



Oil & Gas Development Company Limited

Interim Report and Financial Information

Half Year Ended 31 December 2017



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Corporate Information

Board of Directors

Mr. Zahid Muzaffar	Chairman
Mr. Aurangzeb Haque	Director
Mr. Mohammad Jalal Sikandar Sultan	Director
Mr. Iskander Mohammed Khan	Director
Mr. Hamid Farooq	Director
Mr. Zafar Masud	Director
Mr. Rahmat Salam Khattak	Director
Prince Ahmed Omar Ahmedzai	Director
Major General Sohail Ahmad Khan (Retd.)	Director
Mr. Athar Hussain Khan Sial	Director
Mr. Zahid Mir	MD & CEO

(During the period under review, composition of the Board of Directors has changed upon resignation of Mr. Abid Saeed with effect from 24 November 2017).

Chief Financial Officer

Mr. Irteza Ali Qureshi

Company Secretary

Mr. Ahmed Hayat Lak

Auditors

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

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

Legal Advisor

M/s Khokhar Law Chambers

Tax Advisor

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

Registered Office

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

Phone: (PABX) + 92 51 9209811-8

Fax: + 92 51 9209804-6, 9209708

Website: www.ogdcl.com

Email: info@ogdcl.com

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

Email: info@cdcpak.com

Directors' Interim Review

The Board of Directors of Oil & Gas Development Company Limited (OGDCL) is pleased to present a concise review of OGDCL's operational and financial performance accompanied with condensed interim financial information for the half year ended 31 December 2017.

Exploration and Development Activities

OGDCL being the market leader in E&P sector of Pakistan holds the largest exploration acreage which as of 31 December 2017 stood at 104,384 sq. km representing 30% of the Country's total area under exploration (source: PPIS). Business exploration portfolio spreads across all four (4) provinces of the Country and currently constitute fifty three (53) owned and operated joint venture exploration licenses. Moreover, the Company possesses working interest in five (5) blocks operated by other exploration and production companies.

OGDCL in line with its exploration led growth strategy to enhance oil and gas reserves continued with seismic data acquisition, drilling of wells and processing/reprocessing of seismic data during July-December 2017. During the reporting period, Company's 3D and 2D seismic data acquisition is 53% and 32% of total seismic data acquired in the Country (source: PPIS) which being 305 sq. km (1H FY 2016-17: 1,019 sq. km) and 690 Line km (1H FY 2016-17: 2,039 Line km) respectively. The aforesaid seismic data acquisition is from the Company's exploratory blocks viz., LakhiRud, Rakshan, Kulachi, Pezu, Gurgalot, Soghri, Wali and Pasni West. Moreover, 2,307 sq. km of 3D and 1,780 Line km of 2D seismic data has been processed/reprocessed using in-house resources.

Regarding drilling activities during the period under review, OGDCL spud four (4) exploratory wells namely Qadir Wali-1, Shawa X-1, Urs-1 and Ganjo Takkar-1 and five (5) development wells namely Mela-6, Kunnar West-2, Pasahki North-3 and Qadirpur 25A & HRL-14. In addition, drilling and testing of eight (8) ongoing wells pertaining to previous fiscal year have been completed. The Company's drilling carried out at the wells during the six months period aggregated to 43,751 meters. Moving forward, the Company with an aim to boost its oil and gas reserves has incorporated shale gas/oil and tight gas/oil evaluation program in its drilling campaigns.

Discoveries

During the period under review, OGDCL's exploratory endeavors to locate new hydrocarbon reserves resulted in three (3) oil and gas discoveries having expected cumulative daily production of 45 MMcf of gas and 749 barrels of oil. These discoveries were witnessed at Bhambara-1 in district Sukkur, Tando Allah Yar South West-1 in district Hyderabad, Sindh province and Dhok Hussain-1 in district Kohat, KPK province. Preliminary reserves estimate attributable to aforesaid discoveries is 102.85 billion cubic feet of gas and 1.40 million barrels of oil combined 18.60 million barrels of oil equivalent.

Development Projects

OGDCL during the reporting period carried on the progressive activities for completion of its ongoing Nashpa development project. To this end, construction activities remained in progress while pre-commissioning work has started in December 2017. Incremental daily production envisaged upon completion of the project is 1,100 barrels of oil/NGL, 10 MMcf of gas and 340 Tons of LPG.

Apart from the above, KPD-TAY and Uch-II plants are functioning under normal operational mode whereby KPD-TAY field current daily production is around 4,000 barrels of oil, 195 MMcf of gas and 360 Tons of LPG while Uch-II field is daily contributing 130 MMcf of gas. Likewise, smooth production operations remained prevalent at Sinjhora field which on daily basis is presently producing around 2,800 barrels of oil, 32 MMcf of gas and 150 Tons of LPG.

Production

OGDCL's production strategy is focused on intensifying field development activities, completion of ongoing development projects and utilization of latest production techniques to augment oil and gas production volumes from owned and operated joint venture fields. In this pursuit, the Company during the period under review injected twelve (12) new operated wells; Pakhro-1, Dachrapur-3, Kunnar South-1, Chanda-4, Tando Allah Yar-1, Chandio-1, Moolan-1, Resham-1, Nandpur-10, and Qadirpur-58, HRL-12 & 14 in the production system, which cumulatively

yielded gross crude oil and gas production of 132,090 barrels and 4,540 MMcf respectively. Moreover, production testing has been carried out at Bitrism West-2 and Kunnar Deep-10. During July-December 2017, Company's production contributed around 48% and 28% of the Country's total oil and natural gas production respectively (source: PPIS).

In order to arrest natural decline and revive production from mature wells, OGDCL during the reporting period carried out successful workover jobs with rig at Kunnar-9 & 10 and Pasakhi-1 & 7. Likewise, carrying out of rig-less workover jobs (32 in numbers) to boost oil and gas volumes remained part and parcel of the production operations. Moreover to induce improvement in the current well flow parameters, pressure build-up survey jobs were completed at various wells of Kunnar, Soghri, Sinjhor, Qadirpur, Daru, Maru-Reti, Nim West and Dakhni fields. As part of preventive maintenance plan, Annual Turn Around (ATA) of plants were carried out at Sinjhor, Chanda, Kunnar, KPD-TAY, Uch, Nandpur/Panjpir and Dakhni/Soghri fields.

In comparison to the corresponding period last year, average daily net crude oil production clocked at 41,310 barrels per day showing a decline of 4% primarily owing to natural depletion at Kunnar, Palli, Pasakhi, Rajian, Mela and Nashpa fields. Moreover, short lifting of crude oil by refineries at Nashpa, shut-in of Baloch-1 since 14 April 2017 and down hole problem at Pasakhi-1 & 7, Mela-1 and Pasakhi North-1 coupled with production cessation at Chak 63-3 and Chak 66 NE-1 contributed to lower crude oil production. Likewise, 4% decrease is witnessed in average daily net saleable gas production which during the period is 1,009 MMcf per day mainly on account of natural decline at Loti, Pirkoh and Qadirpur fields. Additionally, less gas intake at Uch-II field by UPL-II owing to tripping of turbines, ATA at KPD-TAY with effect from 5-14 September 2017 and decline in production share from non-operated JV fields predominantly Miano, Badhra and Chaman influenced gas production.

OGDCL witnessed 70% surge in LPG production mainly due to production commencement from TAY field in conjunction with production increase from KPD and non-operated JV fields. Overall, rise in LPG production led the Company's sales volume to contribute positively towards the financial results for the half year ended 31 December 2017. Average daily net saleable production including share in both operated and non-operated JV fields during the period under review is as follows:

Products	Unit of Measurement	1H 2017-18	1H 2016-17
Crude oil	Barrels per day	41,310	42,880
Gas	MMcf per day	1,009	1,048
LPG	Tons per day	642	378
Sulphur	Tons per day	52	58

Moving forward, OGDCL is determined to carry on the exploration program, utilization of latest production techniques and advance reservoir management practices to mitigate and arrest natural decline in mature fields alongside maintaining financial discipline to continue the track record of delivering industry leading performance while preserving the Company's coveted status as market leader in terms of exploration acreage, 3D seismic data acquisition, oil and gas reserves and production volumes in the Country.

Financial Results

On the financial front, OGDCL continued to exhibit successful performance during the period under review. This is witnessed by the fact that the Company registered Sales Revenue and Profit before Tax of Rs 95.960 billion and Rs 52.029 billion (1H FY 2016-17: Rs 81.081 billion and Rs 40.503 billion) showing growth of 18% and 28% respectively. Sales are primarily supported by increase in average basket price of crude oil which during the six months period stood at US\$ 54.29/barrel against US\$ 46.19/barrel in the comparative period leading to higher

average realized price of US\$ 48.69/barrel against US\$ 41.46/barrel in the preceding period. Likewise, the Company recorded improvement in the realized price for gas and LPG averaging Rs 253.83/Mcf and Rs 53,591/ton compared with Rs 233.40/Mcf and Rs 37,710/ton respectively in the last period. Moreover, OGRA's wellhead price notification impact with respect to Mamikhel, Marmzai and Makori East fields amounting Rs 3.677 billion complemented by increase in LPG production and exchange rate to Rs 106.08/US\$ from Rs 104.91/US\$ in the corresponding period positively influenced the financials.

In addition to the above, OGDCL during July-December 2017 witnessed improvement in bottom line financial results due to decrease in exploration and prospecting expenditures partially offset by increased cost of three (3) wells declared dry and abandoned. Furthermore, increase in Share of profit in associate contributed favorably towards the Company's financial performance. However, financial results were partially offset mainly by decline in interest income on maturity of PIBs on 19 July 2017 and receipts on account of signature bonus combined with higher salaries, wages and benefits, depreciation of property, plant and equipment and taxation for the current period. Nevertheless, the Company registered Profit after Tax of Rs 36.672 billion (1H FY 2016-17: Rs 30.008 billion) translating into Earnings per Share of Rs 8.53 (1H FY 2016-17: Rs 6.98).

Dividend

The Board has announced second interim cash dividend of Rs 3.00 per share (30%) for the year ending 30 June 2018. This is in addition to the first interim cash dividend of Rs 1.75 per share (17.5%) already declared during the fiscal year.

Acknowledgement

The Board of Directors places on record its sincere appreciation for the continued patronage and cooperation extended by all the stakeholders that has always given the Company impetus to meet business challenges efficiently and effectively. While striding forward, OGDCL is committed to long term value creation through an approach that delivers maximum return to shareholders, maintains investment discipline and preserves a strong balance sheet by embedding high safety standards and social responsibility in the business operations.

On behalf of the Board



(Zahid Muzaffar)
Chairman

19 February 2018

Auditors' Report to the Members on Review of Condensed Interim Financial Information

Introduction

We have reviewed the accompanying condensed interim balance sheet of Oil and Gas Development Company Limited ("the Company") as at 31 December 2017 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and selected notes to the condensed interim financial information for the six-months period then ended (here-in-after referred to as the "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

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

Conclusion

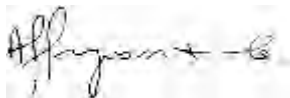
Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Emphasis of Matter

We draw attention to note 15.3 to the accompanying condensed interim financial information which inter alia describes matters relating to the Supplemental Agreements for certain Petroleum Concessions. Our conclusion is not modified in respect of these matters.

Other Matter

The figures for the three months period ended 31 December 2017 and 2016 in the condensed interim profit and loss account and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.



A.F. Ferguson & Co.
Chartered Accountants
Islamabad
19 February 2018

Engagement Partner: Asim Masood Iqbal



KPMG Taseer Hadi & Co.
Chartered Accountants
Islamabad
19 February 2018

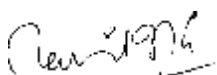
Engagement Partner: Inam-ullah Kakra

Condensed Interim Balance Sheet [unaudited]

As at 31 December 2017

		Unaudited 31 December 2017	Audited 30 June 2017
	Note	----- (Rupees '000)- -----	
SHARE CAPITAL AND RESERVES			
Share capital		43,009,284	43,009,284
Reserves	4	12,597,538	12,093,287
Unappropriated profit		477,920,018	457,881,766
		533,526,840	512,984,337
NON CURRENT LIABILITIES			
Deferred taxation		19,753,444	19,638,412
Deferred employee benefits		19,480,035	19,026,984
Provision for decommissioning cost		23,026,334	22,027,796
		62,259,813	60,693,192
CURRENT LIABILITIES			
Trade and other payables	5	60,474,417	53,610,444
		656,261,070	627,287,973
CONTINGENCIES AND COMMITMENTS			
	6		

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



Chief Executive

		Unaudited 31 December 2017	Audited 30 June 2017
	Note	- - - - - (Rupees '000) - - - - -	
NON CURRENT ASSETS			
Fixed assets			
Property, plant and equipment	7	126,399,530	128,336,018
Development and production assets - intangible	8	97,766,921	95,159,850
Exploration and evaluation assets	9	9,886,968	10,996,011
		234,053,419	234,491,879
Long term investments	10	36,211,170	42,665,810
Long term loans and receivable		7,320,101	6,817,374
Long term prepayments		668,573	852,691
		278,253,263	284,827,754
CURRENT ASSETS			
Stores, spare parts and loose tools		18,191,863	18,442,847
Stock in trade		331,460	376,390
Trade debts	11	132,016,403	118,574,468
Loans and advances	12	14,503,828	14,079,704
Deposits and short term prepayments		1,680,919	1,557,439
Interest accrued		21,252,067	21,873,164
Other receivables		255,238	440,997
Income tax - advance	13	44,451,765	49,601,329
Current maturity of term finance certificates and PIBs		61,500,000	102,059,086
Other financial assets	14	74,239,952	11,295,722
Cash and bank balances		9,584,312	4,159,073
		378,007,807	342,460,219
		656,261,070	627,287,973



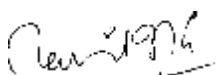
Director

Condensed Interim Profit and Loss Account [unaudited]

For Six Months Ended 31 December 2017

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

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



Chief Executive



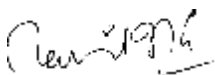
Director

Condensed Interim Statement of Comprehensive Income [unaudited]


For Six Months Ended 31 December 2017

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

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



Chief Executive



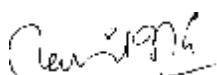
Director

Condensed Interim Cash Flow Statement [unaudited]


For Six Months Ended 31 December 2017

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

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



Chief Executive



Director

For Six Months Ended 31 December 2017

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

David

Chief Executive

James

Director

Selected Notes to and forming part of the Condensed Interim Financial Information [unaudited] For Six Months Ended 31 December 2017

1 LEGAL STATUS AND OPERATIONS

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

2 BASIS OF PREPARATION

This condensed interim financial information of the Company for the six months period ended 31 December 2017 has been prepared in accordance with the requirements of International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. The disclosures in this condensed interim financial information do not include those reported for full audited annual financial statements and should therefore be read in conjunction with the audited annual financial statements for the year ended 30 June 2017. Comparative balance sheet is extracted from the audited annual financial statements as of 30 June 2017, whereas comparative profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity are stated from unaudited condensed interim financial information for the six months period ended 31 December 2016.

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

This condensed interim financial information is unaudited and is being submitted to the members as required under Section 245 of Companies Ordinance, 1984 and Rule Book of Pakistan Stock Exchange Limited.

3 ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

The accounting policies, significant judgements made in the application of accounting policies, key sources of estimations, the methods of computation adopted in preparation of this condensed interim financial information and financial risk management policies are the same as those applied in preparation of annual audited financial statements for the year ended 30 June 2017.

		Unaudited 31 December 2017	Audited 30 June 2017
4 RESERVES	Note	----- (Rupees '000) -----	
Capital reserves:			
Capital reserve	4.1	836,000	836,000
Self insurance reserve	4.2	9,445,000	8,920,000
Capital redemption reserve fund - associated company	4.3	2,118,000	2,118,000
Self insurance reserve - associated company	4.4	120,000	120,000
Other reserves:			
Undistributed percentage return reserve - associated company	4.5	78,538	99,287
		<u>12,597,538</u>	<u>12,093,287</u>

Selected Notes to and forming part of the Condensed Interim Financial Information [unaudited] For Six Months Ended 31 December 2017

- 4.1 This represents bonus shares issued by former wholly owned subsidiary - Pirkoh Gas Company (Private) Limited (PGCL) prior to merger.
- 4.2 The Company has set aside a specific capital reserve for self insurance of rigs, buildings, wells, plants, pipelines, workmen compensation, vehicle repair and losses for petroleum products in transit. Refer note 10.1 and 10.2 for investments against this reserve. Accordingly, the reserve is not available for distribution to shareholders.
- 4.3 This represents Company's share of profit set aside by an associated company to redeem redeemable preference shares in the form of cash to the preference shareholders.
- 4.4 This represents Company's share of profit set aside by an associated company for self insurance of general assets, vehicles and personal accident for security personnel.
- 4.5 This represents Company's share of profit set aside by an associated company from distributable profits for the year related to undistributed percentage return reserve.

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

- 5.1 This includes an amount of Rs 14,871 million (30 June 2017: Rs 13,250 million) payable to OGDCL Employees' Empowerment Trust (OEET). The payment of dividend has been withheld since GoP is considering to revamp Benazir Employees' Stock Option Scheme (BESOS) as communicated to the Company by Privatization Commission of Pakistan (PCP). Further, PCP vide letter no. F. No. 12(1)L/PC/BESOS/2016 dated 16 August 2017 has informed that the matter of BESOS, as a scheme, is pending adjudication before the Honorable Supreme Court of Pakistan. Once finalized, OEET will be informed accordingly.

6 CONTINGENCIES AND COMMITMENTS

6.1 Contingencies

- 6.1.1 Claims against the Company not acknowledged as debts amounted to Rs 1,691.461 million at period end (30 June 2017: Rs 1,568.441 million).
- 6.1.2 Certain banks have issued guarantees on behalf of the Company in ordinary course of business aggregating Rs 1.281 million (30 June 2017: Rs 1.321 million).

Selected Notes to and forming part of the Condensed Interim Financial Information [unaudited] For Six Months Ended 31 December 2017

6.1.3 For contingencies related to tax matters, refer note 13.1 to 13.3 and note 17.1

6.1.4 For contingencies related to sales tax and federal excise duty, refer note 12.1 and 12.2

6.2 Commitments

6.2.1 Commitments outstanding at period end amounted to Rs 34,229.955 million (30 June 2017: Rs 30,237.700 million). These include amounts aggregating to Rs 20,840.893 million (30 June 2017: Rs 22,567.871 million) representing the Company's share in the minimum work commitments under Petroleum Concession Agreements.

6.2.2 Letters of credit issued by various banks on behalf of the Company in ordinary course of the business, outstanding at period end amounted to Rs 4,053.524 million (30 June 2017: Rs 6,644.095 million).

6.2.3 The Company's share of associate commitments for capital expenditure based on the latest available financial information of associate for the period ended 30 September 2017 was Rs 1,336.741 million (30 June 2017: Rs 1,280.869 million).

		Unaudited 31 December 2017	Audited 30 June 2017
7	PROPERTY, PLANT AND EQUIPMENT	----- (Rupees '000) -----	
	Carrying amount at beginning of the period/year	128,336,018	120,542,404
	Additions/adjustments during the period/year	7.1 3,750,783	18,348,662
	Book value of disposals	(18,179)	(104,450)
	Depreciation charge for the period/year	(5,669,092)	(10,033,682)
	Revision in estimate of decommissioning cost during the period/year	-	(416,916)
	Carrying amount at end of the period/year	7.2 126,399,530	128,336,018
7.1	Additions/adjustments during the period/year		
	Freehold land	-	8,068
	Buildings, offices and roads on freehold land	22,143	74,748
	Buildings, offices and roads on leasehold land	200,558	1,018,107
	Plant and machinery	6,366,867	48,419,917
	Rigs	49,349	87,789
	Pipelines	279,533	3,296,028
	Office and domestic equipment	24,981	92,521
	Office and technical data computers	44,695	84,930
	Furniture and fixture	4,233	8,078
	Vehicles	12,395	266,713
	Decommissioning cost	7,298	898,055
	Capital work in progress (net)	(3,563,776)	(35,507,054)
	Stores held for capital expenditure (net)	302,507	(399,238)
		3,750,783	18,348,662
7.2	Property, plant and equipment comprises:		
	Operating fixed assets	113,325,470	112,002,909
	Capital work in progress	10,592,298	14,156,074
	Stores held for capital expenditure	2,481,762	2,177,035
		126,399,530	128,336,018

Selected Notes to and forming part of the Condensed Interim Financial Information [unaudited]
For Six Months Ended 31 December 2017

		Unaudited 31 December 2017	Audited 30 June 2017
	Note	----- (Rupees '000)- -----	
8 DEVELOPMENT AND PRODUCTION ASSETS-INTANGIBLE			
Carrying amount at beginning of the period/year		95,159,850	87,990,960
Additions during the period/year		5,688,152	18,813,738
Transferred from exploration and evaluation assets during the period/year		3,907,528	3,360,821
Amortization charge for the period/year		(6,988,609)	(13,900,593)
Revision in estimates of decommissioning cost during the period/year		-	(1,105,076)
Carrying amount at end of the period/year		97,766,921	95,159,850
9 EXPLORATION AND EVALUATION ASSETS			
Balance at beginning of the period/year		8,720,362	5,153,857
Additions during the period/year		6,801,606	10,954,246
		15,521,968	16,108,103
Cost of dry and abandoned wells during the period/year		(4,008,106)	(4,026,920)
Cost of wells transferred to development and production assets during the period/year		(3,907,528)	(3,360,821)
		(7,915,634)	(7,387,741)
		7,606,334	8,720,362
Stores held for exploration and evaluation activities		2,280,634	2,275,649
Balance at end of the period/year		9,886,968	10,996,011
10 LONG TERM INVESTMENTS			
Investment in related party-associate, quoted Mari Petroleum Company Limited (MPCL)		6,505,604	5,108,472
Investments held to maturity			
Term Deposit Receipts (TDRs)	10.1	2,000,000	6,807,338
Investment in Treasury Bills	10.2	7,205,566	-
Investment in Pakistan Investment Bonds (PIBs)	10.3	-	50,809,086
Investment in Term Finance Certificates (TFCs)	10.4	82,000,000	82,000,000
		91,205,566	139,616,424
Less: Current maturity of TFCs and PIBs		(61,500,000)	(102,059,086)
		36,211,170	42,665,810

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

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

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

Selected Notes to and forming part of the Condensed Interim Financial Information [unaudited]

For Six Months Ended 31 December 2017

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

As per original terms, TFCs are for a period of seven (7) years including grace period of three (3) years carrying interest rate of KIBOR + 1%, payable semi-annually. The principal portion of these TFCs shall be paid in eight (8) equal installments starting from 42nd month of date of transaction. National Bank of Pakistan executed the transaction on 10 September 2012 as Trustee. These TFCs are secured by Sovereign Guarantee, covering the principal, markup, and/or any other amount becoming due for payment in respect of investment in TFCs. As per original terms, principal repayment amounting to Rs 41,000 million (30 June 2017: Rs 30,750 million) was past due as at 31 December 2017. Further, interest due as of 31 December 2017 was Rs 21,033 million (30 June 2017: Rs 18,989 million) of which Rs 19,218 million (30 June 2017: Rs 17,179 million) was past due as of the balance sheet date. The Company considers the principal and interest to be fully recoverable as these are backed by Sovereign Guarantee of Government of Pakistan.

On 23 October 2017, PHPL has communicated to the Company that a proposal was submitted by the Ministry of Energy (Power Division) to Economic Coordination Committee (ECC) of the Cabinet for extension in the tenure of TFCs of Rs 82 billion from 07 years to 10 years including extension in grace period from 03 years to 06 years. The ECC of the Cabinet considered and approved the proposal of Ministry of Energy (Power Division) subject to the condition that a revised term sheet, based on above, with the Company shall be agreed by PHPL. Pursuant to the approval, the principal installment payments shall be deferred till March 2019. PHPL has requested the Company to prepare revised term sheet for onward submission to Finance Division for approval. The Company has not yet agreed on the deferment plan and has requested Ministry of Energy to address the Company's point of view on overdue markup, etc and also define a mechanism of payments under the facility. Accordingly adjustments, if any, in the financial statements will be made on finalization of the matter.

11 TRADE DEBTS

Unaudited
31 December
2017

Audited
30 June
2017

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

Un-secured, considered good	132,016,403	118,575,727
Un-secured, considered doubtful	<u>110,730</u>	<u>110,730</u>
	132,127,133	118,686,457
Provision for doubtful debts	(110,730)	(110,730)
Trade debts written off	-	(1,259)
	<u>132,016,403</u>	<u>118,574,468</u>

- 11.1** Trade debts include overdue amount of Rs 91,472 million (30 June 2017: Rs 82,707 million) on account of Inter-Corporate Circular debt, receivable from oil refineries and gas companies out of which Rs 64,968 million (30 June 2017: Rs 64,660 million) and Rs 17,703 million (30 June 2017: Rs 13,048 million) is overdue from related parties, Sui Southern Gas Company Limited and Sui Northern Gas Pipeline Limited respectively. The Government of Pakistan (GoP) is pursuing for satisfactory settlement of Inter-Corporate Circular debt issue. The Company considers this amount to be fully recoverable.
- 11.2** Included in trade debts is an amount of Rs 3,671 million (30 June 2017: Rs 2,981 million) receivable from three Independent Power Producers and a fertilizer Company on account of Gas Infrastructural Development Cess (GIDC) and related sales tax paid/payable thereon.

12 LOANS AND ADVANCES

- 12.1** This includes an amount of Rs 3,180 million (30 June 2017: Rs 3,180 million) paid under protest to Federal Board of Revenue (FBR) on account of sales tax demand raised in respect of capacity invoices from Uch Gas Field for the period

Selected Notes to and forming part of the Condensed Interim Financial Information [unaudited] For Six Months Ended 31 December 2017

July 2004 to March 2011. Based on Sales Tax General Order (STGO) 1 of 2000 dated 24 January 2000, the matter was argued before various appellate forums, however, the Supreme Court of Pakistan finally decided the issue against the Company on 15 April 2013. The FBR granted time relaxation to the Company for issuance of debit note for an amount of Rs 750 million for the period April 2011 to May 2012, accounted for as trade debt. Uch Power Limited (UPL) challenged the grant of time relaxation to the Company by FBR before Islamabad High Court. On 27 December 2013, the Honorable Court decided the matter in favor of the Company. In light of the Islamabad High Court decision, the Company has applied to FBR for obtaining condonation of time limit for issuing debit notes to UPL/revision of sales tax returns for the remaining amount of Rs 3,180 million for the period July 2004 to March 2011 and currently the matter is pending with FBR.

UPL filed an Intra Court appeal against the decision of the Islamabad High Court (IHC). IHC through its order dated 17 November 2016 dismissed the intra court appeal in favour of the Company. UPL has filed Civil Petition for Leave to Appeal (CPLA) before the Honorable Supreme Court of Pakistan against the decision of IHC, which is yet not fixed for hearing. FBR has linked the disposal of OGDCL's condonation request with the outcome of UPL's aforementioned CPLA. The Company and its legal advisors are confident that CPLA of UPL before Honorable Supreme Court of Pakistan will also be decided in favour of the Company and required condonations will be obtained and the amount will be recovered from UPL. Accordingly no provision in this respect has been made in this condensed interim financial information.

- 12.2 This also includes recoveries of Rs 317 million (30 June 2017: Rs 317 million) made by the tax department against Sales Tax and Federal Excise Duty (FED) demand of Rs 6,968 million (30 June 2017: Rs 6,968 million) relating to periods July 2011 to June 2014. The Honorable Appellate Tribunal Inland Revenue (ATIR) has accepted the companies appeals for the period 2011-12, 2012-13 and 2013-14 and annulled the demands of Rs 260 million, Rs 1,821 million and Rs 4,887 million passed by the tax authorities being void ab-intio and without jurisdiction respectively.

		Unaudited 31 December 2017	Audited 30 June 2017
13	INCOME TAX-ADVANCE	Note	- - - - - (Rupees '000)- - - - -
	Income tax-advance at beginning of the period/year	49,601,329	41,599,042
	Income tax paid during the period/year	10,092,686	25,616,740
	Income tax recovered by tax authorities during the period/year	-	3,963
	Provision for current taxation-Profit and loss account	(15,242,250)	(21,275,147)
	Tax credit related to remeasurement loss on employee retirement benefit plans for the period/year-Other Comprehensive Income	-	3,656,731
	Income tax-advance at end of the period/year	13.1 to 13.3 44,451,765	49,601,329

- 13.1 This includes amount of Rs 17,819 million (30 June 2017: Rs 17,819 million) paid to tax authorities on account of disallowance of actuarial loss amounting to Rs 35,209 million which the Company claimed in its return for the tax years 2014, 2015 and 2016. This actuarial loss was recognized in the books as a result of retrospective application of IAS 19 (as revised in June 2011) 'Employee Benefits' from the year ended 30 June 2014 and onwards. The Company has filed an appeal against the order of CIRA in Appellate Tribunal Inland Revenue which is currently pending. The management, based on opinion of its tax consultant, believes that the actuarial loss is an admissible expense under the tax laws and there is reasonable probability that the matter will be decided in favor of the Company by appellate forums available under the law.

- 13.2 During the year ended 30 June 2014, tax authorities raised demands of Rs 13,370 million by disallowing effect of price discount on sale of crude from Kunnar field and have recovered Rs 5,372 million (30 June 2017: Rs 5,372 million) from the Company upto 31 December 2017. During the year ended 30 June 2015, appeal before Appellate Tribunal Inland Revenue (ATIR) against the said demands were decided against the Company. The Company filed a reference application before Islamabad High Court (IHC) against the decision of ATIR. The Islamabad High Court remanded the case back to ATIR with the instructions to pass a speaking order. Further, ATIR has granted stay for sixty days with effect from 12 January 2018 or till the decision of the appeals, whichever is earlier. Management and its legal advisor are of the view that the price discount is not income of the Company and hence not liable to tax. Accordingly, management is confident that the matter will be resolved in favor of the Company as the discounted price for Kunnar field was finally determined by the Ministry of Energy (Petroleum Division) and the total amount of price discount amount has been paid to the Government of Pakistan (GoP) upon directions from the Ministry of Finance, to this effect.

Selected Notes to and forming part of the Condensed Interim Financial Information [unaudited] For Six Months Ended 31 December 2017

- 13.3 Income tax advance includes Rs 3,580 million (30 June 2017: Rs 3,580 million) mainly on account of disallowances made by the Additional Commissioner Inland Revenue (ACIR) against workers' profit participation fund expense for tax year 2016 and decommissioning cost for tax year 2015 claimed by the Company in its return of income for the years ended 30 June 2015 and 2016. The Company has filed appeals with ATIR against the said disallowances. Management believes that these disallowances are against income tax laws and regulations and accordingly no provision has been made in this respect in this condensed interim financial information.

		Unaudited 31 December 2017	Audited 30 June 2017
14 OTHER FINANCIAL ASSETS	Note	- - - - - (Rupees '000) - - - - -	
Investment in Term Deposits	14.1	17,791,608	10,915,518
Investment in T-Bills	14.2	56,127,935	-
Investment at fair value through profit or loss - NIT units		320,409	380,204
		<u>74,239,952</u>	<u>11,295,722</u>

- 14.1 This includes foreign currency TDRs amounting to USD 161.244 million (30 June 2017: USD 104.086 million), carrying interest rate ranging from 2.31% to 3.35% (30 June 2017: 2.75% to 3.35%) per annum, having maturities of six months (30 June 2017: six months).

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

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

- 15.1 Gas sales include sales from Uch II and Nur-Bagla fields invoiced on provisional prices. There may be adjustment in revenue upon issuance of final wellhead prices notification by Ministry of Energy (Petroleum Division), impact of which cannot be determined at this stage.
- 15.2 Kunnar Pasahki Deep (KPD) field final prices will be agreed between Sui Southern Gas Company Limited and the Company upon execution of Gas Sale Agreement (GSA) and adjustment, if any, will be incorporated in the books on finalization of GSA. Additionally credit and debit notes M/s Jamshoro Joint Venture Limited issued in prior years are on provisional basis.
- 15.3 In respect of six of its operated concessions, namely, Gurgulot, Sinjhor, Bitrisim, Khewari, Nim and TAY Blocks and one non-operated Tal Block, Petroleum Concession Agreements (PCAs) were executed under the framework of Petroleum

Selected Notes to and forming part of the Condensed Interim Financial Information [unaudited] For Six Months Ended 31 December 2017

Policies 1994 and 1997. Later on, in pursuance to the option available under Petroleum Policy 2012, the Tal Block working interest owners wherein the Company's working interest is 27.7632% signed the Supplemental Agreement (SA) dated 28 August 2015 with the GoP for conversion of eligible existing and future discoveries under Tal PCA to the Petroleum Policy (PP), 2012. Further for aforementioned operated Concessions the Company also signed the SAs for conversion to PP 2012. Under the said arrangement, price regimes prevailing in PP 2007, PP 2009 and PP 2012 in terms of PP 2012 shall be applicable, correlated with the spud dates of the wells in the respective policies starting from 27 November 2007. The conversion package as defined in the SAs included windfall levy on natural gas only.

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

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

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

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

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

		Three months ended 31 December		Six months ended 31 December	
		2017	2016	2017	2016
16	OTHER INCOME	(Rupees '000)			
	Note	-----			
		2,744,051	3,072,974	5,443,854	6,468,900
		-	-	20,431	20,431
		(26,152)	63,791	(59,796)	101,657
		609,945	(61,458)	671,153	88,618
	16.1	183,162	832,546	338,995	2,176,612
		45,005	339,705	252,066	452,531
		<u>3,556,011</u>	<u>4,247,558</u>	<u>6,666,703</u>	<u>9,308,749</u>

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

Selected Notes to and forming part of the Condensed Interim Financial Information [unaudited]
For Six Months Ended 31 December 2017

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

- 17.1 Various appeals in respect of assessment years 1992-93 to 2002-03, tax years 2003 to 2016 are pending at different appellate forums in the light of the order of the Commissioner of Inland Revenue (Appeals) and decision of the Adjudicator, appointed by both the Company as well as the Federal Board of Revenue (FBR) mainly on the issues of decommissioning cost, depletion allowance, prospecting, exploration and development expenditure, tax rate and super tax. Total amount of tax demand against the major issues, raised in respect of assessment years 1992-93 to 2002-03 and tax years 2003-2016 amounts to Rs 77,037 million out of which an amount of Rs 73,696 million has been paid to tax authorities. Also refer to note 13.1 to 13.3 of the condensed interim financial information.

	Three months ended 31 December		Six months ended 31 December	
	2017	2016	2017	2016
18 EARNINGS PER SHARE-BASIC AND DILUTED				
Profit for the period (Rupees '000)	19,662,050	15,376,850	36,671,577	30,008,404
Average number of shares outstanding during the period ('000)	4,300,928	4,300,928	4,300,928	4,300,928
Earnings per share-basic (Rupees)	<u>4.57</u>	<u>3.58</u>	<u>8.53</u>	<u>6.98</u>

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

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

20 RELATED PARTIES TRANSACTIONS

Government of Pakistan owns 74.97% (31 December 2016: 74.97%) shares of the Company. Therefore, all entities owned and controlled by the Government of Pakistan are related parties of the Company. Other related parties comprise associated company, major shareholders, directors, companies with common directorship, key management personnel, OGDCL employees empowerment trust and employees pension trust. The Company in normal course of business pays for electricity, gas and telephone to entities controlled by Government of Pakistan which are not material, hence not disclosed in this condensed interim financial information. Transactions of the Company with related parties and balances outstanding at period end are as follows:

Selected Notes to and forming part of the Condensed Interim Financial Information [unaudited]
For Six Months Ended 31 December 2017

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

Selected Notes to and forming part of the Condensed Interim Financial Information [unaudited]
For Six Months Ended 31 December 2017

Six month ended 31 December

2017

2016

RELATED PARTIES TRANSACTIONS - Continued

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

Sui Southern Gas Company Limited

Sale of natural gas	17,908,258	15,219,186
Pipeline rental charges	18,330	18,330
Trade debts as at 31 December	71,411,453	71,715,692

Pakistan State Oil Company Limited

Sale of liquefied petroleum gas	282,786	98,067
Purchase of petroleum, oil and lubricants	1,716,611	1,673,911
Trade debts as at 31 December	1,867	1,867
Payable as at 31 December	2,800	2,500

National Insurance Company Limited

Insurance premium paid	241,763	193,867
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National Logistic Cell

Crude transportation charges paid	405,597	508,288
Payable as at 31 December	407,642	482,280

Enar Petrotech Services Limited

Consultancy services	10,797	34,479
Payable as at 31 December	1,239	72

Enar Petroleum Refining Facility

Sale of crude oil	5,021,941	3,922,135
Trade debts as at 31 December	1,615,750	910,083

Other related parties

Contribution to staff benefit funds	3,299,021	1,591,323
Remuneration including benefits and perquisites of key management personnel	339,850	268,378

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

21 RISK MANAGEMENT

Financial risk management objectives and policies are consistent with that disclosed in the annual audited financial statements for the year ended 30 June 2017.

22 NON ADJUSTING EVENT AFTER BALANCE SHEET DATE

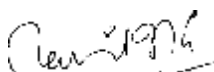
- 22.1 The Board of Directors approved interim cash dividend at the rate of Rs 3.00 per share amounting to Rs 12,903 million in its meeting held on 19 February 2018.

23 DATE OF AUTHORIZATION FOR ISSUE

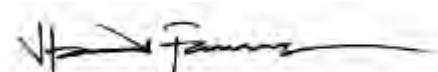
These condensed interim financial information was authorized for issue on 19 February 2018 by the Board of Directors of the Company.

24 GENERAL

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



Chief Executive



Director

کیا (30.008 ارب روپے: 1H FY2016-17) جو کہ 8.53 روپے فی حصہ کی آمدن پر منتج ہوا ہے (6.98 روپے 1H)
FY2016-17:

منافع منقسمہ

بورڈ نے 30 جون 2018 کو اختتام پذیر ہونے والے مالی سال کے لئے دوسرے عبوری نقد منافع منقسمہ 3 روپے فی شیئر (30 فیصد) کا اعلان کیا ہے۔ یہ منافع منقسمہ مالی سال کے دوران پہلے اعلان کردہ عبوری منافع منقسمہ 1.75 روپے فی شیئر (17.5 فیصد) کے علاوہ ہے۔

اظہار تشکر

بورڈ آف ڈائریکٹرز تمام شراکت داروں کی مسلسل حمایت اور تعاون پر ان کو پر خلوص خراج تحسین پیش کرتا ہے جو کہ کمپنی کو موثر طور پر کاروباری چیلنجز سے نمٹنے کے لئے قوت محرکہ فراہم کرتے ہیں۔ آگے بڑھتے ہوئے، OGDCL اپنے بزنس آپریشنز میں اعلیٰ حفاظتی معیارات اور سماجی ذمہ داری کو شامل رکھتے ہوئے طویل المیعاد افزائش قدر (value creation) کے لیے پرعزم ہے بذریعہ اس حکمت عملی کے جو شیئر ہولڈرز کو بہتر سرمائے کی واپسی، سرمایہ کاری میں نظم اور مضبوط بیلنس شیٹ کے استحکام کو یقینی بنائے۔

بورڈ کی جانب سے

(زاہد مظفر)

چیئر مین

19 فروری 2018

OGDCL نے LPG کی پیداوار میں 70 فیصد کا اضافہ ریکارڈ کیا جس کی بنیادی وجہ TAY فیلڈ سے پیداوار کے آغاز کے ساتھ ساتھ KPD اور غیر انتظام شدہ مشترکہ فیلڈز سے پیداوار میں اضافہ ہے۔ مجموعی طور پر LPG کی پیداوار میں بڑھوتری کے نتیجے میں کمپنی کے فروخت کے حجم نے 31 دسمبر 2017 کو ختم ہونے والے نصف سال کے مالیاتی نتائج پر مثبت اثر ڈالا۔ زیر جائزہ دورانیے میں OGDCL کی بشمول اپنے زیر انتظام اور غیر انتظام شدہ مشترکہ فیلڈز سے خام تیل، گیس، LPG اور سلفر کی یومیہ قابل فروخت قطعی پیداوار کی تفصیل درج ذیل ہے:

مصنوعات	پیمائش کی اکائیاں	پہلی ششماہی 2017-18	پہلی ششماہی 2016-17
خام تیل	بیرلز یومیہ	41,310	42,880
گیس	MMcf یومیہ	1,009	1,048
LPG	ٹن یومیہ	642	378
سلفر	ٹن یومیہ	52	58

آگے بڑھتے ہوئے، OGDCL تلاش کی سرگرمیوں، جدید پیداواری ٹیکنیک اور ذخائر کی نگہداشت کے بہتر طریقہ کار بروئے کار لاتے ہوئے پختہ فیلڈز سے تیل اور گیس کی قدرتی کمی کو کم کرنے اور اس پر قابو پانے کے ساتھ ساتھ مالیاتی نظم و ضبط قائم رکھنے کے عزم پر کاربند ہے تاکہ انڈسٹری میں نمایاں کارکردگی کے ٹریک ریکارڈ کو جاری رکھا جائے اور تلاش کے رقبے، 3D سیسمک ڈیٹا کے حصول، ملک میں تیل و گیس کے ذخائر اور پیداواری حجم کی مد میں مارکیٹ لیڈر شپ کا مرتبہ بھی قائم رہے۔

مالیاتی نتائج

مالیاتی محاذ پر، OGDCL نے زیر جائزہ مدت کے دوران کامیاب کارکردگی کو جاری رکھا۔ یہ حقیقت اس بات سے عیاں ہے کہ کمپنی کی آمدن اور قبل از ٹیکس منافع بالترتیب 95.960 ارب روپے اور 52.029 ارب روپے (FY 2016-17: 81.081:1H ارب روپے اور 40.503 ارب روپے) ریکارڈ کیے گئے جو کہ بالترتیب 18 فیصد اور 28 فیصد کا اضافہ ظاہر کرتے ہیں۔ چھ ماہ کے دورانیے میں بہتر آمدن کی وجہ تیل کی اوسط باسکٹ قیمت اور حاصل شدہ قیمت میں مثبت تبدیلی ہے جو کہ بالترتیب 54.29 امریکی ڈالر فی بیرل اور 48.69 امریکی ڈالر فی بیرل ریکارڈ کی گئی جبکہ تقابلی دورانیہ میں یہ قیمتیں بالترتیب 46.19 امریکی ڈالر فی بیرل اور 41.46 امریکی ڈالر فی بیرل تھیں۔ اسی طرح کمپنی نے گیس اور LPG کی اوسط حاصل شدہ قیمت میں بہتری ریکارڈ کی جو بالترتیب 253.83 روپے فی Mcf اور 53,591 روپے فی ٹن رہیں اور تقابلی دورانیہ میں یہ قیمتیں بالترتیب 233.40 روپے فی Mcf اور 37,710 روپے فی ٹن تھیں۔ اس کے علاوہ، مامی خیل، مرم زئی اور مکوڑی ایسٹ فیلڈز کی بابت اوگرا (OGRA) کے ویل ہیڈ قیمت کا نوٹیفیکیشن جس کا تخمینہ 3.677 ارب روپے ہے بشمول LPG کی پیداوار میں اضافے اور شرح مبادلہ کے بڑھنا جو کہ تقابلی مدت میں 104.91 روپے فی امریکی ڈالر سے 106.08 روپے فی امریکی ڈالر کو پہنچا زیر جائزہ دورانیے میں مالیات پر مثبت اثرات مرتب کیے۔

مذکورہ بالا کے علاوہ، OGDCL نے جولائی تا دسمبر 2017 کے دوران تلاش اور prospecting اخراجات میں کمی کی بنا پر زیر خط مالیاتی نتائج میں بہتری کا مشاہدہ کیا جبکہ 3 کنوؤں کے خشک اور متروک قرار دیئے جانے پر بڑھے ہوئے اخراجات مالیاتی نتائج پر جزوی طور پر اثر انداز ہوئے۔ مزید برآں، شرکت میں منافع کے حصہ میں بہتری نے کمپنی کی مالیاتی کارکردگی میں موافق کردار ادا کیا۔ تاہم 19 جولائی 2017 کو PIBs کی مدت پوری ہونے پر منافع کی آمدنی اور signature bonus کی مددیں وصولیوں میں کمی کے علاوہ زیادہ تنخواہوں، اُجرتوں اور اثاثہ جات، پلانٹ اور آلات کی فرسودگی اور حالیہ عرصے میں ٹیکس نے مالیاتی نتائج پر جزوی طور پر اثر ڈالا۔ ان سب کے باوجود، کمپنی نے 36.672 ارب روپے بعد از ٹیکس منافع درج

ترقیاتی منصوبہ جات

OGDCL نے زیر جائزہ مدت کے دوران زیر تکمیل خپہ ترقیاتی منصوبے پر ترقیاتی سرگرمیوں کو جاری رکھا۔ اس ضمن میں تعمیراتی کام جاری ہے جبکہ پری کمیشننگ کا کام دسمبر 2017 میں شروع ہو گیا ہے۔ منصوبے کی تکمیل پر 1,100 بیرل تیل / این جی ایل، 10MMcf گیس اور 340 ٹن LPG کی اضافی یومیہ پیداوار متوقع ہے۔

مذکورہ بالا کے علاوہ، KPD-TAY اور اُچ-II پلانٹس نائل آپریشنل موڈ پر فنکشننگ کر رہے ہیں جبکہ KPD-TAY فیلڈ کی موجودہ یومیہ پیداوار تقریباً 4,000 بیرل تیل، 195MMcf گیس اور 360 ٹن LPG ہے اور اُچ-II فیلڈ کی یومیہ پیداوار 130MMcf گیس ہے۔ اسی طرح، تنجھورو فیلڈ پر پیداواری سرگرمیاں معمول کے مطابق جاری رہیں اور تنجھورو یومیہ بنیادوں پر اس وقت 2,800 بیرل تیل، 32MMcf گیس اور 150 ٹن LPG کی پیداوار فراہم کر رہا ہے۔

پیداوار

OGDCL کی پیداواری حکمت عملی فیلڈ میں ترقیاتی سرگرمیوں کو تیز کرنے، جاری شدہ ترقیاتی منصوبوں کی تکمیل اور جدید پیداواری تکنیک کو استعمال کرتے ہوئے اپنے کل ملکیتی اور مشترکہ فیلڈز سے تیل و گیس کے پیداواری حجم کو بڑھانے پر مرکوز ہے۔ کمپنی نے زیر جائزہ مدت کے دوران مجموعی پیداوار اکٹھے کرنے کے نظام میں اپنے زیر انتظام 12 نئے کنونین شامل کئے جن میں پاکھر و-1، ڈچرا پور-3، کٹر ساؤتھ-1، چندل-4، ٹنڈ والہ یار-1، چانڈیو-1، مولن-1، ریشم-1، نند پور-10 اور قادر پور-58، HRL-12 اور 14 شامل ہیں جن سے مجموعی طور پر تیل اور گیس کی بالترتیب 132,090 بیرلز اور 4,540MMcf حاصل ہوئی۔ مزید برآں، ہٹرز م ویسٹ-2 اور کٹر ڈیپ-10 پر آزمائشی کام مکمل کیا جا چکا ہے۔ جولائی تا دسمبر 2017 کے دوران ملک کی تیل اور قدرتی گیس کی مجموعی پیداوار میں کمپنی کا حصہ بالترتیب 48 فیصد اور 28 فیصد رہا (ماخذ: PPIS)۔

زیر جائزہ مدت میں OGDCL نے پختہ کنوؤں کی پیداوار میں قدرتی کمی پر قابو پانے اور پیداوار کی بحالی کے لیے کٹر-9 اور 10 اور پساخی-1 اور 7 پر رگ کے ساتھ کامیاب ورک اور سرانجام دیئے۔ اسی طرح تیل و گیس کے حجم میں اضافے کیلئے رگ لیس ورک اور وز (تعداد میں 32) بھی پیداواری سرگرمیوں کا حصہ رہے۔ اس کے علاوہ، کنوؤں کے بہاؤ کے موجودہ دائرہ کار میں بہتری لانے کیلئے کٹر، سوغری، تنجھورو، قادر پور، دارو، ماروری، نم ویسٹ اور دھنی فیلڈز کے متعدد کنوؤں پر دباؤ بننے کے سروے کا کام بھی مکمل کیا۔ حفاظتی مینٹیننس پلان کی سخت تنجھورو، چندا، کٹر، KPD-TAY، اُچ-II، نند پور / پنچ بیر اور دھنی / سوغری فیلڈز پر سالانہ ٹرن اراؤنڈ (ATA) سرانجام دیا گیا۔

گزشتہ سال اسی عرصے کے مقابلے میں خام تیل کی اوسط یومیہ قطعی پیداوار میں 4 فیصد کمی کی وجہ سے 41,310 بیرلز یومیہ رہی جسکی بنیادی وجہ کٹر، پالی، پساخی، راجیان، میلہ اور خپہ فیلڈز میں قدرتی کمی تھی۔ مزید برآں، ریفائنریز کا خپہ سے کم تیل اٹھانے، 14 اپریل 2017 سے بلوچ-1 کی بندش اور پساخی-1 اور 7، میلہ-1 اور پساخی ناتھ-1 میں زیر کنوؤں مسائل کے ساتھ ساتھ چک-3 اور چک-66 NE-1 میں پیداوار کی بندش کی وجہ سے خام تیل کی کم پیداوار ریکارڈ کی گئی۔ اسی طرح زیر جائزہ مدت کے دوران گیس کی اوسط یومیہ قطعی قابل فروخت پیداوار میں 4 فیصد کمی دیکھی گئی جس کی وجہ سے گیس کی یومیہ پیداوار 1,009 MMcf رہی۔ اس کی بنیادی وجہ لوٹی، پیرکوہ اور قادر پور فیلڈز میں قدرتی کمی ہے۔ علاوہ ازیں، اُچ-II فیلڈ پر UPL-II کے ٹربائنز کی ٹرپنگ کی وجہ سے کم گیس کا حصول، KPD-TAY فیلڈ پر 5 تا 14 ستمبر 2017 تک ATA اور غیر انتظام شدہ مشترکہ فیلڈز جن میں نمایاں طور پر مینانو، بدھر اور چن شامل ہیں پیداواری حصے میں کمی نے گیس کی پیداوار پر منفی اثر ڈالا۔

ڈائریکٹر زکا عبوری جائزہ

آئل اینڈ گیس ڈویلپمنٹ کمپنی لمیٹڈ (OGDCL) کے بورڈ آف ڈائریکٹر 31 دسمبر 2017 کو مکمل ہونے والی ششماہی میں کمپنی کی آپریشنل اور مالیاتی کارکردگی اور عبوری مالیاتی معلومات کا مختصر جائزہ پیش کرتے ہوئے مسرت کا اظہار کرتے ہیں۔

تیل اور گیس کی تلاش اور ترقیاتی سرگرمیاں

OGDCL پاکستان کے E&P شعبے میں بطور مارکیٹ لیڈر ہونے کے ناطے تلاش کا سب سے بڑا رقبہ رکھتی ہے جو کہ 31 دسمبر 2017 کو 104,384 مربع کلومیٹر تھا اور ملک کے زیر تلاش رقبے کا 30 فیصد خاطر کرتا ہے (ماخذ: PPIS)۔ برنس کے تلاش کے اثاثہ جات ملک کے چاروں صوبوں میں پھیلے ہوئے ہیں اور موجودہ تلاش کے اجازت نامے 53 کل ملکیتی اور مشترکہ بلاکس پر مشتمل ہیں۔ ان کے علاوہ دیگر کمپنیوں کے زیر انتظام تلاش و پیداوار کے رقبے میں 5 بلاکس میں عملی مفادات (working interest) شامل ہیں۔

OGDCL نے تلاش کی حکمت عملی کے تحت تیل و گیس کے ذخائر میں اضافے کے حصول کے لیے جولائی تا دسمبر 2017 کے دوران سیمسم ڈیٹا کے حصول، کنوؤں کی کھدائی اور سیمسم ڈیٹا کی پروسسنگ/ری پروسیسنگ کے کام کو جاری رکھا۔ زیر جائزہ مدت کے دوران کمپنی کا 3D اور 2D سیمسم ڈیٹا ملک بھر میں حاصل کردہ سیمسم ڈیٹا کا بالترتیب 53 فیصد اور 32 فیصد ہے (ماخذ: PPIS) جو کہ بالترتیب 305 مربع کلومیٹر (1,019 مربع کلومیٹر: 1H FY2016-17) اور 690 لائن کلومیٹر (2,039 لائن کلومیٹر: 1H FY2016-17) بنتا ہے۔ مذکورہ بالا سیمسم ڈیٹا کا حصول کمپنی کے زیر تلاش بلاکس بنام لکھی رو، رکشاں، کلاچی، پیزو، گرگا لوٹ، سوغری، والی اور پسینی ویسٹ سے ہے۔ مزید برآں، 2,307 مربع کلومیٹر 3D اور 1,780 لائن کلومیٹر 2D سیمسم ڈیٹا کو اپنے ذرائع سے پروسس/ری پروسیس کیا گیا۔

کھدائی کی سرگرمیوں کی مدد میں زیر جائزہ دورانیہ میں OGDCL نے 4 آزمائشی کنوئیں بنام قادر والی-1، شاہ وا X-1، عرس-1 اور گنچو لکر-1 اور 5 پیداواری کنوئیں بنام میلہ-6، کنفر ویسٹ-2، پساخی ناتھ-3 اور قادر پور A-25 اور HRL-14 کی کھدائی کی۔ علاوہ ازیں، مالی سال 2016-17 سے جاری 8 کنوؤں کی کھدائی اور جانچ بھی مکمل کی۔ کمپنی نے چھ ماہ کی مدت کے دوران کنوؤں کی ڈرائنگ کے نتیجے میں مجموعی طور پر 43,751 میٹر کی کھدائی ریکارڈ کی۔ آگے بڑھتے ہوئے، کمپنی نے تیل اور گیس کے ذخائر میں اضافے کیلئے شیل گیس/تیل اور ٹائٹ گیس/تیل کے تشخیصی پروگرام کو کنوؤں کی کھدائی میں شامل کر لیا ہے۔

دریافتیں

نئے ہائیڈروکاربن ذخائر کی تلاش کی کوششوں کی بدولت OGDCL نے زیر جائزہ مدت کے دوران 3 نئی تیل و گیس کی دریافتیں کیں جن کی ممکنہ مجموعی یومیہ پیداوار 45 MMcf گیس اور 749 بیرلز تیل ہے۔ یہ دریافتیں بھامبرا-1 ضلع سکھر، ٹنڈوالہ یار ساوتھ ویسٹ-1 ضلع حیدرآباد، صوبہ سندھ اور ڈھوک حسین-1 ضلع کوہاٹ، صوبہ خیبر پختونخواہ میں ہیں۔ مذکورہ دریافتوں کے حوالے سے ابتدائی مجموعی ذخائر کا تخمینہ 102.85 بلین کیوبک فیٹ گیس اور 1.40 بلین بیرلز تیل ہے جو کہ مشترکہ طور پر 18.60 بلین بیرلز تیل کے مساوی ہے۔



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