
Royalty	18,078,772	23,736,702
Workers' profit participation fund	4,237,231	6,685,550
Provision for employee benefits	2,932,900	5,083,172
Un-winding of discount on provision for decommissioning cost	1,700,742	2,536,838
Interest income	(12,920,657)	(16,923,990)
Un-realized gain on investments at fair value through profit or loss	(6,356)	(13,893)
Dividend income	(19,296)	(18,615)
Gain on disposal of property, plant and equipment	(60,458)	(18,320)
Provision for slow moving, obsolete and in transit stores	163,178	237,427
Share of profit in associate	(2,188,899)	(1,043,741)
Stores inventory written off	3,814	9,031
	<b>116,680,370</b>	<b>171,911,595</b>
<b>Changes in:</b>		
Stores, spare parts and loose tools	(1,571,144)	1,409,432
Stock in trade	25,572	103,150
Trade debts	10,207,299	(20,900,490)
Deposits and prepayments	(611,838)	155,825
Advances and other receivables	(2,479,290)	(765,878)
Trade and other payables	(1,905,586)	15,284,139
Cash generated from operations	<b>120,345,383</b>	<b>167,197,773</b>
Royalty paid	(19,338,668)	(25,007,688)
Employee benefits paid	(3,390,389)	(13,967,782)
Payment from self insurance reserve	(1,946)	-
(Payments to)/receipt from workers' profit participation fund	(6,685,550)	346,775
Income taxes paid	(35,076,467)	(54,556,568)
	<b>(64,493,020)</b>	<b>(93,185,263)</b>
Net cash from operating activities	<b>55,852,363</b>	<b>74,012,510</b>
<b>Cash flows from investing activities</b>		
Capital expenditure	(42,313,524)	(66,317,675)
Interest received	6,960,084	13,093,552
Dividends received	199,058	36,990
Purchase of investments	(522,843)	(517,129)
Proceeds from disposal of property, plant and equipment	91,112	56,442
Net cash used in investing activities	<b>(35,586,113)</b>	<b>(53,647,820)</b>
<b>Cash flows from financing activities</b>		
Dividends paid	(23,759,105)	(37,950,811)
Net cash used in financing activities	<b>(23,759,105)</b>	<b>(37,950,811)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(3,492,855)</b>	<b>(17,586,121)</b>
Cash and cash equivalents at beginning of the year	22,527,785	40,113,906
<b>Cash and cash equivalents at end of the year</b>	<b>19,034,930</b>	<b>22,527,785</b>

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The annexed notes 1 to 45 form an integral part of these financial statements.



Chief Executive



Director



# Statement of Changes in Equity

For the year ended 30 June 2016

Share capital	Reserves					Unappropriated profit	Total equity
	Capital reserves			Other reserves			
	Capital reserve	Self insurance reserve	Share of capital redemption reserve fund in associated company	Share of self insurance reserve in associated company	Share of undistributed percentage return reserve in associated company		
43,009,284	836,000	5,770,000	-	-	-	346,055,921	395,671,205
(Rupees '000)							
-	-	-	-	-	-	87,249,032	87,249,032
-	-	-	-	-	-	(615,680)	(615,680)
-	-	-	-	-	-	86,633,352	86,633,352
-	-	853,421	-	-	-	(853,421)	-
-	-	(3,421)	-	-	-	3,421	-
Transactions with owners, recorded directly in equity							
-	-	-	-	-	-	(12,902,786)	(12,902,786)
-	-	-	-	-	-	(10,752,321)	(10,752,321)
-	-	-	-	-	-	(8,601,857)	(8,601,857)
-	-	-	-	-	-	(7,526,625)	(7,526,625)
-	-	-	-	-	-	(39,783,589)	(39,783,589)
43,009,284	836,000	6,620,000	-	-	-	392,055,684	442,520,968
43,009,284	836,000	6,620,000	-	-	-	392,055,684	442,520,968
Total comprehensive income for the year							
-	-	-	-	-	-	59,970,802	59,970,802
-	-	-	-	-	-	(3,642,893)	(3,642,893)
-	-	-	-	-	-	56,327,909	56,327,909
-	-	851,946	-	-	-	(851,946)	-
-	-	(1,946)	-	-	-	-	(1,946)
-	-	-	-	-	85,373	(85,373)	-
-	-	-	2,118,000	-	-	(2,118,000)	-
-	-	-	-	20,000	-	(20,000)	-
Transactions with owners, recorded directly in equity							
-	-	-	-	-	-	(6,451,393)	(6,451,393)
-	-	-	-	-	-	(6,451,393)	(6,451,393)
-	-	-	-	-	-	(5,161,114)	(5,161,114)
-	-	-	-	-	-	(2,150,464)	(2,150,464)
-	-	-	-	-	-	(20,214,364)	(20,214,364)
43,009,284	836,000	7,470,000	2,118,000	20,000	85,373	425,093,910	478,632,567

The annexed notes 1 to 45 form an integral part of these financial statements.

*Chaitanya*

Chief Executive

*John George*

Director

# Notes to and Forming Part of the Financial Statements

## For the year ended 30 June 2016

### 1 LEGAL STATUS AND OPERATIONS

Oil and Gas Development Company Limited (OGDCL), 'the Company', was incorporated on 23 October 1997 under the Companies Ordinance, 1984. The Company was established to undertake exploration and development of oil and gas resources, including production and sale of oil and gas and related activities formerly carried on by Oil and Gas Development Corporation, which was established in 1961. The registered office of the Company is located at OGDCL House, Plot No. 3, F-6/G-6, Blue Area, Islamabad, Pakistan. Previously, the shares of the Company were quoted on Karachi, Lahore and Islamabad stock exchanges of Pakistan. However, due to integration of these stock exchanges into Pakistan Stock Exchange effective 11 January 2016, the shares of the Company are now quoted on Pakistan Stock Exchange Limited. The Global Depository Shares (1GDS = 10 ordinary shares of the Company) of the Company are listed on the London Stock Exchange.

### 2 BASIS OF PREPARATION

#### 2.1 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984, shall prevail.

#### 2.2 BASIS OF MEASUREMENT

These financial statements have been prepared on the historical cost basis except for the following material items in the balance sheet;

- obligation under certain employee benefits and provision for decommissioning cost have been measured at present value; and
- investments at fair value through profit or loss have been measured at fair value.

The methods used to measure fair values are described further in their respective policy notes.

#### 2.3 FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in Pakistan Rupee (PKR) which is the Company's functional currency.

#### 2.4 SIGNIFICANT ACCOUNTING ESTIMATES

The preparation of these financial statements in conformity with the approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgment about carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised if the revision affects only that year, or in the year of the revision and any future year affected.

In the process of applying the Company's accounting policies, the management has made the following estimates, assumptions and judgments which are significant to these financial statements:

##### 2.4.1 Property, plant and equipment

The Company reviews the useful lives and residual values of property, plant and equipment on the reporting date. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

# Notes to and Forming Part of the Financial Statements

## For the year ended 30 June 2016

### 2.4.2 Exploration and evaluation expenditure

The Company's accounting policy for exploration and evaluation expenditure results in certain items of expenditure being capitalized for an area of interest where it is considered likely to be recoverable by future exploration or sale or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. This policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. If, after having capitalized the expenditure under the policy, a judgment is made that recovery of the expenditure is unlikely, the relevant capitalized amount is written off to the profit and loss account.

### 2.4.3 Development and production expenditure

Development and production activities commence after project sanctioning by the appropriate level of management. Judgment is applied by the management in determining when a project is economically viable. In exercising this judgment, management is required to make certain estimates and assumptions similar to those described above for capitalized exploration and evaluation expenditure. Any such estimates and assumptions may change as new information becomes available. If, after having commenced development activity, a judgment is made that a development and production asset is impaired, the appropriate amount is written off to the profit and loss account.

### 2.4.4 Estimation of oil and natural gas reserves

Oil and gas reserves are an important element in impairment testing for development and production assets of the Company. Estimates of oil and natural gas reserves are inherently imprecise, require the application of judgment and are subject to future revision. Proved reserves are estimated with reference to available reservoir and well information, including production and pressure trends for producing reservoirs and, in some cases, subject to definitional limits, to similar data from other producing reservoirs. All proved reserve estimates are subject to revision, either upward or downward, based on new information, such as from development drilling and production activities or from changes in economic factors, including product prices, contract terms or development plans.

Changes to the estimates of proved developed reserves, affect the amount of amortization recorded and impairment, if any, in the financial statements for fixed assets related to hydrocarbon production activities.

### 2.4.5 Provision for decommissioning cost

Provision is recognized for the future decommissioning and restoration cost of oil and gas wells, production facilities and pipelines at the end of their economic lives. The timing of recognition requires the application of judgment to existing facts and circumstances, which can be subject to change. Estimates of the amount of provision recognized are based on current legal and constructive requirements, technology and price levels. Provision is based on the best estimates, however, the actual outflows can differ from estimated cash outflows due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future. The carrying amount of provision is reviewed annually and adjusted to take account of such changes.

During the year, the Company revised its estimates of well cost, discount and inflation rates. This has been treated as change in accounting estimates, applied prospectively, in accordance with IFRIC Interpretation 1, 'Changes in Existing Decommissioning, Restoration and Similar Liabilities'.

Following line items would have been effected had there been no change in estimates:

	Rupees in million
Provision for decommissioning cost would have been higher by	1,693
Property, plant and equipment would have been lower by	206
Development and production assets would have been higher by	1,899
Amortization charge would have been higher by	1,394
Total comprehensive income would have been lower by	931

# Notes to and Forming Part of the Financial Statements

## For the year ended 30 June 2016

### 2.4.6 Employee benefits

Defined benefit plans are provided for permanent employees of the Company. The employees pension plan is structured as separate legal entity managed by trustees. The Company recognizes deferred liability for post retirement medical benefits, accumulating compensated absences and gratuity fund. These calculations require assumptions to be made of future outcomes, the principal ones being in respect of increases in remuneration and pension benefit levels, medical benefit rate and the discount rate used to convert future cash flows to current values. The assumptions used vary for the different plans as they are determined by independent actuaries annually.

Pension or service cost primarily represents the increase in actuarial present value of the obligation for benefits earned on employees service during the year and the interest on the net liability/(asset) in respect of employee's service in previous years. Calculations are sensitive to changes in the underlying assumptions.

### 2.4.7 Taxation

The Company takes into account the current income tax laws and decisions taken by appellate authorities. Instances where the Company's view differs from the view taken by the income tax department at the assessment stage and the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

### 2.4.8 Stores and spares

The Company reviews the stores and spares for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of stores and spares with a corresponding affect on the provision.

### 2.4.9 Provision against trade debts, advances and other receivables

The Company reviews the recoverability of its trade debts, advances and other receivables to assess amount of bad debts and provision required there against on annual basis.

## 2.5 NEW ACCOUNTING STANDARDS AND IFRIC INTERPRETATIONS THAT ARE NOT YET EFFECTIVE

The following standards, interpretations and the amendments are effective for accounting periods beginning from the dates specified below and are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures:

- Amendments to IAS 1, 'Presentation of financial statements' (effective for annual periods beginning on or after 1 January 2016) provides clarification on a number of issues including:

Materiality- an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance.

Disaggregation and subtotals - line items specified in IAS 1 may need to be disaggregated where this is relevant to an understanding of the entity's financial position or performance. There is also new guidance on the use of subtotals.

Notes - confirmation that the notes do not need to be presented in a particular order.

Other Comprehensive Income (OCI) arising from investments accounted for under the equity method - the share of OCI arising from equity - accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. Each group should then be presented as a single line item in the statement of other comprehensive income.

- Amendments to IFRS 10, 'Consolidated Financial Statements' and IAS 28, 'Investments in Associates and Joint Ventures' (effective for annual periods beginning on or after 1 January 2016) clarifies (a) which subsidiaries of an investment entity are consolidated; (b) exemption to present consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity; and (c) how an entity that is not an investment entity should apply the equity method of accounting for its investment in an associate or joint venture that is an investment entity. The amendments are not likely to have an impact on Company's financial statements.



# Notes to and Forming Part of the Financial Statements

## For the year ended 30 June 2016

- Amendments to IAS 38, 'Intangible Assets' and IAS 16 'Property, Plant and Equipment' (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate and can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue.
- Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 'Property, Plant and Equipment' for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41, 'Agriculture'. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction.
- Amendments to IAS 27, 'Separate Financial Statements' (effective for annual periods beginning on or after 1 January 2016). The amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.
- Accounting for Acquisitions of Interests in Joint Operations – Amendments to IFRS 11, 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2016) clarify the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business. They require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a business.
- Amendments to IAS 12, 'Income Taxes' are effective for annual periods beginning on or after 1 January 2017. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset.
- Amendments to IAS 7, 'Statement of Cash Flows' are part of IASB's broader disclosure initiative and are effective for annual periods beginning on or after 1 January 2017. The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.
- Amendments to IFRS 2, 'Share-based Payment' clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 1 January 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognized for new and outstanding awards.
- Annual Improvements 2012-2014 cycle (the amendments apply prospectively for annual period beginning on or after 1 January 2016). The new cycle of improvements contain amendments to the following standards:

IAS 19, 'Employee Benefits'. IAS 19 is amended to clarify that high quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.

IAS 34, 'Interim Financial Reporting'. IAS 34 is amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements and disclosed elsewhere should be cross referred.

IFRS 5, 'Non-current Assets Held for Sale and Discontinued Operations'. IFRS 5 is amended to clarify that if an entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies an asset from held for distribution to owners to held for sale or vice versa without any time lag, then such change in classification is considered as continuation of the original plan of disposal and if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held for distribution, then it ceases held for distribution accounting in the same way as it would cease held for sale accounting.

# Notes to and Forming Part of the Financial Statements

## For the year ended 30 June 2016

IFRS 7, 'Financial Instruments-Disclosures'. IFRS 7 is amended to clarify when servicing arrangements are in the scope of its disclosure requirements on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety. IFRS 7 is also amended to clarify that additional disclosures required by 'Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)' are not specifically required for inclusion in condensed interim financial statements for all interim periods.

- IFRS 14, 'Regulatory Deferral Accounts' (effective for annual periods beginning on or after 1 January 2016) specifies the financial reporting requirements for 'regulatory deferral account balances' that arise when an entity provides goods or services to customers at a price or rate that is subject to rate regulation. IFRS 14 is permitted, but not required, to be applied where an entity conducts rate-regulated activities and has recognized amounts in its previous financial statements that meet the definition of 'regulatory deferral account balances' also referred as the 'regulatory assets' and 'regulatory liabilities'.
- IFRS 15, 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 1 January 2018) specifies how and when an IFRS compliant entity will recognize revenue as well as requiring such entities to provide users of financial statements with more informative and relevant disclosures. The standard provides a single principle-based five-step model to be applied to all contracts with customers. The objective of IFRS 15 is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer.
- IFRS 16, 'Leases' (effective for annual periods beginning on or after 1 January 2019) supersedes IAS 17, 'Leases' and related interpretations. IFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases. The accounting by lessors will not significantly change. Some differences may arise as a result of the new guidance on the definition of a lease. Under IFRS 16 a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been notified locally by the Securities and Exchange Commission of Pakistan (SECP) as at 30 June 2016:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 9 – Financial Instruments

The following interpretations issued by the IASB have been waived off by SECP effective 16 January 2012:

- IFRIC 4 – Determining Whether an Arrangement Contains a Lease. Also refer note 41 to the financial statements.
- IFRIC 12 – Service Concession Arrangements

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Company except for the following new standards adopted by the Company during the year ended 30 June 2016:

- a. IFRS 10 Consolidated Financial Statements
- b. IFRS 11 Joint Arrangements
- c. IFRS 12 Disclosure of Interest in Other Entities
- d. IFRS 13 Fair Value Measurement
- e. IAS 27 Separate Financial Statements
- f. IAS 28 Investment in Associates and Joint Ventures

# Notes to and Forming Part of the Financial Statements

## For the year ended 30 June 2016

- a. IFRS 10, 'Consolidated Financial Statements' became effective from financial periods beginning on or after 1 January 2015. As a result of IFRS 10, the Company has changed its accounting policy for determining whether it has control over and consequently whether it consolidates its investees. IFRS 10 introduces a new control model that focuses on whether the Company has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns. The Company reassessed the control conclusion for its investees at 1 July 2015, however, there has been no change in the control conclusion.
- b. IFRS 11, 'Joint Arrangements' is a replacement of IAS 31 'Interest in Joint Ventures' and modifies the accounting for joint arrangements:

Under IFRS 11, the Company classifies its interests in joint arrangements as either joint operations or joint ventures depending on the Company's rights to the assets and obligations for the liabilities of the arrangements. When making this assessment, the Company considers the structure of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangements and other facts and circumstances. The Company has assessed the nature of its joint arrangements and determined them to be joint operations.

- c. IFRS 12, 'Disclosure of Interest in Other Entities' became effective from financial periods beginning on or after 1 January 2015. The standard includes the disclosure requirements for all forms of interest in other entities, including joint arrangements, associates, structured entities and other off-balance sheet vehicles. The adoption of standard does not have any impact on the Company's financial statements except for certain additional disclosures.
- d. IFRS 13 'Fair Value Measurement' became effective from financial periods beginning on or after 1 January 2015. IFRS 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other IFRSs. It unifies the definition of fair value as a price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7. The application of IFRS 13 does not have any impact on the financial statements of the Company except for certain additional disclosures.
- e. IAS 27, 'Separate Financial Statements' (revised 2011) deals only with accounting for subsidiaries, associates and joint ventures in separate financial statements of the parent company. Adoption of this standard does not have any impact on the Company's financial statements.
- f. IAS 28, 'Investments in associates and joint ventures' (revised 2011) sets out the requirements of application of equity method of accounting when accounting for investment in associates and joint ventures. Adoption of this standard does not have any impact on the Company's financial statements.

### 3.1 EMPLOYEE BENEFITS

Salaries, wages and benefits are accrued in the period in which the associated services are rendered by employees of the Company. The accounting policy for pension, gratuity, post retirement medical benefits and accumulating compensated absences is described below:

#### 3.1.1 Pension, gratuity, post retirement medical benefits and accumulating compensated absences

The Company operates an approved funded pension scheme under an independent trust for its permanent employees regularized before 1 January 2016, as a defined benefit plan. During the year, the Company changed its policy for pension scheme and consequently, the employees regularized from 1 January 2016 and onwards will be entitled to gratuity, a defined benefit plan and provident fund, a defined contributory plan instead of pension benefit. In contributory provident fund, the Company shall match the contribution by employees upto one basic salary annually. The contractual officers of the Company are also entitled to gratuity.

The Company also provides post retirement medical benefits to its permanent employees and their families as a defined benefit plan.

The Company also has a policy whereby its regular/contractual officers and regular staff are eligible to encash accumulated leave balance at the time of retirement in case of officers and at the time of retirement or during the service in case of regular staff.

# Notes to and Forming Part of the Financial Statements

## For the year ended 30 June 2016

The Company makes contributions or record liability in respect of defined benefit plans on the basis of actuarial valuations, carried out annually by independent actuaries. The latest actuarial valuations were carried out as of 30 June 2016. The calculations of actuaries are based on the Projected Unit Credit Method, net of the assets guaranteeing the plan, if any, with the obligation increasing from year to year, in a manner that it is proportional to the length of service of the employees.

The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the present value of the future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value.

The interest element of the defined benefit cost represents the change in present value of scheme obligations resulting from the passage of time, and is determined by applying the discount rate to the net defined benefit liability/(asset).

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited in other comprehensive income in the year in which they arise.

Past service costs are recognized immediately in profit and loss account.

### 3.2 TAXATION

Taxation for the year comprises current and deferred tax. Taxation is recognized in the profit and loss account except to the extent that it relates to items recognized outside profit and loss account (whether in other comprehensive income or directly in equity), if any, in which case the tax amounts are recognized outside profit and loss account.

#### 3.2.1 Current tax

Provision for current taxation is based on taxable income at the current rate of tax after taking into account applicable tax credits, rebates and exemptions available, if any, adjusted for payments to GoP for payments on account of royalty and any adjustment to tax payable in respect of previous years.

#### 3.2.2 Deferred tax

Deferred tax is accounted for using the balance sheet liability method in respect of all taxable temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax is not recognized for the temporary differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in associates and interest in joint arrangements to the extent that it is probable that they will not reverse in a foreseeable future and the investor/joint operator is able to control the timing of the reversal of the temporary difference. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted or substantively enacted by the reporting date, adjusted for payments to GoP on account of royalty.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

Deferred tax has been calculated at the tax rate of 28.17% (2015: 31.35%) after taking into account depletion allowance and set offs, where available, in respect of royalty payment to the Government of Pakistan. The tax rate is reviewed annually.



# Notes to and Forming Part of the Financial Statements

## For the year ended 30 June 2016

### 3.3 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses, if any except for freehold land and capital work in progress, which are stated at cost less impairment loss, if any. Cost in relation to property, plant and equipment comprises acquisition and other directly attributable costs and decommissioning cost as referred in the note 3.4.4 to the financial statements. The cost of self constructed assets includes the cost of materials, direct labour and any other costs directly attributable to bringing the assets to working condition for their intended use. Software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

Depreciation is provided on straight line method at rates specified in note 11 to the financial statements so as to write off the cost of property, plant and equipment over their estimated useful life. Depreciation on additions to property, plant and equipment is charged from the month in which property, plant and equipment is acquired or capitalized while no depreciation is charged for the month in which property, plant and equipment is disposed off.

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit and loss account as incurred.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within "other income" in profit or loss account.

Capital work in progress is stated at cost less accumulated impairment losses, if any, and is transferred to the respective item of property, plant and equipment when available for intended use.

Impairment tests for property, plant and equipment are performed when there is an indication of impairment. At each year end, an assessment is made to determine whether there are any indications of impairment. The Company conducts annually an internal review of asset values which is used as a source of information to assess for any indications of impairment. External factors such as changes in expected future prices, costs and other market factors are also monitored to assess for indications of impairment. If any such indication exists, an estimate of the asset's recoverable amount is calculated being the higher of the fair value of the asset less cost to sell and the asset's value in use.

If the carrying amount of the asset exceeds its recoverable amount, the property, plant and equipment is impaired and an impairment loss is charged to the profit and loss account so as to reduce the carrying amount of the property, plant and equipment to its recoverable amount.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Value in use is determined as the present value of the estimated future cash flows expected to arise from the continued use of the property, plant and equipment in its present form and its eventual disposal. Value in use is determined by applying assumptions specific to the Company's continued use and does not take into account future development.

In testing for indications of impairment and performing impairment calculations, assets are considered as collective groups, referred to as cash generating units. Cash generating units are the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

# Notes to and Forming Part of the Financial Statements

## For the year ended 30 June 2016

### 3.4 OIL AND GAS ASSETS

The Company applies the “Successful efforts” method of accounting for Exploration and Evaluation (E&E) costs.

#### 3.4.1 Pre license costs

Costs incurred prior to having obtained the legal rights to explore an area are charged directly to the profit and loss account as they are incurred.

#### 3.4.2 Exploration and evaluation assets

Under the Successful efforts method of accounting, all property acquisitions, exploratory/evaluation drilling costs are initially capitalized as intangible E&E assets in well, field or specific exploration cost centres as appropriate, pending determination.

Costs directly associated with an exploratory well are capitalized as an intangible asset until the drilling of the well is completed and results have been evaluated. Major costs include employee benefits, material, chemical, fuel, well services and rig operational costs. All other exploration costs including cost of technical studies, seismic acquisition and data processing, geological and geophysical activities are charged against income as exploration and prospecting expenditure.

Tangible assets used in E&E activities, include the Company’s vehicles, drilling rigs, seismic equipment and other property, plant and equipment used by the Company’s exploration function and are classified as property, plant and equipment. However, to the extent that such a tangible asset is consumed in developing an intangible E&E asset, the amount reflecting that consumption is recorded as part of the cost of the intangible asset. Such intangible costs include directly attributable overheads, including the depreciation of property, plant and equipment utilized in E&E activities, together with the cost of other materials consumed during the exploration and evaluation phases.

Intangible E&E assets relating to each exploration license/field are carried forward, until the existence or otherwise of commercial reserves have been determined subject to certain limitations including review for indications of impairment. If commercial reserves have been discovered, the carrying value after any impairment loss of the relevant E&E assets is then reclassified as development and production assets and if commercial reserves are not found, the capitalized costs are written off as dry and abandoned wells and charged to profit and loss account.

E&E assets are not amortized prior to the conclusion of appraisal activities.

#### 3.4.3 Development and production assets - intangible

Development and production assets are accumulated on a field by field basis and represent the cost of developing the discovered commercial reserves and bringing them into production, together with the capitalized E&E expenditures incurred in finding commercial reserves transferred from intangible E&E assets as outlined in accounting policy 3.4.2 above. The cost of development and production assets also includes the cost of acquisition of such assets, directly attributable overheads, and the cost of recognizing provisions for future site restoration and decommissioning.

Expenditure carried within each field is amortized from the commencement of production on a unit of production basis, which is the ratio of oil and gas production in the year to the estimated quantities of proved developed reserves at the end of the year plus the production during the year, on a field by field basis. Changes in the estimates of commercial reserves or future field development costs are dealt with prospectively. Amortization is charged to profit and loss account.

#### 3.4.4 Decommissioning cost

The activities of the Company normally give rise to obligations for site restoration. Restoration activities may include facility decommissioning and dismantling, removal or treatment of waste materials, land rehabilitation, and site restoration.

# Notes to and Forming Part of the Financial Statements

## For the year ended 30 June 2016

Liabilities for decommissioning cost are recognized when the Company has an obligation to dismantle and remove a facility or an item of plant and to restore the site on which it is located, and when a reliable estimate of that liability can be made. The Company makes provision in full for the decommissioning cost on the declaration of commercial discovery of the reserves, to fulfill the obligation of site restoration and rehabilitation. Where an obligation exists for a new facility, such as oil and natural gas production or transportation facilities, this will be on construction or installation. An obligation for decommissioning may also crystallize during the period of operation of a facility through a change in legislation or through a decision to terminate operations. The amount recognized is the estimated cost of decommissioning, discounted to its net present value and the expected outflow of economic resources to settle this obligation is up to next twenty five years. Decommissioning cost, as appropriate, relating to producing/shut-in fields and production facilities is capitalized to the cost of development and production assets and property, plant and equipment as the case may be. The recognized amount of decommissioning cost is subsequently amortized/depreciated as part of the capital cost of the development and production assets and property, plant and equipment.

While the provision is based on the best estimate of future costs and the economic life of the facilities and property, plant and equipment there is uncertainty regarding both the amount and timing of incurring these costs. Any change in the present value of the estimated expenditure is dealt with prospectively and reflected as an adjustment to the provision and a corresponding adjustment to property, plant and equipment and development and production assets. The unwinding of the discount on the decommissioning provision is recognized as finance cost in the profit and loss account.

### 3.4.5 Impairment of oil and gas assets

E&E assets are assessed for impairment when facts and circumstances indicate that carrying amount may exceed the recoverable amount of E&E assets. Such indicators include, the point at which a determination is made that as to whether or not commercial reserves exist, the period for which the Company has right to explore has expired or will expire in the near future and is not expected to be renewed, substantive expenditure on further exploration and evaluation activities is not planned or budgeted and any other event that may give rise to indication that E&E assets are impaired.

Impairment test of development and production assets is also performed whenever events and circumstances arising during the development and production phase indicate that carrying amount of the development and production assets may exceed its recoverable amount. Such circumstances depend on the interaction of a number of variables, such as the recoverable quantities of hydrocarbons, the production profile of the hydrocarbons, the cost of the development of the infrastructure necessary to recover the hydrocarbons, the production costs, the contractual duration of the production field and the net selling price of the hydrocarbons produced.

The carrying value is compared against expected recoverable amount of the oil and gas assets, generally by reference to the future net cash flows expected to be derived from such assets. The cash generating unit applied for impairment test purpose is generally field by field basis, except that a number of fields may be grouped as a single cash generating unit where the cash flows of each field are inter dependent.

Where conditions giving rise to impairment subsequently reverse, the effect of the impairment charge is also reversed as a credit to the profit and loss account, net of any depreciation that would have been charged since the impairment.

## 3.5 INVESTMENTS

All purchases and sale of investments are recognized using settlement date accounting. Settlement date is the date on which investments are delivered to or by the Company. All investments are derecognized when the right to receive economic benefits from the investments has expired or has been transferred and the Company has transferred substantially all the risks and rewards of ownership.

### 3.5.1 Investments in associate

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

# Notes to and Forming Part of the Financial Statements

## For the year ended 30 June 2016

The results and assets and liabilities of the associate have been incorporated in these financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the balance sheet at cost as adjusted for post acquisition changes in the Company's share of net assets of the associate, less any impairment in the value of investment. Losses of an associate in excess of the Company's interest in that associate (which includes any long term interest that, in substance, form part of the Company's net investment in the associate) are recognized only to the extent that the Company has incurred legal or constructive obligation or made payment on behalf of the associate.

### 3.5.2 Investments held to maturity

Investments with fixed or determinable payments and fixed maturity and where the Company has positive intent and ability to hold investments to maturity are classified as investments held to maturity. These are initially recognized at cost inclusive of transaction costs and are subsequently carried at amortized cost using the effective interest rate method, less any impairment losses.

### 3.5.3 Loans and receivables

These are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest method.

### 3.5.4 Investments at fair value through profit or loss

An investment is classified at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's investment strategy. All investments classified as investments at fair value through profit or loss are initially measured at cost being fair value of consideration given. At subsequent dates these investments are measured at fair value, determined on the basis of prevailing market prices, with any resulting gain or loss recognized directly in the profit and loss account.

### 3.6 STORES, SPARE PARTS AND LOOSE TOOLS

Stores, spare parts and loose tools are valued at the lower of cost and net realizable value less allowance for slow moving, obsolete and in transit items. Cost is determined on the moving average basis and comprises cost of purchases and other costs incurred in bringing the inventories to their present location and condition. Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred in order to make a sale.

Materials in transit are stated at cost comprising invoice value and other charges paid thereon.

### 3.7 STOCK IN TRADE

Stock in trade is valued at the lower of production cost and net realizable value. Net realizable value signifies the estimated selling price in the ordinary course of business less net estimated cost of production and selling expenses.

### 3.8 INTANGIBLES

An intangible asset is recognized if it is probable that future economic benefits that are attributable to the asset will flow to the Company and that the cost of such asset can also be measured reliably. Intangible assets having definite useful life are stated at cost less accumulated amortization and are amortized based on the pattern in which the assets' economic benefits are consumed. Intangible assets which have indefinite useful life are not amortized and tested for impairment annually, if any.

### 3.9 REVENUE RECOGNITION

Revenue from sale of goods is recognized when significant risks and rewards of ownership are transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.



# Notes to and Forming Part of the Financial Statements

## For the year ended 30 June 2016

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of government levies. Effect of adjustments, if any, arising from revision in sale prices is reflected as and when the prices are finalized with the customers and/or approved by the GoP.

Revenue from services is recognized on rendering of services to customers and is measured at the fair value of the consideration received or receivable.

### 3.10 FINANCE INCOME AND EXPENSE

Finance income comprises interest income on funds invested, delayed payments from customers, dividend income, exchange gain and changes in the fair value of financial assets at fair value through profit or loss. Income on bank deposits is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return. Income on investments is recognized on time proportion basis taking into account the effective yield of such securities. The Company recognizes interest, if any, on delayed payments from customers on receipt basis. Dividend income on equity investments is recognized when the right to receive the payment is established. Foreign currency gains and losses are reported on a net basis.

Finance cost comprises interest expense on borrowings (if any), unwinding of the discount on provisions and bank charges. Mark up, interest and other charges on borrowings are charged to income in the period in which they are incurred.

### 3.11 JOINT OPERATIONS

The Company has applied IFRS 11 to all joint arrangements as of 1 July 2015. Under IFRS 11, investment in joint arrangements are classified as either joint operations or joint ventures depending on contractual rights and obligations of the parties to the arrangement. The Company has assessed the nature of its arrangements and determined them to be joint operations.

The Company has recognized its share of assets, liabilities, revenues and expenses jointly held or incurred under the joint operations on the basis of latest available audited financial statements of the joint operations and where applicable, the cost statements received from the operator of the joint venture, for the intervening period up to the balance sheet date. The difference, if any, between the cost statements and audited financial statements is accounted for in the next accounting year.

### 3.12 FOREIGN CURRENCIES

Transactions in foreign currencies are recorded at the rates of exchange ruling on the date of the transaction. All monetary assets and liabilities denominated in foreign currencies are translated into PKR at the rate of exchange ruling on the balance sheet date and exchange differences, if any, are charged to income for the year.

### 3.13 FINANCIAL INSTRUMENTS

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. These are derecognized when the Company ceases to be a party to the contractual provisions of the instrument.

Financial assets mainly comprise investments, loans, advances, deposits, trade debts, other receivables and cash and bank balances. Financial liabilities are classified according to the substance of the contractual arrangements entered into. Significant financial liabilities are trade and other payables.

All financial assets and liabilities are initially measured at fair value. These financial assets and liabilities are subsequently measured at fair value, amortized cost or cost, as the case may be.

### 3.14 OFFSETTING

Financial assets and liabilities and tax assets and liabilities are set off in the balance sheet, only when the Company has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

# Notes to and Forming Part of the Financial Statements

## For the year ended 30 June 2016

### 3.15 TRADE DEBTS AND OTHER RECEIVABLES

Trade debts and other receivables are stated at original invoice amount as reduced by appropriate provision for impairment. Bad debts are written off when identified while debts considered doubtful of recovery are fully provided for. Provision for doubtful debts is charged to profit and loss account currently.

### 3.16 TRADE AND OTHER PAYABLES

Liabilities for trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received.

### 3.17 CASH AND CASH EQUIVALENTS

Cash and cash equivalents for the purpose of cash flow statement comprise cash in hand and at bank and includes short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

### 3.18 DIVIDEND

Dividend is recognized as a liability in the period in which it is declared.

### 3.19 SELF INSURANCE SCHEME

The Company is following a policy to set aside reserve for self insurance of rigs, wells, plants, pipelines, vehicles, workmen compensation, losses of petroleum products in transit and is keeping such reserve invested in specified investments.

### 3.20 IMPAIRMENT

#### 3.20.1 Non-financial assets

The Company assesses at each balance sheet date whether there is any indication that assets except deferred tax assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in profit and loss account.

#### 3.20.2 Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

### 3.21 OPERATING SEGMENTS

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions. The management has determined that the Company has a single reportable segment as the Board of Directors views the Company's operations as one reportable segment.

# Notes to and Forming Part of the Financial Statements

## For the year ended 30 June 2016

### 4 SHARE CAPITAL

Authorized share capital

2016	2015		2016	2015
------(Number of shares)-----			------(Rupees '000)-----	
<u>5,000,000,000</u>	<u>5,000,000,000</u>	Ordinary shares of Rs 10 each	<u>50,000,000</u>	<u>50,000,000</u>

Issued, subscribed and paid up capital

<u>1,075,232,100</u>	<u>1,075,232,100</u>	Ordinary shares of Rs 10 each issued for consideration other than cash (note 4.1)	<u>10,752,321</u>	<u>10,752,321</u>
<u>3,225,696,300</u>	<u>3,225,696,300</u>	Ordinary shares of Rs 10 each issued as fully paid bonus shares	<u>32,256,963</u>	<u>32,256,963</u>
<u>4,300,928,400</u>	<u>4,300,928,400</u>		<u>43,009,284</u>	<u>43,009,284</u>

- 4.1 In consideration for all the properties, rights, assets, obligations and liabilities of Oil and Gas Development Corporation (OGDC) vested in the Company, 1,075,232,100 ordinary fully paid shares of Rs 10 each were issued to Government of Pakistan (GoP) on 23 October 1997. Currently, GoP holds 74.97% (2015: 74.97%) paid up capital of the Company.

### 5 RESERVES

Capital reserve:

	Note	2016	2015
		------(Rupees '000)-----	
Capital reserve	5.1	836,000	836,000
Self insurance reserve	5.2	7,470,000	6,620,000
Capital redemption reserve fund - associated company	5.3	2,118,000	-
Self insurance reserve - associated company	5.4	20,000	-

Other reserves:

Undistributed percentage return reserve - associated company	5.5	<u>85,373</u>	<u>-</u>
		<u>10,529,373</u>	<u>7,456,000</u>

- 5.1 This represents bonus shares issued by former wholly owned subsidiary - Pirkoh Gas Company (Private) Limited (PGCL) prior to merger.
- 5.2 The Company has set aside a specific capital reserve for self insurance of rigs, wells, plants, pipelines, workmen compensation, vehicle repair and losses for petroleum products in transit. Refer note 14.2.1 for investments against this reserve. Accordingly, the reserve is not available for distribution to shareholders.
- 5.3 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.
- 5.4 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.
- 5.5 This represents Company's share of profit set aside by an associated company from distributable profits for the year related to undistributed percentage return reserve.

# Notes to and Forming Part of the Financial Statements

## For the year ended 30 June 2016

		2016	2015
	Note	------(Rupees '000)-----	
<b>6 DEFERRED TAXATION</b>			
The balance of deferred tax is in respect of following temporary differences:			
Accelerated depreciation on property, plant and equipment		7,419,066	7,548,441
Expenditure of exploration and evaluation, development and production assets		10,487,778	12,887,530
Provision for decommissioning cost		(1,870,834)	(3,042,951)
Long term investment in associate		414,961	132,767
Provision for doubtful debts, claims and advances		(87,175)	(97,265)
Provision for slow moving and obsolete stores		(784,297)	(821,682)
		<u>15,579,499</u>	<u>16,606,840</u>
<b>7 DEFERRED EMPLOYEE BENEFITS</b>			
Post retirement medical benefits	7.1	10,975,188	8,083,396
Accumulating compensated absences	7.2	3,996,450	4,374,519
		<u>14,971,638</u>	<u>12,457,915</u>
<b>7.1 Post retirement medical benefits</b>			
Movement in the present value of defined benefit obligation is as follows:			
Present value of defined benefit obligation at beginning of the year		8,083,396	6,770,977
Current service cost		175,262	179,026
Interest cost		783,067	889,503
Benefits paid		(505,446)	(364,126)
Remeasurement loss recognized in Other Comprehensive Income		2,438,909	608,016
Present value of defined benefit obligation at end of the year		<u>10,975,188</u>	<u>8,083,396</u>
Movement in liability recognized in the balance sheet is as follows:			
Opening liability		8,083,396	6,770,977
Expense for the year		958,329	1,068,529
Benefits paid		(505,446)	(364,126)
Remeasurement loss recognized in Other Comprehensive Income		2,438,909	608,016
Closing liability		<u>10,975,188</u>	<u>8,083,396</u>
Expense recognized is as follows:			
Current service cost		175,262	179,026
Interest cost		783,067	889,503
		<u>958,329</u>	<u>1,068,529</u>
The expense is recognized in the following:			
Operating expenses - profit and loss account		504,610	550,979
General and administration expenses - profit and loss account		129,161	141,641
Technical services		324,558	375,909
		<u>958,329</u>	<u>1,068,529</u>



# Notes to and Forming Part of the Financial Statements

## For the year ended 30 June 2016

	2016	2015
Significant actuarial assumptions used were as follows:		
Discount rate per annum	9%	10%
Medical inflation rate per annum - retired	9%	10%
Medical inflation rate per annum - in service	7%	8.50%
Mortality rate	SLIC 2001-2005	SLIC 2001-2005
Withdrawal rate	Low	Low
Weighted average duration of the obligation	10 years	10 years

The calculation of the defined benefit obligation is sensitive to assumptions set out above. The following table summarizes how the impact on the defined benefit obligation at the end of the reporting period would have increased/(decreased) as a result of a change in respective assumptions.

	Change in assumption	Impact on defined benefit obligation	
		Increase in assumption	Decrease in assumption
		------(Rupees '000)-----	
Discount	1%	(1,640,117)	2,101,304
Medical indexation	1%	2,126,565	(1,683,947)
Withdrawal	10%	6,684	(6,713)
		1 year setback	1 year setforward
		------(Rupees '000)-----	
Mortality		98,777	(97,896)

The impact of changes in assumptions has been determined by revaluation of the obligation on different rates.

The expected medical expense for the next financial year is Rs 1,362.247 million.

	2016	2015
	------(Rupees '000)-----	
<b>7.2 Accumulating compensated absences</b>		
Present value of defined benefit obligation at beginning of the year	4,374,519	3,056,584
Charge for the year - net	1,018,489	2,153,682
Payments made during the year	(1,396,558)	(835,747)
Present value of defined benefit obligation at end of the year	<u>3,996,450</u>	<u>4,374,519</u>

The rates of discount at 9% per annum (2015: 10%) and long term salary increase rate of 9% per annum (2015: 9.50%) and short term salary increase rate (next one year) of 12% per annum (2015: 9.50%) were assumed.

	2016	2015
	------(Rupees '000)-----	
The expense is recognized in the following:		
Operating expenses - profit and loss account	540,555	1,124,194
General and administration expenses - profit and loss account	122,184	257,461
Technical services	355,750	772,027
	<u>1,018,489</u>	<u>2,153,682</u>

# Notes to and Forming Part of the Financial Statements

## For the year ended 30 June 2016

		2016	2015
	Note	------(Rupees '000)-----	
<b>8 PROVISION FOR DECOMMISSIONING COST</b>			
Balance at beginning of the year		20,303,619	20,417,830
Provision during the year		1,101,437	781,004
		21,405,056	21,198,834
Revision due to change in estimates		(1,693,111)	(3,432,053)
Unwinding of discount on provision for decommissioning cost	29	1,700,742	2,536,838
Balance at end of the year		21,412,687	20,303,619
The above provision for decommissioning cost is analyzed as follows:			
Development and production wells		4,450,781	5,518,058
Production facilities		1,815,374	1,339,771
Unwinding of discount on provision for decommissioning cost			
Development and production wells		13,458,767	11,989,714
Production facilities		1,687,765	1,456,076
		15,146,532	13,445,790
		21,412,687	20,303,619
Significant assumptions used were as follows:			
Discount rate per annum		7.99%	9.14%
Inflation rate per annum		5.98%	6.99%
		2016	2015
<b>9 TRADE AND OTHER PAYABLES</b>			
Creditors		115,148	1,159,807
Payable to Government of Pakistan - on account of Kunnar discount		-	2,085,112
Accrued liabilities		14,359,034	7,792,656
Payable to partners of joint operations		4,573,507	5,747,349
Retention money payable		6,124,024	6,208,634
Royalty payable		2,499,371	3,759,267
Excise duty payable		235,912	243,798
General sales tax payable		526,179	1,636,792
Gas Infrastructure Development Cess (GIDC) Payable	17.2	2,137,525	6,143,565
Withholding tax payable		735,910	80,791
Trade deposits		119,298	102,210
Workers' profit participation fund - net	9.1	4,237,231	6,685,550
Employees' pension trust	9.2	9,272,728	3,116,025
Gratuity fund	9.3	69,009	-
Un-paid dividend	9.4	12,439,784	16,000,346
Un-claimed dividend		200,776	184,955
Advances from customers		1,133,572	861,045
Other payables		190,140	94,075
		58,969,148	61,901,977
<b>9.1 Workers' profit participation fund - net</b>			
Payable/(receivable) at beginning of the year		6,685,550	(346,775)
(Paid to)/received from the fund during the year - net		(6,685,550)	346,775
Charge for the year		4,237,231	6,685,550
Payable at end of the year		4,237,231	6,685,550

# Notes to and Forming Part of the Financial Statements

## For the year ended 30 June 2016

	2016	2015
	------(Rupees '000)-----	
<b>9.2 Employees' pension trust</b>		
The amount recognized in the balance sheet is as follows:		
Present value of defined benefit obligation	72,609,026	61,669,438
Fair value of plan assets	(63,336,298)	(58,553,413)
Net liability at end of the year	<u>9,272,728</u>	<u>3,116,025</u>
The movement in the present value of defined benefit obligation is as follows:		
Present value of defined benefit obligation at beginning of the year	61,669,438	54,402,957
Current service cost	2,236,272	1,869,247
Interest cost	5,950,393	7,344,399
Benefits paid	(4,331,014)	(2,978,860)
Remeasurement loss recognized in Other Comprehensive Income	7,083,937	1,031,695
Present value of defined benefit obligation at end of the year	<u>72,609,026</u>	<u>61,669,438</u>
The movement in the fair value of plan assets is as follows:		
Fair value of plan assets at beginning of the year	58,553,413	42,611,861
Expected return on plan assets	5,713,104	5,752,601
Contributions	1,486,261	12,767,909
Benefits paid	(4,331,014)	(2,978,860)
Remeasurement gain recognized in Other Comprehensive Income	1,914,534	399,902
Fair value of plan assets at end of the year	<u>63,336,298</u>	<u>58,553,413</u>
The movement in liability recognized in the balance sheet is as follows:		
Opening liability	3,116,025	11,791,096
Expense for the year	2,473,561	3,461,045
Remeasurement loss recognized in Other Comprehensive Income during the year	5,169,403	631,793
Payments to the fund during the year	(1,486,261)	(12,767,909)
Closing liability	<u>9,272,728</u>	<u>3,116,025</u>
Expense recognized is as follows:		
Current service cost	2,236,272	1,869,247
Net interest cost	237,289	1,591,798
	<u>2,473,561</u>	<u>3,461,045</u>
Remeasurement loss recognized in Other Comprehensive Income:		
Remeasurement loss on defined benefit obligation	7,083,937	1,031,695
Remeasurement gain on plan assets	(1,914,534)	(399,902)
	<u>5,169,403</u>	<u>631,793</u>

# Notes to and Forming Part of the Financial Statements

## For the year ended 30 June 2016

	2016			2015		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
Plan assets comprise:	------(Rupees '000)-----					
Bonds	-	21,898,643	21,898,643	-	21,897,999	21,897,999
Mutual funds	1,035,688	-	1,035,688	1,268,493	-	1,268,493
Term Deposits Receipts (TDRs)	-	38,401,946	38,401,946	-	33,465,703	33,465,703
Cash and bank balances	-	2,000,021	2,000,021	-	1,921,218	1,921,218
	<u>1,035,688</u>	<u>62,300,610</u>	<u>63,336,298</u>	<u>1,268,493</u>	<u>57,284,920</u>	<u>58,553,413</u>

Quoted plan assets comprise of 1.64% (2015: 2.17%) of total plan assets.

Funds covered were invested within limits specified by regulations governing investment of approved retirement funds in Pakistan. The funds have no investment in the Company's own securities.

The pension plan is a defined benefit final salary plan invested through approved trust fund. The trustees of the fund are responsible for plan administration and investment. The Company appoints the trustees. All trustees are employees of the Company.

The plan exposes the Company to various actuarial risks: investment risk, salary risk and longevity risk from the pension plan.

	2016	2015
	------(Rupees '000)-----	
The expense is recognized in the following:		
Operating expenses - profit and loss account	1,187,622	1,619,276
General and administration expenses - profit and loss account	425,706	617,594
Technical services	860,233	1,224,175
	<u>2,473,561</u>	<u>3,461,045</u>
Actual return on plan assets	<u>7,627,638</u>	<u>6,152,503</u>

Significant actuarial assumptions used were as follows:

	2016	2015
Discount rate per annum	9%	10%
Long term salary increase rate per annum	9%	9.50%
Short term salary increase rate per annum (next one year)	12%	9.50%
Expected rate of return on plan assets per annum	9%	10%
Pension indexation rate per annum	5%	5%
Mortality rate	SLIC 2001-2005	SLIC 2001-2005
Withdrawal rate	Low	Low
Weighted average duration of the obligation	10 years	10 years



# Notes to and Forming Part of the Financial Statements

## For the year ended 30 June 2016

The calculation of the defined benefit obligation is sensitive to assumptions set out above. The following table summarizes how the impact on the defined benefit obligation at the end of the reporting period would have increased/(decreased) as a result of a change in respective assumptions:

	Change in assumption	Impact on defined benefit obligation	
		Increase in assumption	Decrease in assumption
		------(Rupees '000)-----	
Discount	1%	(6,892,800)	8,286,792
Salary increase	1%	770,009	(990,971)
Pension indexation	1%	4,906,249	(4,109,945)
Withdrawal	10%	29,044	(21,783)
		1 year setback	1 year set forward
		------(Rupees '000)-----	
Mortality		682,525	(653,481)

The impact of changes in assumptions has been determined by revaluation of the obligation on different rates.

The Company expects to make a contribution of Rs 12,583 million (2015: Rs 5,664 million) to the employees' pension trust during the next financial year.

### 9.3 Gratuity fund

	2016	2015
	------(Rupees '000)-----	
Opening liability	-	-
Expense for the year	26,917	-
Other comprehensive income	44,216	-
Benefits paid during the year	(2,124)	-
Closing liability	69,009	-

The expense is recognized in the following:

Operating expenses - profit and loss account	5,620	-
General and administration expenses - profit and loss account	17,442	-
Technical services	3,855	-
	26,917	-

- 9.4 This includes an amount of Rs 10,500 million (2015: Rs 9,225 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.

# Notes to and Forming Part of the Financial Statements

## For the year ended 30 June 2016

### 10 CONTINGENCIES AND COMMITMENTS

#### 10.1 CONTINGENCIES

10.1.1 Claims against the Company not acknowledged as debts amounted to Rs 1,556.580 million at year end (2015: Rs 1,483.728 million).

10.1.2 Certain banks have issued guarantees on behalf of the Company in ordinary course of business aggregating Rs 1.707 million (2015: Rs 1.707 million), refer note 23.1 to the financial statements.

10.1.3 The Company's share of associate contingencies at year end are as follows:

Indemnity bonds given to Collector of Customs against duty concessions on import of equipment and materials amounted to Rs 1.045 million (2015: Rs 1.045 million).

10.1.4 For contingencies related to tax matters, refer note 21.1 to 21.4 and note 30.2.

10.1.5 For contingencies related to sales tax and federal excise duty, refer note 18.1 and 18.2.

#### 10.2 COMMITMENTS

10.2.1 Commitments outstanding at year end amounted to Rs 48,618.352 million (2015: Rs 61,786.278 million). These include amounts aggregating to Rs 24,779.797 million (2015: Rs 27,052.325 million) representing the Company's share in the minimum work commitments under Petroleum Concession Agreements.

10.2.2 Letters of credit issued by various banks on behalf of the Company in ordinary course of the business, outstanding at year end amounted to Rs 22,235.046 million (2015: Rs 12,711.536 million).

10.2.3 The Company's share of associate commitments at year end is as follows:

	2016	2015
	------(Rupees '000)-----	
Capital expenditure:		
Share in joint operations	1,218,299	1,501,493
Others	42,454	119,226
	<u>1,260,753</u>	<u>1,620,719</u>

# Notes to and Forming Part of the Financial Statements

## For the year ended 30 June 2016

### 11 PROPERTY, PLANT AND EQUIPMENT

(Rupees '000)															
Description	Freehold land	Leasehold land	Buildings, offices and roads on freehold land	Buildings, offices and roads on leasehold land	Plant and machinery	Rigs	Pipelines	Office and domestic equipment	Office and technical data computers	Furniture and fixtures	Vehicles	Decommissioning cost	Capital work in progress (Note 11.3)	Stores held for capital expenditure	Total
<b>Cost</b>															
Balance as at 1 July 2014	248,974	54,039	4,274,867	5,242,730	76,072,649	5,047,366	11,999,816	784,562	1,681,181	122,234	5,260,728	1,645,073	20,636,857	2,113,359	135,184,435
Additions during the year	5,606	-	63,070	141,870	16,027,130	15,872	3,322,040	152,727	121,123	13,570	274,426	88,603	35,811,246	2,858,062	58,895,345
Revision due to change in estimate	-	-	-	-	-	-	-	-	-	-	-	(393,905)	-	-	(393,905)
Disposals/transfers during the year	-	-	-	-	(45,762)	(18,175)	(2,385)	(3,110)	(20,373)	(88)	(142,186)	-	(12,406,334)	(1,054,993)	(13,694,006)
Adjustments	-	-	(955)	-	321,851	(409,471)	-	84,756	3,874	-	(55)	-	-	-	-
Balance as at 30 June 2015	254,580	54,039	4,336,982	5,384,600	92,375,868	4,635,592	15,319,471	1,018,935	1,785,805	135,716	5,392,913	1,339,771	44,041,169	3,916,428	179,991,869
Balance as at 1 July 2015	254,580	54,039	4,336,982	5,384,600	92,375,868	4,635,592	15,319,471	1,018,935	1,785,805	135,716	5,392,913	1,339,771	44,041,169	3,916,428	179,991,869
Additions during the year	1,678	-	103,141	261,848	11,636,241	401,193	933,261	158,427	144,646	16,263	306,467	269,947	15,164,178	1,928,020	31,325,310
Revision due to change in estimate	-	-	-	-	-	-	-	-	-	-	-	205,656	-	-	205,656
Disposals/transfers during the year	-	-	-	-	(177,960)	(13,342)	-	(3,316)	(23,582)	-	(191,910)	-	(9,542,219)	(3,177,210)	(13,129,539)
Adjustments	-	-	-	-	(67,094)	-	-	-	67,094	-	-	-	-	-	-
Balance as at 30 June 2016	256,258	54,039	4,440,123	5,646,448	103,767,055	5,023,443	16,252,732	1,174,046	1,973,963	151,979	5,507,470	1,815,374	49,663,128	2,667,238	198,393,296
<b>Depreciation</b>															
Balance as at 1 July 2014	-	48,694	1,669,085	1,357,479	41,730,757	1,408,269	9,147,748	632,644	1,346,977	88,677	4,416,098	1,226,261	-	172,084	63,244,773
Charge/(reversal) for the year	-	2,145	266,312	239,904	4,929,190	323,394	608,468	78,107	217,699	8,937	319,594	(302,381)	-	(69,101)	6,622,268
On disposals	-	-	-	-	(45,726)	(18,156)	(2,384)	(2,991)	(19,534)	(81)	(105,065)	-	-	-	(193,957)
Adjustments	-	-	(45)	-	-	-	-	52	45	-	(52)	-	-	-	-
Balance as at 30 June 2015	-	50,839	1,935,352	1,597,383	46,614,221	1,713,507	9,753,832	707,812	1,545,187	97,533	4,630,555	923,880	-	102,983	69,673,084
Balance as at 1 July 2015	-	50,839	1,935,352	1,597,383	46,614,221	1,713,507	9,753,832	707,812	1,545,187	97,533	4,630,555	923,880	-	102,983	69,673,084
Charge for the year	-	2,145	264,800	246,675	5,655,286	454,760	892,170	82,476	217,707	6,978	315,205	94,908	-	(10,892)	8,222,218
On disposals	-	-	-	-	(177,761)	(13,323)	-	(3,188)	(23,077)	-	(162,107)	-	-	-	(379,456)
Adjustments	-	-	-	-	(5,909)	718	-	-	5,191	-	-	-	-	-	-
Balance as at 30 June 2016	-	52,984	2,200,152	1,844,058	52,085,837	2,155,662	10,646,002	787,100	1,745,008	104,511	4,783,653	1,018,788	-	92,091	77,515,846
<b>Impairment</b>															
Balance as at 1 July 2014	-	-	-	-	135,008	-	333	-	-	-	-	327	-	-	135,668
Charge for the year	-	-	61,204	128,386	8,709	-	-	-	-	-	1,079	-	-	-	199,378
Balance as at 30 June 2015	-	-	61,204	128,386	143,717	-	333	-	-	-	1,079	327	-	-	335,046
Balance as at 1 July 2015	-	-	61,204	128,386	143,717	-	333	-	-	-	1,079	327	-	-	335,046
Charge for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 30 June 2016	-	-	61,204	128,386	143,717	-	333	-	-	-	1,079	327	-	-	335,046
Carrying amount - 30 June 2015	254,580	3,200	2,340,426	3,658,831	45,617,930	2,922,085	5,565,306	311,123	240,618	38,183	761,279	415,564	44,041,169	3,813,445	109,993,739
Carrying amount - 30 June 2016	256,258	1,055	2,178,767	3,674,004	51,537,501	2,867,781	5,606,397	386,946	228,955	47,468	722,738	796,259	49,663,128	2,575,147	120,542,404
Rates of depreciation (%)	-	3.3-4	2.5-8	2.5-8	4-20	10	10	15	33.33	10	20	2.5-10	-	-	-

# Notes to and Forming Part of the Financial Statements

## For the year ended 30 June 2016

- 11.1 Cost and accumulated depreciation as at 30 June 2016 include Rs 48,173 million (2015: Rs 40,425 million) and Rs 26,284 million (2015: Rs 23,019 million) respectively being the Company's share in property, plant and equipment relating to joint operations operated by other working interest owners.

	Note	2016 ------(Rupees '000)-----	2015 -----
11.2 The depreciation charge has been allocated to:			
Operating expenses	25	6,893,094	5,525,660
General and administration expenses	28	205,799	197,940
Technical services		1,123,325	898,668
		<u>8,222,218</u>	<u>6,622,268</u>
11.3 Capital work in progress			
Production facilities and other civil works in progress:			
Wholly owned		47,809,254	36,790,973
Joint operations		1,843,702	7,231,739
		<u>49,652,956</u>	<u>44,022,712</u>
Construction cost of field offices and various bases/offices owned by the Company		10,172	18,457
		<u>49,663,128</u>	<u>44,041,169</u>



# Notes to and Forming Part of the Financial Statements

## For the year ended 30 June 2016

### 11.4 Details of property, plant and equipment sold:

Details of property, plant and equipment sold:	Cost	Book value	Sale proceeds
	----- (Rupees '000) -----		
Vehicles sold to following in-service/retiring employees as per Company's policy:			
Mr. Mirza Khalid Baig	1,772	1,614	1,614
Syed Mazhar Ali	1,772	1,604	1,604
Syed Rashid Hassan	1,772	1,650	1,650
Mr. Siraj Ali	1,772	1,622	1,622
Mr. Maqbool Ahmed Somro	1,727	1,070	1,070
Mr. Saleem Ahmed Khan	1,707	937	937
Mr. Rashid Javaid	1,702	1,080	1,080
Mr. Murad Niaz Khan	1,692	565	565
Mr. Mushtaq Ahmad	1,692	484	484
Mr. Asad Ahmed Asad	1,692	523	523
Capt® Muhammad Siddique Awan	1,691	774	774
Mr. Raja Arshad Sultan	1,691	614	614
Mr. Muneer Ahmad Khan	1,571	189	189
Mr. Agha Mujeeb Ur Rehman	1,569	344	344
Mr. Rooh Ullah	1,569	296	296
Mr. Tahir Shaukat	1,569	236	236
Mr. Muhammad Amjad Ehsan	1,569	259	259
Mr. Aijaz Kaleem Ashraf	1,546	1	155
Mr. Basharat Ali Mirza	1,539	346	346
Ms. Mehurnisa Jehangir	1,539	180	180
Mr. Bashir Ahmad	1,477	59	149
Mr. Jehangaz Khan	1,441	1	144
Mr. Tariq Mehmood	1,441	1	144
Mr. Khwaja Masood Ahmed	1,429	1	143
Mr. Daud Ahmad Butt	1,429	1	143
Mr. Asif Nasim	1,429	1	143
Mr. Muhammad Sabir Khan	1,399	1	140
Mr. Muhammad Ismail Laghari	1,210	1	140
Mr. Abdul Jamil Khan	1,203	961	961
Mr. Noor Muhammad	1,073	770	770
Mrs. Lubna Hassan	1,073	817	817
Mr. Shahnawaz Rajpoot	1,024	468	468
Mr. Muhammad Irfan Khan	1,024	516	516
Mr. Ikram Ullah Khan	1,024	551	551
Mr. Qamar Raza	1,024	606	606
Mr. Sultan Mehmood	1,024	534	534
Syed Rashid Hassan	1,023	473	473
Mr. Shrafat Ali	1,003	373	373
Mr. Muhammad Arif Bhutto	1,003	422	422
Mr. Abdul Ghani Memon	1,003	464	464
Mr. Abdullah Bajir	1,003	469	469
Mr. Iftikhar Abbasi	1,003	460	460

# Notes to and Forming Part of the Financial Statements

## For the year ended 30 June 2016

	Cost	Book value	Sale proceeds
	----- (Rupees '000) -----		
Vehicles sold to following in-service/retiring employees as per Company's policy - continued			
Mrs. Nusrat Parveen	1,003	453	453
Mr. Javed Iqbal	1,003	456	456
Mr. Muhammad Saghir	1,003	468	468
Mr. Muhammad Iqbal Khan	1,003	473	473
Mr. Manzoor Ahsan	1,003	476	476
Mr. Nazar Abbas Zaidi	1,003	473	473
Mr. Muhammad Tariq Iqbal	1,003	530	530
Mr. Mazhar Ali	1,003	416	416
Mr. Arshad Mehmood	1,003	431	431
Mr. Shahid Waqar Malik	1,003	416	416
Mr. Muhammad Nawaz	968	259	259
Mr. Abdur Raziq Khattak	965	350	350
Mr. Etezaz Ud Din Ahmed	965	369	369
Mr. Jamal Nasir	965	348	348
Dr. Mubashar Ayaz Wyn	925	253	253
Mr. Muhammad Ajaz Sarwar	925	262	262
Dr. Ruhee Fahim	925	308	308
Mr. Muhammad Munir Memon	925	327	327
Mr. Muhammad Iqbal Khosa	925	269	269
Ms. Farida Habib	843	19	84
Mr. Mirza Abdul Waheed	818	1	82
Mr. Khalid Javed	818	1	82
Mr. Shoaib Shabih	818	1	82
Mr. Sher Ullah Khan	818	1	82
Mr. Muhammad Akram Qureshi	818	1	82
Mr. Munawar Ali Khan	818	1	82
Mr. Shoaib Khan	818	1	82
Mr. Muhammad Asghar	817	1	82
Syed Hassan Abbas	817	1	82
Mr. Zafar Ullah	817	1	82
	86,453	29,704	31,813
Computers/mobiles sold to employees as per Company's policy	11,643	348	1,378
Aggregate of other items of property, plant and equipment with individual book value not exceeding Rs 50,000, sold through public auction	202,095	550	57,922
Items written off during the year	109,919	52	-
30 June 2016	410,110	30,654	91,113
30 June 2015	232,079	38,122	56,442

# Notes to and Forming Part of the Financial Statements

## For the year ended 30 June 2016

### 12 DEVELOPMENT AND PRODUCTION ASSETS - intangible

(Rupees '000)

Description	Producing fields		Shut-in fields		Wells in progress (Note 12.1)	Sub total	Decom- missioning cost	Total
	Wholly owned	Joint operations	Wholly owned	Joint operations				
Cost								
Balance as at 1 July 2014	56,662,299	77,159,798	5,628,217	15,560,634	4,894,681	159,905,629	7,863,805	167,769,434
Adjustment	138,082	2,826,198	(138,082)	(2,826,198)	-	-	-	-
Additions during the year	-	-	-	-	15,497,846	15,497,846	692,401	16,190,247
Revision due to change in estimate	-	-	-	-	-	-	(3,038,148)	(3,038,148)
Transfer from exploration and evaluation assets during the year	3,142,089	905,247	2,486,770	2,938,012	-	9,472,118	-	9,472,118
Transfers in/(out) during the year	2,804,640	9,548,048	-	2,972,975	(15,325,663)	-	-	-
Balance as at 30 June 2015	62,747,110	90,439,291	7,976,905	18,645,423	5,066,864	184,875,593	5,518,058	190,393,651
Balance as at 1 July 2015	62,747,110	90,439,291	7,976,905	18,645,423	5,066,864	184,875,593	5,518,058	190,393,651
Adjustment	(191,393)	(596,044)	191,393	596,044	-	-	-	-
Additions during the year	-	-	-	-	17,728,636	17,728,636	831,490	18,560,126
Revision due to change in estimate	-	-	-	-	-	-	(1,898,767)	(1,898,767)
Transfer from exploration and evaluation assets during the year	1,531,998	1,887,665	2,150,270	4,652,100	-	10,222,033	-	10,222,033
Transfers in/(out) during the year	6,400,016	7,447,147	122,356	1,509,998	(15,479,517)	-	-	-
Balance as at 30 June 2016	70,487,731	99,178,059	10,440,924	25,403,565	7,315,983	212,826,262	4,450,781	217,277,043
Amortization								
Balance as at 1 July 2014	37,586,738	48,162,315	322,631	462,003	-	86,533,687	5,949,325	92,483,012
Adjustment	(91,493)	29,329	91,493	(29,329)	-	-	-	-
Charge/(reversal of charge) for the year	4,642,207	12,856,284	-	-	-	17,498,491	(1,217,154)	16,281,337
Balance as at 30 June 2015	42,137,452	61,047,928	414,124	432,674	-	104,032,178	4,732,171	108,764,349
Balance as at 1 July 2015	42,137,452	61,047,928	414,124	432,674	-	104,032,178	4,732,171	108,764,349
Adjustment	(320,545)	(413,375)	169,009	413,376	-	(151,535)	(440,826)	(592,361)
Charge/(reversal of charge) for the year	5,047,860	11,407,703	24,771	32,271	-	16,512,605	(1,246,037)	15,266,568
Balance as at 30 June 2016	46,864,767	72,042,256	607,904	878,321	-	120,393,248	3,045,308	123,438,556
Impairment								
Balance as at 1 July 2014	545,089	-	332,013	-	-	877,102	79,847	956,949
Adjustment	-	-	(154,847)	154,847	-	-	-	-
Charge for the year	-	1,004,360	-	1,391,639	-	2,395,999	15,667	2,411,666
Balance as at 30 June 2015	545,089	1,004,360	177,166	1,546,486	-	3,273,101	95,514	3,368,615
Balance as at 1 July 2015	545,089	1,004,360	177,166	1,546,486	-	3,273,101	95,514	3,368,615
Adjustment	437,291	-	-	-	-	437,291	155,070	592,361
Charge for the year	709,154	-	788,869	373,810	-	1,871,833	14,718	1,886,551
Balance as at 30 June 2016	1,691,534	1,004,360	966,035	1,920,296	-	5,582,225	265,302	5,847,527
Carrying amounts - 30 June 2015	20,064,569	28,387,003	7,385,615	16,666,263	5,066,864	77,570,314	690,373	78,260,687
Carrying amounts - 30 June 2016	21,931,430	26,131,443	8,866,985	22,604,948	7,315,983	86,850,789	1,140,171	87,990,960

2016 2015  
------(Rupees '000)-----

#### 12.1 Wells in progress at year end represent:

Wholly owned	3,277,101	2,137,978
Joint operations	4,038,882	2,928,886
	<b>7,315,983</b>	<b>5,066,864</b>

# Notes to and Forming Part of the Financial Statements

## For the year ended 30 June 2016

		2016	2015
	Note	------(Rupees '000)-----	
<b>13 EXPLORATION AND EVALUATION ASSETS</b>			
Balance at beginning of the year		6,103,544	7,913,076
Additions during the year		14,182,070	12,512,724
		<u>20,285,614</u>	<u>20,425,800</u>
Cost of dry and abandoned wells during the year	27	(4,909,724)	(4,850,138)
Cost of wells transferred to development and production assets during the year		(10,222,033)	(9,472,118)
		<u>(15,131,757)</u>	<u>(14,322,256)</u>
		<u>5,153,857</u>	<u>6,103,544</u>
Stores held for exploration and evaluation activities	13.1	1,680,221	2,035,892
Balance at end of the year		<u>6,834,078</u>	<u>8,139,436</u>
<b>13.1 Stores held for exploration and evaluation activities</b>			
Balance at beginning of the year		2,035,892	1,724,712
Additions		1,155,565	1,123,234
Issuances		(1,511,236)	(812,054)
Balance at end of the year		<u>1,680,221</u>	<u>2,035,892</u>
<b>13.2 Liabilities, other assets and expenditure incurred on exploration and evaluation activities are:</b>			
Liabilities related to exploration and evaluation		<u>2,303,095</u>	<u>883,804</u>
Exploration and prospecting expenditure	27	<u>14,548,295</u>	<u>11,627,518</u>
<b>14 LONG TERM INVESTMENTS</b>			
Investment in related party	14.1	3,393,185	1,401,173
Investments held to maturity	14.2	109,124,107	129,792,155
		<u>112,517,292</u>	<u>131,193,328</u>
<b>14.1 Investment in related party - associate, quoted</b>			
Mari Petroleum Company Limited (MPCL)			
Cost of investment (22,050,000 (2015: 22,050,000) fully paid ordinary shares of Rs 10 each including 14,700,000 (2015: 14,700,000) bonus shares)		73,500	73,500
Post acquisition profits brought forward		1,327,673	302,307
		<u>1,401,173</u>	<u>375,807</u>
Share of profit for the year - net of taxation	14.1.2	2,188,899	1,043,741
Share of other comprehensive loss of the associate - net of taxation		(17,125)	-
Dividend received		(179,762)	(18,375)
		<u>1,992,012</u>	<u>1,025,366</u>
		<u>3,393,185</u>	<u>1,401,173</u>



# Notes to and Forming Part of the Financial Statements

## For the year ended 30 June 2016

- 14.1.1 MPCL is incorporated in Pakistan and is principally engaged in exploration, production and sale of hydrocarbons. The Company has 20% (2015: 20%) holding in the associate. The market value of the investment in associate as of the year end is Rs 20,026 million (2015: Rs 10,333 million).
- 14.1.2 Share of profit for the year ended 30 June 2016 includes Rs 978.608 million related to prior years.
- 14.1.3 The tables below provide summarized financial information for the associate that is material to the Company. The information disclosed reflects the amounts presented in the annual audited financial statements of the associate for the year ended 30 June 2016 and not the Company's share of those amounts.

	2016	2015
	------(Rupees '000)-----	
Summarized balance sheet		
Current assets	32,727,282	41,868,075
Non-current assets	26,832,365	23,785,743
Current liabilities	(35,017,149)	(39,398,626)
Non-current liabilities	(7,576,575)	(14,758,974)
Net assets	16,965,923	11,496,218
Reconciliation to carrying amounts:		
Opening net assets	11,496,218	16,822,231
Total comprehensive income for the year	5,965,830	5,674,228
Opening net assets transferred to redeemable preference shares - liability	-	(10,590,001)
Dividends paid	(496,125)	(410,240)
Closing net assets	16,965,923	11,496,218
Company's percentage shareholding in the associate	20%	20%
Company's share in carrying value of net assets	3,393,185	2,299,244
Others	-	(898,071)
Carrying amount of investment	3,393,185	1,401,173
Summarized statement of comprehensive income		
Revenue for the year	94,997,719	88,239,537
Profit for the year	6,051,455	5,650,313
Other comprehensive (loss)/income for the year	(85,625)	23,915
Total comprehensive income for the year	5,965,830	5,674,228

- 14.1.4 Effective 1 July 2014, the cost plus wellhead gas pricing formula is replaced with a crude oil price linked formula which provides a discounted wellhead gas price to be gradually achieved in five (5) years from 1 July 2014. The revised formula provides dividend distribution to be continued for next ten (10) years in line with the previous cost plus formula and any residual profit are to be reinvested for exploration and development activities in Mari as well as outside Mari field. Under the revised formula, the Government of Pakistan will no more provide exploration funds to MPCL. MPCL has issued non voting, non-cumulative redeemable preference shares during the year ended 30 June 2015, against undistributable balance of profit and loss account at 30 June 2014 and investment of Government of Pakistan in Mari Seismic Unit amounting to Rs 10,590 million. During the year ended 30 June 2016, MPCL approved redemption of all preference shares in cash after obtaining requisite approvals of Board of Directors, members and Government of Pakistan (GoP). The Economic Coordination Committee (ECC) of the Cabinet approved the above arrangement and the revised Mari Wellhead Gas Price Agreement was signed by MPCL and the President of Islamic Republic of Pakistan on 29 July 2015.

# Notes to and Forming Part of the Financial Statements

## For the year ended 30 June 2016

	Note	2016 ------(Rupees '000)-----	2015 ------(Rupees '000)-----
<b>14.2 Investments held to maturity</b>			
Term Deposit Receipts (TDRs)	14.2.1	6,384,972	5,862,129
Investment in Pakistan Investment Bonds (PIBs)	14.2.2	51,489,135	52,180,026
Investment in Term Finance Certificates	14.2.3	82,000,000	82,000,000
		<u>139,874,107</u>	<u>140,042,155</u>
Less: Current maturity of Term Finance Certificates		<u>(30,750,000)</u>	<u>(10,250,000)</u>
		<u>109,124,107</u>	<u>129,792,155</u>

**14.2.1** These represent investments in local currency TDRs. Face value of these investments is Rs 6,385 million (2015: Rs 5,862 million) and carry effective interest rate of 7.35% (2015: 9.91%) per annum. These investments are due to mature within next 12 months, however, these have not been classified as current assets based on the management's intention to reinvest them in the like investments for a longer term. These investments are earmarked against self insurance reserve as explained in note 5.2 to the financial statements.

**14.2.2** In 2013, Ministry of Finance, Government of Pakistan, approved the plan for partial settlement of circular debt issue prevailing in the energy sector. These PIBs were subscribed by the Company in order to settle its overdue receivables from oil refineries and gas companies. The face value of these PIBs is Rs 50.773 billion carrying interest rate of 11.50% per annum. These PIBs were issued on 19 July 2012 for a period of five years maturing on 19 July 2017. Premium on investment is amortized over the remaining term of the investment using effective interest method.

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

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. 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. Principal repayment amounting to Rs 10,250 million (2015: Rs Nil) is past due as at 30 June 2016. Further, interest due as of 30 June 2016 was Rs 18,139 million (2015: Rs 11,502 million) of which Rs 16,270 million (2015: Rs 9,151 million) was past due as of the balance sheet date. The Company considers the principal and interest to be fully recoverable as these are backed by Sovereign Guarantee of Government of Pakistan.

	Note	2016 ------(Rupees '000)-----	2015 ------(Rupees '000)-----
<b>15 LONG TERM LOANS AND RECEIVABLE</b>			
Long term loans:			
Secured	15.1	5,757,931	5,692,868
Un-secured	15.2	239,738	239,738
		<u>5,997,669</u>	<u>5,932,606</u>
<b>15.1 Long term loans - secured</b>			
Considered good:			
Executives		4,618,807	3,801,069
Other employees		2,095,113	2,848,183
		<u>6,713,920</u>	<u>6,649,252</u>
Current portion shown under loans and advances	18	<u>(955,989)</u>	<u>(956,384)</u>
		<u>5,757,931</u>	<u>5,692,868</u>

# Notes to and Forming Part of the Financial Statements

## For the year ended 30 June 2016

### 15.1.1 Movement of carrying amount of loans to executives and other employees:

	Balance as at 1 July 2015	Disbursements during the year	Adjustments during the year	Repayments during the year	Balance as at 30 June 2016
	------(Rupees '000)-----				
Due from:					
Executives	3,801,069	331,764	1,157,913	(671,939)	4,618,807
Other employees	2,848,183	649,836	(1,157,913)	(244,993)	2,095,113
<b>30 June 2016</b>	<b>6,649,252</b>	<b>981,600</b>	<b>-</b>	<b>(916,932)</b>	<b>6,713,920</b>
30 June 2015	5,722,379	1,760,951	-	(834,078)	6,649,252

15.1.2 The loans are granted to the employees of the Company in accordance with the Company's service rules. House building and conveyance loans are for maximum period of 15 and 5 years respectively. These loans are secured against the underlying assets. Included in these are loans of Rs 5,635.351 million (2015: Rs 5,506.893 million) which carry no interest. The balance amount carries an effective interest rate of 10.53% (2015: 11.79%) per annum. Interest free loans to employees have not been discounted as required by IAS 39, 'Financial Instruments: Recognition and Measurement' as the amount involved is deemed immaterial.

The maximum amount due from executives at the end of any month during the year was Rs 4,618.807 million (2015: Rs 3,801.069 million).

15.2 The Company and other working interest owners in Chanda, Nashpa and Tal joint operations have entered into an agreement dated 20 October 2010 with National Highway Authority (NHA) for provision of interest free loan to NHA amounting to Rs 700 million for construction of new Bridge on River Indus, district Kohat. The bridge will facilitate operations of these joint operations including transportation of crude oil & condensate, materials & equipment and staff etc. According to the agreement, share of Tal, Nashpa and Chanda joint operations in the loan will be 68.63%, 23.09% and 8.28% respectively and will be paid to NHA by the Company in stages based on percentage completion of work. Proportionate share in stage-wise payments of the loan will be recovered by the Company from other working interest owners.

As per terms and conditions of the agreement, NHA will design, construct, operate and maintain the new bridge and shall commission the bridge within 27 months from the date of agreement. NHA shall not charge the Company and other operator the toll tax for the use of new bridge till the entire loan stands repaid. The loan is repayable by NHA in seven years in 84 equal monthly installments, with grace period of one year, starting from one year after the commissioning of the bridge. The bridge has been inaugurated on 28 July 2014 and is currently operational. The amount of Rs 239.738 million as on 30 June 2016 (2015: Rs 239.738 million) represents the Company's net share, based on effective working interest ownership of 38.05% (2015: 38.05%) which have not been discounted as required by IAS 39, 'Financial Instruments: Recognition and Measurement' as the amount involved is deemed immaterial.

	Note	2016 ------(Rupees '000)-----	2015
<b>16 STORES, SPARE PARTS AND LOOSE TOOLS</b>			
Stores, spare parts and loose tools		20,069,409	19,251,264
Stores and spare parts in transit		965,949	216,764
		21,035,358	19,468,028
Provision for slow moving, obsolete and in transit stores	16.1	(2,784,174)	(2,620,996)
		<b>18,251,184</b>	<b>16,847,032</b>
<b>16.1 Movement of provision for slow moving, obsolete and in transit stores</b>			
Balance as at 1 July		2,620,996	2,383,569
Provision for the year		163,178	237,427
Balance as at 30 June		<b>2,784,174</b>	<b>2,620,996</b>

# Notes to and Forming Part of the Financial Statements

## For the year ended 30 June 2016

	2016	2015
	------(Rupees '000)-----	
<b>17 TRADE DEBTS</b>		
Un-secured, considered good	111,204,979	121,411,485
Un-secured, considered doubtful	111,989	112,782
	111,316,968	121,524,267
Provision for doubtful debts	(111,989)	(112,782)
Trade debts written off	(793)	-
	111,204,186	121,411,485

**17.1** Trade debts include overdue amount of Rs 78,704 million (2015: Rs 76,990 million) on account of Inter-Corporate Circular debt, receivable from oil refineries and gas companies out of which Rs 59,395 million (2015: Rs 60,702 million) and Rs 16,525 million (2015: Rs 10,380 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.

**17.2** Included in trade debts is an amount of Rs 3,171 million (2015: Rs 8,043 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 these financial statements.

	Note	2016	2015
		------(Rupees '000)-----	
<b>18 LOANS AND ADVANCES</b>			
Advances considered good:			
Suppliers and contractors		2,046,796	1,070,013
Partners in joint operations		2,065,882	2,463,683
Sales tax	18.1 & 18.2	4,816,374	3,511,537
Others		574,568	42,151
		9,503,620	7,087,384
Current portion of long term loans - secured	15.1	955,989	956,384
		10,459,609	8,043,768
Advances considered doubtful		187,033	187,033
		10,646,642	8,230,801
Provision for doubtful advances		(187,033)	(187,033)
		10,459,609	8,043,768

**18.1** This includes an amount of Rs 3,180 million (2015: 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.



# Notes to and Forming Part of the Financial Statements

## For the year ended 30 June 2016

- 18.2 This also includes recoveries of Rs 317 million (2015: Rs Nil) 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 is yet to be 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 hearing is yet to be fixed. 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	2016 ------(Rupees '000)-----	2015 -----
<b>19 DEPOSITS AND SHORT TERM PREPAYMENTS</b>			
Security deposits		22,112	21,025
Short term prepayments		1,624,665	1,393,408
		<u>1,646,777</u>	<u>1,414,433</u>
<b>20 OTHER RECEIVABLES</b>			
Development surcharge		80,391	80,391
Claims receivable		78,134	31,504
Others		23,686	71,930
		<u>182,211</u>	<u>183,825</u>
Claims considered doubtful		10,439	10,439
		<u>192,650</u>	<u>194,264</u>
Provision for doubtful claims		(10,439)	(10,439)
		<u>182,211</u>	<u>183,825</u>
<b>21 INCOME TAX - ADVANCE</b>			
Income tax - advance at beginning of the year		24,059,740	14,319,141
Income tax paid during the year		35,025,909	50,613,873
Income tax recovered by tax authorities during the year		50,558	3,942,695
Provision for current taxation for the year - Profit and loss account	30	(21,853,820)	(37,279,117)
Tax credit related to remeasurement loss on employee retirement benefit plans for the year - Other Comprehensive Income		4,026,760	624,129
Provision for taxation - prior years	30	289,894	(8,160,981)
Income tax - advance at end of the year	21.1 to 21.4	<u>41,599,042</u>	<u>24,059,740</u>

- 21.1 This includes amount of Rs 13,846 million (2015: Rs 13,225 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.

# Notes to and Forming Part of the Financial Statements

## For the year ended 30 June 2016

**21.2** 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 5,368 million (2015: Rs 5,317 million) from the Company upto 30 June 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 for recovery of fifty days with effect from 2 August 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 (MP&NR) 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.

**21.3** Income tax advance includes Rs 2,746 million (2015: Rs Nil) paid to tax authorities during the year on account of super tax relating to tax year 2015. The Company is currently contesting applicability of super tax at the rate of 3 percent of taxable profits from oil and gas operations under Petroleum Concession Agreements (PCAs) and has filed an appeal before CIRA in this respect. Management based on opinion of its tax consultant is confident that the Company has probable chances to defend its case before appellate authorities due to clauses relating to charge of tax under PCAs. Accordingly, no provision has been made in this respect in the financial statements for the years ended 30 June 2015 and 30 June 2016.

**21.4** Income tax advance includes Rs 5,805 million (2015: Rs Nil) paid to tax authorities during the year 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 the financial statements.

	Note	2016 ------(Rupees '000)-----	2015 ------(Rupees '000)-----
<b>22 OTHER FINANCIAL ASSETS</b>			
Investment in Term Deposits	22.1	11,131,164	9,525,037
Investment at fair value through profit or loss - NIT units		295,800	289,444
		<u>11,426,964</u>	<u>9,814,481</u>

**22.1** This include foreign currency TDRs amounting to USD 106.305 million (2015: USD 94.448 million), carrying interest rate ranging from 1.60% to 2.65% (2015: 1.75% to 2.35%) per annum, having maturities between one month to three months.

	Note	2016 ------(Rupees '000)-----	2015 ------(Rupees '000)-----
<b>23 CASH AND BANK BALANCES</b>			
Cash at bank:			
Deposit accounts	23.1	7,692,851	12,849,120
Current accounts		146,976	110,855
		<u>7,839,827</u>	<u>12,959,975</u>
Cash in hand		63,939	42,773
		<u>7,903,766</u>	<u>13,002,748</u>

**23.1** These deposit accounts carry interest rate of 0.20% to 5.75% (2015: 0.20% to 7.00%) per annum and include foreign currency deposits amounting to USD 4.995 million (2015: USD 52.413 million). Deposits amounting to Rs 1.707 million (2015: Rs 1.707 million) with banks were under lien to secure bank guarantees issued on behalf of the Company.

# Notes to and Forming Part of the Financial Statements

## For the year ended 30 June 2016

	2016	2015
	------(Rupees '000)-----	
<b>24 SALES - net</b>		
<b>Gross sales</b>		
Crude oil	59,080,776	94,317,109
Gas	125,009,124	139,478,446
Liquefied petroleum gas	6,285,313	6,751,228
Sulphur	299,907	377,987
Gas processing	60,698	61,771
	<b>190,735,818</b>	<b>240,986,541</b>
<b>Government levies</b>		
General sales tax	(19,132,696)	(21,310,910)
Gas Infrastructure Development Cess (GIDC)	(5,579,173)	(5,734,982)
Excise duty	(3,157,371)	(3,315,692)
Development surcharge	-	(49)
	<b>(27,869,240)</b>	<b>(30,361,633)</b>
	<b>162,866,578</b>	<b>210,624,908</b>

**24.1** 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 (MP&NR), impact of which cannot be determined at this stage.

**24.2** 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.

**24.3** The Company has signed the supplemental Agreements with GoP for conversion of Petroleum Concession Agreements (PCA) to the Petroleum Exploration and Production Policy, 2012 in respect of various blocks. Price regimes prevailing in Petroleum Policy 2007, Petroleum Policy 2009 and Petroleum Policy 2012 shall be applicable correlated with the spud date of wells in the respective policies starting from 27 November 2007 and for future exploratory efforts under respective blocks.

In terms of supplemental agreements, draft statements in respect of Sheikhan, Gopang and Pakhro, 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.

# Notes to and Forming Part of the Financial Statements

## For the year ended 30 June 2016

	Note	2016 ------(Rupees '000)-----	2015 ------(Rupees '000)-----
<b>25 OPERATING EXPENSES</b>			
Salaries, wages and benefits	25.1	15,214,752	14,065,027
Stores and supplies consumed		1,439,904	1,913,121
Contract services		1,854,126	1,709,615
Joint operations expenses		2,250,488	2,089,230
Workover charges		1,398,851	1,091,708
Traveling and transportation		800,648	651,539
Repairs and maintenance		935,596	1,239,635
Rent, fee and taxes		810,339	685,642
Insurance		215,869	309,134
Communication		42,544	42,757
Utilities		336,264	245,186
Land and crops compensation		736,160	553,803
Desalting, decanting and naphtha storage charges		58,104	68,780
Training, welfare and Corporate Social Responsibility (CSR)		2,107,025	959,743
Provision for slow moving, obsolete and in transit stores		163,178	237,427
Stores inventory written off		3,814	9,031
Depreciation	11.2	6,893,094	5,525,660
Amortization of development and production assets	12	15,266,568	16,281,337
Impairment on development and production assets	12	1,886,551	2,411,666
Impairment on property, plant and equipment	11	-	199,378
Transfer from general and administration expenses	28	2,538,202	2,533,226
Miscellaneous		8,601	9,686
		<u>54,960,678</u>	<u>52,832,331</u>
Stock of crude oil and other products:			
Balance at beginning of the year		317,476	420,626
Balance at end of the year		(291,904)	(317,476)
		<u>54,986,250</u>	<u>52,935,481</u>

25.1 These include charge against employee retirement benefits of Rs 1,698 million (2015: Rs 2,170 million).

	2016 ------(Rupees '000)-----	2015 ------(Rupees '000)-----
<b>26 OTHER INCOME</b>		
<b>Income from financial assets</b>		
Interest income on:		
Investments and bank deposits	12,908,363	16,921,497
Delayed payments from joint operations partners	10,241	-
Delayed payments from customers	2,053	2,493
	<u>12,920,657</u>	<u>16,923,990</u>
Dividend income from NIT units	19,296	18,615
Un-realized gain on investments at fair value through profit or loss	6,356	13,893
Exchange (loss)/gain - net	(37,543)	1,043,079
	<u>12,908,766</u>	<u>17,999,577</u>
<b>Income from non-financial assets</b>		
Gain on disposal of property, plant and equipment	60,458	18,320
Gain on disposal of stores, spare parts and loose tools	40,421	40,396
Others	1,693,326	1,127,898
	<u>1,794,205</u>	<u>1,186,614</u>
	<u>14,702,971</u>	<u>19,186,191</u>



# Notes to and Forming Part of the Financial Statements

## For the year ended 30 June 2016

	Note	2016 ------(Rupees '000)-----	2015 ------(Rupees '000)-----
<b>27 EXPLORATION AND PROSPECTING EXPENDITURE</b>			
Cost of dry and abandoned wells	13	4,909,724	4,850,138
Prospecting expenditure		9,638,571	6,777,380
		<u>14,548,295</u>	<u>11,627,518</u>
<b>28 GENERAL AND ADMINISTRATION EXPENSES</b>			
Salaries, wages and benefits	28.1	4,965,364	4,710,471
Joint operations expenses		1,097,036	1,013,500
Unallocated expenses of technical services		896,277	1,323,643
Traveling and transportation		312,882	327,882
Repairs and maintenance		104,421	140,200
Stores and supplies consumed		124,642	123,062
Rent, fee and taxes		154,471	157,969
Communication		52,361	47,794
Utilities		57,149	64,177
Training and scholarships		30,971	30,359
Legal and professional services		50,377	44,354
Contract services		172,865	146,307
Auditors' remuneration	28.2	20,310	18,016
Advertising		83,293	128,898
Insurance		3,895	3,759
Donations		-	330,000
Depreciation	11.2	205,799	197,940
Miscellaneous		40,151	48,818
		<u>8,372,264</u>	<u>8,857,149</u>
Allocation of expenses to:			
Operations	25	(2,538,202)	(2,533,226)
Technical services		(2,063,455)	(2,015,668)
		<u>(4,601,657)</u>	<u>(4,548,894)</u>
		<u>3,770,607</u>	<u>4,308,255</u>

28.1 These include charge against employee retirement benefits of Rs 572 million (2015: Rs 759 million).

	2016 ------(Rupees '000)-----	2015 ------(Rupees '000)-----
<b>28.2 Auditors' remuneration</b>		
<b>M/s KPMG Taseer Hadi &amp; Co., Chartered Accountants</b>		
Annual audit fee	2,000	2,000
Half yearly review	800	800
Out of pocket expenses	280	280
Concession audit fee	4,391	4,150
Audit fee for claims lodged by employees under BESOS	262	270
Verification of Central Depository Company record	110	110
Certification of fee payable to OGRA	110	110
Dividend certification	300	400
	<u>8,253</u>	<u>8,120</u>

# Notes to and Forming Part of the Financial Statements

## For the year ended 30 June 2016

	Note	2016 ------(Rupees '000)-----	2015
Auditors' remuneration - continued			
M/s A. F. Ferguson & Co., Chartered Accountants			
Annual audit fee		2,000	2,000
Half yearly review		800	800
Out of pocket expenses		280	280
Concession audit fee		4,608	4,395
Verification of Central Depository Company record		110	110
Dividend certification		100	-
Tax services		4,159	2,286
Audit of Employees Benevolent Fund		-	25
		12,057	9,896
		20,310	18,016
<b>29</b>	<b>FINANCE COST</b>		
Unwinding of discount on provision for decommissioning cost	8	1,700,742	2,536,838
Others		17,147	13,229
		1,717,889	2,550,067
<b>30</b>	<b>TAXATION</b>		
Current - charge/(credit)			
- for the year		21,853,820	37,279,117
- for prior year		(289,894)	8,160,981
		21,563,926	45,440,098
Deferred - (credit)/charge			
- for the year		(617,397)	706,322
- for prior year		(409,944)	(6,369,999)
		(1,027,341)	(5,663,677)
		20,536,585	39,776,421
<b>30.1</b>	<b>Reconciliation of tax charge for the year:</b>		
Accounting profit		80,507,387	127,025,453
Tax rate		52.62%	50.34%
Tax on accounting profit at applicable rate		42,362,987	63,944,613
Tax effect of royalty allowed for tax purposes		(7,032,918)	(9,320,933)
Tax effect of depletion allowance		(9,988,702)	(12,546,508)
Tax effect of amount not admissible for tax purposes		(782,751)	(977,230)
Tax effect of exempt income		(10,154)	(9,371)
Tax effect of income chargeable to tax at reduced corporate rate		(3,663,025)	(3,466,975)
Tax effect of prior years		(699,838)	1,790,982
Effect of super tax		410,559	526,977
Others		(59,573)	(165,134)
		20,536,585	39,776,421

# Notes to and Forming Part of the Financial Statements

## For the year ended 30 June 2016

**30.2** 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 21.1 to 21.4 of the financial statements.

	2016	2015
<b>31 EARNINGS PER SHARE - BASIC AND DILUTED</b>		
Profit for the year (Rupees '000)	59,970,802	87,249,032
Average number of shares outstanding during the year ('000)	4,300,928	4,300,928
Earnings per share - basic (Rupees)	13.94	20.29

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

### 32 OPERATING SEGMENTS

The financial statements have been prepared on the basis of a single reportable segment. Revenue from external customers for products of the Company is disclosed in note 24.

Revenue from five major customers of the Company constitutes 77% (2015: 75%) of the total revenue during the year ended 30 June 2016.

### 33 FINANCIAL INSTRUMENTS

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board's Risk Management Committee assists the Board in the identification and monitoring of the principal risks and opportunities of the Company ensuring that appropriate systems and internal control framework are in place to manage these risks and opportunities, including, safeguarding the public reputation of the Company. The Committee is required to over-see, report and make recommendations to the Board in respect of financial and non-financial risks faced by the Company.

# Notes to and Forming Part of the Financial Statements

## For the year ended 30 June 2016

### 33.1 CREDIT RISK

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. As part of these processes the financial viability of all counterparties is regularly monitored and assessed.

The Company is exposed to credit risk from its operating and certain investing activities and the Company's credit risk exposures are categorized under the following headings:

#### 33.1.1 Counterparties

The Company conducts transactions with the following major types of counterparties:

##### Trade debts

Trade debts are essentially due from oil refining companies, oil and gas marketing companies and power generation companies and the Company does not expect these companies to fail to meet their obligations. Majority of sales to the Company's customers are made on the basis of agreements approved by GoP.

Sale of crude oil and natural gas is at prices determined in accordance with the agreed pricing formula as approved by GoP under respective agreements. Prices of liquefied petroleum gas are determined by the Company subject to maximum of preceding months' average prices of Saudi Aramco. Sale of refined petroleum products is made at prices notified by OGRA.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade debts. This allowance is based on the management's assessment of a specific loss component that relates to individually significant exposures.

##### Bank balances and investments

The Company limits its exposure to credit risk by investing in liquid securities and maintaining bank accounts only with counterparties that have a credit rating of at least A1 and A. Given these high credit ratings, management does not expect any counterparty to fail to meet its obligations. In addition to the exposure with Banks, the Company also holds investments in Pakistan Investment Bonds and Term Finance Certificates issued by the State Bank of Pakistan and Power Holding (Private) Limited held by GoP respectively. These investments are considered highly secured. Investment in TFCs and PIBs are secured by GoP guarantee. The credit rating of the counterparties is as follows:

	2016		2015		Credit Rating Agency
	Short term	Long term	Short term	Long term	
National Bank of Pakistan	A-1+	AAA	A-1+	AAA	JCR-VIS
Allied Bank of Pakistan	A1+	AA+	A1+	AA+	PACRA
Askari Bank Limited	A1+	AA+	A1+	AA	PACRA
Bank Al-Falah Limited	A1+	AA	A1+	AA	PACRA
Bank Al-Habib Limited	A1+	AA+	A1+	AA+	PACRA
Faysal Bank	A1+	AA	A1+	AA	PACRA
Habib Bank Limited	A-1+	AAA	A-1+	AAA	JCR-VIS
Habib Metropolitan Bank	A1+	AA+	A1+	AA+	PACRA
MCB Bank	A1+	AAA	A1+	AAA	PACRA
NIB Bank	A1+	AA-	A1+	AA-	PACRA
Soneri Bank Limited	A1+	AA-	A1+	AA-	PACRA
United Bank limited	A-1+	AAA	A-1+	AA+	JCR-VIS
Citibank N.A.	P-1	A1	P-1	A2	Moody's
Meezan Bank Limited	A1+	AA-	-	-	JCR-VIS

# Notes to and Forming Part of the Financial Statements

## For the year ended 30 June 2016

### 33.1.2 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2016	2015
	------(Rupees '000)-----	------(Rupees '000)-----
Long term investments	109,124,107	129,792,155
Long term loans and receivable	5,997,669	5,932,606
Trade debts - net of provision	111,204,186	121,411,485
Loans and advances	3,596,439	3,462,218
Deposits	22,112	21,025
Other receivables	101,820	103,434
Interest accrued	21,085,027	14,433,563
Current maturity of Term Finance Certificates	30,750,000	10,250,000
Other financial assets	11,131,164	9,525,037
Bank balances	7,839,827	12,959,975
	<u>300,852,351</u>	<u>307,891,498</u>

The maximum exposure to credit risk for financial assets at the reporting date by type of customer was:

	2016	2015
	------(Rupees '000)-----	------(Rupees '000)-----
Oil refining companies	12,270,830	18,057,449
Oil and gas marketing companies	90,096,501	88,783,767
Power generation companies	7,669,316	11,702,291
Banks and financial institutions	79,791,366	94,960,730
Power Holding (Private) Limited	100,138,759	93,501,837
Others	10,885,579	885,424
	<u>300,852,351</u>	<u>307,891,498</u>

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rates:

	Note	2016	2015
		------(Rupees '000)-----	------(Rupees '000)-----
<b>Investments</b>			
AAA	14.2.1	6,384,972	5,862,129
Unrated	14.2.2 & 14.2.3	133,489,135	134,180,026
		<u>139,874,107</u>	<u>140,042,155</u>
<b>Trade debts</b>			
Customers with no defaults in the past one year		-	-
Customers with some defaults in past one year which have been fully recovered		3,322,833	2,496,615
Customers with defaults in past one year which have not yet been recovered		25,792,369	37,331,589
		<u>29,115,202</u>	<u>39,828,204</u>



# Notes to and Forming Part of the Financial Statements

## For the year ended 30 June 2016

	Note	2016 ------(Rupees '000)-----	2015 ------(Rupees '000)-----
Other financial assets			
AA+	22.1	11,131,164	9,525,037
Bank balances			
AAA		2,036,297	7,725,585
AA+		1,855,424	3,985,819
AA		3,943,739	1,248,489
AA-		4,357	72
A1		10	10
	23	7,839,827	12,959,975

The Company's most significant customers, an oil refining company and a gas marketing company (related party), accounts for Rs 69,420 million of the trade debts carrying amount at 30 June 2016 (2015: Rs 78,105 million).

The maximum exposure to credit risk for trade debts at the reporting date by type of product was:

	2016 ------(Rupees '000)-----	2015 ------(Rupees '000)-----
Crude oil	12,270,727	18,057,346
Gas	98,845,594	103,229,734
Kerosene oil	1,984	1,984
High speed diesel oil	86	86
Naphtha	103	103
Liquefied petroleum gas	52,010	91,527
Other operating revenue	33,682	30,705
	111,204,186	121,411,485

### 33.1.3 Impairment losses

The aging of trade debts at the reporting date was:

	Note	30 June 2016 Gross debts      Impaired ------(Rupees '000)-----		30 June 2015 Gross debts      Impaired ------(Rupees '000)-----	
Not past due		29,115,202	-	39,828,204	-
Past due 0-30 days		3,968,071	-	8,194,459	-
Past due 31-60 days		2,641,376	-	6,522,394	-
Past due 61-90 days		2,755,428	-	5,066,143	-
Over 90 days		72,836,098	(111,989)	61,913,067	(112,782)
	17	111,316,175	(111,989)	121,524,267	(112,782)

# Notes to and Forming Part of the Financial Statements

## For the year ended 30 June 2016

The aging of trade debts from related parties at the reporting date was:

	Total	Not past due	Past due 0-30 days	Past due 31-90 days	Over 90 days	Impaired balance
	----- (Rupees '000) -----					
<b>30 June 2016</b>						
Enar Petrotech Services Limited	988,108	1,186,570	-	-	(198,462)	-
Pak Arab Refinery Company Limited	2,136,263	2,136,263	-	-	-	-
Sui Northern Gas Pipelines Limited	25,864,252	8,517,438	2,178,193	3,138,027	12,030,594	-
Sui Southern Gas Company Limited	64,230,178	4,834,990	1,163,159	1,778,031	56,453,998	-
WAPDA	21,282	-	-	-	21,282	(21,282)
Pakistan State Oil	1,867	-	-	-	1,867	-
	<u>93,241,950</u>	<u>16,675,261</u>	<u>3,341,352</u>	<u>4,916,058</u>	<u>68,309,279</u>	<u>(21,282)</u>

### 30 June 2015

Enar Petrotech Services Limited	1,080,082	1,293,328	-	-	(213,246)	-
Pak Arab Refinery Company Limited	1,203,287	1,203,287	-	-	-	-
Sui Northern Gas Pipelines Limited	19,575,029	8,458,397	2,618,485	5,245,633	3,252,514	-
Sui Southern Gas Company Limited	69,206,667	8,504,813	2,588,324	5,086,509	53,027,021	-
WAPDA	21,282	-	-	-	21,282	(21,282)
Pakistan State Oil	1,867	-	-	-	1,867	-
	<u>91,088,214</u>	<u>19,459,825</u>	<u>5,206,809</u>	<u>10,332,142</u>	<u>56,089,438</u>	<u>(21,282)</u>

The movement in the allowance for impairment in respect of trade debts during the year was as follows:

	2016	2015
	----- (Rupees '000) -----	
Balance at beginning of the year	112,782	112,782
Written off during the year	(793)	-
Balance at end of the year	<u>111,989</u>	<u>112,782</u>

As explained in note 17 to the financial statements, the Company believes that no impairment allowance is necessary in respect of trade debts past due other than the amount provided. Trade debts are essentially due from oil refining companies, natural gas and liquefied petroleum gas transmission and distribution companies and power generation companies, the Company is actively pursuing for recovery of debts and the Company does not expect these companies to fail to meet their obligations.

The movement in the allowance for impairment in respect of loans, advances and other receivables during the year was as follows:

	2016	2015
	----- (Rupees '000) -----	
Balance at beginning of the year	197,472	197,472
Provision made during the year	-	-
Balance at end of the year	<u>197,472</u>	<u>197,472</u>

The allowance accounts in respect of trade receivables, loans and advances are used to record impairment losses unless the Company is satisfied that no recovery of the amount owing is possible, at that point the amount considered irrecoverable is written off against the financial asset directly.

# Notes to and Forming Part of the Financial Statements

## For the year ended 30 June 2016

The aging of principal amount of TFCs at the reporting date was:

	2016	2015
	------(Rupees '000)-----	
Not past due	71,750,000	82,000,000
Over 90 days	10,250,000	-
	<u>82,000,000</u>	<u>82,000,000</u>

The aging of interest accrued on TFCs at the reporting date was:

Not past due	1,868,432	2,350,772
Past due	16,270,327	9,151,065
	<u>18,138,759</u>	<u>11,501,837</u>

### 33.2 LIQUIDITY RISK

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities to close out market positions due to dynamic nature of the business. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The maturity profile of the Company's financial liabilities based on the contractual amounts is as follows:

	30 June 2016		30 June 2015	
Trade and other payables	Carrying amount	Contractual cash flows	Carrying amount	Contractual cash flows
	------(Rupees '000)-----			
All the trade and other payables have maturity upto one year	<u>38,121,711</u>	<u>38,121,711</u>	<u>39,455,935</u>	<u>39,455,935</u>

### 33.3 MARKET RISK

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, equity price and crude oil price will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

#### 33.3.1 Foreign currency risk management

PKR is the functional currency of the Company and as a result currency exposure arise from transactions and balances in currencies other than PKR. The Company's potential currency exposure comprise;

- Transactional exposure in respect of non-functional currency monetary items.
- Transactional exposure in respect of non-functional currency expenditure and revenues.

The potential currency exposures are discussed below;

#### Transactional exposure in respect of non-functional currency monetary items

Monetary items, including financial assets and liabilities, denominated in currencies other than the functional currency of the Company are periodically restated to PKR equivalent, and the associated gain or loss is taken to the profit and loss account. The foreign currency risk related to monetary items is managed as part of the risk management strategy.

# Notes to and Forming Part of the Financial Statements

## For the year ended 30 June 2016

### Transactional exposure in respect of non-functional currency expenditure and revenues

Certain operating and capital expenditure is incurred by the Company in currencies other than the functional currency. Certain sales revenue is earned in currencies other than the functional currency of the Company. These currency risks are managed as a part of overall risk management strategy. The Company does not enter into forward exchange contracts.

### Exposure to foreign currency risk

The Company's exposure to foreign currency risk was as follows based on carrying values:

	2016	2015
USD (\$)	----- ('000)-----	----- ('000)-----
Trade debts	67,059	100,696
Investment in Term Deposits	106,305	94,448
Cash and bank balances	4,995	52,413
Trade and other payables	(148,608)	(102,733)
	<u>29,751</u>	<u>144,824</u>
<b>Euro (€)</b>		
Trade and other payables	3,437	6,457

Foreign currency commitments outstanding at year end are as follows:

	2016	2015
	----- (Rupees '000)-----	----- (Rupees '000)-----
Euro (€)	6,173,974	9,555,780
USD (\$)	35,594,447	31,255,354
GBP (£)	14,540	21,080
	<u>41,782,961</u>	<u>40,832,214</u>

The following significant exchange rates were applied during the year:

	Average rate		Reporting date mid spot rate	
	2016	2015	2016	2015
	----- (Rupees)-----			
USD (\$) 1	<u>104.56</u>	<u>102.14</u>	<u>104.91</u>	<u>101.05</u>

### Foreign currency sensitivity analysis

A 10 percent strengthening of the PKR against the USD at 30 June 2016 would have decreased equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 30 June 2015.

	2016	2015
	----- (Rupees '000)-----	----- (Rupees '000)-----
Profit and loss account	312,118	1,463,447

A 10 percent weakening of the PKR against the USD at 30 June 2016 would have had the equal but opposite effect on USD to the amounts shown above, on the basis that all other variables remain constant.

# Notes to and Forming Part of the Financial Statements

## For the year ended 30 June 2016

### 33.3.2 Interest rate risk management

The interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market interest rates. Sensitivity to interest rate risk arises from mismatches of financial assets and liabilities that mature in a given period. The Company adopts a policy to ensure that interest rate risk is minimized by investing in fixed rate investments like DSCs and TDRs while the Company has no borrowings.

#### Profile

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments was:

	2016	2015	2016	2015
	%		(Rupees '000)	
<b>Fixed rate instruments</b>				
<b>Financial assets</b>				
Long term investments	7.35 to 11.50	9.91 to 11.50	57,874,107	58,042,155
Long term loans	10.53	11.79	1,078,569	1,142,360
Other financial assets	1.60 to 2.65	1.75 to 2.35	11,131,164	9,525,037
Cash and bank balances	0.20 to 5.75	0.20 to 7.00	7,692,851	12,849,120
			77,776,691	81,558,672
<b>Financial liabilities</b>			-	-
			77,776,691	81,558,672

#### Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Company does not have derivatives as hedging instruments recognized under fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

### 33.3.3 Other market price risk

The Company is following a policy to set aside reserve for self insurance of rigs, wells, plants, pipelines, vehicles, workmen compensation, losses of petroleum products in transit and is keeping such reserve invested in specified investments. The primary goal of the Company's investment strategy is to maximize investment returns on surplus funds. The Company's price risk arises from investments in NIT units which are designated at fair value through profit or loss, however, in accordance with the investment strategy the performance of NIT units is actively monitored and they are managed on a fair value basis.

#### Sensitivity analysis of price risk

A change of Rs 5 in the value of investments at fair value through profit and loss would have increased or decreased profit and loss by Rs 22.701 million (2015: Rs 22.701 million).

#### Sensitivity analysis of crude oil price risk

A change of USD 5 in average price of crude oil would increase or decrease profit by Rs 7,585 million (2015: Rs 7,372 million) on the basis that all other variables remain constant.



# Notes to and Forming Part of the Financial Statements

## For the year ended 30 June 2016

### 33.4 FAIR VALUES AND RISK MANAGEMENT

The following table shows the carrying amounts and fair values of financial assets and liabilities. The fair value of financial asset measured at fair value is shown below. It does not include fair value information for financial asset and financial liabilities not measured at fair value as the carrying amount is a reasonable approximation of fair value.

		Carrying Amount				
		Loans and receivables	Investments at fair value through profit or loss	Held to maturity	Other financial liabilities	Total
30 June 2016	Note	----- (Rupees '000) -----				
Financial assets measured at fair value						
Other financial assets - NIT units	22	-	295,800	-	-	295,800
Financial assets not measured at fair value						
Long term investments	14.1 & 14.2	3,393,185	-	109,124,107	-	112,517,292
Long term loans and receivable	15	5,997,669	-	-	-	5,997,669
Trade debts - net of provision	17	111,204,186	-	-	-	111,204,186
Loans and advances	18	3,596,439	-	-	-	3,596,439
Deposits	19	22,112	-	-	-	22,112
Interest accrued		21,085,027	-	-	-	21,085,027
Other receivables	20	101,820	-	-	-	101,820
Current maturity of Term Finance Certificates	14.2	-	-	30,750,000	-	30,750,000
Other financial assets	22	11,131,164	-	-	-	11,131,164
Cash and bank balances	23	7,903,766	-	-	-	7,903,766
		164,435,368	295,800	139,874,107	-	304,605,275
Financial liabilities not measured at fair value						
Trade and other payables	9	-	-	-	38,121,711	38,121,711
		-	-	-	38,121,711	38,121,711

		Carrying Amount				
		Loans and receivables	Investments at fair value through profit or loss	Held to maturity	Other financial liabilities	Total
30 June 2015	Note	----- (Rupees '000) -----				
Financial assets measured at fair value						
Other financial assets - NIT units	22	-	289,444	-	-	289,444
Financial assets not measured at fair value						
Long term investments	14.1 & 14.2	1,401,173	-	129,792,155	-	131,193,328
Long term loans and receivable	15	5,932,606	-	-	-	5,932,606
Trade debts - net of provision	17	121,411,485	-	-	-	121,411,485
Loans and advances	18	3,462,218	-	-	-	3,462,218
Deposits	19	21,025	-	-	-	21,025
Interest accrued		14,433,563	-	-	-	14,433,563
Other receivables	20	103,434	-	-	-	103,434
Current maturity of Term Finance Certificates	14.2	-	-	10,250,000	-	10,250,000
Other financial assets	22	9,525,037	-	-	-	9,525,037
Cash and bank balances	23	13,002,748	-	-	-	13,002,748
		169,293,289	289,444	140,042,155	-	309,624,888
Financial liabilities not measured at fair value						
Trade and other payables	9	-	-	-	39,455,935	39,455,935
		-	-	-	39,455,935	39,455,935

# Notes to and Forming Part of the Financial Statements

## For the year ended 30 June 2016

### Interest rates used for determining fair value

The interest rates used to discount estimated cash flows, when applicable, are based on the government yield curve at the reporting date plus an adequate credit spread. Since the majority of the financial assets are fixed rate instruments, there is no significant difference in market rate and the rate of instrument, fair value significantly approximates to carrying value.

### 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).

	Level 1	Level 2	Level 3
	----- (Rupees '000) -----		
30 June 2016			
Financial assets measured at fair value			
Other financial assets - NIT units	295,800	-	-
30 June 2015			
Financial assets measured at fair value			
Other financial assets - NIT units	289,444	-	-

### Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods.

#### Investment at fair value through profit and loss account - held for trading

The fair value of held for trading investment is determined by reference to their quoted closing repurchase price at the reporting date.

#### Investment in associate

The fair value of investment in associate is determined by reference to their quoted closing bid price at the reporting date. The fair value is determined for disclosure purposes.

#### Non-derivative financial assets

The fair value of non-derivative financial assets is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

#### Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

# Notes to and Forming Part of the Financial Statements

## For the year ended 30 June 2016

### 33.5 CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to maintain a strong capital base to support the sustained development of its businesses.

The Company manages its capital structure which comprises capital and reserves by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders and/or issue new shares. There were no changes to Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirement.

		2016	2015
	Note	------(Rupees '000)-----	
<b>34 CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances	23	7,903,766	13,002,748
Short term highly liquid investments	22	11,131,164	9,525,037
		<u>19,034,930</u>	<u>22,527,785</u>

	2016	2015
<b>35 NUMBER OF EMPLOYEES</b>		
Total number of employees at the end of the year were as follows:		
Regular	9,077	9,475
Contractual	299	27
	<u>9,376</u>	<u>9,502</u>
Average number of employees during the year were as follows:		
Regular	9,276	9,690
Contractual	163	25
	<u>9,439</u>	<u>9,715</u>

### 36 RELATED PARTIES TRANSACTIONS

Government of Pakistan owns 74.97% (2015: 74.97%) shares of the Company. Therefore, all entities owned and controlled by the Government of Pakistan are related parties of the Company. Other related parties comprise associated company, major shareholders, directors, companies with common directorship, key management personnel, OGDCL employees empowerment trust and employees pension trust. The Company in normal course of business pays for electricity, gas and telephone to entities controlled by Government of Pakistan which are not material, hence not disclosed in these financial statements. Transactions of the Company with related parties and balances outstanding at year end are as follows:

	2016	2015
	------(Rupees '000)-----	
<b>Associated company</b>		
Share of profit in associate - net of taxation	2,188,899	1,043,741
<b>Major shareholders</b>		
<b>Government of Pakistan</b>		
Dividend paid	17,267,376	29,988,201
Payable on account of Kunnar discount at 30 June	-	2,085,112
Payment on account of Kunnar discount during the year ended 30 June	2,085,112	-
Dividend payable at 30 June	1,451,040	5,078,640

# Notes to and Forming Part of the Financial Statements

## For the year ended 30 June 2016

	2016	2015
	------(Rupees '000)-----	
RELATED PARTIES TRANSACTIONS - continued		
OGDCL Employees' Empowerment Trust (OEET)		
Dividend paid	756,331	-
Dividend payable	10,500,000	9,225,000
Related parties by virtue of common directorship and GoP holdings		
Government Holdings (Private) Limited (GHPL)		
GHPL share (various fields) - net receivable	740,625	1,166,592
Power Holding (Private) Limited (PHPL)		
Markup earned	6,636,923	8,673,803
Balance of investment in TFCs receivable not yet due as at 30 June	71,750,000	82,000,000
Balance of past due principal repayment on TFCs as at 30 June	10,250,000	-
Balance of markup receivable on TFCs not yet due as at 30 June	1,868,432	2,350,772
Balance of past due markup receivable on TFCs as at 30 June	16,270,327	9,151,065
State Bank of Pakistan		
Interest earned on Pakistan Investment Bonds (PIBs)	5,867,299	5,838,861
Balance of investment in PIBs and markup receivable as at 30 June	54,149,061	53,380,191
Pak Arab Refinery Company Limited		
Sale of crude oil	7,951,721	9,530,107
Trade debts as at 30 June	2,136,263	1,203,287
Sui Northern Gas Pipelines Limited		
Sale of natural gas	53,793,498	52,919,073
Purchase of high BTU value gas	-	2,991,030
Trade debts as at 30 June	25,864,252	19,575,029
Payable as at 30 June	73,880	473,503
Sui Southern Gas Company Limited		
Sale of natural gas	38,070,256	53,413,428
Pipeline rental charges	36,660	36,660
Trade debts as at 30 June	64,230,178	69,206,667
Pakistan State Oil Company Limited		
Purchase of petroleum, oil and lubricants	4,262,212	3,763,690
Trade debts as at 30 June	1,867	1,867
Payable as at 30 June	2,700	97,026
National Insurance Company Limited		
Insurance premium paid	624,631	523,358
Payable as at 30 June	-	9,565
National Logistic Cell		
Crude transportation charges paid	1,822,565	1,588,145
Payable as at 30 June	365,400	382,591

# Notes to and Forming Part of the Financial Statements

## For the year ended 30 June 2016

	Note	2016 ------(Rupees '000)-----	2015 ------(Rupees '000)-----
RELATED PARTIES TRANSACTIONS - continued			
<b>Enar Petrotech Services Limited</b>			
Consultancy services		106,926	33,816
Sale of crude oil		7,798,062	9,261,452
Trade debts as at 30 June		988,108	1,080,082
Payable as at 30 June		-	4,748
<b>Other related parties</b>			
Contribution to staff benefit funds		1,486,261	12,767,909
Remuneration including benefits and perquisites of key management personnel	36.1	489,455	533,774

### 36.1 Key management personnel

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

	2016 ------(Rupees '000)-----	2015 ------(Rupees '000)-----
Managerial remuneration	174,233	173,208
Housing and utilities	123,680	123,536
Other allowances and benefits	150,694	176,619
Medical benefits	3,117	4,511
Leave encashment	10,222	8,708
Contribution to pension fund	27,509	47,192
	<u>489,455</u>	<u>533,774</u>
Number of persons	<u>31</u>	<u>40</u>

36.2 The amounts of the trade debts outstanding are unsecured and will be settled in cash. No expense has been recognized in the current or prior years for bad or doubtful debts in respect of the amounts owed by related parties.

### 37 REMUNERATION OF CHIEF EXECUTIVES, DIRECTORS AND EXECUTIVES

The aggregate amount charged in these financial statements for the remuneration of the chief executives and executives was as follows:

	2016		2015	
	Chief Executive	Executives	Chief Executive	Executives
	------(Rupees '000)-----			
Managerial remuneration	14,912	3,529,780	8,725	3,184,496
Housing and utilities	8,090	2,757,985	5,914	2,372,960
Other allowances and benefits	13,501	3,859,869	9,727	3,547,221
Medical benefits	5	226,439	16	200,738
Leave encashment	556	48,737	1,961	51,737
Contribution to pension fund	2,325	557,946	2,377	867,654
	<u>39,389</u>	<u>10,980,756</u>	<u>28,720</u>	<u>10,224,806</u>
Number of persons including those who worked part of the year	<u>1</u>	<u>2,153</u>	<u>2</u>	<u>2,110</u>



# Notes to and Forming Part of the Financial Statements

## For the year ended 30 June 2016

- Executive means any employee whose basic salary exceeds Rs 500,000 (2015: Rs 500,000) per year.
- The remuneration of chief executives includes an amount of Rs 7.154 million (2015: Rs 20.845 million) related to final settlement of chief executives retired in prior years.
- The aggregate amount charged in these financial statements in respect of fee to 11 directors (2015: 13) was Rs 11.390 million (2015: Rs 27.755 million).

### 38 INFORMATION RELATING TO PROVIDENT FUND

Oil and Gas Development Company Limited (OGDCL) Employees' Provident Fund is a contribution plan for benefit of permanent employees of the Company. The Company does not contribute to the fund and the contributions are made by the employees only. The details based on unaudited financial statements of the Fund are as follows:

	2016	2015
	------(Rupees '000)-----	
Net assets	4,724,312	4,359,446
Cost of investments made	4,653,623	4,214,749
Percentage of investments made	99%	97%
Fair value of investments	4,852,507	4,471,061
<b>Break-up of investments at cost:</b>		
NIT units	545,229	545,229
Term Deposit Receipts	2,800,000	2,600,000
Regular Income Certificates	850,000	850,000
Bank Balances	458,394	219,520
	<b>4,653,623</b>	<b>4,214,749</b>

All investments out of Provident Fund have been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

During the year, the Company changed its policy for entitlement of pension fund whereby employees regularized after 1 January 2016 will contribute one basic salary towards provident fund annually and the Company shall match the contribution. No employee has been regularized after 1 January 2016.

### 39 DISCLOSURE REQUIREMENTS FOR ALL SHARES ISLAMIC INDEX

Following information has been disclosed with reference to Circular No. 14 of 2015 dated 21 April 2016, issued by the Securities and Exchange Commission of Pakistan relating to 'All Shares Islamic Index'.

Description	Explanation
i) Long term investments - asset	Interest bearing
ii) Long term loans and receivables - asset	Interest bearing/Non-interest bearing (Refer note 15)
iii) Other financial assets	Interest bearing
iv) Loans and Advances - asset	Non-interest bearing
v) Deposits - asset	Non-interest bearing
vi) Segment Revenue	Disclosed in note 32
vii) Relationship with banks having Islamic windows	Mezan Bank Limited

# Notes to and Forming Part of the Financial Statements

## For the year ended 30 June 2016

viii) Bank Balances as at 30 June 2016		(Rupees '000)
	Placed under interest arrangement	7,688,568
	Placed under Shariah permissible arrangement	4,283
		<u>7,692,851</u>
ix) Interest income on bank deposits for the year ended 30 June 2016	Placed under interest arrangement	216,518
	Placed under Shariah permissible arrangement	51
		<u>216,569</u>
x) Interest income on investments for the year ended 30 June 2016	Placed under interest arrangement	6,135,765
	Placed under Shariah permissible arrangement	-
		<u>6,135,765</u>
xi) All sources of other income	Disclosed in note 26	
xii) Exchange gain	Earned from actual currency fluctuations	

Disclosures other than above are not applicable to the Company.

### 40 INTEREST IN JOINT OPERATIONS

This disclosure is given to comply with the requirements of IFRS 11, 'Joint Arrangements' and on the basis of management's interpretation, the Company has working interest in the following operated and non-operated exploration licenses/leases in Pakistan:

	Working interest	
	2016	2015
Exploration Licenses/Leases	-----	-----
	%	
Operated by OGDCL		
Nim Petroleum Concession		
- Exploratory	95.00	95.00
- Development	77.50	77.50
Tando Allah Yar Petroleum Concession		
- Exploratory	95.00	77.50
- Development	77.50	77.50
Nashpa Petroleum Concession		
- Exploratory	65.00	65.00
- Development	56.45	56.45
Sinjhoru Petroleum Concession		
- Exploratory	76.00	76.00
- Development	62.50	62.50
Guddu Petroleum Concession		
- Exploratory	70.00	70.00
- Development	57.76	57.76
Jakhro Development and Production Lease	77.50	77.50
Chak Naurang Mining Lease	85.00	85.00
Qadirpur Development and Production Lease	75.00	75.00
Jhal Magsi South Development and Production Lease	56.00	56.00
Chanda Mining Lease	72.00	72.00
Gurgalat Petroleum Concession	75.00	75.00
Khewari Petroleum Concession	95.00	95.00
Zin Petroleum Concession	95.00	95.00
Bitrism Petroleum Concession	95.00	95.00
Kohlu Petroleum Concession	40.00	40.00
Kalchas Petroleum Concession	50.00	40.00
Kohat Petroleum Concession	30.00	30.00
Armala Petroleum Concession	97.50	97.50

# Notes to and Forming Part of the Financial Statements

## For the year ended 30 June 2016

		Working interest	
		2016	2015
Exploration Licenses/Leases - continued		-----	-----
		%	
Hetu Petroleum Concession*		97.14	97.14
Pezu Petroleum Concession*		95.88	95.88
Ranipur Petroleum Concession*		95.00	95.00
Zorgarh Petroleum Concession*		95.80	95.80
Baratai Petroleum Concession*		97.50	97.50
Orakzai Petroleum Concession*		97.16	97.16
Tirah Petroleum Concession*		97.50	97.50
Zhob Petroleum Concession*		97.50	97.50
Pasni West Petroleum Concession*		97.50	97.50
Khanpur Petroleum Concession*		97.50	97.50
Plantak Petroleum Concession*		97.50	97.50
Gawadar Petroleum Concession*		97.50	97.50
Rakhshan Petroleum Concession*		97.50	97.50
South Kharan Petroleum Concession*		97.50	97.50
Khuzdar North Petroleum Concession*		97.50	97.50
Warnali Petroleum Concession*		97.50	97.50
Kulachi Petroleum Concession*		95.45	95.45

\*Deeds of assignment of these Concessions have not yet been finalized.

Non-Operated	Operator		
Badin II Petroleum Concession	United Energy Petroleum Limited	49.00	49.00
Badin II (Revised) Petroleum Concession	United Energy Petroleum Limited	24.00	24.00
Badin III Petroleum Concession	United Energy Petroleum Limited	15.00	15.00
TAL Petroleum Concession			
- Exploratory	MOL Pakistan Oil and gas	30.00	30.00
- Development	MOL Pakistan Oil and gas	27.76	27.76
North Potwar Petroleum Concession	Ocean Pakistan Limited	20.00	20.00
Soan Petroleum Concession	Ocean Pakistan Limited	50.00	50.00
Ratana Petroleum Concession	Ocean Pakistan Limited	25.00	25.00
Pindori Petroleum Concession	Pakistan Oilfields Limited	50.00	50.00
East Potwar Petroleum Concession	Pakistan Petroleum Limited	50.00	50.00
Tajjal Petroleum Concession	ENI Pakistan	50.00	50.00
Kirthar Petroleum Concession	ENI Pakistan	20.00	20.00
East Badin Petroleum Concession	Spud Energy (Pty) Limited	40.00	40.00
Block 20 Petroleum Concession	OMV (Pakistan) Exploration GmbH	52.00	52.00
Ghouspur Petroleum Concession	Pakistan Exploration Limited	50.00	50.00
Block 28 Petroleum Concession	Tullow Oil Plc	5.00	5.00
Bannu West Petroleum Concession	Tullow Oil Plc	40.00	40.00
Offshore Block G Petroleum Concession	ENI Pakistan	33.33	33.33
Offshore Block U Petroleum Concession	United Energy Petroleum Limited	27.50	27.50
Offshore Block S Petroleum Concession	United Energy Petroleum Limited	50.00	50.00

# Notes to and Forming Part of the Financial Statements

## For the year ended 30 June 2016

### 41 APPLICABILITY OF IFRIC 4, 'DETERMINING WHETHER AN ARRANGEMENT CONTAINS A LEASE'

International Accounting Standards Board (IASB) has issued IFRIC 4, 'Determining whether an Arrangement contains a Lease', which is effective for financial periods beginning on or after 1 January 2006. According to the said interpretation an arrangement conveys the right to use the asset, if the arrangement conveys to the purchaser (lessee) the right to control the use of the underlying asset. The right to control the use of the underlying asset is conveyed when the purchaser has the ability or right to operate the asset or direct others to operate the asset in a manner it determines while obtaining or controlling more than an insignificant amount of the output or other utility of the asset. Such arrangements are to be accounted for as a finance lease in accordance with the requirements of IAS 17, 'Leases'.

The Company signed gas sale agreements with Uch Power Limited and UCH II Power (Private) Limited, Independent Power Producers (IPPs), for supply of total output by production facilities at Uch and Uch II fields respectively. Both arrangement appears to fall in the definition of lease under the criteria specified in IFRIC 4. However, Securities and Exchange Commission of Pakistan (SECP) vide its S.R.O No. 24(I)/2012 has decided to defer the implementation of IFRIC 4 to all companies which have executed implementation agreements with the Government/Authority or entity, this relaxation would be available till the conclusion of their agreements, entered on or before 30 June 2010. However, impact of IFRIC 4 is mandatory to be disclosed in the financial statements as per requirements of IAS 8.

Had this interpretation been applied, following adjustments to profit and loss account and balance sheet would have been made:

	2016	2015
	------(Rupees '000)-----	
Profit for the year	59,970,802	87,249,032
Depreciation reversed	293,940	184,376
Amortization reversed	472,550	454,719
Finance income recognized	8,775,929	6,622,345
Addition to property, plant and equipment reversed	(287,348)	(59,222)
Sales revenue reversed	(8,435,679)	(6,280,954)
Tax impact at estimated effective rate	(231,150)	(290,843)
Adjusted profit for the year	<u>60,559,044</u>	<u>87,879,453</u>
Carried forward balance of unappropriated profit at the end of year would have been as follows:		
Adjusted unappropriated profit brought forward	408,398,297	361,768,113
Adjusted profit for the year	<u>60,559,044</u>	<u>87,879,453</u>
	468,957,341	449,647,566
Transfer to capital and other reserves	(3,075,319)	(850,000)
Other Comprehensive Income	(3,642,893)	(615,680)
Dividend paid	(20,214,364)	(39,783,589)
Adjusted unappropriated profit at end of the year	<u>442,024,765</u>	<u>408,398,297</u>
Unadjusted unappropriated profit at end of the year	<u>425,093,910</u>	<u>392,055,684</u>

### 42 APPLICATION OF IFRS 2, 'SHARE BASED PAYMENT'

On 14 August 2009, the Government of Pakistan (GoP) launched Benazir Employees' Stock Option Scheme (the "Scheme") for employees of certain State Owned Enterprises (SOEs) and non-State Owned Enterprises where GoP holds significant investments (non-SOEs). The Scheme is applicable to permanent and contractual employees who were in employment of these entities on the date of launch of the Scheme, subject to completion of five years vesting period by all contractual employees and by permanent employees in certain instances.

The Scheme provides a cash payment to employees on retirement or termination based on the price of shares of respective entities. To administer this Scheme, GoP shall transfer 12% of its investment in such SOEs and non-SOEs to a Trust Fund to be created for the purpose by each of such entities. The eligible employees would be allotted units by each Trust Fund in proportion to their respective length of service and on retirement or termination such employees would be entitled to receive such amounts from Trust Funds in exchange for the surrendered units as would be determined based on market price of listed entities or breakup value for non-listed entities. The shares relating to the surrendered units would be transferred back to GoP.

# Notes to and Forming Part of the Financial Statements

## For the year ended 30 June 2016

The Scheme also provides that 50% of dividend related to shares transferred to the respective Trust Fund would be distributed amongst the unit-holder employees. The balance 50% dividend would be transferred by the respective Trust Fund to the Central Revolving Fund managed by the Privatization Commission of Pakistan for the payment to employees against surrendered units. The deficit, if any, in Trust Funds to meet the re-purchase commitment would be met by GoP.

The Scheme, developed in compliance with the stated GoP policy of empowerment of employees of the State Owned Enterprises need to be accounted for by the covered entities, including the Company, under the provisions of the amended International Financial Reporting Standard to share based payment (IFRS 2). However, keeping in view the difficulties that may be faced by the entities covered under the Scheme, the Securities and Exchange Commission of Pakistan on receiving representation from some of the entities covered under the scheme and after having consulted the Institute of Chartered Accountants of Pakistan vide their Letter No. CAIDTS/PS & TAC/2011-2036 dated 2 February 2011 has granted exemption to such entities from the application of IFRS 2 to the Scheme vide SRO 587 (I)/2011 dated 7 June 2011.

Had the exemption not been granted the staff costs of the Company for the year would have been higher by Rs Nil (2015: Rs 753 million), profit after taxation and unappropriated profit would have been lower by Rs Nil (2015: Rs 753 million), earnings per share would have been lower by Rs Nil (2015: Rs 0.18) per share and reserves would have been higher by Rs 30,137 million (2015: Rs 30,137 million).

The Privatization Commission has not paid any claims to unit holders since June 2011. The management believes that GoP is considering changes to the Scheme, and impact of any such changes cannot be determined as of 30 June 2016. Also refer note 9.4.

### 43 NON ADJUSTING EVENT AFTER BALANCE SHEET DATE

The Board of Directors recommended final cash dividend at the rate of Rs 2.00 per share amounting to Rs 8,602 million in its meeting held on 24 August 2016 for approval of shareholders.

### 44 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 24 August 2016 by the Board of Directors of the Company.

### 45 GENERAL

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



Chief Executive



Director



# Pattern of Shareholding

As of 30 June 2016

Number of Shareholders	Shareholding Slab		Total Shares Held
	from	to	
1715	1	100	104,110
9263	101	500	4,244,565
6267	501	1000	6,050,671
4492	1001	5000	10,253,222
676	5001	10000	5,161,636
230	10001	15000	2,936,682
138	15001	20000	2,512,876
88	20001	25000	2,048,619
79	25001	30000	2,222,517
36	30001	35000	1,174,157
36	35001	40000	1,383,699
30	40001	45000	1,272,571
31	45001	50000	1,492,885
19	50001	55000	1,009,084
10	55001	60000	592,200
10	60001	65000	631,149
10	65001	70000	675,000
13	70001	75000	953,863
11	75001	80000	859,687
9	80001	85000	751,238
4	85001	90000	354,534
5	90001	95000	464,836
12	95001	100000	1,189,755
12	100001	105000	1,237,465
6	105001	110000	654,800
5	110001	115000	567,000
2	115001	120000	236,413
3	120001	125000	369,000
2	125001	130000	258,000
3	130001	135000	396,460
2	135001	140000	277,000
2	140001	145000	287,000
6	145001	150000	896,437
3	150001	155000	456,629
2	155001	160000	319,500
1	160001	165000	162,000
2	165001	170000	334,306
1	170001	175000	172,000
2	175001	180000	354,449
3	180001	185000	543,000
1	185001	190000	185,804
2	190001	195000	386,144
7	195001	200000	1,393,800
2	200001	205000	405,300
2	205001	210000	413,300
5	210001	215000	1,062,438
2	215001	220000	436,080
1	220001	225000	225,000
2	240001	245000	485,996
3	245001	250000	739,603
1	250001	255000	254,096
1	255001	260000	255,900
1	260001	265000	260,400
1	265001	270000	265,800
1	270001	275000	272,500

Number of Shareholders	Shareholding Slab		Total Shares Held
	from	to	
2	275001	280000	557,200
2	280001	285000	561,047
1	290001	295000	293,000
2	295001	300000	600,000
1	300001	305000	302,300
1	330001	335000	331,360
2	340001	345000	681,800
1	345001	350000	350,000
1	350001	355000	352,200
3	355001	360000	1,069,795
2	360001	365000	726,000
1	365001	370000	367,988
1	370001	375000	372,300
1	375001	380000	379,870
1	380001	385000	385,000
2	385001	390000	776,700
1	390001	395000	392,500
2	395001	400000	796,600
1	405001	410000	405,200
1	410001	415000	414,700
1	420001	425000	425,000
2	430001	435000	864,046
1	440001	445000	443,000
1	445001	450000	450,000
1	455001	460000	455,500
1	465001	470000	470,000
1	470001	475000	471,900
2	480001	485000	964,000
3	485001	490000	1,462,100
3	495001	500000	1,499,300
1	505001	510000	506,524
1	510001	515000	513,500
1	515001	520000	516,216
1	520001	525000	525,000
1	525001	530000	526,200
1	530001	535000	534,000
2	535001	540000	1,075,450
1	545001	550000	549,200
1	560001	565000	564,800
2	570001	575000	1,147,043
1	580001	585000	582,440
1	595001	600000	595,400
2	605001	610000	1,216,500
1	610001	615000	613,000
1	615001	620000	616,262
1	620001	625000	623,952
1	640001	645000	642,600
2	645001	650000	1,300,000
1	650001	655000	653,476
1	660001	665000	664,900
1	675001	680000	677,555
1	715001	720000	719,700
1	725001	730000	728,800
2	745001	750000	1,500,000
1	760001	765000	760,563

# Pattern of Shareholding

As of 30 June 2016

Number of Shareholders	Shareholding Slab		Total Shares Held
	from	to	
3	795001	800000	2,395,700
1	805001	810000	809,000
1	815001	820000	818,378
1	820001	825000	822,388
1	895001	900000	897,500
1	900001	905000	900,800
1	910001	915000	913,500
1	925001	930000	926,000
2	940001	945000	1,887,900
2	955001	960000	1,912,500
1	965001	970000	969,800
1	970001	975000	971,900
1	1000001	1005000	1,003,400
1	1015001	1020000	1,019,000
1	1030001	1035000	1,032,900
2	1045001	1050000	2,100,000
1	1090001	1095000	1,090,100
1	1105001	1110000	1,106,000
2	1135001	1140000	2,275,900
1	1155001	1160000	1,156,444
1	1180001	1185000	1,183,900
1	1185001	1190000	1,186,996
1	1190001	1195000	1,190,300
1	1270001	1275000	1,274,093
1	1285001	1290000	1,289,200
1	1290001	1295000	1,292,901
1	1295001	1300000	1,299,500
1	1300001	1305000	1,303,300
1	1345001	1350000	1,345,700
1	1350001	1355000	1,351,610
1	1360001	1365000	1,361,200
1	1390001	1395000	1,393,600
1	1420001	1425000	1,420,749
1	1465001	1470000	1,465,700
1	1470001	1475000	1,471,652
1	1545001	1550000	1,550,000
1	1575001	1580000	1,577,490
1	1595001	1600000	1,595,762
1	1645001	1650000	1,649,900
1	1650001	1655000	1,654,800
1	1675001	1680000	1,675,800
1	1700001	1705000	1,700,095
2	1715001	1720000	3,434,700
1	1745001	1750000	1,748,000
1	1925001	1930000	1,929,881
1	1985001	1990000	1,989,591
1	2070001	2075000	2,070,500
1	2085001	2090000	2,089,412
1	2130001	2135000	2,130,235
1	2180001	2185000	2,182,200
1	2270001	2275000	2,273,700
1	2415001	2420000	2,418,671
1	2420001	2425000	2,422,700
1	2440001	2445000	2,440,772
1	2505001	2510000	2,505,800

Number of Shareholders	Shareholding Slab		Total Shares Held
	from	to	
1	2520001	2525000	2,520,400
1	2530001	2535000	2,535,000
1	2570001	2575000	2,570,608
1	2755001	2760000	2,755,600
1	2875001	2880000	2,875,400
1	3215001	3220000	3,219,100
2	3260001	3265000	6,526,100
1	3275001	3280000	3,279,300
1	3435001	3440000	3,438,681
1	3820001	3825000	3,823,200
1	4000001	4005000	4,004,400
1	4120001	4125000	4,122,200
1	4920001	4925000	4,925,000
1	5090001	5095000	5,090,800
1	5255001	5260000	5,259,500
1	5335001	5340000	5,339,497
1	5775001	5780000	5,777,987
1	5925001	5930000	5,929,778
1	6185001	6190000	6,186,900
1	7130001	7135000	7,131,972
1	10180001	10185000	10,185,000
1	10375001	10380000	10,375,600
1	10550001	10555000	10,550,100
1	12020001	12025000	12,024,980
1	12995001	13000000	13,000,000
1	15205001	15210000	15,209,386
1	18495001	18500000	18,495,536
1	38750001	38755000	38,754,349
1	243465001	243470000	243,467,723
1	322460001	322465000	322,460,900
1	322465001	433000000	432,189,039
1	2902145001	2902150000	2,902,148,181
23443			4,300,928,400

# Categories of Shareholders

As of 30 June 2016

Categories of Shareholders	Shareholders	Shares Held	Percentage
Government			
Government of Pakistan	1	2,902,148,181	67.48
OGDCL - Employees Empowerment Trust	1	432,189,039	10.05
Privatisation Commission of Pakistan, Ministry of Privatisation and Investment	1	322,460,900	7.50
Associated Companies, Undertakings and Related Parties	-	-	-
Mutual Funds	86	44,944,633	1.04
Directors and their spouse(s) and Minor Children			
Hamid Farooq	1	2,353	0.00
Executives	-	-	-
Public Sector Companies and Corporations	10	21,275,944	0.49
Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Takaful Companies and Modarabas	34	25,268,684	0.59
General Public			
A. Local	22773	50,999,231	1.19
B. Foreign	128	463,313,350	10.77
Others	408	38,326,085	0.89
<b>Total</b>	<b>23443</b>	<b>4,300,928,400</b>	<b>100.00</b>
Shareholders holding 5% or more		Shares Held	Percentage
Government of Pakistan		2,902,148,181	67.48
OGDCL - Employees Empowerment Trust		432,189,039	10.05
Privatisation Commission of Pakistan, Ministry of Privatisation & Investment		322,460,900	7.50
Franklin Templeton Investment Funds [1610-5]		243,467,723	5.66

# Categories of Shareholders

Name Wise Detail as of 30 June 2016

S. No.	Folio No.	Name of Shareholder	Number of Shares Held	Percentage
<b>Government Holding</b>				
1	-	GOVERNMENT OF PAKISTAN	2,902,148,181	67.48
2	-	OGDCL - EMPLOYEES EMPOWERMENT TRUST	432,189,039	10.05
3	04705-35398	PRIVATISATION COMMISSION OF PAKISTAN, MINSITRY OF PRIVATISATION AND INVESTMENT	322,460,900	7.50
		<b>3</b>	<b>3,656,798,120</b>	<b>85.02</b>
<b>Associated Companies, Undertakings and Related Parties</b>				
		<b>NIL</b>		
<b>Mutual Funds</b>				
1	05371-28	CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND	4,004,400	0.09
2	05488-25	CDC - TRUSTEE PAKISTAN CAPITAL MARKET FUND	168,600	0.00
3	05520-28	GOLDEN ARROW SELECTED STOCKS FUND LIMITED	750,000	0.02
4	05645-24	CDC - TRUSTEE PICIC INVESTMENT FUND	795,700	0.02
5	05777-29	CDC - TRUSTEE PICIC GROWTH FUND	1,465,700	0.03
6	05819-23	CDC - TRUSTEE MCB PAKISTAN ISLAMIC STOCK FUND	613,000	0.01
7	05959-27	CDC - TRUSTEE ATLAS STOCK MARKET FUND	1,550,000	0.04
8	05991-23	CDC - TRUSTEE MEEZAN BALANCED FUND	450,000	0.01
9	06197-29	CDC - TRUSTEE ALFALAH GHP VALUE FUND	362,900	0.01
10	06213-25	CDC - TRUSTEE UNIT TRUST OF PAKISTAN	471,900	0.01
11	06411-21	CDC - TRUSTEE AKD INDEX TRACKER FUND	146,437	0.00
12	06437-29	CDC - TRUSTEE PICIC ENERGY FUND	487,100	0.01
13	06619-26	CDC - TRUSTEE AKD OPPORTUNITY FUND	650,000	0.02
14	06726-23	CDC - TRUSTEE PAK. INT. ELEMENT ISLAMIC ASSET ALLOCATION FUND	213,900	0.00
15	07062-23	CDC - TRUSTEE AL MEEZAN MUTUAL FUND	650,000	0.02
16	07070-22	CDC - TRUSTEE MEEZAN ISLAMIC FUND	3,823,200	0.09
17	07377-26	CDC - TRUSTEE UBL STOCK ADVANTAGE FUND	913,500	0.02
18	09449-25	CDC - TRUSTEE ATLAS ISLAMIC STOCK FUND	470,000	0.01
19	09456-24	CDC - TRUSTEE AL-AMEEN SHARIAH STOCK FUND	300,000	0.01
20	09480-21	CDC - TRUSTEE NAFA STOCK FUND	1,929,881	0.04
21	09506-26	CDC - TRUSTEE NAFA MULTI ASSET FUND	254,096	0.01
22	09746-28	CDC - TRUSTEE MCB DCF INCOME FUND	13,000	0.00
23	10108-22	CDC - TRUSTEE ASKARI ASSET ALLOCATION FUND	85,000	0.00
24	10397-29	CDC - TRUSTEE MEEZAN TAHAFUZZ PENSION FUND - EQUITY SUB FUND	900,800	0.02
25	10603-21	CDC - TRUSTEE APF - EQUITY SUB FUND	125,000	0.00
26	10660-25	CDC - TRUSTEE JS PENSION SAVINGS FUND - EQUITY ACCOUNT	48,100	0.00
27	10710-28	CDC - TRUSTEE ALFALAH GHP ISLAMIC STOCK FUND	1,106,000	0.03
28	10728-27	CDC - TRUSTEE HBL - STOCK FUND	1,654,800	0.04
29	10801-27	CDC - TRUSTEE NAFA ISLAMIC ASSET ALLOCATION FUND	489,000	0.01
30	10900-25	CDC - TRUSTEE APIF - EQUITY SUB FUND	90,000	0.00
31	10918-24	MC FSL TRUSTEE JS - INCOME FUND	121,500	0.00
32	11056-28	CDC - TRUSTEE HBL MULTI - ASSET FUND	213,000	0.00
33	11262-23	CDC - TRUSTEE MCB PAKISTAN ASSET ALLOCATION FUND	480,500	0.01
34	11486-27	CDC - TRUSTEE JS ISLAMIC PENSION SAVINGS FUND-EQUITY ACCOUNT	44,000	0.00
35	11809-26	CDC - TRUSTEE ALFALAH GHP STOCK FUND	719,700	0.02
36	11924-22	CDC - TRUSTEE ALFALAH GHP ALPHA FUND	483,500	0.01
37	12021-20	CDC - TRUSTEE NIT STATE ENTERPRISE FUND	7,131,972	0.17
38	12120-28	CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	1,292,901	0.03
39	12195-21	CDC - TRUSTEE ABL STOCK FUND	897,500	0.02
40	12310-25	CDC - TRUSTEE FIRST HABIB STOCK FUND	66,500	0.00
41	12336-23	CDC - TRUSTEE LAKSON EQUITY FUND	1,135,900	0.03
42	12625-27	CDC - TRUSTEE NAFA ASSET ALLOCATION FUND	211,000	0.00
43	12880-27	CDC - TRUSTEE NAFA SAVINGS PLUS FUND - MT	55,200	0.00
44	13052-26	CDC - TRUSTEE AKD AGGRESSIVE INCOME FUND - MT	19,500	0.00
45	13367-29	CDC - TRUSTEE PICIC INCOME FUND - MT	32,100	0.00
46	13607-28	CDC - TRUSTEE PICIC STOCK FUND	14,400	0.00
47	13714-25	CDC - TRUSTEE HBL PF EQUITY SUB FUND	44,000	0.00
48	13813-23	CDC - TRUSTEE ASKARI EQUITY FUND	90,000	0.00
49	13862-28	CDC - TRUSTEE ALFALAH GHP INCOME FUND - MT	10,200	0.00
50	13953-27	MCBFSL - TRUSTEE PAK OMAN ADVANTAGE ASSET ALLOCATION FUND	44,000	0.00
51	13961-26	MCBFSL - TRUSTEE PAK OMAN ISLAMIC ASSET ALLOCATION FUND	41,000	0.00

# Categories of Shareholders

Name Wise Detail as of 30 June 2016

S. No.	Folio No.	Name of Shareholder	Number of Shares Held	Percentage
52	14092-21	CDC - TRUSTEE LAKSON INCOME FUND - MT	5,700	0.00
53	14134-25	CDC - TRUSTEE ATLAS INCOME FUND - MT	201,500	0.00
54	14373-27	MCBFSL - TRUSTEE ABL ISLAMIC STOCK FUND	944,800	0.02
55	14480-24	CDC - TRUSTEE PIML STRATEGIC MULTI ASSET FUND	110,000	0.00
56	14514-28	CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	62,800	0.00
57	14605-27	CDC - TRUSTEE AL-AMEEN ISLAMIC ASSET ALLOCATION FUND	110,000	0.00
58	14688-29	CDC - TRUSTEE NIT INCOME FUND - MT	102,300	0.00
59	14761-29	CDC - TRUSTEE PIML ISLAMIC EQUITY FUND	105,000	0.00
60	14803-23	CDC - TRUSTEE FAYSAL SAVINGS GROWTH FUND - MT	42,800	0.00
61	14845-29	CDC - TRUSTEE AL-AMEEN ISLAMIC RET. SAV. FUND - EQUITY SUB FUND	75,000	0.00
62	14860-27	CDC - TRUSTEE UBL RETIREMENT SAVINGS FUND - EQUITY SUB FUND	357,900	0.01
63	14902-21	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	572,043	0.01
64	14969-25	CDC - TRUSTEE PICIC ISLAMIC STOCK FUND	30,100	0.00
65	15115-26	CDC - TRUSTEE ASKARI HIGH YIELD SCHEME - MT	13,900	0.00
66	15362-27	CDC - TRUSTEE ABL ISLAMIC PENSION FUND - EQUITY SUB FUND	23,000	0.00
67	15388-25	CDC - TRUSTEE ABL PENSION FUND - EQUITY SUB FUND	23,300	0.00
68	15974-23	CDC - TRUSTEE NAFA ISLAMIC STOCK FUND	293,000	0.01
69	16014-27	CDC - TRUSTEE PAKISTAN SARMAVA MEHFOOZ FUND	142,000	0.00
70	16022-26	CDC - TRUSTEE NAFA INCOME OPPORTUNITY FUND - MT	181,300	0.00
71	16030-25	CDC - TRUSTEE PIML VALUE EQUITY FUND	137,000	0.00
72	16105-26	CDC - TRUSTEE HBL MUSTAHEKUM SARMAVA FUND 1	63,700	0.00
73	16139-23	CDC - TRUSTEE NIT ISLAMIC EQUITY FUND	956,000	0.02
74	16162-20	CDC - TRUSTEE NITIPF EQUITY SUB-FUND	15,000	0.00
75	16188-28	CDC - TRUSTEE NITPF EQUITY SUB-FUND	5,000	0.00
76	16246-20	MCBFSL - TRUSTEE NAFA INCOME FUND - MT	104,200	0.00
77	16303-22	CDC - TRUSTEE ALFALAH GHP INCOME MULTIPLIER FUND - MT	26,600	0.00
78	16386-24	CDC - TRUSTEE AL AMEEN ISLAMIC DEDICATED EQUITY FUND	809,000	0.02
79	16402-20	CDC - TRUSTEE NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND	153,700	0.00
80	16485-22	CDC - TRUSTEE FAYSAL MTS FUND - MT	1,400	0.00
81	16501-27	CDC - TRUSTEE MEEZAN ASSET ALLOCATION FUND	60,000	0.00
82	16519-26	CDC - TRUSTEE NAFA ISLAMIC ENERGY FUND	499,300	0.01
83	16535-24	CDC - TRUSTEE LAKSON TACTICAL FUND	132,103	0.00
84	14415-21	CDC - TRUSTEE NAFA PENSION FUND EQUITY SUB-FUND ACCOUNT	106,800	0.00
85	15719-23	CDC - TRUSTEE PAKISTAN ISLAMIC PENSION FUND - EQUITY SUB FUND	128,000	0.00
86	15727-22	CDC - TRUSTEE PAKISTAN PENSION FUND - EQUITY SUB FUND	220,000	0.01
		86	44,944,633	1.04
Directors and their Spouse(s) and Minor Children				
1	01826-3202	HAMID FAROOQ	2,353	0.00
		1	2,353	0.00
Executives				
		NIL		
Public Sector Companies and Corporations				
1	01867-22	PAKISTAN KUWAIT INVESTMENT CO. (PVT) LTD.	1,003,400	0.02
2	02659-34	PAK LIBYA HOLDING COMPANY (PVT.) LIMITED	150,000	0.00
3	03889-28	NATIONAL BANK OF PAKISTAN	477	0.00
4	03889-44	NATIONAL BANK OF PAKISTAN	3,438,681	0.08
5	04812-24	PAK - OMAN INVESTMENT COMPANY LTD.	150,000	0.00
6	06247-63	SAUDI PAK INDUSTRIAL & AGRICULTURAL INVESTMENT CO. LTD.- PMD	500,000	0.01
7	10819-26	PAK BRUNEI INVESTMENT COMPANY LIMITED	385,000	0.01
8	11304-27	PAIR INVESTMENT COMPANY LIMITED	340,300	0.01
9	16527-25	PAK - OMAN INVESTMENT COMPANY LTD. - MT	98,700	0.00
10	02683-23	STATE LIFE INSURANCE CORP. OF PAKISTAN	15,209,386	0.35
		10	21,275,944	0.49
Banks, Development Financial Institutions, Non Banking Financial Institutions, Insurance Companies, Takaful and Modarabas				
1	00307-40281	INNOVATIVE INVESTMENT BANK LIMITED	34,000	0.00
2	02246-42	HABIB BANK LIMITED - TREASURY DIVISION	606,500	0.01
3	02295-39	FAYSAL BANK LIMITED	1,361,200	0.03
4	02394-29	NIB BANK LIMITED	486,000	0.01
5	02618-20	HABIB METROPOLITAN BANK LIMITED	414,700	0.01
6	02832-32	MEEZAN BANK LIMITED	537,000	0.01



# Categories of Shareholders

Name Wise Detail as of 30 June 2016

S. No.	Folio No.	Name of Shareholder	Number of Shares Held	Percentage
7	03079-42	SONERI BANK LIMITED - ORDINARY SHARES	1,050,000	0.02
8	03111-46	UNITED BANK LIMITED - TRADING PORTFOLIO	2,520,400	0.06
9	03335-57	BANK ALFALAH LIMITED	1,190,300	0.03
10	03798-52	THE BANK OF KHYBER	150,000	0.00
11	04127-28	MOB BANK LIMITED - TREASURY	2,130,235	0.05
12	04598-22	FIRST WOMEN BANK LIMITED	110,000	0.00
13	04606-29	SILKBANK LIMITED	80,000	0.00
14	06502-6117	FIRST CREDIT & INVESTMENT BANK LTD.	44,000	0.00
15	07393-24	SUMMIT BANK LIMITED	363,100	0.01
16	11940-4410	ESCORTS INVESTMENT BANK LIMITED	1,107	0.00
17	14506-11	NIB BANK LIMITED - MT	352,200	0.01
18	00364-164630	ASIA INSURANCE COMPANY LIMITED.	43,000	0.00
19	02139-29	PREMIER INSURANCE LIMITED	260,400	0.01
20	02451-21	JUBILEE GENERAL INSURANCE COMPANY LIMITED	1,183,900	0.03
21	03277-2184	EFU GENERAL INSURANCE LIMITED	225,000	0.01
22	03277-2538	EFU LIFE ASSURANCE LTD	4,122,200	0.10
23	03277-6454	ALPHA INSURANCE CO. LTD.	6,300	0.00
24	03277-7330	RELIANCE INSURANCE COMPANY LTD.	25,076	0.00
25	03277-9371	JUBILEE LIFE INSURANCE COMPANY LIMITED	5,777,987	0.13
26	03277-9404	ALLIANZ EFU HEALTH INSURANCE LIMITED	35,000	0.00
27	03277-12023	EAST WEST INSURANCE CO.LTD	205,300	0.00
28	03277-15009	CENTURY INSURANCE COMPANY LTD.	68,879	0.00
29	03277-57588	ATLAS INSURANCE LIMITED	180,500	0.00
30	03459-996	ASKARI GENERAL INSURANCE CO. LTD.	12,500	0.00
31	13748-501	ADAMJEE LIFE ASSURANCE CO.LTD-IMF	1,050,000	0.02
32	13755-21	ADAMJEE INSURANCE COMPANY LIMITED	610,000	0.01
33	02113-21	FIRST EQUITY MODARABA	26,900	0.00
34	03277-1651	FIRST UDL MODARABA	5,000	0.00
		34	25,268,684	0.59
General Public - Local				
		22773	50,999,231	1.19
General Public - Foreign				
1	93263	M/S STATE STREET BANK & TRUST CO	1	0.00
2	00364-15220	RAFIQUE SULEMAN	128	0.00
3	00364-137065	DR. OMAR ABDUL MONEM YOUSUF AL ZAWAWI	20,000	0.00
4	00513-19305	ZAIN UL ABIDIN	100	0.00
5	00521-700	DEUTSCHE BANK AG LONDON BRANCH	2,570,608	0.06
6	00521-2532	CANADA POST CORPORATION REGISTERED PENSION PLAN	1,345,700	0.03
7	00521-2680	ROBECO CAPITAL GROWTH FUNDS	1,595,762	0.04
8	00521-2920	EATON VANCE COLLECTIVE INV TRT FOR EMP BENEFIT PLANS	1,090,100	0.03
9	00521-2938	LAZARD/WILMINGTON COLLECTIVE TRUST (SUDAN FREE)	5,339,497	0.12
10	00521-2979	LAZARD RETIREMENT EMERGING MKT EQT PRFL	3,279,300	0.08
11	00521-2987	LAZARD/WILMINGTON COLLECTIVE TRUST	818,378	0.02
12	00521-2995	LAZARD EMERGING MARKETS EQUITY PORTFOLIO	38,754,349	0.90
13	00521-3068	SANOFI - AVENTIS US PENSION TRUST	389,100	0.01
14	00521-3266	CALIFORNIA STATE TEACHERS RTM SYT-LAZARD ASSET MNG LLC	4,925,000	0.11
15	00521-3399	CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM	5,929,778	0.14
16	00521-3415	CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM	506,524	0.01
17	00521-3431	CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM	653,476	0.02
18	00521-3449	CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM	5,259,500	0.12
19	00521-3456	MORGAN STANLEY INST FD INC FRONTIER EMERGING MKT PORTFOLIO	10,375,600	0.24
20	00521-3498	GENERAL CONFERENCE CORPORATION OF SEVENTH DAY ADVENTISTS	101,700	0.00
21	00521-3530	STATE OF NEW JERSEY COMMON PENSION FUND D	1,420,749	0.03
22	00521-3639	UPS GROUP TRUST	2,418,671	0.06
23	00521-3662	PARAMETRIC EMERGING MARKETS FUND	1,989,591	0.05
24	00521-3688	PARAMETRIC TAX-MANAGED EMERGING MARKETS FUND	1,649,900	0.04
25	00521-3845	LAZARD EMERGING MARKETS FUND	2,182,200	0.05
26	00521-3944	PUBLIC EMPLOYEES RETIREMENT SYSTEM OF MISSISSIPPI	2,535,000	0.06
27	00521-3951	GOLDMAN SACHS FUNDS-GOLDMAN SACHS N-11(R) EQUITY PORTFOLIO	2,273,700	0.05
28	00521-4082	THE JAMES IRVINE FOUNDATION	199,600	0.00

# Categories of Shareholders

Name Wise Detail as of 30 June 2016

S. No.	Folio No.	Name of Shareholder	Number of Shares Held	Percentage
29	00521-4793	TEACHER RETIREMENT SYSTEM OF TEXAS	526,200	0.01
30	00521-4801	TEACHER RETIREMENT SYSTEM OF TEXAS	5,090,800	0.12
31	00521-4934	EMERGING MARKETS EQUITY GROUP TRUST	3,261,100	0.08
32	00521-4942	EARNEST INSTITUTIONAL LLC	36,646	0.00
33	00521-5162	ADVANCE SERIES TRUST - AST PARAMETRIC EMERGING MKTS EQT PRTF	203,800	0.00
34	00521-5246	EATON VANCE TRT CO CM TRT FD-PARMTC STR EME MKT EQT CM TRT F	32,000	0.00
35	00521-5329	ONTARIO PENSION BOARD	1,471,652	0.03
36	00521-5535	THE EMERGING FRONTIERS MASTER FUND LTD	99,055	0.00
37	00521-5659	EURIZON EASYFUND	822,388	0.02
38	00521-5774	BLACKROCK FRONTIER MKTS EX-GULF COOP COUNCIL COUNTRIES FUN B	1,186,996	0.03
39	00521-5790	BLACKROCK FRONTIER MARKETS FUND	1,675,800	0.04
40	00521-5808	BLACKROCK FRONTIER MARKETS FUND B	1,274,093	0.03
41	00521-5980	ISHARES MSCI FRONTIER 100 ETF	3,219,100	0.07
42	00521-6269	MSAM SA ACTING ON BEHALF OF MORGAN STANLEY GALAXY FUND	10,185,000	0.24
43	00521-6368	STICHTING F&C MULTI MANAGER EMERGING EQUITY ACTIVE	623,952	0.01
44	00521-6483	MONETARY AUTHORITY OF SINGAPORE	1,289,200	0.03
45	00521-6590	CITY OF NEW YORK GROUP TRUST	242,400	0.01
46	00521-7002	RUSSELL INVESTMENT COMPANY II PUBLIC LIMITED COMPANY	1,019,000	0.02
47	00521-7184	CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM	74,100	0.00
48	00521-7218	RUSSELL INST FUNDS,LLC-RUSSELL EMER MARKETS EQUITY PLUS FUND	281,000	0.01
49	00521-7382	TEACHER RETIREMENT SYSTEM OF TEXAS	405,200	0.01
50	00521-7416	PUBLIC SCHOOL TEACHERS PENSION AND RETIREMENT FD OF CHICAGO	51,600	0.00
51	00521-7606	GOLDMAN SACHS FUNDS II - GOLDMAN SACHS GMS EME EQU PORTFOLIO	396,600	0.01
52	00521-7648	GUGGENHEIM FRONTIER MARKETS ETF	243,596	0.01
53	00521-7663	VPB - FINANCE S.A.	199,100	0.00
54	00521-7812	JNL/LAZARD EMERGING MARKETS FUND	2,440,772	0.06
55	00521-7903	PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF NEW MEXICO	113,700	0.00
56	00521-8026	CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM	1,299,500	0.03
57	00521-8042	VANGUARD FTSE ASIA EX JAPAN HIGH DIVIDEND YIELD INDEX ETF	9,800	0.00
58	00521-8083	ST STR TR HK LT AS TRS F VN ETF SER - VAN FTSE A EX JA IN ET	3,000	0.00
59	00521-8257	VANGUARD INTERNATIONAL HIGH DIVIDEND YIELD INDEX FUND	10,000	0.00
60	00521-8307	LAZARD INVESTMENT FUNDS-LAZARD EMERGING MARKETS FUND	1,700,095	0.04
61	00521-8349	GOLDMAN SACHS TRUST II GOLDMAN SACHS MULTI-MANGER GL EQ FUND	20,400	0.00
62	00521-8414	PARAMETRIC EMERGING MARKETS CORE FUND	5,900	0.00
63	00547-2068	MERRILL LYNCH INTERNATIONAL	516,216	0.01
64	00547-2142	LEGAL AND GENERAL ASSURANCE SOCIETY LTD.	83,800	0.00
65	00547-2407	LEGAL & GENERAL ASSURANCE (PENSIONS MANAGEMENT) LTD	2,089,412	0.05
66	00547-2761	J.P. MORGAN SECURITIES PLC	23,000	0.00
67	00547-6622	BNP PARIBAS ARBITRAGE	1,101	0.00
68	00547-6945	HSBC TRSTE (CAYMAN)LTD AS TRSTE OF FULLERTON FND C1-F.VPIC F	280,047	0.01
69	00547-7133	LEGAL & GENERAL GLOBAL EMERGING MARKETS INDEX FUND	185,804	0.00
70	00547-7406	HARDING LOEVNER FUNDS,INC FRONTIER EMERGING MARKET PORTFOLIO	1,393,600	0.03
71	00547-8073	CITIGROUP GLOBAL MARKETS MAURITIUS PRIVATE LIMITED	213,158	0.00
72	00547-8115	EATON VANCE INTL IRLND F.P-EATN V.INTL IRLND PRAMTRIC E.M.F	379,870	0.01
73	00547-8222	TUNDRA PAKISTAN FUND	3,265,000	0.08
74	00547-8487	NTGI - QM COMMON DIVERSIFIED FRONTIER MARKETS INDEX FUND	1,156,444	0.03
75	00547-8545	TUNDRA FRONTIER OPPORTUNITIES FUND	700	0.00
76	00547-8834	ASHMORE SICAV EMERGING MARKET FRONTIER EQUITY FUND	664,900	0.02
77	00547-8859	THE HARDING LOEVNER FRONTIER MARKETS EQUITY FUND	53,000	0.00
78	00547-9089	UNILEVER OVERSEAS HOLDINGS LIMITED	100	0.00
79	00547-9659	ASHMORE EMERGING MARKETS FRONTIER EQUITY FUND	728,800	0.02
80	00547-10012	STCTNG BEDRIJFSTAKPENSIOENFONDS VOR HET BEROEPSVERVOER O.D.W	969,800	0.02
81	00547-10046	OP - EMERGING FRONTIER FUND	525,000	0.01
82	00547-10467	ONESHARE PUBLIC LIMITED COMPANY	549,200	0.01
83	00547-10657	NOMURA MULTI MANAGERS FUND III-ASIAN EQUITY	26,000	0.00
84	00547-10962	ARROWSTREET (CANADA) GLOBAL WORLD ALPHA EXTENSION FUND I	302,300	0.01
85	00695-3242	THE BANK OF NEW YORK [414-2]	12,024,980	0.28
86	00695-3978	JPMORGAN CHASE BANK [540-4]	65,670	0.00
87	00695-4562	UNIEM FERNOST (586-5)	800,000	0.02
88	00695-5049	SCHRODER INTERNATIONAL SELECTION FUND [634-5]	2,505,800	0.06

# Categories of Shareholders

Name Wise Detail as of 30 June 2016

S. No.	Folio No.	Name of Shareholder	Number of Shares Held	Percentage
89	00695-6468	ABU DHABI INVESTMENT AUTHORITY (767-0)	971,900	0.02
90	00695-8381	BARCLAYS CAPITAL SECURITIES LIMITED (967-4)	143	0.00
91	00695-8464	MORGAN STANLEY INVESTMENT FUNDS (975-6)	1,718,500	0.04
92	00695-9892	MORGAN STANLEY MAURITIUS COMPANY LIMITED(1130-1)	5,011	0.00
93	00695-10353	STICHTING DEPOSITARY APG EMERGING MARKETS EQUITY POOL	18,495,536	0.43
94	00695-10817	GOLDMAN SACHS INVESTMENTS (MAURITIUS) I LIMITED [1400-5]	1,351,610	0.03
95	00695-10874	CONSULTING GROUP CAPITAL MARKETS FUNDS [1363-5]	616,262	0.01
96	00695-11302	GOLDMAN SACHS TRUST -GOLDMAN SACHS N-11 EQUITY FUND [1443-1]	595,400	0.01
97	00695-11450	FRANKLIN TEMPLETON INVESTMENTS CORP. [1453-4]	2,755,600	0.06
98	00695-11591	TEMPLETON EMERGING MARKETS FUND [1471-2 ]	387,600	0.01
99	00695-11708	GLOBAL X FUNDS - GLOBAL X MSCI PAKISTAN ETF	582,440	0.01
100	00695-11716	PFA KAPITALFORENING [1484-3]	2,875,400	0.07
101	00695-12193	VANGUARD FUNDS PLC - VG FTSE ALL-WORLD UCITS ETF [1533-0]	2,700	0.00
102	00695-12201	VANGUARD FUNDS PLC - VANGUARD FTSE EM UCITS ETF [1534-4]	104,900	0.00
103	00695-12284	THE NOMURA TRUST AND BANKING CO. LTD (1542-6)	14,000	0.00
104	00695-12342	KAPITALFORENINGEN LAERERNES PENSION INVEST [1547-5]	1,303,300	0.03
105	00695-12391	SCHRODER FRONTIER MARKETS EQUITY PORTFOLIO L.P.[1554-3]	159,500	0.00
106	00695-12417	BMA FUNDS LIMITED [PK1555-0 ]	145,000	0.00
107	00695-12581	VANGUARD FUNDS PUBLIC LIMITED COMPANY [1573-5]	18,000	0.00
108	00695-12953	FRANKLIN TEMPLETON INVESTMENT FUNDS [1610-5]	243,467,723	5.66
109	00695-12987	GLOBAL X FUNDS - GLOBAL X NEXT EMERGING & FRONTIER ETF	11,400	0.00
110	00695-13308	T. ROWE PRICE FUNDS SICAV - FRONTIER MKTS EQ F[000912600018]	102,500	0.00
111	00695-13373	T. ROWE PRICE INSTITUTIONAL FRONTIER MAKTS EQTY FD[911900257]	372,300	0.01
112	00695-13548	JPMORGAN DIVERSIFIED RETURN EMERGING MARKETS EQUITY ETF	5,800	0.00
113	00695-13589	VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	6,186,900	0.14
114	00695-13621	VANGUARD EMERGING MARKETS STOCK INDEX FUND	10,550,100	0.25
115	00695-13639	VANGUARD TOTAL WORLD STOCK INDEX FUND	122,500	0.00
116	00695-13654	SEI INSTITUTIONAL INVESTMENTS TRUST-EMERGING MARKETS EQT FUN	2,070,500	0.05
117	00695-13712	KRANESHARES FTSE EMERGING MARKETS PLUS ETF	10,465	0.00
118	02832-2764	H.E. SH. EBRAHIM KHALIFA ALI AL KHALIFA	112,000	0.00
119	03533-698	HABIB BANK AG ZURICH, ZURICH,SWITZERLAND	367,988	0.01
120	03533-722	HABIB BANK AG ZURICH, DEIRA DUBAI	760,563	0.02
121	03533-2272	MAHMOOD AHMAD CHAUDHRY	47,000	0.00
122	03590-2631	FAZAL REHMAN	12,900	0.00
123	06452-27426	MOHAMMED ANWAR PERVEZ	443,000	0.01
124	06502-755	HABIBSONS BANK LTD - CLIENT ACCOUNT	538,450	0.01
125	06502-5283	TARIIC HOLDING COMPANY BSC (CLOSED)	75,000	0.00
126	07450-21022	FARZANA BADAR	400	0.00
127	12666-924	TARIIC HOLDING COMPANY BSC CLOSED	7,800	0.00
128	14282-17808	AHMAD KHAN	4,000	0.00
		128	463,313,350	10.77
Others				
1	00364-19255	PRUDENTIAL STOCKS FUND LTD (03360)	6,500	0.00
2	00547-8651	UNILEVER PAKISTAN LIMITED NON-MANAGEMENT STAFF GRATUITY FUND	2,900	0.00
3	00547-8669	THE UNION PAKISTAN PROVIDENT FUND	66,500	0.00
4	00547-8685	UNILEVER PAKISTAN DC PENSION FUND (SUB FUND B)	39,000	0.00
5	00547-10186	WYETH PAKISTAN DC PENSION FUND	7,500	0.00
6	00547-10194	PFIZER PAKISTAN DC PENSION FUND	39,700	0.00
7	00547-10251	PFIZER PAKISTAN PROVIDENT FUND	51,100	0.00
8	01826-87767	ABRIS (PRIVATE) LIMITED	27,500	0.00
9	03277-41265	MANAGEMENT & ENTERPRISES (PVT) LIMITED	1,602	0.00
10	03277-89136	ABRIS (PVT) LTD	38,500	0.00
11	05884-4606	ORION INVESTMENTS (PVT) LTD. 001158	500	0.00
12	13904-22	CYAN LIMITED	750,000	0.02
13	15818-518	NOMAN ABID & COMPANY LIMITED	40,000	0.00
14	07419-8676	PAK QATAR INDIVIDUAL FAMILY PARTICIPANT INVEST FUND	50,000	0.00
15	07419-13130	PAK QATAR INVESTMENT ACCOUNT	30,000	0.00
16	10298-6432	SAFEWAY FUND LIMITED	350,000	0.01
17	483	ALBARAKA BANK (PAKISTAN) LIMITED - STAFF PROVIDENT FUND	2,053	0.00
18	8369	M/S TRUSTEES NRL WORKMEN PROVIDENT FUND	30,925	0.00

# Categories of Shareholders

Name Wise Detail as of 30 June 2016

S. No.	Folio No.	Name of Shareholder	Number of Shares Held	Percentage
19	8455	M/S ZEENAT HUSSAIN FOUNDATION	5,511	0.00
20	9214	M/S RELIANCE COMMODITIES (PVT) LTD	12,880	0.00
21	9893	M/S TRI - PACK FILMS LTD EMPLOYEES GRATUITY FUND	5,361	0.00
22	9894	M/S TRI - PACK FILMS LTD. EMPLOYEES PROVIDEND FUND	5,361	0.00
23	13522	M/S SEC MANAGEMENT PENSION FUND	15,888	0.00
24	13898	M/S SHAIKH SALIM ALI ALLY ARMS CO.	1,000	0.00
25	16323	M/S EMPLOYEES PENSION FUND-PAKISATAN SECURITY PRINTING	677,555	0.02
26	19205	M/S RELIANCE INSURANCE COMPANY LTD. EMP. PROVIDENT FUND	3,105	0.00
27	23395	M/S TRUSTERS NRL NON, MANAGEMENT STAFF GRATUITY FUND	30,925	0.00
28	24126	M/S SSG NON - EXEC. STAFF GRATUITY FUND	45,963	0.00
29	24127	M/S SSG EXEC. STAFF PROVIDENT FUND	211,380	0.00
30	24128	M/S SSG NON-EXEC. STAFF PROVIDENT FUND	151,229	0.00
31	24129	M/S SSG EXEC. STAFF GRATUITY FUND	45,963	0.00
32	24567	M/S DESCON STAFF PROVIDENT FUND TRUST	10,173	0.00
33	32163	M/S HIGHNOON LABORATORIES LTD STAFF PROVIDENT FUND	4,609	0.00
34	36417	M/S SIEMENS PAK SPECIAL ASSIST	14,985	0.00
35	37971	M/S ANOUD GAS LIMITED	2,353	0.00
36	38959	M/S FATIMA FOUNDATION	2,353	0.00
37	44076	M/S LOWE & PAUF STAFF PROVIDENT FUND	8,369	0.00
38	44281	M/S ROCHE PAKISTAN LIMITED NON MANAGEMENT STAFF GR. FUND	1,301	0.00
39	44438	M/S AIDY VEE & COMPANY (PVT) LTD. STAFF PROVIDEND FUND	1,602	0.00
40	44999	M/S INTERNATIONAL AERADIO PAKISTAN LTD. STAFF PRV. FUND	1,301	0.00
41	46298	M/S DIVERSIFIED LOGISTICS PVT.	1,000	0.00
42	46350	M/S KARACHI AMERICAN SOCIETY SCHOOL EMPL. PROVIDENT FUND	5,361	0.00
43	46538	M/S TRANSCONTINENTAL SERVICES STAFF P.F.	1,301	0.00
44	46545	M/S TAQ ENTERPRISES STAFF PROV.	2,353	0.00
45	46554	M/S TAQ INTERNATIONAL STAFF	2,654	0.00
46	47230	M/S THE EASTERN TRADE DISTRIBUTION COMP (PVT) LTD.	1,000	0.00
47	47234	M/S SURGE LABORATORIES (PVT) LTD. EMPLOYEES PROVIDENT FUND	1,301	0.00
48	47239	M/S NABIQASIM INDUSTES (PVT) LTD. EMPLOYEES PROVIDENT FUND	2,504	0.00
49	51285	M/S RURAL DEVELOPMENT FOUNDATION	1,752	0.00
50	66664	M/S SHAIKH SALIM ALI TRUST	1,000	0.00
51	82298	M/S H.M NASIR & CO	500	0.00
52	85417	M/S FATIMA FOUNDATION WELFARE TRUST	835	0.00
53	88189	M/S REDCO TEXTILE LTD.	500	0.00
54	88569	M/S DYNAMIC COMPUTER SYSTEM	500	0.00
55	89143	M/S KARACHI AMERICAN SOCIETY SCHOOL EMPLOYEES PROVIDENT FUND	3,681	0.00
56	89144	M/S KARACHI AMERICAN SOCIETY SCHOOL EMPLOYEES GRATUITY FUND	3,681	0.00
57	90072	M/S CAPITAL FLOUR MILLS LIMITED	500	0.00
58	90073	M/S S. SALIM ALI (PVT.) LIMITED	500	0.00
59	90074	M/S ALLY BROS & CO.	500	0.00
60	93300	M/S AHMED GARIB FOUNDATION	4,000	0.00
61	94473	PHILLIPA DARGO JANJUA	1,000	0.00
62	00364-65	KASB SECURITIES LIMITED	10,000	0.00
63	00364-6773	TRUSTEE NESTLE PAKISTAN LTD. MANAGERIAL STAFF PENSION FUND	162,000	0.00
64	00364-6781	TRUSTEE NESTLE PAKISTAN LTD.EMPLOYEES PROVIDENT FUND (02333)	118,000	0.00
65	00364-13688	TRUSTEES KUEHNE & NAGEL PAKISTAN SPF	500	0.00
66	00364-16558	TRUSTEES HIMONT PHARAMA EMPLOYEE P.F.	8,369	0.00
67	00364-16624	TRUSTEE NESTLE PAKISTAN LTD. EMPLOYEES GRATUITY FUND (03866)	102,500	0.00
68	00364-141034	CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED.	109	0.00
69	00364-185312	SIDDIQ LEATHER WORKS (PVT) LTD	9,300	0.00
70	00513-32	RAHAT SECURITIES LIMITED	500	0.00
71	00521-3878	TRUSTEE - SANOFI AVENTIS PAKISTAN - EMPLOYEES PROVIDENT FUND	28,000	0.00
72	00521-3886	TRUSTEE - SANOFI AVENTIS PAKISTAN SENIOR - EXECUTIVE PENSION FD	28,100	0.00
73	00521-3894	TRUSTEE - SANOFI AVENTIS PAKISTAN - EMPLOYEES GRATUITY FUND	20,000	0.00
74	00521-5170	TRUSTEE - BSN MEDICAL (PVT) LIMITED - EMPLOYEES PROVIDENT FUND	10,000	0.00
75	00521-5188	TRUSTEE - BSN MEDICAL (PVT) LIMITED - EMPLOYEES GRATUITY FUND	7,000	0.00
76	00521-5311	PAKISTAN CENTRE FOR PHILANTHROPY	27,000	0.00
77	00521-5865	DESCON CHEMICALS LIMITED GRATUITY FUND	1,600	0.00
78	00521-6061	TRUSTEE ENGRO CORPORATION LTD GRATUITY FUND	17,500	0.00

# Categories of Shareholders

Name Wise Detail as of 30 June 2016

S. No.	Folio No.	Name of Shareholder	Number of Shares Held	Percentage
79	00521-6079	TRUSTEE ENGRO CORP LTD MPT EMP DEFINED CONT GRATUITY FUND	108,000	0.00
80	00521-6087	TRUSTEE ENGRO CORP LTD MPT EMP DEFINED CONTRIBUTION PEN FUND	53,500	0.00
81	00521-6293	TRUSTEE-PAKISTAN HERALD PUBLICATION PVT LTD STAFF PENSION FD	7,000	0.00
82	00521-7473	FC COLLEGE EMPLOYEE PROVIDENT FUND	16,000	0.00
83	00521-8000	TRUSTEE-KOHINOOR ENERGY LIMITED EMPLOYEE GRATUITY FUND	9,900	0.00
84	00547-6424	TRUSTEE - IBM ITALIA S.P.A. PAKISTAN EMPLOYEES PENSION FUND	900	0.00
85	00547-6432	TRUSTEE - IBM ITALIA S.P.A. PAKISTAN EMPLOYEES GRATUITY FUND	1,400	0.00
86	00547-6457	TRUSTEE - IBM SEMEA EMPLOYEES PROVIDENT FUND	30,100	0.00
87	00547-8701	TRUSTEE-RAFHAN BEST FOODS EMPLOYEES PROVIDENT FUND	11,000	0.00
88	00596-34	CAPITAL ONE EQUITIES LIMITED	500	0.00
89	00620-21	TAURUS SECURITIES LIMITED	8	0.00
90	00695-10684	TRUSTEE PAK TOBACCO CO. LTD MANAGEMENT PROV FUND (1386-2)	68,500	0.00
91	00695-10692	TRUSTEE PAK TOBACCO CO. LTD EMPLOYEES PROVIDENT FUND (1385-5)	71,700	0.00
92	00695-10700	TRUSTEE PAK TOBACCO CO LTD EMPLOYEES GRATUITY FUND (1383-4)	113,000	0.00
93	00695-10718	TRUSTEE PAK TOBACCO CO LTD STAFF DEF CONTRI PEN FD (1384-1)	20,700	0.00
94	00695-10759	TRUSTEE PAK TOBACCO CO LTD STAFF PENSION FUND [1390-2]	455,500	0.01
95	00695-14066	TRUSTEE - SHELL PAKISTAN MANAGEMENT STAFF PROVIDENT FUND	35,000	0.00
96	00695-14074	TRUSTEE - SHELL PAKISTAN MANAGEMENT STAFF GRATUITY FUND	1,600	0.00
97	00695-14082	TRUSTEE - SHELL PAKISTAN LABOUR & CLERICAL STAFF GRATUITY FUND	7,200	0.00
98	00695-14090	TRUSTEE - SHELL PAKISTAN LABOUR PROVIDENT FUND	6,500	0.00
99	00695-14108	TRUSTEE - SHELL PAKISTAN DC PENSION FUND	49,000	0.00
100	00695-14116	TRUSTEE - SHELL PAKISTAN STAFF PENSION FUND	1,000	0.00
101	00695-14132	TRUSTEE - SHELL PAKISTAN MANAGEMENT STAFF PENSION FUND	88,000	0.00
102	00935-38040	TRUSTEE CITY SCHOOLS PROVIDENT FUND TRUST	30,000	0.00
103	00992-1091	TRADING ENTERPRISES (PVT) LTD.	21,000	0.00
104	00992-3345	F & B BULK STORAGE (PTIVATE) LIMITED	5,000	0.00
105	01651-13749	TARIK RASHID (PRIVATE) LIMITED	600	0.00
106	01651-19506	TRUSTEE PAK HERALD PUBLICATIONS (PVT) LTD STAFF GRATUITYFUND	12,000	0.00
107	01651-24811	TRUSTEE PAK HERALD PUBLICATIONS (PVT) LTD STAFF PENSION FUND	19,000	0.00
108	01651-24852	TRUSTEE OF CITY SCHOOLS PROVIDENT FUND TRUST	10,000	0.00
109	01669-26	SHAFFI SECURITIES (PVT) LIMITED	400	0.00
110	01826-44891	TRUSTEE - ENGRO FOODS LTD EMPLOYEES GRATUITY FUND	15,000	0.00
111	01826-60780	INTERNATIONAL KNITWEAR LIMITED	2,000	0.00
112	01826-65920	TRUSTEE - THE PAKISTAN MEMON EDUCATIONAL & WELAFRE SOCIETY	10,500	0.00
113	01826-66951	TRUSTEE - SULAIMANIYAH TRUST	40,000	0.00
114	01826-73817	TRUSTEE - MERCK (PVT) LIMITED MANAGEMENT STAFF PROVIDENT FUND	10,000	0.00
115	01826-73825	TRUSTEE - MERCK (PVT) LIMITED MANAGEMENT STAFF PENSION FUND	3,000	0.00
116	01826-76562	UNITED TRADING & MANUFACTURING (PVT) LTD	3,000	0.00
117	01826-77610	MERCK (PRIVATE) LIMITED MANAGEMENT STAFF GRATUITY FUND	6,000	0.00
118	01826-79632	TRUSTEE - BMA ASSET MANAGEMENT CO LTD. STAFF PROVIDENT FUND	500	0.00
119	01826-80234	TRUSTEE - AZAN WELFARE TRUST	3,000	0.00
120	01826-87163	M. N. TEXTILES (PRIVATE) LIMITED	30,000	0.00
121	01826-87775	PETROMARK (PRIVATE) LIMITED	500	0.00
122	01826-89086	TRUSTEE - ALCATEL - LUCENT PAKISTAN LIMITED GRATUITY FUND TRUST	8,000	0.00
123	01826-89326	INTERNATIONAL KNITWEAR LIMITED	500	0.00
124	01826-91256	TRUSTEE - BANK ALFALAH LTD EMPLOYEES PROVIDENT FUND TRUST	40,000	0.00
125	01917-33	PRUDENTIAL SECURITIES LIMITED	1,861	0.00
126	02543-623	W. H. ASSOCIATES (PVT) LTD.	3,000	0.00
127	02832-2798	IMPERIAL DEVELOPERS AND BUILDER (PRIVATE) LIMITED	265,800	0.01
128	03186-2532	TECHNOLOGY LINKS (PVT) LTD.	10,000	0.00
129	03277-385	NATIONWIDE (PVT) LTD	2,000	0.00
130	03277-1339	PREMIER FASHIONS (PVT) LTD	100,000	0.00
131	03277-2083	TRUSTEES OF ABBOTT LAB PAK STAFF P.F	247,303	0.01
132	03277-2102	THE AGA KHAN UNIVERSITY FOUNDATION	198,600	0.00
133	03277-2132	TARIK RASHID (PVT) LIMITED	300	0.00
134	03277-2404	MOHAMAD AMIN BROS (PVT) LIMITED	6,500	0.00
135	03277-2509	TRUSTEES GATRON IND LTD WORKERS PRV FUND	5	0.00
136	03277-3397	PAKISTAN MEMON EDUCATIONAL & WELFARE SOC	5,000	0.00
137	03277-3785	TRUSTEE CHERAT CEMENT CO.LTD.EMP.PRO.FND	20,369	0.00
138	03277-4230	CRESCENT STEEL AND ALLIED PRODUCTS LTD.	55,000	0.00



# Categories of Shareholders

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S. No.	Folio No.	Name of Shareholder	Number of Shares Held	Percentage
139	03277-4231	TRUSTEES MOOSA LAWAI FOUNDATION	6,000	0.00
140	03277-4275	TRUSTEES NRL OFFICERS PROVIDENT FUND	11,353	0.00
141	03277-4841	BULK MANAGEMENT PAKISTAN (PVT.) LTD.	70,187	0.00
142	03277-4865	SHAKOO (PVT) LTD.	65,051	0.00
143	03277-4931	SOFIAN BUSINESS CORPORATION (PRIVATE) LIMITED	208,000	0.00
144	03277-5061	FREEDOM ENTERPRISES (PVT) LTD	6,000	0.00
145	03277-5360	TRUSTEES ROCHE PAK LTD.MANG.STAFF PEN.FD	5,511	0.00
146	03277-5361	TRUSTEES ROCHE PAK LTD.EMP.PROV FUND	5,511	0.00
147	03277-5362	TRUSTEES ROCHE PAK LTD.MAN.STAFF GR.FND	3,105	0.00
148	03277-6084	THE HUSEIN EBRAHIM FOUNDATION	10,557	0.00
149	03277-6150	THE OKHAI MEMON ANJUMAN	42,000	0.00
150	03277-7146	THE OKHA MANDAL CO-OP HOUSING SOC. LTD	3	0.00
151	03277-7421	TRUSTEES SAEEDA AMIN WAKF	300,000	0.01
152	03277-7633	TRUSTEES MOHAMAD AMIN WAKF ESTATE	500,000	0.01
153	03277-7652	ISMAILIA YOUTH SERVICES	30,000	0.00
154	03277-7927	TRUSTEES BARRETT HODGSON PAK PVT.LTD.G.F	4,308	0.00
155	03277-7928	TRUSTEES BARRETT HODGSON PAK PVT.LTD.P.F	4,158	0.00
156	03277-8265	TRUSTEES ALAUDDIN FEERASTA TRUST	5,000	0.00
157	03277-8809	TRUSTEES PAKISTAN PETROLEUM JUNIOR P.F	26,181	0.00
158	03277-8810	TRUSTEES PAKISTAN PETROLEUM SENIOR P.F	38,585	0.00
159	03277-8811	TRUSTEES PAK.PETROLEUM EXEC.STAFF PN.F	102,465	0.00
160	03277-8812	TRUSTEES PAK.PETROLEUM NON-EXEC.STF PN.F	21,695	0.00
161	03277-8813	TRUSTEES PAK.PETROLEUM EXEC.STAFF GR.F	16,351	0.00
162	03277-8814	TRUSTEES PAK.PETROLEUM NON-EXEC.STF GR.F	19,950	0.00
163	03277-9199	LOADS LIMITED	63	0.00
164	03277-9292	TRUSTEE QASIM INT CONT TER. PAK EMP P.F.	162	0.00
165	03277-9352	TRUSTEES CRESCENT STEEL&ALLIED PROD PN.F	10,000	0.00
166	03277-9981	TRUSTEES OF FAROUKH&ROSHEN KARANI TRUST	5,000	0.00
167	03277-11151	BANDENAWAZ (PVT) LTD	5,000	0.00
168	03277-11276	TURSTEES CLOVER PAK LTD EMP.CONT.P.F	1,500	0.00
169	03277-11277	TRUSTEES COLGATE PALMOLIVE PAK E.C.P.F	24,910	0.00
170	03277-11278	TRUSTEES COLGATE PALMOLIVE PAK LTD E.G.F	12,880	0.00
171	03277-11284	TRUSTEES OF PHILIP MORRIS (PAKISTAN) LIMITED EMPL G.F TRUST	19,300	0.00
172	03277-11285	TRUSTEES OF PHILIP MORRIS (PAKISTAN) LIMITED E.C.P.F TRUST	26,500	0.00
173	03277-11413	TRUSTEES OF FFC MGNT STAFF PENSION FUND	1,748,000	0.04
174	03277-11924	AMIR FINE EXPORTS (PVT) LTD.	2,422,700	0.06
175	03277-12637	TRUSTEES LOTTE CHEMICAL PAKISTAN MNGT STAFF GRATUITY FUND	12,500	0.00
176	03277-12796	TRUSTEES OF ZEL EMPLOYEES P.FUND	2,353	0.00
177	03277-13122	MANG. COM. KARACHI ZARTHOSTI BANU MANDAL	3,857	0.00
178	03277-13154	TRUSTEES HOMMIE&JAMSHED NUSSEERWANJEE C.T	50,000	0.00
179	03277-13417	MNG. COMMITTEE OKHAI MEMON MADRESSAH ASSO	75,609	0.00
180	03277-14004	TRUSTEES LOTTE CHEMICAL PAKISTAN NON MGN STAFF G.FUND	320	0.00
181	03277-14005	TRUSTEES LOTTE CHEMICAL PAKISTAN MNG STAFF PROVIDENT FUND	23,000	0.00
182	03277-14818	TRUSTEES ADAMJEE ENTERPRISES STAFF P.F	4,500	0.00
183	03277-15506	TRUSTEES PERAC MNG&SUPERVISORY S.PEN FND	1,472	0.00
184	03277-16893	TRUSTEES AUTOMOTIVE BATTERY CO.EMP.P.F	2,353	0.00
185	03277-16894	TRUSTEES AUTOMOTIVE BATTERY CO.EMP.GR.F	2,353	0.00
186	03277-18010	TRUSTEES - ICI M.S.D.C SUPERANNUATION FUND	517	0.00
187	03277-18575	TRUSTEES MOHAMMAD USMAN HAJRABI TRUST	2,605	0.00
188	03277-18963	TRUSTEES OF HAJI MOHAMMED WELFARE TRUST	140,000	0.00
189	03277-19048	TRUSTEES LOTTE CHEMICAL PAKISTAN MGT.STAFF DEF. CONT. S.FUND	16,000	0.00
190	03277-19140	TRUSTEES OF ICI PAKISTAN MNG STAFF GF	516	0.00
191	03277-21988	TRUSTEES EXIDE PAKISTAN LTD EMP.GR.FUND	2,654	0.00
192	03277-22406	MEHRAN SUGAR MILLS LTD	575,000	0.01
193	03277-23841	TRUSTEES MCB EMPLOYEES FOUNDATION	8,369	0.00
194	03277-26842	TRUSTEES AL - BADER WELFARE TRUST	37,800	0.00
195	03277-26972	WESTBURY (PRIVATE) LTD	341,500	0.01
196	03277-34600	TRUSTEES LINDE PAKISTAN LTD MANAGEMENT STAFF PENSION FUND	8,369	0.00
197	03277-34620	TRUSTEES LINDE PAKISTAN LIMITED PAKISTAN EMP GRATUITY FUND	5,361	0.00

# Categories of Shareholders

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S. No.	Folio No.	Name of Shareholder	Number of Shares Held	Percentage
198	03277-35867	TRUSTEE GUL AHMED TEXTILE MILLS LTD EMP P.F	2,000	0.00
199	03277-36622	TRUSTEES CRESCENT COTTON PRODUCTS STAFF PROVIDENT FUND	4,000	0.00
200	03277-38435	PREMIER MERCANTILE SERVICES (PRIVATE) LIMITED	5,000	0.00
201	03277-44509	MANAGING COMMITTEE OF MEMON EDUCATIONAL BOARD	2,500	0.00
202	03277-45542	NAVEENA EXPORTS (PVT) LTD	564,800	0.01
203	03277-45638	TRUSTEES GLAXO SMITHKLINE PAK LTD. EMPLOYEES GRATUITY FUND	99,000	0.00
204	03277-45641	TRUSTEES GLAXO LABORATORIES PAKISTAN LTD. PROVIDENT FUND	12,400	0.00
205	03277-45642	TRUSTEES GLAXO LABORATORIES PAK LTD. LOCAL STAFF P.F	28,000	0.00
206	03277-45643	TRUSTEES SMITH KLINE & FRENCH OF PAK LTD. PROVIDENT FUND	51,000	0.00
207	03277-47074	GULISTAN FIBRES LIMITED	16	0.00
208	03277-48639	TRUSTEES OF RECKITT BENCKISER PAK LTD. STAFF PROVIDENT FUND	5,000	0.00
209	03277-48792	TRUSTEES OF GREAVES PAKISTAN (PVT) LTD. EMP PROVIDENT FUND	5,000	0.00
210	03277-50199	VALIKA TRADING HOUSE (PRIVATE) LIMITED	500	0.00
211	03277-50590	TECHNOLOGY LINKS (PVT.) LIMITED	29,000	0.00
212	03277-51945	TRUSTEES E.F.U. GENERAL INS. LTD. EFU OFFICER'S PENSION FUND	21,000	0.00
213	03277-51947	TRUSTEES E.F.U. GENERAL INSURANCE LIMITED EMP. GRATUITY FUND	65,000	0.00
214	03277-52198	TRUSTEE'S CHERAT PAPERSACK LIMITED EMPLOYEE PROVIDENT FUND	4,609	0.00
215	03277-55836	LINES (PRIVATE) LIMITED	500	0.00
216	03277-57693	MAGNUS INVESTMENT ADVISORS LIMITED	100	0.00
217	03277-61129	TRUSTEE NATIONAL REFINERY LTD. MANAGEMENT STAFF PENSION FUND	46,828	0.00
218	03277-61170	HABIB SAFE DEPOSIT VAULT (PVT) LTD	5,000	0.00
219	03277-62672	TRUSTEES UBL FUND MANAGERS LTD. EMPLOYEES GRATUITY FUND	3,500	0.00
220	03277-62673	TRUSTEES UBL FUND MANAGERS LTD. EMPLOYEE PROVIDENT FUND	500	0.00
221	03277-63669	TRUSTEE OF HAJI MOHAMMED BENEVOLENT TRUST	46,000	0.00
222	03277-64627	DOSSA COTTON & GENERAL TRADING (PVT) LIMITED	100,000	0.00
223	03277-72577	HAMEED SHAFI HOLDINGS (PVT) LTD.	8,000	0.00
224	03277-74182	THE TRUSTEES OF EXIDE PAKISTAN LTD. SENIOR STAFF PROV. FUND	3,857	0.00
225	03277-74416	THE TRUSTEES OF EXIDE PAKISTAN LIMITED PROVIDENT FUND	2,955	0.00
226	03277-74557	TRUSTEES OF ADAMJEE INSURANCE COMPANY LTD. EMP. PROV. FUND	8,369	0.00
227	03277-74694	TRUSTEES OF MAGNUS INVESTMENT ADVISORS LTD. EMPL. PROV. FUND	700	0.00
228	03277-77227	TRUSTEES INDUS MOTOR COMPANY LTD. EMPLOYEES PROVIDENT FUND	46,600	0.00
229	03277-77228	TRUSTEES INDUS MOTOR COMPANY LTD. EMPLOYEES PENSION FUND	25,500	0.00
230	03277-78335	TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND	77,700	0.00
231	03277-78367	TRUSTEE PNSC EMPLOYEES CONTRIBUTORY PROVIDENT FUND	21,000	0.00
232	03277-78974	CS CAPITAL (PVT) LTD	61,000	0.00
233	03277-79595	TRUSTEES OF ZENSOFT (PVT) LTD EMPL. PROVIDENT FUND	1,500	0.00
234	03277-81682	TRUSTEES OF CRESENT STEEL & ALLIED PRODUCTS LTD-PENSION FUND	3,692	0.00
235	03277-82127	TRUSTEE NATIONAL BANK OF PAKISTAN EMP BENEVOLENT FUND TRUST	2,726	0.00
236	03277-82362	TRUSTEES OF KHATIDA ADAMJEE FOUNDATION	2,500	0.00
237	03277-83462	NADEEM INTERNATIONAL (PVT.) LTD.	500	0.00
238	03277-85327	MOGUL TOBACCO COMPANY PVT LTD	425,000	0.01
239	03277-86315	SKYLINE ENTERPRISES (PVT) LTD	331,360	0.01
240	03277-86759	SOORTY ENTERPRISES (PVT) LTD.	1,577,490	0.04
241	03277-89461	MOOSANI SECURITIES (PVT) LTD	26,000	0.00
242	03277-89566	LIBERTY MILLS LIMITED	926,000	0.02
243	03277-89567	LIBERTY POWER TECH LIMITED	956,500	0.02
244	03277-91890	TRUSTEES H. J. BEHRANA PARSI FIRE TEMPLE T	25,000	0.00
245	03277-92044	TRUSTEES OF BRISTOL MYERS SQUIBB PAKISTAN (PVT)LTD.STAFF G.F	10,000	0.00
246	03277-93071	EFULAL - MANAGED GROWTH FUND	400,000	0.01
247	03350-22	ZAHID LATIF KHAN SECURITIES (PVT) LTD.	402	0.00
248	03525-1974	NAGINA COTTON MILLS LIMITED	25,000	0.00
249	03525-1990	ELLCOT SPINNING MILLS LIMITED	25,000	0.00
250	03525-2002	PROSPERITY WEAVING MILLS LTD.	25,000	0.00
251	03525-6645	TRUSTEES PACKAGES LTD.MGT.STAFF PEN.FUND	4,158	0.00
252	03525-15026	PAK PING CARPETS (PVT)LTD	2,602	0.00
253	03525-48327	SURAJ COTTON MILLS LTD.	200,000	0.00
254	03525-48329	CRESCENT POWERTEC LIMITED	40,000	0.00
255	03525-61184	PITCO (PVT) LTD	9,398	0.00
256	03525-63817	NH SECURITIES (PVT) LIMITED.	6	0.00
257	03525-64045	NH CAPITAL FUND LTD	1,000	0.00

# Categories of Shareholders

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S. No.	Folio No.	Name of Shareholder	Number of Shares Held	Percentage
258	03525-66811	TRUSTEES NESTLE PAKISTAN LTD MANAGERIAL STAFF PENSION FUND	46,700	0.00
259	03525-66812	TRUSTEES NESTLE PAKISTAN LTD EMPLOYEES PROVIDENT FUND	70,100	0.00
260	03525-66813	TRUSTEES NESTLE PAKISTAN LTD EMPLOYEES GRATUITY FUND	30,000	0.00
261	03525-86739	COMBINED FABRICS LIMITED	15,000	0.00
262	03525-87235	MAPLE LEAF CAPITAL LIMITED	1	0.00
263	03525-89276	SIDDIQ LEATHER WORKS (PVT.) LIMITED	16,500	0.00
264	03525-89724	SUNRAYS TEXTILE MILLS LIMITED	9,100	0.00
265	03525-91079	TRUSTEES LEINER PAK GELATINE LTD EMPLOYEES PROVIDENT FUND	2,500	0.00
266	03574-25	PROGRESSIVE INVESTMENT MANAGEMENT (PVT) LTD.	3,100	0.00
267	04002-22	MEMON SECURITIES (PVT.) LIMITED	6,800	0.00
268	04010-21	FAWAD YUSUF SECURITIES (PVT.) LIMITED	101,500	0.00
269	04143-1297	AL MASOOM (PVT) LTD	7,000	0.00
270	04184-22	AZEE SECURITIES (PRIVATE) LIMITED	100	0.00
271	04218-27	LAKHANI SECURITIES (PVT) LTD.	50,000	0.00
272	04333-8109	MYCON PVT LIMITED	28	0.00
273	04341-22	ORIENTAL SECURITIES (PVT) LTD.	2,000	0.00
274	04366-20	MULTILINE SECURITIES (PVT) LIMITED	5,000	0.00
275	04424-2648	TRUSTEES AAL - BAWANY FOUNDATION (200)	2,000	0.00
276	04440-20	ZAFAR MOTI CAPITAL SECURITIES (PVT) LTD.	18,300	0.00
277	04481-26	DOSSLANI'S SECURITIES (PVT) LIMITED	4,350	0.00
278	04705-5470	BOARD OF TRUSTEES, FEB & GIF, IBD	355,095	0.01
279	04705-10542	TRUSTEES OF FFC EMPLOYEES PROVIDENT FUND	278,700	0.01
280	04705-48962	SHAKIL EXPRESS (PVT) LTD	16,388	0.00
281	04705-51363	KASHMIR WALA SON'S (PVT) LIMITED	500	0.00
282	04705-65373	ASSOCIATED CONSULTANCY CENTRE (PVT) LIMITED	2,000	0.00
283	04705-66337	TRUSTEES FAUJI FERTILIZER BIN QASIM LTD. PROVIDENT FUND	150,000	0.00
284	04705-69173	TRUSTEES OF ARL MANAGEMENT STAFF PENSION FUND	5,000	0.00
285	04705-78456	TRUSTEES OF PAKISTAN MOBILE COMMUNICATION LTD-PROVIDENT FUND	100,000	0.00
286	04705-89143	NATIONAL UNIVERSITY OF SCIENCES AND TECHNOLOGY	23,300	0.00
287	04804-20205	FORTRESS TEXTILE PRIVATE LIMITED	5,000	0.00
288	04820-23	STOCK VISION (PVT.) LTD.	6,457	0.00
289	04879-28	AKHAI SECURITIES (PRIVATE) LIMITED	507	0.00
290	04895-26	DJM SECURITIES (PRIVATE) LIMITED	77,000	0.00
291	04903-9032	TRUSTEE - HAFIZ FOUNDATION	800	0.00
292	04952-28	SHERMAN SECURITIES (PRIVATE) LIMITED	356,800	0.01
293	04952-14649	TRUSTEES PAK BRUNEI INVESTMENT COMPANY LTD. EMPLOYEES PF	6,900	0.00
294	05074-966	FRONTIER EDUCATION FOUNDATION	46,985	0.00
295	05074-1162	TRUSTEES BASIC EDUCATION & SKILL DEVELOP	47,768	0.00
296	05116-28	TIME SECURITIES (PVT.) LTD.	1,000	0.00
297	05264-21	JS GLOBAL CAPITAL LIMITED	513,500	0.01
298	05264-1276	JAHANGIR SIDDIQUI & CO. LTD.	430,500	0.01
299	05264-3751	TRUSTEE - THE BHAIMIA FOUNDATION	70,776	0.00
300	05264-7307	TRUSTEE - JS GLOBAL CAPITAL LIMITED STAFF PROVIDENT FUND	13,500	0.00
301	05264-21035	NATIONAL RURAL SUPPORT PROGRAMM	94,636	0.00
302	05264-55173	TRUSTEE - NISHAT POWER LIMITED-EMPLOYEES PROVIDENT FUND	200	0.00
303	05264-76344	SUNRAYS TEXTILE MILLS LIMITED	100	0.00
304	05306-25	FAIR EDGE SECURITIES (PRIVATE) LIMITED	7,000	0.00
305	05314-24	INVESTFORUM (SMC-PVT) LIMITED	1,601	0.00
306	05348-21	HH MISBAH SECURITIES (PRIVATE) LIMITED	6,000	0.00
307	05355-541	TRUSTEE : NIB BANK LIMITED EMPLOYEES PROVIDENT FUND	12,000	0.00
308	05470-26	B & B SECURITIES (PRIVATE) LIMITED	12,500	0.00
309	05512-73554	MUHAMMAD SHAFI TANNERIES (PVT.) LIMITED	40,000	0.00
310	05512-73604	TRUSTEE - CITY SCHOOLS PROVIDENT FUND TRUST	20,000	0.00
311	05587-48	FIRST NATIONAL EQUITIES LIMITED	1	0.00
312	05660-12829	COMBINED FABRICS LIMITED	20,000	0.00
313	05736-15	NCC - PRE SETTLEMENT DELIVERY ACCOUNT	255,900	0.01
314	05884-12310	MIAN NAZIR SONS INDUSTRIES (PVT) LIMITED	10,000	0.00
315	05892-25	MONEYLINE SECURITIES (PRIVATE) LIMITED	750	0.00
316	06122-24612	FIVE RIVERS TECHNOLOGIES (PVT.) LTD	2,500	0.00
317	06122-89524	ARKAD CONSULTANTS PVT LIMITED	2,115	0.00

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S. No.	Folio No.	Name of Shareholder	Number of Shares Held	Percentage
318	06270-29	GROWTH SECURITIES (PVT) LTD.	47,500	0.00
319	06353-29	SHIRAZI INVESTMENTS (PVT) LIMITED	50,000	0.00
320	06445-28	DARSON SECURITIES (PVT) LIMITED	100	0.00
321	06452-3112	SIDDIQSONS DENIM MILLS LTD.STAFF PROVIDENT FUND	50	0.00
322	06452-10604	TRUSTEE CHERAT CEMENT CO. LTD EMPLOYEES PROVIDENT FUND	10,000	0.00
323	06452-13335	TRUSTEE CHERAT CEMENT COMPANY LTD STAFF GRATUITY FUND	10,000	0.00
324	06452-15645	TRUSTEE GREAVES PAKISTAN (PVT) LTD EMPLOYEES PROVIDENT FUND	5,000	0.00
325	06452-22971	TRUSTEE GREAVES PAKISTAN (PVT) LTD STAFF GRATUITY FUND	5,000	0.00
326	06452-36443	TRUSTEE HI-TECH LUBRICANTS LTD EMP PROVIDENT FUND TRUST	10,000	0.00
327	06452-37920	RELANCE SACKS LIMITED	2,000	0.00
328	06452-38381	TRUSTEE GILLETTE PAKISTAN LTD EMPLOYEES PROVIDENT FUND	5,662	0.00
329	06502-4740	PERIDOT PRODUCTS (PVT) LIMITED	23,000	0.00
330	06601-11354	HIGHLINK CAPITAL (PVT)LIMITED	1,000	0.00
331	06650-22	SAAO CAPITAL (PVT) LIMITED	5,000	0.00
332	06676-2323	TRUSTEES THAL LTD. - EMPLOYEES PROVIDENT FUND	88	0.00
333	06676-3412	BANDENAWAZ (PVT) LTD.	3,500	0.00
334	06676-6076	TRUSTEE - IFFAT INAMUR RAHIM WELFARE TRUST	2,000	0.00
335	06676-6712	TRUSTEES AGRIAUTO IND.LTD. EMPL.PROV.FUND	3,105	0.00
336	06676-10490	ISPI CORPORATION (PVT) LIMITED	22,700	0.00
337	06684-29	MOHAMMAD MUNIR MOHAMMAD AHMED KHANANI SECURITIES (PVT.) LTD.	34,000	0.00
338	06700-21104	GARIBSONS (PVT) LTD	10,000	0.00
339	06734-22	GAZIPURA SECURITIES & SERVICES (PRIVATE) LIMITED	196,500	0.00
340	06874-3731	RYK MILLS LIMITED	100	0.00
341	06890-24	MAYARI SECURITIES (PVT) LIMITED	5,000	0.00
342	06957-26	BABA EQUITIES (PVT) LTD.	5,000	0.00
343	06981-23	FAIR DEAL SECURITIES (PVT) LTD.	321	0.00
344	07054-24	BHAYANI SECURITIES (PVT) LTD.	5,000	0.00
345	07229-23	ALTAF ADAM SECURITIES (PVT) LTD.	78,000	0.00
346	07260-29	M.R. SECURITIES (SMC-PVT) LTD.	197	0.00
347	07278-28	WASI SECURITIES (SMC-PVT) LTD.	4	0.00
348	07286-27	DR. ARSLAN RAZAQUE SECURITIES (SMC-PVT) LTD.	72	0.00
349	07328-21	TS SECURITIES (PVT) LTD.	2,000	0.00
350	07351-697	COLONY MILLS LIMITED(22003)	89	0.00
351	07385-25	ISMAIL ABDUL SHAKOOR SECURITIES (PRIVATE) LIMITED	19	0.00
352	07419-11316	FALCON-I (PRIVATE) LIMITED	2,000	0.00
353	08847-1447	CRESCENT STANDARD BUSINESS MANAGEMENT (PVT) LIMITED	1	0.00
354	09787-24	SNM SECURITIES (PVT) LTD.	1,000	0.00
355	10231-27	MSMANIAR FINANCIALS (PVT) LTD.	851	0.00
356	10298-1755	TRUSTEES BILQUIS LATIF JAMAL TRUST	51	0.00
357	10298-3439	JUBILEE SPINNING & WEAVING MILLS LTD	3,800	0.00
358	10298-5327	TRUSTEE THE HUSEIN EBRAHIM FOUNDATION	500	0.00
359	10470-29	GPH SECURITIES (PVT.) LTD.	20,000	0.00
360	10611-20	AKD SECURITIES LIMITED - AKD TRADE	5	0.00
361	10629-1118	TRUSTEE KARACHI PARSİ ANJUMAN TRUST FUND	5,000	0.00
362	10629-49752	DMS RESEARCH (PVT) LTD	26,079	0.00
363	11072-26	SEVEN STAR SECURITIES (PVT.) LTD.	38,200	0.00
364	11478-28	CMA SECURITIES (PVT) LIMITED	4,000	0.00
365	11544-5159	PRUDENTIAL DISCOUNT & GUARANTEE HOUSE LIMITED	2,000	0.00
366	11544-5332	TRUSTEE - GREAVES PAKISTAN (PVT) LTD. - STAFF GRATUITY FUND	2,000	0.00
367	11544-5340	TRUSTEE - GREAVES PAKISTAN (PVT) LTD. EMP. PROVIDENT FUND	7,000	0.00
368	11544-6959	UNITED TOWEL EXPORTERS (PVT) LIMITED	1,500	0.00
369	11692-21	ABA ALI HABIB SECURITIES (PVT) LIMITED	45,013	0.00
370	12203-12148	MERIN (PRIVATE) LIMITED	6,500	0.00
371	12286-20	JSK SECURITIES LIMITED	1,500	0.00
372	12369-20	INA SECURITIES (PVT) LTD	2,500	0.00
373	12401-701	TRUSTEE - AL-MUSTAFA TRUST	2,000	0.00
374	12666-536	TRUSTEES OF SULAIMANIYAH TRUST	21,700	0.00
375	12666-601	TRUSTEES OF KARACHI SHERATON HOTEL EMPLOYEES PROVIDENT FUND	795	0.00
376	12666-676	TRUSTEE OF TELENOR EMPLOYEES GRATUITY FUND	65,000	0.00
377	12666-700	ISPI CORPORATION (PRIVATE) LIMITED	26,300	0.00

# Categories of Shareholders

Name Wise Detail as of 30 June 2016

S. No.	Folio No.	Name of Shareholder	Number of Shares Held	Percentage
378	12666-817	TRUSTEES OF GREENSTAR SOCIAL MKT. PAK.(G) LTD. EMP.GRA. FUND	3,000	0.00
379	12666-833	USMAN MEMORIAL FOUNDATION	4,000	0.00
380	12666-858	TRUSTEES ENGRO CORPORATION LIMITED PROVIDENT FUND	193,000	0.00
381	12666-908	TRUSTEES OF GETZ PHARMA PAKISTAN (PVT) LIMITED-EPF	16,800	0.00
382	12666-1120	TRUSTEES OF PAKISTAN HUMAN DEVELOPMENT FUND	67,000	0.00
383	12666-1153	TRUSTEES OF THAL LIMITED EMPLOYEES PROVIDENT FUND	11,300	0.00
384	12666-1187	TRUSTEES OF INSPECTEST (PVT) LTD EMP. PROV. FUND TRUST	4,400	0.00
385	12666-1195	TRUSTEES OF DESCON OXYCHEM LTD EMP. PROV. FUND TRUST	3,100	0.00
386	12666-1203	TRUSTEE DESCON POWER SOLUTIONS (PVT) LTD EMP PROV FUND TRUST	12,700	0.00
387	12690-509	TRUSTEE INTERNATIONAL INDUST. LTD EMPLOYEES PROVIDENT FUND	25,000	0.00
388	12690-517	TRUSTEE INTERNATIONAL INDUST. LTD EMPLOYEES GRATUITY FUND	35,200	0.00
389	12690-533	TRUSTEES INTERNATIONAL STEELS LTD EMPLOYEES GRATUITY FUND	5,100	0.00
390	12690-541	TRUSTEES INTERNATIONAL STEELS LTD EMPLOYEES PROVIDENT FUND	7,200	0.00
391	12690-566	TRUSTEE THALL LIMITED- EMPLOYEES RETIREMENT BENEFIT FUND	5,100	0.00
392	12690-574	TRUSTEE THALL LIMITED- EMPLOYEES PROVIDENT FUND	42,300	0.00
393	12690-608	TRUSTEES MAPLE LEAF CEMENT FACTORY LTD EMPLOYEES PROV FUND	18,400	0.00
394	12724-751	SINDH GENERAL PROVIDENT INVESTMENT FUND	1,140,000	0.03
395	13011-20	GLOBAL SECURITIES PAKISTAN LIMITED - MF	2,500	0.00
396	13128-27	PEARL SECURITIES LIMITED - MF	400	0.00
397	13649-24	JS GLOBAL CAPITAL LIMITED - MF	61,600	0.00
398	13748-592	TRUSTEE-MILLAT TRACTORS LTD. EMPLOYEES PENSION FUND	67,400	0.00
399	13748-659	TRUSTEE-THE KOT ADDU POWER CO. LTD. EMPLOYEES PROVIDENT FUND	14,600	0.00
400	13748-667	TRUSTEE-THE KOT ADDU POWER CO. LTD. EMPLOYEES PENSION FUND	47,000	0.00
401	14084-22	FORTRESS FINANCIAL SERVICES (PVT.) LIMITED	10,000	0.00
402	14241-22	FIKREE'S (SMC-PVT) LTD.	5,000	0.00
403	14613-26	GOVERNMENT OF SINDH - PROVINCIAL PENSION FUND	13,000,000	0.30
404	15024-27	INTERACTIVE SECURITIES (PVT) LIMITED	15,000	0.00
405	15073-22	AKY SECURITIES (PVT) LTD.	9,369	0.00
406	15818-21	RELIANCE SECURITIES LIMITED	40,500	0.00
407	15867-26	MARGALLA FINANCIAL (PRIVATE) LIMITED	1,400	0.00
408	16212-23	KASB SECURITIES LIMITED - MF	51,700	0.00
		408	38,326,085	0.89
	Total	23443	4,300,928,400	100.00



# Abbreviations

AGM	Annual General Meeting
AOC	Attock Oil Company
BD	Business Development
BESOS	Benazir Employees Stock Option Scheme
BTU	British Thermal Unit
CBA	Collective Bargaining Agent
CDC	Central Depository Company
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CNIC	Computerized National Identity Card
D&PL	Development and Production Lease
DFI	Development Finance Institution
DGPC	Directorate General of Petroleum Concessions
DSC	Defence Saving Certificate
E&E	Exploration and Evaluation
E&P	Exploration and Production
EBITDA	Earnings before Interest, Tax, Depreciation and Amortization
EG	Executive Grade
ENI	Eni Pakistan Limited
EPCC	Engineering, Procurement, Construction and Commissioning
ERP	Enterprise Resource Planning
FBR	Federal Board of Revenue
FTW	Floating Treatment Wetland
GHPL	Government Holdings (Private) Limited
GoP	Government of Pakistan
HSE	Health, Safety and Environment
HSFO	High Sulphur Fuel Oil
IAS	International Accounting Standards
IASB	International Accounting Standards Board
ICI	Imperial Chemical Industries
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
IPRTOC	IPR Transoil Corporation
ISE	Islamabad Stock Exchange
ISO	International Organization for Standardization
JV	Joint Venture
km	Kilometer
KPD	Kunnar Pasakhi Deep
KPK	Khyber Pakhtunkhwa
KPOGCL	Khyber Pakhtunkhwa Oil and Gas Company Limited

KUPPEC	Kuwait Foreign Petroleum Exploration Company
LED	Light Emitting Diode
LPG	Liquefied Petroleum Gas
MBA	Master of Business Administration
Mcf	Thousand cubic feet
MENA	Middle East and North Africa
ML	Mining Lease
MMcf	Million cubic feet
MOL	MOL Pakistan Oil & Gas Co. B.V.
MOU	Memorandum of Understanding
MP&NR	Ministry of Petroleum & Natural Resources
MPCL	Mari Petroleum Company Limited
NBFI	Non-Bank Financial Institution
NGL	Natural Gas Liquids
NHA	National Highway Authority
NIT	National Investment Trust
OEET	OGDCL Employees Empowerment Trust
OGRA	Oil & Gas Regulatory Authority
OHSAS	Occupational Health and Safety Assessment Series
OMV	OMV (Pakistan) Exploration Gmbh
OPL	Ocean Pakistan Limited
PEL	Petroleum Exploration (Pvt) Limited
PIB	Pakistan Investment Bond
PKPEL	Pakistan Petroleum Exploration Limited
PKR	Pak Rupee
POL	Pakistan Oilfields Limited
PPIS	Pakistan Petroleum Information Services
PPL	Pakistan Petroleum Limited
SECP	Securities and Exchange Commission of Pakistan
SEHCL	Sindh Energy Holding Company (Pvt) Limited
SEL	Saif Energy Limited
SEPL	Spud Energy Pty Limited
SHERRITT	Sherritt International Oil and Gas
SLIC	State Life Insurance Corporation of Pakistan
SNGPL	Sui Northern Gas Pipelines Limited
SOP	Standard Operating Procedure
sq. km	Square Kilometer
SSGCL	Sui Southern Gas Company Limited
TDR	Term Deposit Receipt
TFC	Term Finance Certificate
UEPL	United Energy Pakistan Limited
ZPCL	Zaver Petroleum Corporation Limited

# Form of Proxy/E-Voting

## 19th Annual General Meeting

### Option 1: Appointing other person as Proxy

I/We, \_\_\_\_\_ of \_\_\_\_\_ being a member of Oil and Gas Development Company Limited, holder of \_\_\_\_\_ Ordinary Share(s) as per Register Folio No. \_\_\_\_\_ hereby appoint Mr. \_\_\_\_\_ Folio No. (if member) \_\_\_\_\_ of \_\_\_\_\_ or failing him Mr. \_\_\_\_\_ Folio No. (if member) \_\_\_\_\_ of \_\_\_\_\_ as my/our proxy in my/our absence to attend and vote for me/us, and on my/our behalf at the Annual General Meeting/Extra Ordinary General Meeting of the Company to be held on \_\_\_\_\_ and at any adjournment thereof. Signed under my/our hand this \_\_\_\_\_ day of \_\_\_\_\_ 2016.

### Option 2: E-Voting as per The Companies (E-voting) Regulations, 2016

I/We, \_\_\_\_\_ of \_\_\_\_\_ being a member of Oil and Gas Development Company Limited, holder of \_\_\_\_\_ Ordinary share(s) as per Register Folio No. \_\_\_\_\_ hereby opt for e-voting through Intermediary and hereby consent the appointment of execution officer \_\_\_\_\_ as proxy and will exercise Proxy Electronic Voting as per The Companies (Proxy e-Voting) Regulations, 2016 and hereby demand for poll for resolutions.

My secured email address is \_\_\_\_\_, please send login details, password and electronic signature through email.

Signature of Shareholder \_\_\_\_\_  
(Signature should agree with the specimen signature registered with the Company)

Signed in the presence of:

Signature of Witness: \_\_\_\_\_

Signature of Witness: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Address: \_\_\_\_\_

CNIC No: 

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CNIC No: 

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#### Note:

1. This instrument appointing a proxy under option 1 shall be in writing under the hand of the appointer or his attorney duly authorized in writing, or if the appointer is a corporation either under the common seal or under the hand of an official or attorney so authorized.
2. The instrument appointing a proxy option 1 and the power of attorney or other authority (if any), under which it is signed or a notarially certified copy of that power of authority, shall be deposited at the office of the Company not less than 48 (forty eight) hours before the time for holding the meeting at which the person named in the instrument proposes to vote, and in default the instrument of a proxy shall not be treated as valid.
3. The instrument of e-voting under option 2 shall be deposited in advance in writing at least ten days before holding of Annual General Meeting, at the registered office of the Company at OGDCL House, Plot No. 3, F-6/G-6, Blue Area, Jinnah Avenue, Islamabad or through email info@ogdcl.com.

### Form for Video Conference Facility

I/We, \_\_\_\_\_ of \_\_\_\_\_, being member(s) of Oil and Gas Development Company Limited holder of Ordinary Share(s) as per Register Folio No. \_\_\_\_\_ hereby opt for Video Conference facility at \_\_\_\_\_.

\_\_\_\_\_  
Signature of Member



### Consent for Transmission of Audited Financial Statements through Email or Hard Copy

Share Registrar Department,  
Central Depository Company of Pakistan Limited  
CDC House, 99-B, Block 'B',  
S.M.C.H.S, Main Shaha-e-Faisal,  
Karachi -74400.

CNIC No:

Please specify one option i.e. email/hard copy and send this form duly filled and signed along with a copy of valid CNIC (in case of individual) to Share Registrar of the Company.





# Entry Card

## 19th Annual General Meeting

Register Folio No: \_\_\_\_\_ Number of Shares held: \_\_\_\_\_

Name of Shareholder: \_\_\_\_\_

CNIC No:

For beneficial owners as per CDC List

CDC participant I.D. No: \_\_\_\_\_

Sub-Account No: \_\_\_\_\_

[illegible]

Signature of Shareholder\_\_\_\_\_

**Note:**

1. The signature of the shareholder must tally with specimen signature already on the record of the Company.
2. The shareholders are requested to hand over the duly completed entry card at the counter before entering meeting premises.
3. This Entry Card is not transferable.







**Oil & Gas Development Company Limited**

OGDCL House, Plot No. 3, F-6/G-6, Blue Area,  
Jinnah Avenue, Islamabad - Pakistan.

[www.ogdcl.com](http://www.ogdcl.com)

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