



Interim Report and
Financial Information
Nine Months Ended 31 March 2019



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Corporate Information

Board of Directors

Dr. Qamar Javaid Sharif	Chairman
Dr. Akhtar Nazir	Director
Mian Asad Hayaud Din	Director
Mr. Sher Afgan Khan	Director
Mr. Mohammad Younus Dagha	Director
Mr. Tariq Ali Shah	Director
Mr. Akbar Ayub Khan	Director
Mr. Saeed Ahmed Qureshi	Director
Ms. Sadia Khan	Director
Mr. Nessar Ahmed	Director
Mr. Saud S. Khawaja	Director
Mr. Zahid Mir	MD/CEO

OGDCL's Board has been restructured by the Government of Pakistan and aforementioned composition is w.e.f. 8 April 2019.

Chief Financial Officer

Mr. Irteza Ali Qureshi

Company Secretary

Mr. Ahmed Hayat Lak

Auditors

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

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

Legal Advisor

M/s Khokhar Law Chambers

Tax Advisor

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

Registered Office

OGDCL House, Plot No 3, F-6/G-6, Blue Area,

Jinnah Avenue, Islamabad.

Phone: (PABX) +92 51 9209811-8

Fax: +92 51 9209804-6, 9209708

Website: www.ogdcl.com

Email: info@ogdcl.com

Share Registrar

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 the Company's operational and financial performance accompanied with the unaudited condensed interim financial information for the nine months ended 31 March 2019.

Exploration and Development Activities

OGDCL being the market leader in E&P sector of Pakistan holds the largest exploration acreage which as of 31 March 2019 stood at 75,133 sq. kms representing 23% of the Country's total area under exploration (source: PPIS). Business exploration portfolio currently comprises forty two (42) owned and operated JV exploration licenses. Additionally, the Company possesses working interest in five (5) exploration blocks operated by other E&P companies.

With an aim to unlock value in the operated assets and optimize production, OGDCL during the period under review acquired 707 Line kms of 2D (9M 2017-18: 1,582 Line kms) and 620 sq. kms of 3D (9M 2017-18: 461 sq. kms) seismic data. Aforementioned, 2D and 3D seismic data acquisition represents 55% and 47% of total seismic data acquired in the Country respectively (source: PPIS). Moreover, 5,088 Line kms of 2D seismic data has also been processed/reprocessed using in-house resources.

In addition to the above, OGDCL during the reporting period spud eleven (11) wells comprising six (6) exploratory/appraisal wells namely Siab-1, Qadirpur Deep X-1, Garhi X-2, Mangrio-1, Pandhi-1 and Togh-1 and five (5) development wells namely Pasakhi NE-2, Chanda-5, Pasakhi West Deep-2, Qadirpur-60 & 61. Furthermore, drilling and testing of seven (7) wells pertaining to previous fiscal years have also been completed during the nine months.

Discoveries

OGDCL's exploratory endeavors to discover new hydrocarbon reserves during the period under review yielded two (2) oil and gas discoveries namely Chanda-1 and Mela-5 in district Kohat, KPK province. Expected cumulative daily production potential attributable to aforesaid discoveries is 795 barrels of oil and 2.45 MMcf of gas whereas preliminary reserves estimate is 89.80 billion cubic feet of gas and 9.33 million barrels of oil; combined 25.62 million barrels of oil equivalent.

Development Projects

During the period under review, technical and financial evaluation for hiring of EPCC contractor for Nashpa compression project has been completed and expected completion date of project is June 2020. Regarding Dhok Hussain development project, installation work with respect to gas processing facilities has been completed and supply of gas is subject to laying of gas pipeline by SNGPL. Likewise, up-gradation of plant facilities at Mela field and laying of gas pipeline to Nashpa plant for LPG and NGL extraction are in progress and Mela project is anticipated to be completed in December 2019.

Production

OGDCL's production strategy is aimed at intensifying field development activities, completion of ongoing development projects and utilization of latest production techniques to maintain and optimize oil and gas output. In this respect, the Company during nine months contributed around 45% and 29% of Country's total oil and gas production respectively. Moreover, eight (8) new operated wells; Khirun-1, Nandpur-1, Kunnar-12, Nim-1, Loti-5, Pasakhi NE-2 and Qadirpur-59 & 60 were injected in the production system which cumulatively yielded gross oil and gas production of 226,862 barrels and 3,288 MMcf respectively.

Despite natural decline and short lifting of crude oil by refineries at Kunnar, KPD-TAY, Nashpa and TOC fields owing to pile-up of furnace oil stock, OGDCL's average net saleable crude oil production clocked at 40,952 barrels per day. Stable oil production is primarily due to increase in production from Pasakhi, Bobi, Chanda and Mela fields coupled with higher share in production from NJV fields and start-up of production at Chutto-1. Likewise, Company's average net saleable gas production remained steady at 1,010 MMcf per day against the backdrop of less gas intake at Uch-I field due to extended ATA of UPL-I w.e.f. 16 October 2018 to 8 December 2018, tripping of turbines at LPL, Engro Power and FKPC and lower share in production from NJV fields. Steady saleable gas production mainly owes to increase in production from Uch-II and KPD fields accompanied with start-up of production at Chutto-1.

Regarding LPG, OGDCL witnessed 20% surge in production owing to increase in production from Nashpa, Kunnar and KPD fields. Average daily net saleable production including share in NJV fields during the period under review is as follows:

Products	Unit of Measurement	9M 2018-19	9M 2017-18
Crude oil	Barrels per day	40,952	41,509
Gas	MMcf per day	1,010	1,020
LPG	Tons per day	819	682
Sulphur	Tons per day	63	56
BOEs	MMBOE	51.2	52.6

Financial Results

OGDCL continues to deliver robust financial results for the nine months ended 31 March 2019 as its Sales Revenue and Profit before Tax climbed to Rs 192.047 billion (9M 2017-18: Rs 147.712 billion) and Rs 127.994 billion (9M 2017-18: Rs 80.165 billion) showing growth of 30% and 60% respectively. Improved financials are primarily supported by increase in average basket price of crude oil which during the nine months stood at US\$ 69.23/barrel against US\$ 57.73/barrel in the comparative period leading to higher average realized price of US\$ 59.07/barrel against US\$ 51.63/barrel in the relative period.

In addition to the above, OGDCL recorded increase in the realized price for gas and LPG averaging Rs 326.59/Mcf and Rs 67,142/ton against Rs 254.76/Mcf and Rs 54,922/ton in the comparative period respectively. Moreover, financial results were also leveraged by higher LPG production and steep rise in average exchange rate to Rs 133.05/US\$ from Rs 107.83/US\$ in the corresponding period accompanied with increase in income from financial assets and share of profit in associate. Furthermore, decline in exploration and prospecting expenditures also contributed towards improved financial performance.

During the period under review, OGDCL's profitability was partially impacted by increase in operating expenses mainly on account of amortization of D&P assets combined with higher taxation for the current period. Overall, the Company recorded Profit after Tax of Rs 85.312 billion (9M 2017-18: Rs 56.821 billion) translating into Earnings per Share of Rs 19.84 (9M 2017-18: Rs 13.21).

Dividend

The Board has announced third interim cash dividend of Rs 2.75 per share (27.50%) for the year ending 30 June 2019. This is in addition to first and second interim cash dividends of Rs 5.75 per share (57.5%) already declared during this fiscal year.

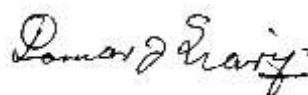
Acknowledgement

Improved financial results coupled with stable operational performance rendered by OGDCL are testament to the continued patronage and cooperation extended by all the stakeholders particularly Government of Pakistan, Ministry of Energy, DGPC, Board of Directors, shareholders, JV partners and employees. Striding forward, every one of us at OGDCL is committed to carry on the track record of delivering industry leading E&P performance both safely and responsibly.

On behalf of the Board



(Zahid Mir)
Managing Director/CEO



(Dr. Qamar Javaid Sharif)
Chairman

26 April 2019

CONDENSED INTERIM FINANCIAL STATEMENTS

For Nine Months ended 31 March 2019

Condensed Interim Statement of Financial Position [unaudited]

As at 31 March 2019

		Unaudited 31 March 2019	Audited 30 June 2018
	Note	----- (Rupees '000)-----	
SHARE CAPITAL AND RESERVES			
Share capital		43,009,284	43,009,284
Reserves	4	14,097,674	13,366,622
Unappropriated profit		543,278,267	494,180,516
		<u>600,385,225</u>	<u>550,556,422</u>
NON CURRENT LIABILITIES			
Deferred taxation		19,409,234	19,980,119
Deferred employee benefits		21,532,687	21,280,694
Provision for decommissioning cost		20,846,515	19,465,075
		<u>61,788,436</u>	<u>60,725,888</u>
CURRENT LIABILITIES			
Trade and other payables	5	40,453,621	36,705,914
Unpaid dividend	6	32,642,465	18,169,267
Unclaimed dividend		215,506	319,706
		<u>73,311,592</u>	<u>55,194,887</u>
		<u>735,485,253</u>	<u>666,477,197</u>
CONTINGENCIES AND COMMITMENTS			
	7		

The annexed notes 1 to 26 form an integral part of these condensed interim financial statements.

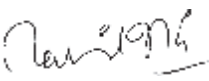

Chief Financial Officer


Chief Executive


Director

		Unaudited 31 March 2019	Audited 30 June 2018
	Note	----- (Rupees '000) -----	
NON CURRENT ASSETS			
Property, plant and equipment	8	117,450,795	124,063,611
Development and production assets - intangible	9	89,768,971	94,403,553
Exploration and evaluation assets	10	14,516,653	6,525,579
		221,736,419	224,992,743
Long term investments	11	21,176,369	27,617,446
Long term loans and receivable		7,591,652	7,344,145
Long term prepayments		831,180	664,958
		251,335,620	260,619,292
CURRENT ASSETS			
Stores, spare parts and loose tools		17,557,037	17,984,525
Stock in trade		452,683	346,829
Trade debts	12	215,691,326	163,691,820
Loans and advances	13	9,332,687	17,300,931
Deposits and short term prepayments		1,769,571	1,339,343
Other receivables		400,652	452,987
Income tax - advance	14	20,472,244	37,278,361
Current portion of long term investments		111,608,591	95,957,967
Other financial assets	15	86,323,043	67,834,662
Cash and bank balances		20,541,799	3,670,480
		484,149,633	405,857,905
		735,485,253	666,477,197


Chief Financial Officer


Chief Executive


Director

Condensed Interim Statement of Profit or Loss [unaudited]

For Nine Months Ended 31 March 2019

		Three months ended 31 March		Nine months ended 31 March	
		2019	2018	2019	2018
Note		----- (Rupees '000) -----			
Sales - net	16	65,149,330	51,752,229	192,047,091	147,712,496
Royalty		(7,255,733)	(5,680,099)	(21,495,446)	(15,641,903)
Operating expenses		(15,402,888)	(15,961,457)	(45,037,207)	(44,241,080)
Transportation charges		(412,517)	(436,487)	(1,200,448)	(1,271,844)
		<u>(23,071,138)</u>	<u>(22,078,043)</u>	<u>(67,733,101)</u>	<u>(61,154,827)</u>
Gross profit		42,078,192	29,674,186	124,313,990	86,557,669
Other income	17	6,002,602	4,593,315	17,853,105	11,260,018
Exploration and prospecting expenditure		(2,042,254)	(3,818,945)	(6,524,038)	(11,184,025)
General and administration expenses		(1,231,120)	(1,104,541)	(3,018,392)	(3,120,941)
Finance cost		(426,754)	(438,928)	(1,256,385)	(1,285,652)
Workers' profit participation fund		(2,276,545)	(1,480,835)	(6,736,507)	(4,219,196)
Share of profit in associate - net of taxation		1,150,242	711,609	3,361,866	2,156,847
Profit before taxation		43,254,363	28,135,861	127,993,639	80,164,720
Taxation	18	(14,698,686)	(7,986,186)	(42,681,604)	(23,343,468)
Profit for the period		28,555,677	20,149,675	85,312,035	56,821,252
Earnings per share - basic and diluted (Rupees)	19	6.64	4.68	19.84	13.21

The annexed notes 1 to 26 form an integral part of these condensed interim financial statements.


Chief Financial Officer


Chief Executive


Director

Condensed Interim Statement of Profit or Loss and other Comprehensive Income [unaudited]
 For Nine Months Ended 31 March 2019

	Three months ended 31 March		Nine months ended 31 March	
	2019	2018	2019	2018
	----- (Rupees '000) -----			
Profit for the period	28,555,677	20,149,675	85,312,035	56,821,252
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	28,555,677	20,149,675	85,312,035	56,821,252

The annexed notes 1 to 26 form an integral part of these condensed interim financial statements.


 Chief Financial Officer


 Chief Executive


 Director

Condensed Interim Statement of Changes in Equity [unaudited]

For Nine Months Ended 31 March 2019

	Reserves					Unappropriated profit	Total equity	
	Share capital	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
Balance as at 1 July 2017	43,009,284	836,000	8,920,000	2,118,000	120,000	99,287	457,881,766	512,984,337
Total comprehensive income for the period	-	-	-	-	-	-	56,821,252	56,821,252
Profit for the period	-	-	-	-	-	-	-	-
Other comprehensive income for the period	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-	-	-
Transfer to self insurance reserve	-	-	788,584	-	-	-	(788,584)	-
Charged to self insurance reserve	-	-	(1,084)	-	-	-	-	(1,084)
Transfer from undistributed percentage return reserve by an associated company	-	-	-	-	-	(20,749)	20,749	-
Transactions with owners of the company	-	-	-	-	-	-	-	-
Distributions	-	-	-	-	-	-	-	-
Final dividend 2017: Rs 2.00 per share	-	-	-	-	-	-	(8,601,857)	(8,601,857)
First interim dividend 2018: Rs 1.75 per share	-	-	-	-	-	-	(7,526,625)	(7,526,625)
Second interim dividend 2018: Rs 3.00 per share	-	-	-	-	-	-	(12,902,785)	(12,902,785)
Total distributions to owners of the company	-	-	-	-	-	-	(29,031,267)	(29,031,267)
Balance as at 31 March 2018	43,009,284	836,000	9,707,500	2,118,000	120,000	78,538	484,903,916	540,773,238
Balance as at 1 July 2018	43,009,284	836,000	9,970,000	2,118,000	320,000	122,622	494,180,516	550,556,422
Total comprehensive income for the period	-	-	-	-	-	-	85,312,035	85,312,035
Profit for the period	-	-	-	-	-	-	-	-
Other comprehensive income for the period	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-	-	-
Transfer to self insurance reserve	-	-	788,072	-	-	-	(788,072)	-
Charged to self insurance reserve	-	-	(572)	-	-	-	-	(572)
Transfer from undistributed percentage return reserve by an associated company	-	-	-	-	-	(56,448)	56,448	-
Transactions with owners of the company	-	-	-	-	-	-	-	-
Distributions	-	-	-	-	-	-	-	-
Final dividend 2018: Rs 2.50 per share	-	-	-	-	-	-	(10,752,321)	(10,752,321)
First interim dividend 2019: Rs 2.75 per share	-	-	-	-	-	-	(11,827,553)	(11,827,553)
Second interim dividend 2019: Rs 3.00 per share	-	-	-	-	-	-	(12,902,785)	(12,902,785)
Total distributions to owners of the company	-	-	-	-	-	-	(35,482,659)	(35,482,659)
Balance as at 31 March 2019	43,009,284	836,000	10,757,500	2,118,000	320,000	66,174	543,278,267	600,385,225

The annexed notes 1 to 26 form an integral part of this condensed interim financial statements.

 Chief Financial Officer

 Chief Executive

 Director

Chief Financial Officer

Chief Executive

Director

Condensed Interim Statement of Cash Flows [unaudited]

For Nine Months Ended 31 March 2019

Nine Months ended 31 March

2019 2018

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

Cash flows from operating activities

Profit before taxation	127,993,639	80,164,720
Adjustments for:		
Depreciation	8,167,107	7,915,019
Amortization of development and production assets	12,522,478	10,601,261
Royalty	21,495,446	15,641,903
Workers' profit participation fund	6,736,507	4,219,196
Provision for employee benefits	2,945,375	3,494,907
Decommissioning cost	-	36,308
Un-winding of discount on provision for decommissioning cost	1,251,701	1,280,164
Interest income	(11,008,065)	(8,167,060)
Un-realized loss on investments at fair value through profit or loss	48,128	22,883
Exchange gain on foreign currency investment and deposit accounts	(4,392,251)	-
Dividend income	(10,579)	(20,431)
Loss/ (gain) on disposal of property, plant and equipment	906	(3,945)
Share of profit in associate	(3,361,866)	(2,156,847)
Stores inventory written off	60,599	412,121
	162,449,124	113,440,199

Changes in:

Stores, spare parts and loose tools	366,889	(168,330)
Stock in trade	(105,854)	86,800
Trade debts	(51,999,506)	(28,366,520)
Deposits and short term prepayments	(430,228)	534,160
Advances and other receivables	7,600,796	(2,667,770)
Trade and other payables	(1,045,242)	888,551

Cash generated from operations

	116,835,980	83,747,090
Royalty paid	(20,996,093)	(13,555,014)
Employee benefits paid	(6,554,483)	(5,110,745)
Long term prepayments	(166,222)	(530,167)
Payment from self insurance reserve	(572)	(1,084)
Decommissioning cost paid	(1,957)	(158,772)
Receipt from/ (payment to) workers' profit participation fund-net	172,276	(1,291,445)
Income taxes paid	(26,446,372)	(13,232,996)
	(53,993,423)	(33,880,222)
Net cash from operating activities	62,842,556	49,866,868

Cash flows from investing activities

Capital expenditure	(15,971,949)	(15,634,195)
Interest received	5,607,450	7,195,260
Dividends received	65,245	145,069
Encashment of investments	9,327,104	50,809,086
Purchase of investments	(9,828,837)	(2,519,765)
Proceeds from disposal of property, plant and equipment	87,668	25,522
Net cash (used in)/ generated from investing activities	(10,713,318)	40,020,977

Cash flows from financing activities

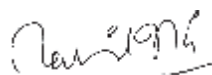
Dividends paid	(21,113,661)	(25,779,933)
Net cash used in financing activities	(21,113,661)	(25,779,933)
Net increase in cash and cash equivalents	31,015,576	64,107,912
Cash and cash equivalents at beginning of the period	71,169,841	15,074,591
Effect of movements in exchange rate on cash and cash equivalents	4,392,251	-
Cash and cash equivalents at end of the period	106,577,668	79,182,503

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The annexed notes 1 to 26 form an integral part of these condensed interim financial statements.



Chief Financial Officer



Chief Executive



Director

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

For Nine Months Ended 31 March 2019

1 LEGAL STATUS AND OPERATIONS

Oil and Gas Development Company Limited (OGDCL), 'the Company', was incorporated on 23 October 1997 under the Companies Ordinance, 1984 (now the Companies Act, 2017). The Company was established to undertake exploration and development of oil and gas resources, including production and sale of oil and gas and related activities formerly carried on by Oil and Gas Development Corporation, which was established in 1961. The registered office of the Company is located at OGDCL House, Plot No. 3, F-6/G-6, Blue Area, Islamabad, Pakistan. The shares of the Company are quoted on Pakistan Stock Exchange Limited. The Global Depository Shares (1GDS = 10 ordinary shares of the Company) of the Company are listed on the London Stock Exchange.

2 BASIS OF PREPARATION

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

The disclosures in these condensed interim financial statements do not include those reported for full annual audited financial statements and should therefore be read in conjunction with the annual audited financial statements for the year ended 30 June 2018.

Comparative statement of financial position is extracted from the annual audited financial statements as of 30 June 2018, whereas comparative statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows are stated from unaudited condensed interim financial statements for the nine months period ended 31 March 2018.

These condensed interim financial statements are unaudited and are being submitted to the members as required under Section 237 of Companies Act, 2017 and Rule Book of Pakistan Stock Exchange Limited.

3 ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

The accounting policies, significant judgements made in the application of accounting policies, key sources of estimations, the methods of computation adopted in preparation of these condensed interim financial statements and financial risk management policies are the same as those applied in preparation of annual audited financial statements for the year ended 30 June 2018, except for the change mentioned below:

3.1 IFRS 15 'Revenue from Contracts with Customers'

The IASB issued IFRS 15 Revenue from Contracts with Customers ("IFRS 15") in May 2014. This IFRS replaces IAS 18 Revenue, IAS 11 Construction Contracts and several revenue-related interpretations. IFRS 15 establishes a single revenue recognition framework which requires an entity to recognize revenue to reflect the transfer of goods and services for the amount it expects to receive, when control is transferred to the purchaser. IFRS 15 became applicable to the Company on 01 July 2018. The adoption of IFRS 15 did not have a material impact on the Company's condensed interim financial statements.

Revenue Recognition

Revenue associated with the sale of crude oil, natural gas and liquefied petroleum gas is measured based on the consideration specified in contracts with customers. Revenue from contracts with customers is recognized when or as the Company satisfies a performance obligation by transferring a promised good or service to a customer. A good or service is transferred when the customer obtains control of that good or service. The transfer of control of oil, natural gas and liquefied petroleum gas coincides with title passing to the customer and the customer taking physical

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

For Nine Months Ended 31 March 2019

possession. The Company principally satisfies its performance obligations at a point in time and the amounts of revenue recognized relating to performance.

The Company collects signature bonus from its customers of liquefied petroleum gas at the time of signing of contracts against the allocation of fixed quantities to be supplied over the contract term. Accordingly performance obligation in case of signature bonus is satisfied over time and the Company recognize signature bonus over the term of contract.

3.2 IFRS 9 'Financial Instruments'

- IFRS 9 'Financial Instruments' and amendment – Prepayment Features with Negative Compensation became effective for annual periods beginning on or after 1 July 2018. However, Securities and Exchange Commission of Pakistan vide S.R.O. 229(I)/2019 dated 14 February 2019 has modified the effective date as "Reporting period/ year ending on or after 30 June 2019". IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The Company is currently in the process of analyzing the potential impact of changes required in classification and measurement of financial instruments and the impact of expected loss model on adoption of the standard.

		Unaudited 31 March 2019	Audited 30 June 2018
4 RESERVES	Note	----- (Rupees '000) -----	
Capital reserves:			
Capital reserve	4.1	836,000	836,000
Self insurance reserve	4.2	10,757,500	9,970,000
Capital redemption reserve fund - associated company	4.3	2,118,000	2,118,000
Self insurance reserve - associated company	4.4	320,000	320,000
Other reserves:			
Undistributed percentage return reserve - associated company	4.5	66,174	122,622
		<u>14,097,674</u>	<u>13,366,622</u>

4.1 This represents bonus shares issued by former wholly owned subsidiary - Pirkoh Gas Company (Private) Limited (PGCL) prior to merger. Accordingly, the reserve is not available for distribution to shareholders.

4.2 The Company has set aside a specific capital reserve for self insurance of rigs, buildings, wells, plants, pipelines, workmen compensation, vehicle repair and losses for petroleum products in transit. Refer note 11.2 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 period related to undistributed percentage return reserve.

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

For Nine Months Ended 31 March 2019

	Unaudited 31 March 2019	Audited 30 June 2018
----- (Rupees '000) -----		
5 TRADE AND OTHER PAYABLES		
Creditors	1,154,176	1,208,256
Accrued liabilities	6,993,038	10,782,003
Payable to partners of joint operations	7,073,403	5,974,969
Retention money payable	4,026,779	5,871,359
Royalty payable	3,811,411	3,312,058
Excise duty payable	244,303	-
General sales tax payable	2,544,846	-
Gas Infrastructure Development Cess (GIDC) payable	3,596,642	3,186,871
Petroleum Levy payable	147,632	121,541
Withholding tax payable	787,526	756,528
Trade deposits	149,364	127,398
Workers' profit participation fund - net	6,736,507	-
Employees' pension trust	975,216	3,475,216
Gratuity fund	241,539	184,450
Provident fund	-	57,282
Advances from customers	1,736,937	1,437,482
Other payables	234,303	210,501
	40,453,621	36,705,914

6 UNPAID DIVIDEND

This includes an amount of Rs 20,921 million (30 June 2018: Rs 17,356 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. 13(4)12/PC/BESOS/OGDCL dated 15 May 2018 has informed that the matter of BESOS, as a scheme, is pending adjudication before the Honorable Supreme Court of Pakistan, hence status quo may be maintained till final decision of Honorable Supreme Court of Pakistan. Subsequent to the reporting period, Government of Pakistan, Finance Division vide letter No F.No. 2(39)BIU-I/2018-19 dated 15 April 2019 has advised the Company to deposit the GoP share of dividend including interest, if any, lying in OEET account(s) or any other reserve/account till date in the Federal Consolidated Fund pursuant to decision of the Federal Cabinet in its meeting held on 09 April 2019.

7 CONTINGENCIES AND COMMITMENTS

7.1 Contingencies

- 7.1.1** Claims against the Company not acknowledged as debts amounted to Rs 1,731 million at period end (30 June 2018: Rs 1,846 million). Further during the period, a customer has filed a writ petition against the Company before Islamabad High Court and has disputed and withheld amounts invoiced to the customer on account of adjustment of premium or discount as announced by Saudi Aramco for deliveries to Asian customers/ destinations under the sale agreement signed on 13 March 2018 of Rs 1,652 million and has also claimed the amounts already paid during the period 2007 to 2012. The Company believes that the debit notes/ invoices have been raised in accordance with the sale agreements signed with GoP and no provision is required in this respect.
- 7.1.2** Certain banks have issued guarantees on behalf of the Company in ordinary course of business aggregating Rs 1.281 million (30 June 2018: Rs 1.281 million).
- 7.1.3** For contingencies related to tax matters, refer note 14.1 to 14.3 and note 18.1.
- 7.1.4** For contingencies related to sales tax and federal excise duty, refer note 13.1 and 13.2.

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

For Nine Months Ended 31 March 2019

7.2 Commitments

- 7.2.1 Commitments outstanding at period end amounted to Rs 42,589.551 million (30 June 2018: Rs 34,262.915 million). These include amounts aggregating to Rs 24,900.584 million (30 June 2018: Rs 22,048.770 million) representing the Company's share in the minimum work commitments under Petroleum Concession Agreements.
- 7.2.2 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 4,222.412 million (30 June 2018: Rs 5,106.050 million).
- 7.2.3 The Company's share of associate commitments for capital expenditures based on the financial information of the associate for the period ended 31 March 2019 was Rs 1,753 million (30 June 2018: Rs 1,386 million).

		Unaudited 31 March 2019	Audited 30 June 2018
8	PROPERTY, PLANT AND EQUIPMENT		
	Note	----- (Rupees '000) - - - - -	
	Carrying amount at beginning of the period/year	124,063,611	128,336,018
	Additions/adjustments during the period/year	2,348,150	9,044,402
	Book value of disposals	(88,574)	(37,525)
	Depreciation charge for the period/year	(8,872,392)	(11,543,242)
	Revision in estimate of decommissioning cost during the period/year	-	(1,736,042)
	Carrying amount at end of the period/year	<u>117,450,795</u>	<u>124,063,611</u>
8.1	Additions/adjustments during the period/year		
	Buildings, offices and roads on freehold land	47,426	54,599
	Buildings, offices and roads on leasehold land	270,217	265,939
	Plant and machinery	777,908	16,856,552
	Rigs	11,859	143,776
	Pipelines	466,079	613,712
	Office and domestic equipment	14,266	44,599
	Office and technical data computers	226,423	115,400
	Furniture and fixture	51,131	7,328
	Vehicles	83,933	64,922
	Decommissioning cost	-	350,219
	Capital work in progress (net)	473,393	(11,792,337)
	Stores held for capital expenditure (net)	(74,485)	2,319,693
		<u>2,348,150</u>	<u>9,044,402</u>
8.2	Property, plant and equipment comprises:		
	Operating fixed assets	110,188,589	117,200,926
	Capital work in progress	2,837,130	2,363,737
	Stores held for capital expenditure	4,425,076	4,498,948
		<u>117,450,795</u>	<u>124,063,611</u>
9	DEVELOPMENT AND PRODUCTION ASSETS-INTANGIBLE		
	Carrying amount at beginning of the period/year	94,403,553	95,159,850
	Additions during the period/year	7,887,896	11,612,439
	Transferred from exploration and evaluation assets during the period/year	-	5,606,804
	Amortization charge for the period/year	(12,522,478)	(15,910,719)
	Revision in estimates of decommissioning cost during the period/year	-	(2,064,821)
	Carrying amount at end of the period/year	<u>89,768,971</u>	<u>94,403,553</u>

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

For Nine Months Ended 31 March 2019

	Unaudited 31 March 2019	Audited 30 June 2018
Note	----- (Rupees '000) -----	
10 EXPLORATION AND EVALUATION ASSETS		
Balance at beginning of the period/year	6,329,728	8,720,362
Additions during the period/year	9,753,995	13,302,297
	<u>16,083,723</u>	<u>22,022,659</u>
Cost of dry and abandoned wells during the period/year	(1,810,044)	(10,086,127)
Cost of wells transferred to development and production assets during the period/year	-	(5,606,804)
	<u>(1,810,044)</u>	<u>(15,692,931)</u>
	<u>14,273,679</u>	<u>6,329,728</u>
Stores held for exploration and evaluation activities	242,974	195,851
Balance at end of the period/year	<u>14,516,653</u>	<u>6,525,579</u>
11 LONG TERM INVESTMENTS		
Investment in related party-associate, quoted Mari Petroleum Company Limited (MPCL)	11,347,533	8,040,333
Investments held to maturity		
Term Deposit Receipts (TDRs)	-	9,513,663
Treasury Bills - Government of Pakistan (T-Bills)	11.2 9,938,477	-
Investment in Term Finance Certificates (TFCs)	11.3 111,498,950	106,021,417
	<u>132,784,960</u>	<u>123,575,413</u>
Less: Current portion shown under current assets	11.4 (111,608,591)	(95,957,967)
	<u>21,176,369</u>	<u>27,617,446</u>

11.1 During the period, MPCL issued 10% bonus shares i.e. 2,205,000 shares, increasing the total number of shares held by the Company to 24,255,000 shares (30 June 2018: 22,050,000 shares).

11.2 This represents investment in T-Bill carrying effective yield of 10.44% (30 June 2018: Nil) per annum. This investment has maturity of less than 12 months, however, this has been classified as non-current assets based on the management's intention to reinvest in the like investment for a longer term. This investment is earmarked against self insurance reserve.

11.3 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), which is government owned entity and a related party. These TFCs were subscribed by the Company in order to settle its overdue receivables from oil refineries and gas companies.

As per original terms of investor agreement between the Company and PHPL, TFCs are for a period of seven (7) years including grace period of three (3) years carrying interest rate of KIBOR + 1%, payable semi-annually. The principal portion of these TFCs shall be paid in eight (8) equal installments starting from 42nd month of date of transaction. National Bank of Pakistan executed the transaction on 10 September 2012 as Trustee. These TFCs are secured by Sovereign Guarantee, covering the principal, markup, and/or any other amount becoming due for payment in respect of investment in TFCs. As per original terms, principal repayment amounting to Rs 71,750 million (30 June 2018: Rs 51,250 million) was past due as at 31 March 2019. Further, interest due as of 31 March 2019 was Rs 29,499 million (30 June 2018: Rs 24,021 million) of which Rs 28,913 million (30 June 2018: Rs 22,125 million) was past due as of the statement of financial position 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

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For Nine Months Ended 31 March 2019

billion from 07 years to 10 years including extension in grace period from 03 years to 06 years. The ECC of the Cabinet considered and approved the proposal of Ministry of Energy (Power Division) subject to the condition that a revised term sheet, based on above, with the Company shall be agreed by PHPL. Pursuant to the approval, the principal installment payments shall be deferred till March 2019. PHPL has requested the Company to prepare revised term sheet for onward submission to Finance Division for approval. The Company has not yet agreed on the deferment plan and has requested Ministry of Energy to address the Company's point of view on overdue markup, etc. and also define a mechanism of payments under the facility. As of 31 March 2019, the Company expects to realise the TFCs in accordance with the original terms of the investor agreement and accordingly adjustments, if any, in the financial statements will be made on finalization of the matter.

- 11.4 Current portion includes Rs Nil (30 June 2018: Rs 275 million), Rs 109.641 million (30 June 2018: Nil) and Rs 29,499 million (30 June 2018: Rs 24,021 million) representing accrued markup on TDRs, T-bill and TFCs respectively.

	Unaudited 31 March 2019	Audited 30 June 2018
----- (Rupees '000) -----		
Un-secured, considered good	215,700,944	163,691,820
Un-secured, considered doubtful	101,113	110,730
	<u>215,802,057</u>	<u>163,802,550</u>
Provision for doubtful debts	(101,113)	(110,730)
Trade debts written off	(9,618)	-
	<u>215,691,326</u>	<u>163,691,820</u>

- 12.1 Trade debts include overdue amount of Rs 171,153 million (30 June 2018: Rs 121,313 million) on account of Inter-Corporate Circular debt, receivable from oil refineries and gas companies out of which Rs 91,784 million (30 June 2018: Rs 70,969 million) and Rs 62,399 million (30 June 2018: Rs 38,111 million) is overdue from related parties, Sui Southern Gas Company Limited and Sui Northern Gas Pipeline Limited respectively. The Government of Pakistan (GoP) is committed, hence continuously pursuing for satisfactory settlement of Inter-Corporate Circular debt issue, however, the progress is slower than expected resulting in accumulation of Company's trade debts. The Company considers this amount to be fully recoverable because the Government of Pakistan has been assuming the responsibility to settle the Inter-corporate circular debt in the Energy sector.

- 12.2 Included in trade debts is an amount of Rs 4,111 million (30 June 2018: Rs 4,177 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.

13 LOANS AND ADVANCES

- 13.1 This includes an amount of Rs 3,180 million (30 June 2018: Rs 3,180 million) paid under protest to Federal Board of Revenue (FBR) on account of sales tax demand raised in respect of capacity invoices from Uch Gas Field for the period July 2004 to March 2011. Based on Sales Tax General Order (STGO) 1 of 2000 dated 24 January 2000, the matter was argued before various appellate forums, however, the Supreme Court of Pakistan finally decided the issue against the Company on 15 April 2013. The FBR granted time relaxation to the Company for issuance of debit note for an amount of Rs 750 million for the period April 2011 to May 2012, accounted for as trade debt. Uch Power Limited (UPL) challenged the grant of time relaxation to the Company by FBR before Islamabad High Court. On 27 December 2013, the Honorable Court decided the matter in favor of the Company. In light of the Islamabad High Court decision, the Company has applied to FBR for obtaining condonation of time limit for issuing debit notes to UPL/revision of sales tax returns for the remaining amount of Rs 3,180 million for the period July 2004 to March 2011 and currently the matter is pending with FBR.

UPL filed an Intra Court appeal against the decision of the Islamabad High Court (IHC). IHC through its order dated 17 November 2016 dismissed the intra court appeal in favour of the Company. In January 2017, UPL filed Civil Petition for

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Leave to Appeal (CPLA) against the Company and others, before the Honorable Supreme Court of Pakistan against the decision of IHC, which is currently pending. FBR has linked the disposal of OGDCL's condonation request with the outcome of UPL's aforementioned CPLA. The Company and its legal advisors are confident that CPLA of UPL before Honorable Supreme Court of Pakistan will also be decided in favour of the Company and required condonations will be obtained and the amount will be recovered from UPL. Accordingly no provision in this respect has been made in these condensed interim financial statements.

- 13.2 This also includes recoveries of Rs 317 million (30 June 2018: Rs 317 million) made by the tax department during the year ended 30 June 2016, against Sales Tax and Federal Excise Duty (FED) demand of Rs 7,373 million (30 June 2018: Rs 7,373 million) relating to periods July 2011 to June 2015. 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 respectively, passed by the tax authorities being void ab-intio and without jurisdiction respectively. The Commissioner Inland Revenue (CIRA) has filed sales tax reference before Islamabad High Court (IHC) against judgments of ATIR for the period 2012-13 and 2013-14 on 9 February 2018. The Company has filed appeal before ATIR for the period 2014-15 on 7 September 2018, which is currently pending before ATIR. These demands were raised by tax authorities due to difference between computation of sales/ production reported by the Company in its sales tax return and sales/ production based on other sources of data. The Company believes that these demands were raised without legal validity and will be decided by IHC and ATIR in its favour as already decided by ATIR for the years 2011-2014.

	Unaudited 31 March 2019	Audited 30 June 2018
----- (Rupees '000) -----		
14 INCOME TAX-ADVANCE		
Income tax- advance at beginning of the period/year	37,278,361	49,601,329
Income tax paid during the period/year	26,446,372	20,885,846
Provision for current taxation - Profit or loss	(43,252,489)	(33,548,759)
Tax credit related to re-measurement gain/loss on employee retirement benefit plans for the period/year - other comprehensive income	-	339,945
Income tax - advance at end of the period/year	<u>20,472,244</u>	<u>37,278,361</u>

- 14.1 This includes amount of Rs 21,785 million (30 June 2018: Rs 21,467 million) paid to tax authorities on account of disallowance of actuarial loss amounting to Rs 42,509 million which the Company claimed in its return for the tax years 2014, 2015, 2016, 2017 and 2018. This actuarial loss was recognized in the books as a result of retrospective application of IAS 19 (as revised in June 2011) 'Employee Benefits' from the year ended 30 June 2014 and onwards. The Company has filed appeals against the orders of CIRA in Appellate Tribunal Inland Revenue (ATIR) for tax years 2014, 2015 and 2016 on 8 January 2016, 8 June 2017 and 5 January 2018 respectively, and against order of Additional Commissioner Inland Revenue (ACIR) in CIRA for tax year 2017 and 2018 on 27 June 2018 and 11 April 2019 respectively which are 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.

- 14.2 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 2018: Rs 5,372 million) from the Company upto 31 December 2018. During the year ended 30 June 2015, appeal before Appellate Tribunal Inland Revenue (ATIR) against the said demands were decided against the Company. The Company filed a reference application before Islamabad High Court (IHC) against the decision of ATIR. The Islamabad High Court vide order dated 17 February 2016, set aside the order of ATIR and remanded the case back to ATIR with the instructions to pass a speaking order. The appeal is currently pending before ATIR. Further, IHC vide order dated 14 January 2019 directed ATIR to decide the appeal expeditiously and until seven days after the Company's appeal, the tax department is restrained from adopting coercive measures for the recovery of the disputed tax liability in the event the appeal is dismissed. Management and its legal advisor are of the view that the price discount is not 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.

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For Nine Months Ended 31 March 2019

- 14.3 Income tax advance includes Rs 4,388 million (30 June 2018: Rs 3,885 million) mainly on account of disallowances made by the Additional Commissioner Inland Revenue (ACIR) in respect of decommissioning cost for tax year 2015 and workers' profit participation fund expense for tax year 2018 claimed by the Company in its return of income for the years ended 30 June 2015 and 2018. The Company has filed appeals against the said disallowances with ATIR on 08 June 2017 for tax year 2015 and with CIRA on 11 April 2019 for the tax year 2018, which are currently pending. Management believes that these disallowances are against income tax laws and regulations and accordingly no provision has been made in this respect in these financial statements.

	Unaudited 31 March 2019	Audited 30 June 2018
----- (Rupees '000) -----		
15 OTHER FINANCIAL ASSETS		
Investment in Term Deposits	40,320,374	24,643,010
Investment in Treasury Bills - Government of Pakistan	45,715,495	42,856,351
Investment at fair value through profit or loss - NIT units	287,174	335,301
	<u>86,323,043</u>	<u>67,834,662</u>

- 15.1 This includes foreign currency TDRs amounting to USD 282.465 million (30 June 2018: USD 202.542 million), carrying interest rate ranging from 3.31% to 7.75% (30 June 2018: 3.51% to 3.95%) per annum, having maturities upto six months (30 June 2018: six months).

- 15.2 Treasury Bill was purchased on 21 February 2019 for 63 days at yield of 10.44% per annum (30 June 2018: Purchased on 26 June 2018 for 50 days at yield of 6.751 % per annum).

	Three months ended 31 March		Nine months ended 31 March	
	2019	2018	2019	2018
----- (Rupees '000) -----				
16 SALES - net				
Gross sales				
Crude oil	27,618,047	23,705,335	86,240,298	62,376,163
Gas	40,938,323	30,851,217	113,618,993	95,061,747
Liquefied petroleum gas	6,028,466	4,910,934	18,767,468	12,626,440
Sulphur	169,229	104,739	415,954	213,230
Gas processing	28,166	24,015	79,356	71,167
	<u>74,782,231</u>	<u>59,596,240</u>	<u>219,122,069</u>	<u>170,348,747</u>
Government levies				
General sales tax	(7,064,359)	(5,386,471)	(19,885,535)	(15,859,378)
Gas Infrastructure Development Cess (GIDC)	(1,439,573)	(1,377,133)	(3,858,053)	(3,965,339)
Petroleum Levy	(355,159)	(316,020)	(1,041,668)	(524,569)
Excise duty	(773,810)	(764,387)	(2,289,722)	(2,286,965)
	<u>(9,632,901)</u>	<u>(7,844,011)</u>	<u>(27,074,978)</u>	<u>(22,636,251)</u>
	<u>65,149,330</u>	<u>51,752,229</u>	<u>192,047,091</u>	<u>147,712,496</u>

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For Nine Months Ended 31 March 2019

- 16.1 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.
- 16.2 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.
- 16.3 In respect of six of its operated concessions, namely, Gurgalot, Sinjhoru, Bitrisim, Khewari, Nim and TAY Blocks and one non-operated Tal Block, Petroleum Concession Agreements (PCAs) were executed under the framework of Petroleum Policies 1994 and 1997. Later on, in pursuance to the option available under Petroleum Policy 2012, the Tal Block working interest owners wherein the Company's working interest is 27.7632% signed the Supplemental Agreement (SA) dated 28 August 2015 with the GoP for conversion of eligible existing and future discoveries under Tal PCA to the Petroleum Policy (PP), 2012. Further for aforementioned operated Concessions the Company also signed the SAs for conversion to PP 2012. Under the said arrangement, price regimes prevailing in PP 2007, PP 2009 and PP 2012 in terms of PP 2012 shall be applicable, correlated with the spud dates of the wells in the respective policies starting from 27 November 2007. The conversion package as defined in the SAs included windfall levy on natural gas only.

Oil and Gas Regulatory Authority (OGRA) has been notifying the revised wellhead prices in accordance with the Tal block SA for the period from the commencement of production of the respective discoveries. Accordingly, the financial impacts of the price revision were duly accounted for in the financial statements for the years ended 30 June 2016, 30 June 2017 and 30 June 2018 on completion of the process laid down in the law and in line with the Company's accounting policy. The financial statements for the period ended 31 December 2017 included an amount of Rs 3,677 million which represented 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) dated 24 November 2017. These amendments include imposition of Windfall Levy on Oil/Condensate (WLO). Under the said Notification, the Supplemental Agreements already executed for conversion from Petroleum policies of 1994 and 1997 shall be amended within 90 days, failing which the working interest owners will not remain eligible for gas price incentive. On 03 January 2018, Directorate General Petroleum Concessions (DGPC) has required all exploration and production companies to submit supplemental agreements to incorporate the aforementioned amendments in Petroleum Concession Agreements (PCAs) signed under 1994 and 1997 policies, for execution within the stipulated time as specified above.

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

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

The cumulative past benefit accrued and recorded in these financial statements by the Company upto 23 November 2017 in the form of revenue and profit after tax is Rs 8,550 million and 4,426 million, respectively. However, without prejudice to the Company's stance in the court case and as a matter of prudence, revenue of Rs 6,150 million related to gas price incentive against the supplemental agreements has been set aside on a point forward basis effective 24 November 2017 (the date of decision of CCI).

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For Nine Months Ended 31 March 2019

	Three months ended 31 March		Nine months ended 31 March	
	2019	2018	2019	2018
17 OTHER INCOME	----- (Rupees '000) -----			
Interest income	4,269,662	2,723,206	11,008,065	8,167,060
Dividend income from NIT units	-	-	10,579	20,431
Un-realized (loss)/gain on investments at fair value through profit or loss	(636)	36,913	(48,127)	(22,883)
Exchange gain - net	1,100,564	905,227	5,580,150	1,576,380
Signature bonus	346,965	717,877	732,623	1,056,872
Penalty imposed on customers and suppliers	199,791	124,335	277,466	337,939
Insurance claim received	-	-	40,866	-
Others	86,256	85,757	251,483	124,219
	<u>6,002,602</u>	<u>4,593,315</u>	<u>17,853,105</u>	<u>11,260,018</u>
18 TAXATION				
Current - charge for the period	14,879,333	7,954,621	43,252,489	23,196,871
Deferred - (credit)/charge	(180,647)	31,565	(570,885)	146,597
	<u>14,698,686</u>	<u>7,986,186</u>	<u>42,681,604</u>	<u>23,343,468</u>

18.1 Various appeals in respect of assessment years 1992-93 to 2002-03, tax years 2003 to 2018 are pending at different appellate forums in the light of the order of the Commissioner of Inland Revenue (Appeals) and decision of the Adjudicator, appointed by both the Company as well as the Federal Board of Revenue (FBR) mainly on the issues of decommissioning cost, depletion allowance, prospecting, exploration and development expenditure, tax rate and super tax. Total amount of tax demand against the major issues, raised in respect of assessment years 1992-93 to 2002-03 and tax years 2003-2018 amounts to Rs 99,734 million out of which an amount of Rs 92,258 million has been paid to tax authorities and has also been provided for in these condensed interim financial statements. Also refer to note 14.1 to 14.3 of the financial statements. The Company computes tax based on the generally accepted interpretations of the tax laws and considering views followed by tax authorities to ensure that the sufficient provision for the purpose of taxation is available. According to management, the tax provision made in the financial statements is sufficient.

	Three months ended 31 March		Nine months ended 31 March	
	2019	2018	2019	2018
19 EARNINGS PER SHARE-BASIC AND DILUTED				
Profit for the period (Rupees '000)	28,555,677	20,149,675	85,312,035	56,821,252
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>6.64</u>	<u>4.68</u>	<u>19.84</u>	<u>13.21</u>

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

		Nine Months ended 31 March	
		2019	2018
20 CASH AND CASH EQUIVALENTS			
Cash and bank balances		20,541,799	6,626,707
Short term highly liquid investments			
Investment in Term Deposit Receipts	15.1	40,320,374	20,675,738
Investment in Treasury Bills	15.2	45,715,495	51,880,058
		<u>86,035,869</u>	<u>72,555,796</u>
		<u>106,577,668</u>	<u>79,182,503</u>

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

For Nine Months Ended 31 March 2019

21 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).

The Company held the following financial assets at fair value:

	Level 1	Level 2	Level 3
31 March 2019			
Other financial assets - NIT units	287,174	-	-
30 June 2018			
Other financial assets - NIT units	335,301	-	-

22 RELATED PARTIES TRANSACTIONS

Government of Pakistan owns 74.97% (30 June 2018: 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 condensed interim financial statements. Transactions of the Company with related parties and balances outstanding at period end are as follows:

	Nine Months ended 31 March	
	2019	2018
	----- (Rupees '000) -----	
MPCL- Associated company (20% share holding of the Company)		
Share of profit in associate - net of taxation	3,361,866	2,156,847
Dividend received	54,666	124,638
Share (various fields) payable	199,635	-
Share (various fields) receivable	-	42,131
Major shareholders		
Government of Pakistan (74.97% share holding)		
Dividend paid	15,235,921	19,589,041
Dividend paid - Privatization Commission of Pakistan	1,692,920	2,176,611
Dividend payable to GoP as at 31 March	8,706,240	-
Dividend payable to Privatization Commission as at 31 March	967,383	-
OGDCL Employees' Empowerment Trust (OEET) (10.05% share holding)		
Dividend payable	20,921,278	16,167,198

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

For Nine Months Ended 31 March 2019

	Nine Months ended 31 March	
	2019	2018
	----- (Rupees '000) -----	
RELATED PARTIES TRANSACTIONS - Continued		
Related parties by virtue of GoP holdings & common directorship		
Sui Northern Gas Pipelines Limited		
Sale of natural gas	47,529,114	43,391,008
Trade debts as at 31 March	74,638,035	40,408,293
Pakistan State Oil Company Limited		
Sale of liquefied petroleum gas	1,059,522	513,924
Purchase of petroleum, oil and lubricants	3,369,920	2,619,588
Trade debts as at 31 March	1,867	1,867
Payable as at 31 March	3,284	51,531
Pakistan Petroleum Limited		
Share (various fields) receivable	-	744,291
Share (various fields) payable	1,178,416	-
Pak Arab Refinery Company Limited		
Sale of crude oil	10,621,225	10,575,370
Trade debts as at 31 March	3,195,051	2,580,951
State Bank of Pakistan		
Interest earned on Pakistan Investment Bonds (PIBs)	-	275,724
Balance of investment in Treasury Bills as at 31 March	55,039,997	51,880,058
Interest earned on Treasury Bills	2,993,337	2,239,189
Interest receivable on Treasury Bills as at 31 March	613,975	164,859
Related parties by virtue of GoP holdings		
Government Holdings (Private) Limited (GHPL)		
GHPL share (various fields) receivable	630,137	1,911,702
Power Holding (Private) Limited (PHPL)		
Markup earned	5,477,533	4,393,111
Balance of investment in TFCs receivable not yet due as at 31 March	10,250,000	51,250,000
Balance of past due principal repayment on TFCs as at 31 March	71,750,000	30,750,000
Balance of markup receivable on TFCs not yet due as at 31 March	585,682	352,398
Balance of past due markup receivable on TFCs as at 31 March	28,913,267	22,179,472
Sui Southern Gas Company Limited		
Sale of natural gas	40,353,288	27,677,034
Sale of LPG	186,552	-
Pipeline rental charges	27,495	27,495
Trade debts as at 31 March	101,257,296	71,166,654
National Bank of Pakistan		
Balance of accounts as at 31 March	79,327	681,379
Balance of Investment (TDR) as at 31 March	3,425,345	9,327,104
Interest earned during the period	110,401	292,994
National Insurance Company Limited		
Insurance premium paid	536,786	329,669
National Logistic Cell		
Crude transportation charges paid	1,089,679	603,433
Payable as at 31 March	805,323	735,518
Enar Petrotech Services Limited		
Consultancy services	27,807	13,762
Payable as at 31 March	6,467	-

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

For Nine Months Ended 31 March 2019

	Nine Months ended 31 March	
	2019	2018
RELATED PARTIES TRANSACTIONS - Continued	----- (Rupees '000) -----	
Enar Petroleum Refining Facility		
Sale of crude oil	10,520,398	7,866,724
Trade debts as at 31 March	2,304,397	1,489,471
Other related parties		
Contribution to pension fund	4,708,846	3,299,021
Remuneration including benefits and perquisites of key management personnel	401,029	540,683

23 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 2018

24 NON ADJUSTING EVENT AFTER BALANCE SHEET DATE

The Board of Directors approved interim cash dividend at the rate of Rs 2.75 per share amounting to Rs 11,828 million in its meeting held on 26 April 2019.

25 DATE OF AUTHORIZATION FOR ISSUE

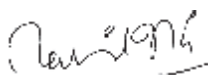
These condensed interim financial statements were authorized for issue on 26 April 2019 by the Board of Directors of the Company.

26 GENERAL

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



Chief Financial Officer



Chief Executive



Director

مذکورہ بالا کے علاوہ، OGDCL نے گیس اور LPG کی اوسط حاصل شدہ قیمت میں بھی اضافہ ریکارڈ کیا جو کہ گزشتہ عرصے میں بالترتیب 254.76 روپے فی Mcf اور 54,922 روپے فی ٹن سے بڑھ کر 326.59 روپے فی Mcf اور 67,142 روپے فی ٹن کو پہنچ گئیں۔ علاوہ ازیں، LPG کی پیداوار میں اضافے اور اوسط شرح مبادلہ جو کہ تقابلی مدت میں 107.83 روپے فی امریکی ڈالر سے بڑھ کر 133.05 روپے فی امریکی ڈالر پہنچنے کے ساتھ ساتھ مالی اثاثوں سے حاصل ہونے والی آمدنی اور ایسوسی ایٹ کمپنی میں منافع کے حصے میں اضافے نے بھی مالی نتائج کو مزید تقویت دی۔ مزید برآں، تلاش کے اخراجات میں کمی نے بھی مالیاتی کارکردگی کی بہتری میں حصہ ڈالا۔

زیر جائزہ مدت کے دوران، OGDCL نے عملی اخراجات کے اضافے جن میں ترقیاتی اور پیداواری اثاثہ جات کی اثاثہ بندی کے علاوہ ٹیکس کی شرح میں اضافے نے کمپنی کی مالیاتی کارکردگی پر جزوی اثر ڈالا۔ اس کے باوجود، کمپنی نے 85.312 ارب روپے بعد از ٹیکس منافع (56.821 ارب روپے: 9M 2017-18) درج کیا جو کہ 19.84 روپے فی حصہ کی آمدن پر منتج ہوا (13.21 روپے: 9M 2017-18)۔

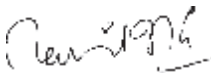
منافع منقسمہ

بورڈ نے 30 جون 2019 کو اختتام پذیر ہونے والے مالی سال کے لئے تیسرے عبوری نقد منافع منقسمہ 2.75 روپے فی شیئر (27.5 فیصد) کا اعلان کیا ہے۔ یہ منافع منقسمہ رواں مالی سال کے دوران پہلے اور دوسرے اعلان کردہ عبوری منافع منقسمہ 5.75 روپے فی شیئر (57.5 فی صد) کے علاوہ ہے۔

اظہار تشکر

OGDCL کی جانب سے بہتر مالیاتی نتائج اور مستحکم آپریشنل کارکردگی تمام متعلقین بالخصوص حکومت پاکستان، وزارت توانائی، DGPC، بورڈ آف ڈائریکٹرز، شیئر ہولڈرز، مشترکہ منصوبے کے شراکت داران اور ملازمین کی مسلسل سرپرستی اور تعاون کا نتیجہ ہے۔ آگے بڑھتے ہوئے، ہم میں سے ہر ایک E&P انڈسٹری میں تلاش و پیداوار کی نمایاں کارکردگی کے ریکارڈ کو تحفظ اور ذمہ داری کے ساتھ جاری رکھنے کے لئے پرعزم ہے۔


بورڈ کی جانب سے



(زاہد میر)

منیجنگ ڈائریکٹر/CEO

26 اپریل 2019



(ڈائریکٹر جنرل/چیرمین)

چیرمین

پیداوار

ملک میں تیل و گیس کی پیداوار کو قائم رکھنے اور مزید بہتر بنانے کے لئے OGDCL کی پیداواری حکمت عملی فیملڈ کی ترقیاتی سرگرمیوں کو تیز کرنے، جاری ترقیاتی منصوبوں کی تکمیل اور جدید ترین پیداواری تکنیکس کو بروئے کار لانے پر مرکوز ہے۔ اس حوالے سے، نو ماہ کے دوران کمپنی کی پیداوار ملک میں تیل و گیس کی کل پیداوار کا بالترتیب 45 فیصد اور 29 فیصد تھی۔ مزید برآں، آٹھ (8) نئے کنوئیں کھیرن-1، نندپور-1، کنز-2، نم-1، لوٹی-5، پساکھی NE-2 اور قادر پور 59 & 60 کو پیداواری نظام میں شامل کیا گیا جن سے 226,862 بیرلز تیل اور 3,288 MMcf گیس کی مجموعی پیداوار حاصل ہوئی۔

قدرتی کمی اور کنز، KPD-TAY، بشپا اور TOC فیملڈز پر ریفاؤنڈ کی جانب سے خام تیل کی شارٹ لفٹنگ کے باوجود OGDCL کی اوسط یومیہ قطعی قابل فروخت کی پیداوار 40,952 بیرلز پر مستحکم رہی۔ اس کی بنیادی وجہ پساکھی، بوٹی، چندا اور میلہ فیملڈز سے پیداوار میں اضافے کے ساتھ ساتھ NJV فیملڈز سے زیادہ پیداوار کا حصول اور چھوٹو-1 سے پیداوار کا آغاز ہے۔ اسی طرح، کمپنی کی اوسط یومیہ قطعی قابل فروخت گیس کی پیداوار 1,010 MMcf پر مستحکم رہی جو کہ UPL-I کے 16 اکتوبر 2018 تا 8 دسمبر 2018 تک توسیع شدہ سالانہ ٹرن اراؤنڈ (ATA)، LPL، اینگرو پاور اور FKPCCL پر ٹربائیز کی ٹریڈنگ کی وجہ سے Uch-I فیملڈز سے کم پیداوار کا حصول اور NJV کی پیداوار میں کمی کے باوجود ریکارڈ کی گئی ہے۔ گیس کی پیداوار کو برقرار رکھنے میں اوچ-II اور KPD فیملڈز سے پیداوار میں اضافے کے ساتھ چھوٹو-1 سے پیداوار کا آغاز شامل ہے۔

LPG کے بابت، OGDCL نے 20 فیصد کا اضافہ ریکارڈ کیا جسکی بنیادی وجہ بشپا، کنز اور KPD فیملڈز سے پیداوار میں اضافہ ہے۔ زیر جائزہ دورانہ میں OGDCL کی بشمول اپنے زیر انتظام اور غیر انتظام شدہ مشترکہ فیملڈز سے یومیہ قابل فروخت پیداوار کی تفصیل درج ذیل ہے:

مصنوعات	پیمائش کی اکائی	نوامیہ 2018-19	نوامیہ 2017-18
خام تیل	بیرلز یومیہ	40,952	41,509
گیس	MMcf یومیہ	1,010	1,020
LPG	ٹن یومیہ	819	682
سلفر	ٹن یومیہ	63	56
BoE	MMBOEs	51.2	52.6

مالیاتی نتائج

OGDCL نے 31 مارچ 2019 کو اختتام پذیر ہونے والے نو ماہ میں مضبوط مالی نتائج کی کارکردگی کی ترسیل جاری رکھی۔ کمپنی کی آمدن اور قبل از ٹیکس منافع بالترتیب 192.047 ارب روپے (147.712 ارب روپے: 2017-18 9M) اور 127.994 ارب روپے (80.165 ارب روپے: 2017-18 9M) رہا جو کہ 30 فیصد اور 60 فیصد کا اضافہ ظاہر کرتے ہیں۔ مذکورہ مالیاتی نتائج بنیادی طور پر خام تیل کی اوسط باسکٹ قیمت میں بڑھاؤ کی وجہ سے ہیں جو کہ گزشتہ نو ماہ کے دورانیے میں 57.73 امریکی ڈالر فی بیرل سے بڑھ کر 69.23 امریکی ڈالر فی بیرل کو پہنچ گئی، نتیجتاً اوسط حاصل شدہ قیمت میں تیزی دیکھی گئی جو کہ گزشتہ عرصے میں 51.63 امریکی ڈالر فی بیرل سے بڑھ کر 59.07 امریکی ڈالر فی بیرل ریکارڈ کی گئی۔

ڈائریکٹرز کا عبوری جائزہ

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

تیل اور گیس کی تلاش اور ترقیاتی سرگرمیاں

پاکستان کے E&P شعبے میں مارکیٹ لیڈر ہونے کے ناطے OGDCL ملک میں تلاش کا سب سے زیادہ رقبہ رکھتی ہے اور یہ رقبہ 31 مارچ 2019 کو 75,133 مربع کلومیٹر ہونے کی بنا پر ملک کے کل زیر تلاش رقبے کا 23% فیصد تھا (ماخذ: PPIS)۔ برنس کے تلاش کے اثاثہ جات فی الوقت بیابلیس (42) کل ملکیتی اور مشترکہ بلاکس پر مشتمل ہیں۔ مزید برآں، دیگر E&P کمپنیوں کے زیر انتظام تلاش و پیداوار کے رقبے میں پانچ (5) بلاکس میں عملی مفادات (working interest) بھی شامل ہیں۔

تلاش کے اثاثوں کی قدر اور پیداوار میں اضافے کے حصول کیلئے OGDCL نے زیر جائزہ مدت کے دوران 707 لائن کلومیٹر 2D (1,582 لائن کلومیٹر: 18-2017 اور 9M) اور 620 مربع کلومیٹر 3D (461 مربع کلومیٹر: 18-2017 اور 9M) کا سیمسک ڈیٹا حاصل کیا۔ مذکورہ حاصل کردہ 2D اور 3D سیمسک ڈیٹا کل ملک میں حاصل کردہ سیمسک ڈیٹا کا بالترتیب 55 فیصد اور 47 فیصد تھا (ماخذ: PPIS)۔ علاوہ ازیں، کمپنی نے 5,088 لائن کلومیٹر 2D سیمسک ڈیٹا کو اپنے ذرائع سے پرائس/ری پرائس بھی کیا۔

مذکورہ بالا کے علاوہ، OGDCL نے زیر جائزہ مدت کے دوران گیارہ (11) کنوؤں کی کھدائی کی جن میں چھ (6) تشیخی/آزمائشی کنوئیں بنام سیاب 1-، قادر پور ڈیپ X-1، گڑھی X-2، مانگر پو-1، پانڈھی-1، اور توخ-1 اور پانچ (5) ترقیاتی کنوئیں بنام پاسا کھی NE-2، چندا-5، پاسا کھی ویسٹ ڈیپ-2 اور قادر پور 60 & 61 شامل ہیں۔ اس کے علاوہ، گزشتہ مالی سالوں سے جاری سات (7) کنوؤں کی کھدائی اور جانچ کے عمل کو بھی نو ماہ کے دوران مکمل کیا گیا ہے۔

دریائیں

OGDCL نے ہائیڈرو کاربن کے نئے ذخائر کی تلاش کی کوششوں کی بدولت زیر جائزہ مدت کے دوران صوبہ خیبر پختونخواہ کے ضلع کوہاٹ میں چندا-1 اور میلہ-5 کے نام سے دو (2) نئی تیل و گیس کی دریائیں کیں۔ ان دریائوں کے حوالے سے ممکنہ مجموعی یومیہ پیداوار 795 بیرلز تیل اور MMcf 2.45 گیس ہے جبکہ ابتدائی مجموعی ذخائر کا تخمینہ 89.80 بلین کیوبک فٹ گیس اور 9.33 بلین بیرلز تیل لگایا گیا ہے جو کہ مشترکہ طور پر 25.62 بلین بیرلز تیل کے مساوی ہے۔

ترقیاتی منصوبہ جات

زیر جائزہ مدت کے دوران نیشنل کپریٹیشن منصوبے پر EPCC کنٹریکٹرز کی خدمات حاصل کرنے کے لئے تکنیکی اور مالیاتی تجزیہ مکمل کر لیا گیا ہے اور منصوبے کی تکمیل جون 2020 تک متوقع ہے۔ ڈھوک حسین ترقیاتی منصوبے کے متعلق، گیس پراسیسنگ سہولتوں کی تنصیب کا کام بھی مکمل ہو چکا ہے اور گیس کی سپلائی SNGPL کی جانب سے گیس پائپ لائن بچھانے سے مشروط ہے۔ اسی طرح، میلہ فیلڈ پر پلانٹ کی سہولتوں کو اپ گریڈ کرنے اور LPG اور NGL نکالنے کے لئے نیشنل پلانٹ تک گیس پائپ لائن بچھانے کا کام جاری ہے جس کی تکمیل دسمبر 2019 میں متوقع ہے۔

GROWTH



Oil & Gas Development Company Limited

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