

OIL AND GAS DEVELOPMENT COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2026

1 LEGAL STATUS AND OPERATIONS

- 1.1** 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 (IGDS = 10 ordinary shares of the Company) of the Company are listed on the London Stock Exchange.

Geographical location of all other business units of the Company have been disclosed in note 48.

- 1.2** The Pakistan Sovereign Wealth Fund Act, 2023 became effective during the year ended 30 June 2024. Under the said Act, the GoP's shareholding in the Company has been transferred, by operation of law, to the Pakistan Sovereign Wealth Fund (PSWF). The Company is awaiting directives from the GoP regarding the necessary corporate actions to formally record this transfer. Further, in accordance with the Act, both the PSWF and the State - Owned Enterprises majorly owned by the PSWF are exempt from the provisions of the State - Owned Enterprises (Governance and Operations) Act, 2023 (the "SOE Act").

2 BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

- 2.1.1** These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of, directives and notifications issued under the Companies Act, 2017.

Where provisions of, directives and notification issued under the Companies Act, 2017 differ from the IFRS Accounting Standards, the provisions of, directives and notifications issued under the Companies Act, 2017 have been followed.

- 2.1.2** Security and Exchange Commission of Pakistan (SECP) through S.R.O. 985 (I)/2019 dated 02 September 2019 has notified that in respect of companies holding financial assets due from the Government of Pakistan (GoP), the requirements contained in IFRS 9 with respect to application of Expected Credit Loss (ECL) method shall not be applicable till 30 June 2021, provided that such companies shall follow relevant requirements of IAS 39 'Financial Instruments: Recognition and Measurement' in respect of above referred financial assets during the exemption period. Under the said S.R.O, the disclosure of the impacts of ECL was not required. SECP through S.R.O 25 (I) / 2024 dated 06 January 2026 , extended the exemption period till financial years ending on or before 31 December 2026. Subsequent to the year end, the Company vide its letter dated 17 August 2026 has requested SECP that deferment /exemption from application of ECL method under IFRS 9 in respect of financial assets due directly or ultimately from GoP in respect of circular debt may kindly be extended till such date the circular debt issue is resolved. Response from SECP is still awaited.

Earlier to the aforesaid S.R.O. dated 02 September 2019, SECP in a press release dated 22 August 2019 communicated that IFRS 9 needs to be looked into from Pakistan perspective where phenomenon that circular debt need to be given due consideration. It was noted that concerns expressed by companies regarding practical limitations in determining ECL on debts due from Government, due to uncertain cash recovery patterns of circular debt, carry weight. Public information regarding expected settlement of circular debt by the GoP in coming years may result in subsequent reversals of impairment losses recognized in 2019. Further, SECP vide letter No. EMD/IACC/9/2009-174 dated 05 September 2019 has clarified to the Company that financial assets due from the GoP include those that are directly due from the GoP and that are ultimately due from the GoP in consequence of the circular debt. In accordance with the exemption granted by SECP, ECL has not been assessed /recognized in respect of financial assets due directly/ ultimately from the GoP which includes trade debts and lease receivables amounting to Rs 591,866 million (2025: Rs 611,007 million) and Rs 101,013 million (2025: Rs 140,895 million) respectively on account of inter-corporate circular debts.



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2.2 BASIS OF MEASUREMENT

The financial statements have been prepared under the historical cost convention, except as otherwise stated in the respective notes of accounting policies below.

These financial statements are the separate financial statements of the Company in which investment in subsidiary is accounted for at cost. Consolidated financial statements are prepared separately.

2.3 FUNCTIONAL AND PRESENTATION CURRENCY

The financial statements are presented in Pakistan Rupee (PKR /Rupees /Rs) which is the Company's functional currency.

2.4 ACCOUNTING ESTIMATES

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

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

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

2.4.1 Property, plant and equipment- note 3.3 and 12

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

2.4.2 Exploration and evaluation expenditure- note 3.5.2 and 14

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

2.4.3 Estimation of oil and natural gas reserves for amortization of development and production assets- note 3.5.3 and 13

Oil and gas reserves are an important element in calculation of amortization charge and for impairment testing of development and production assets of the Company. Estimates of oil and natural gas reserves are inherently imprecise, require the application of judgement and are subject to future revision. Oil and gas reserves are estimated by an independent expert with reference to available reservoir and well information, including production and pressure trends for producing reservoirs and, in some cases, subject to definitional limits, to similar data from other producing reservoirs.

The reserve estimates are subject to revision, either upward or downward, based on new information, such as from development drilling and production activities or from changes in economic factors, including product prices, contract terms or development plans. Changes in estimates of reserves, affects the amount of amortization recorded in the financial statements for development and production assets.



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2.4.4 Impairment of non financial assets including development and production assets and related property, plant and equipment- note 3.6, 12 and 13

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

The Company assesses at the end of each reporting period whether there is any indication that an asset may be impaired. Where indications of impairment are identified, an impairment test is performed by the Company based on the estimate of the recoverable value of that asset and/ or Cash Generating Unit (CGU). The calculation of recoverable value of development and production assets and related property, plant and equipment requires management to make significant estimates and judgements, such as estimation of volume of oil and gas recoverable reserves, future oil and gas prices, costs and discount rate.

It is reasonably possible that a change in these assumptions may require a material adjustment to the carrying value of development and production assets and related property, plant and equipment. The Company monitors internal and external indicators of impairment relating to its assets.

2.4.5 Provision for decommissioning cost- note 3.5.4 and 8

Provision is recognized for the future decommissioning and restoration cost of oil and gas wells, production facilities and pipelines at the end of their useful lives and involves estimates related to future expected cost, discount rate and timing. Estimates of the amount of provision recognized are based on current legal and constructive requirements, technology and price levels. Provision is based on the best estimates, however, the actual outflows can differ from estimated cash outflows due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future. The estimated timing of decommissioning may change due to certain factors, such as reserve life, a decision to terminate operations or change in legislation. The carrying amount of provision is reviewed annually and adjusted to take account of such changes.

2.4.6 Employee benefits- note 3.1, 7, 10.3 and 10.4

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

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

2.4.7 Taxation- note 3.2, 6, 25 and 35

There are transactions and calculations related to tax for which the ultimate tax outcome is uncertain as these matters are being contested at various legal forums. In determining tax provision, the Company takes into account the current income tax laws and decisions taken by appellate authorities. The current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. Instances where the Company's view differs from the view taken by the income tax department at the assessment stage and the Company considers that its view on items of material nature is in accordance with law, the amounts are disclosed as contingent liabilities unless the possibility of outflow is remote. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax balances in the year in which such determination is made.



2.4.8 Stores, spare parts and loose tools - note 3.9, and 20

The Company reviews the stores, spare parts and loose tools for possible write downs/ provisions on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items with a corresponding affect on the provision.

2.4.9 Measurement of the expected credit loss allowance- note 3.15.4 and 39

The measurement of the Expected Credit Loss ("ECL") allowance for financial assets requires the use of complex models and significant assumptions about future economic conditions and credit behavior (e.g. the likelihood of counter parties defaulting and the resulting losses).

Elements of the ECL models that are considered accounting judgments and estimates include:

- Development of ECL models, including the various formulas and choice of inputs
- Determining the criteria, if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a lifetime ECL basis and the qualitative assessment;
- The segmentation of financial assets when their ECL is assessed on a collective basis;
- Determination of associations between macroeconomic scenarios and, economic inputs, and their effect on Probability of Default (PDs), Exposure At Default (EADs) and Loss Given Default (LGDs); and
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

2.4.10 Provision against financial assets not subject to ECL model- note 3.15.4 and 39

As referred in note 2.1.2, the Securities and Exchange Commission of Pakistan (SECP) has deferred applicability of ECL model in respect of financial assets due directly /ultimately from Government of Pakistan (GoP) on account of circular debt till 31 December 2026. Accordingly, the Company reviews the recoverability of its trade debts, lease receivables and investments that are due directly /ultimately from the GoP on account of circular debt to assess whether there is any objective evidence of impairment as per requirements of IAS 39 'Financial Instruments: Recognition and Measurement' at each reporting date.

The Company has overdue receivables on account of inter-corporate circular debt. These overdue balances are receivable from oil refineries, gas supply and power companies. 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 the Company's debts. Inter-corporate circular debt in Pakistan arises due to delayed payments in the energy sector supply chain; the GoP either directly or through its direct /indirect ownership of entities within energy sector supply chain is at the core of circular debt issue. The Central Power Purchase Agency (Guarantee) Limited (CPPA-G), a government owned entity, is sole power purchaser for the Country on behalf of Electricity Distribution Companies (DISCOs) and K-Electric and the circular debt is a shortfall of payments primarily at the CPPA-G level, however, in case of gas distribution and transmission companies the shortfall also occurs because of a delay in receipts of subsidies from the GoP for supply of gas to certain domestic/industrial consumers.

Settlement of the Company's receivables is slower than the contractual terms primarily because circular debt is a macro economic level issue in Pakistan and its level at any given time is dependent on policies and /or priorities of the GoP, the level of subsidies offered by the GoP to certain domestic and industrial consumers, exchange rate fluctuations, global crude oil prices and certain other systemic issues within energy sector (tariffs, losses, non /delayed recoveries).

The Company's assessment of objective evidence of impairment with respect to over due amounts on account of inter-corporate circular debt takes into account commitment made by the GoP, enforceable contractual rights to receive compensation for delayed payments and plans of the GoP to settle the issue of inter- corporate circular debt.

The Company has enforceable contractual right and is entitled to charge interest if payments from customers are delayed beyond credit terms, however considering the uncertainties relating to recoverability of interest, the Company recognizes interest, if any, on delayed payments from customers, on investments and lease arrangements when the interest on delayed payments is received by the Company.

2.4.11 Leases - note 3.4 and 19

The Company assesses whether a contract is or contains a lease at inception of the contract. This assessment involves the exercise of judgment to determine if the control of an identified asset has been passed between the parties. Control exists if substantially all of the economic benefits from the use of the asset are transferred to the lessee and the lessee has the ability to direct its use for a period of time. Further, the Company assesses the lease term as the non-cancellable lease term in line with lease contract together with the period for which the Company has extension options if it is reasonably certain to be exercised and the periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. For contracts that contain a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. Further, the judgement is made whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset to classify the lease as a finance or operating lease.

In case of modification of finance lease, the Company assess whether the modification results in a separate lease or not. For a modification that is not accounted for as a separate lease, it is reassessed whether the lease would have been classified as an operating lease had the modification been in effect at the inception, which requires judgement. In case the lease is continued to be classified as a finance lease, the Company in case of significant modification, derecognize the existing lease receivable and recognize a new lease receivable and the resulting difference is taken to profit or loss. The recognition of new lease receivable includes judgements regarding estimates of future contractual cashflows and discount rate.

2.4.12 Investment in associates - note 3.7 and 15

The Company uses the equity method of accounting for the entities over which it has significant influence. Initial accounting in respect of acquisition under the applicable financial reporting framework involves identifying and determining the fair values to be assigned to the investee's identifiable assets and liabilities, including goodwill or bargain purchase gain, if any. Classification of the investment as an associate requires the management making significant judgement with respect to the relevant activities of the investee entities. Purchase price allocation also involved significant estimation/ judgement in respect of determining fair values of identifiable assets and liabilities including goodwill or bargain purchase gain.

2.4.13 Derecognition of financial assets- note 3.15.3 and 16.2

In case of the renegotiation or modification of the contractual cashflows of a financial asset, the Company assesses whether it is a significant modification which will lead to the derecognition of the existing financial asset in accordance with the requirements of IFRS 9 'Financial Instruments'. When the renegotiation or modification of a financial asset results in the derecognition of the existing financial asset and the subsequent recognition of the renegotiated or modified financial asset, the renegotiated or modified financial asset is considered a new financial asset recognized at fair value and the resulting difference between the carrying amount of the existing financial asset and the renegotiated or modified financial asset is taken to profit or loss. The recognition of the renegotiated or modified financial assets at fair value mainly includes estimate of the discount rate.

2.4.14 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are reviewed at each reporting date and adjustments are made, where required, to reflect the current best estimate.

2.4.15 Contingencies- note 11, 22, 25 and 35

The assessment of the contingencies inherently involves the exercise of significant judgment as the outcome of the future events cannot be predicted with certainty. The Company, based on the availability of the latest information, estimates the value of contingent assets and liabilities, which may differ on the occurrence / non-occurrence of the uncertain future event(s).

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.



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A contingent liability is disclosed when the Company has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

2.5 NEW AND AMENDED STANDARDS AND INTERPRETATIONS

2.5.1 There are certain amendments to the accounting and reporting standards which became applicable to the Company on 1 July 2025. However, these amendments do not have any significant impact on the Company's financial statements.

2.5.2 The following standards, interpretations and amendments as notified under Companies Act, 2017 are effective for accounting periods beginning from the dates specified below and have not been early adopted by the Company:

- Amendment to IAS 21 'The Effects of Changes in Foreign Exchange Rates', - Lack of Exchangeability (effective for annual reporting periods beginning on or after 01 January 2027 with early adoption available).

This amendment clarifies that a currency is exchangeable when an entity is able to exchange that currency for the other currency through markets or exchange mechanisms that create enforceable rights and obligations without undue delay at the measurement date and for a specified purpose; a currency is not exchangeable into the other currency if an entity can only obtain an insignificant amount of the other currency.

Amendments to IAS 28 'Investments in Associates and Joint Ventures' - Fair value option for investments in associates and joint ventures (effective for annual reporting periods beginning on or after January 1, 2027).

These amendments clarify about which entities are eligible to measure investments in associates and joint ventures at fair value under IAS 28. The exemption from applying the equity method in IAS 28 allows eligible entities to make an election to measure investments in associates and joint ventures at fair value through profit or loss ('fair value option').

- Amendment to IFRS 7 'Financial Instruments: Disclosures' and IFRS 9 'Financial Instruments' - Classification and Measurement of Financial Instruments (effective for annual reporting periods beginning on or after January 1, 2026 with early adoption available).

These amendments clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system; clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion; add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI).

- Amendment to IFRS 7 'Financial Instruments: Disclosures' and IFRS 9 'Financial Instruments' - Contracts Referencing Nature-dependent Electricity (effective for annual reporting periods beginning on or after January 1, 2026).

These amendments change the 'own use' and hedge accounting requirements of IFRS 9 and include targeted disclosure requirements to IFRS 7. These amendments apply only to 'contracts referencing nature-dependent electricity' that expose an entity to variability in the underlying amount of electricity because the source of its generation depends on uncontrollable natural conditions (such as the weather).

- IFRS 17 'Insurance Contracts' establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the Standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows. SECP vide its SRO 1715(I)/2023 dated November 21, 2023 has directed that IFRS 17 shall be followed for the period commencing January 1, 2026 by companies engaged in insurance /takaful and re-insurance /re-takaful business.

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- IFRS 18 'Presentation and Disclosure in Financial Statements' (effective for annual reporting periods beginning on or after January 1, 2027). The objective of IFRS 18 is to set out requirements for the presentation and disclosure of information in general purpose financial statements to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses.
- IFRS 19 'Subsidiaries without Public Accountability: Disclosures' (effective for annual reporting periods beginning on or after January 1, 2027). The objective of IFRS 19 is to specify the disclosure requirements an entity is permitted to apply instead of the disclosure requirements in other IFRS Accounting Standards.
- In July 2024, the IASB issued 'Annual improvements to IFRS - Volume 11' (Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7). The amendments are effective for annual reporting periods beginning on or after January 1, 2026.

The Company's management at present is in the process of assessing the full impacts of IFRS 18 and the amendments to IFRS 7 and IFRS 9. Except for the aforementioned standard and amendments, the management anticipates that the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the financial statements except for the presentation and disclosures.

Other than the aforesaid standards and amendments, IASB has also issued the following standards and interpretation, which have not been notified locally or declared exempt by the SECP as at 30 June 2026:

- IFRS 1 First-time Adoption of International Financial Reporting Standards
- IFRS 20 Regulatory Assets and Regulatory Liabilities
- IFRIC 12 Service Concession Arrangements

3 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 EMPLOYEE BENEFITS

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

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

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

The Company also provides post retirement medical benefits to its permanent employees who were in service prior to 28 April 2004 and their families as a defined benefit plan.

During the year ended 30 June 2025, the Company policy whereby its regular /contractual officers and regular staff were eligible to encash accumulated leave balance at the time of retirement in case of officers and at the time of retirement or during the service in case of regular staff, had been revised effective 01 February 2025, to be applicable to all regular /contractual officers and certain staff only. The accumulated balance, as of 31 January 2025, of remaining staff had been made payable on demand. Also refer note 7.2

The liability recognized in the statement of financial position in respect of defined benefit plans is the present value of the defined benefit obligations at the reporting date less the fair value of plan assets. The defined benefit obligations are calculated annually by an independent actuary using the Project Unit Credit (PUC) method. The latest actuarial valuations were carried out as of 30 June 2026.

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

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

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

Past service costs are recognized immediately in profit or loss.

3.2 TAXATION

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

3.2.1 Current tax

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

3.2.2 Final taxes - levies

Any amount in excess of normal tax liability and not based on taxable income as per the enacted tax laws is classified as final tax and the same is treated as levy in term of IAS 37 "Provisions, contingent liabilities and contingent assets" and IFRIC 21 "Levies" and not as part of income tax balance, if any, to be recognised under IAS 12 "Income taxes".

3.2.3 Deferred tax

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

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

Deferred tax has been calculated at the tax rate of 32.37% (2025: 40.18%) after taking into account depletion allowance and set offs, where available, in respect of royalty payment to the GoP. The tax rate is reviewed annually.

3.2.4 Offsetting

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.



3.3 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses, if any, except for freehold land and capital work in progress, which are stated at cost less impairment loss, if any. Cost in relation to property, plant and equipment comprises acquisition and other directly attributable costs and decommissioning cost as referred in the note 3.5.4 to the financial statements. The cost of self constructed assets includes the cost of materials, direct labour and any other costs directly attributable to bringing the assets to working condition for their intended use. Software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

Depreciation is provided on straight line method at rates specified in note 12 to the financial statements so as to write off the cost of property, plant and equipment over their estimated useful life. The Company starts charging depreciation on additions to property, plant and equipment when it is available for intended use till the date of disposal of property, plant and equipment.

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

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

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

3.3.1 Right of use Assets

The Company assesses whether a contract contains a lease at inception of the contract. If the Company assesses contract contains a lease and meets requirements of IFRS 16, the Company recognises right-of-use asset and a lease liability at the commencement date of the lease i.e. the date the underlying asset is available for use. Right-of-use assets are initially measured at cost, which comprises of the amount of the initial measurement of lease liabilities, any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs and restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use assets are depreciated over the underlying assets' useful life.

3.4 LEASES

The Company assesses whether a contract is or contains a lease at the inception of the contract and whether the contract conveys the right to control the use of an underlying asset for a period of time in exchange for consideration.

As a Lessor

As a lessor, the Company determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset to the lessee.

Finance lease

Leases where the Company transfers substantially all of the risks and rewards incidental to the ownership of an asset to the lessee are classified as finance leases.

The Company derecognizes the underlying asset and recognizes a receivable at an amount equal to the net investment in a finance lease. Net investment in a finance lease is measured at an amount equal to the sum of the present value of lease payments from lessee including any unguaranteed residual value of the underlying asset. Initial direct costs are also included in the initial measurement of the net investment. Variable lease payments that depend on an index are included in the measurement of net investment in lease based on the index at the inception of the lease and impacts of subsequent changes in index are recognized annually in profit or loss.



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The difference between the gross receivable and the present value of the receivable is recognized as unearned finance income. Lease income is recognized over the term of the lease using the net investment method so as to reflect a constant periodic rate of return.

The Company considers the reassessment of lease classification if there is a lease modification. Changes in estimates, or changes in circumstances, do not give rise to a new classification of a lease. The Company accounts for a modification to a finance lease as a separate lease if both:

- a) the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- b) the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a modification to a finance lease that is not accounted for as a separate lease, the Company accounts for the modification as follows:

- a) if the lease would have been classified as an operating lease had the modification been in effect at the inception date, the Company accounts for the lease modification as a new lease from the effective date of the modification, and measures the carrying amount of the underlying asset as the net investment in the lease immediately before the effective date of the lease modification.
- b) if the modification does not result in derecognition of the lease receivable, the Company recalculates the gross carrying amount of the lease receivable at the date of modification based on modified contractual terms and recognizes a corresponding gain or loss in profit or loss. However, if the modification results in derecognition of lease receivable, a new lease receivable is recognized based on discounted contractual cashflows and the resulting gain/ loss is recognized in profit or loss.

Operating lease

The Company classifies a lease as an operating lease if the lease does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee. The Company recognizes lease payments received under operating lease as lease income on a straight-line basis over the lease term.

If an arrangement contains lease and non-lease components, the Company allocates the consideration in the contract to the lease and non-lease components based on the stand-alone selling prices in accordance with the principles in IFRS 15.

The Company accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

As a Lessee - Lease Liability

The Company assesses whether a contract contains a lease at inception of the contract. If the Company assesses contract contains a lease and meets requirements of IFRS 16, the Company recognises right-of-use asset and a lease liability at the commencement date of the lease i.e. the date the underlying asset is available for use. The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments in the measurement of the lease liabilities comprise the following:

- a) fixed payments including in-substance fixed payments less any lease incentive receivable;
- b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- c) amounts expected to be payable under a residual value guarantee; and
- d) the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.



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The lease liabilities are measured at amortised cost using the effective interest method. These are remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

Variable lease payments are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

The Company has opted not to recognize right of use assets for short-term leases i.e. leases with a term of twelve (12) months or less. The payments associated with such leases are recognized in profit or loss when incurred.

3.5 OIL AND GAS ASSETS

The Company applies the "Successful Efforts" method of accounting for Exploration and Evaluation (E&E) costs.

3.5.1 Pre-license costs

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

3.5.2 Exploration and evaluation assets

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

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

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

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

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

3.5.3 Development and production assets

Development and production assets are accumulated on a field by field basis and represent the cost of developing the discovered commercial reserves and bringing them into production, together with the capitalized E&E expenditures incurred in finding commercial reserves transferred from intangible E&E assets as outlined in note 3.5.2 above. The cost of development and production assets also includes the cost of acquisition of such assets, directly attributable overheads, and the cost of recognizing provisions for future site restoration and decommissioning.

Expenditure carried within each field is amortized from the commencement of production on a unit of production basis, over the estimated useful life of the field determined by reference to proved developed reserves, on a field by field basis. Changes in the estimates of commercial reserves or future field development costs are dealt with prospectively. Amortization is charged to profit or loss.



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3.5.4 Decommissioning cost

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

Liabilities for decommissioning cost are recognized when the Company has an obligation for site restoration, and when a reliable estimate of that liability can be made. The Company makes provision in full for the decommissioning cost on the declaration of commercial discovery of the reserves, to fulfil the obligation of site restoration and rehabilitation. The obligations for oil and natural gas production or transportation facilities, are recognized on construction or installation. The amount recognized is the estimated cost of decommissioning, discounted to its net present value and the expected outflow of economic resources to settle this obligation is up to next forty four (44) years. An obligation for decommissioning may also crystallize during the period of operation of a well /facility through a change in legislation or through a decision to terminate operations.

Decommissioning cost, as appropriate, relating to producing or shut-in fields /fields in development is capitalized to the cost of development and production assets and property, plant and equipment as the case may be. The recognized amount of decommissioning cost is subsequently amortized /depreciated as part of the capital cost of the development and production assets and property, plant and equipment. At the time of decommissioning of the field, any differences arising from settlement of the provision are recognized in statement of profit or loss.

While the provision is based on the best estimate of future costs and the economic life of the fields, there is uncertainty regarding both the amount and timing of incurring these costs. The Company reviews the decommissioning provision at the reporting date. Any change in the present value of the estimated expenditure is dealt with prospectively and reflected as an adjustment to the provision and a corresponding adjustment to property, plant and equipment and development and production assets. If a decrease in a provision is greater than the carrying value of asset, the excess is recognized in statement of profit or loss. The unwinding of the discount on the decommissioning provision is recognized as finance cost in the statement of profit or loss.

3.6 IMPAIRMENT OF NON FINANCIAL ASSETS

At each reporting date, the Company reviews the carrying amount of its non financial assets to determine whether there is any indication of impairment. If any such indication exists, then the assets recoverable amount is estimated.

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

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

For impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows largely independent of other assets or CGUs. The CGU applied for impairment test purpose is generally field by field basis, except that a number of fields may be grouped as a single cash generating unit where the cash flows of each field are inter-dependent.

The carrying value is compared against expected recoverable amount of an asset or CGU, generally by reference to the future net cash flows expected to be derived from such assets. An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss. The impairment loss is allocated to the assets in CGU on a prorata basis.

Where conditions giving rise to impairment subsequently reverse, the effect of the impairment charge is also reversed as a credit in profit or loss to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

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3.7 INVESTMENTS IN ASSOCIATES

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

The results, assets and liabilities of the associate have been incorporated in the financial statements using the equity method of accounting. Under the equity method, investments in associates are initially recognized at cost adjusted thereafter to recognize the Company's share of the post-acquisition profits or losses of the associate in profit or loss and the Company's share of movements in other comprehensive income of the associate in other comprehensive income. Dividends received or receivable from the associate is recognized as a reduction in the carrying amount of the investment. Losses of an associate in excess of Company's interest in that associate are recognized only to the extent that the Company has incurred legal or constructive obligation or made payment on behalf of the associate.

On acquisition of the investment, any difference between the cost of the investment and the associate's share of the net fair value of the investee's identifiable assets and liabilities is accounted for as follows:

- a) Goodwill relating to an associate is included in the carrying amount of the investment.
- b) Any excess of the associate's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate profit or loss in the period in which the investment is acquired.

Where objective evidence of impairment of investment in associate is identified, then the carrying amount of equity-accounted investment is tested for impairment in accordance with the policy described in note 3.6.

3.8 INVESTMENTS IN SUBSIDIARY

Subsidiary is an entity over which the Company has control. The Company controls an entity when it is exposed or has the right to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Investment in the subsidiary is initially recognized at cost, which is the fair value of the consideration paid/payable on acquisition of the subsidiary. At subsequent reporting dates, the investment in the subsidiary is stated at cost less accumulated impairment losses, if any. Impairment losses and their reversals are recognized in the statement of profit or loss. However, the reversal of impairment losses is restricted to the extent of the initial cost of investment.

The profit and loss of the subsidiary is carried forward in its own financial statements and is not dealt with in these financial statements except to the extent of dividend declared by the subsidiary. Gains and losses on disposal of the investment are included in the statement of profit or loss.

At each reporting date, the Company determines whether there is objective evidence that the investment in the subsidiary is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the subsidiary and its carrying value, and then recognizes the impairment loss in the statement of profit or loss.

3.9 STORES, SPARE PARTS AND LOOSE TOOLS

Stores, spare parts and loose tools are valued at cost determined on weighted average formula less allowance for obsolete items. Stores in transit are stated at invoice value plus other charges paid thereon.

3.10 INTANGIBLES

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

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3.11 REVENUE RECOGNITION

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. Revenue associated with the sale of crude oil, gas and liquefied petroleum gas is recognized at transaction price that is allocated to that performance obligation. A good or service is transferred when the customer obtains control of that good or service. The transfer of control of crude oil, gas and liquefied petroleum gas coincides with title passing to the customer and the customer taking physical possession. The Company principally satisfies its performance obligations at a point in time and recognizes revenue relating to the performance.

Revenue is measured at the transaction price, net of government levies. Transaction prices of crude oil and gas are specified in relevant agreements and/ or as notified by the government authorities based on agreements with customers, relevant applicable petroleum policy, relevant decision of Economic Coordination Committee (ECC) of the Cabinet or relevant Petroleum Concession Agreements. Prices of liquefied petroleum gas are approved by the appropriate authority within the Company. Effect of adjustments, if any, arising from revision in sale prices is reflected as and when the prices are finalized with the customers and/or approved by the GoP.

Billings are generally raised by the end of each month which are payable within 30 to 45 days in accordance with the contractual arrangement with customers. Amounts billed or received prior to being earned, are deferred and recognized as advances from customers. The Company based on its assessment has not identified a significant financing component in its current contracts with customers because payment terms of 30 to 45 days are explicitly specified and delay in settlement of invoices are subject to interest under the contracts signed with customers and accordingly this delay does not result in a significant financing component.

The Company collects contract renewal fee 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 contract renewal fee is satisfied over time and the Company recognizes contract renewal fee over the term of contract.

3.12 FINANCE INCOME AND EXPENSE

Finance income comprises interest income on funds invested, delayed payments from customers, on investments and lease arrangements, dividend income, exchange gain, gain or loss on disposal of property, plant & equipment, stores, spare parts & loose tools and changes in the fair value of financial assets at fair value through profit or loss. Interest income on financial assets at amortized cost is calculated using the effective interest method and is recognized in statement of profit or loss. Interest income is calculated by applying the effective interest rate to gross carrying amount of a financial asset except for financial assets that subsequently become credit impaired. For credit impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial assets. Dividend income is recognized when the right to receive the payment is established. Foreign currency gains and losses are reported on a net basis.

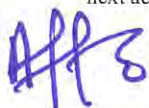
The Company has contractual right and is entitled to charge interest if payments from customers are delayed beyond credit terms, however, considering the uncertainties relating to recoverability of interest, the Company recognizes interest, if any, on delayed payments from customers, on investments and lease arrangements when the interest on delayed payments is received by the Company.

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

3.13 JOINT OPERATIONS

Investments in joint arrangements are classified as either joint operations or joint ventures depending on contractual rights and obligations of the parties to the arrangement.

The Company has certain contractual arrangements with other participants to engage in joint activities, where all significant operating and financial matters are determined by the participants, such that the operator itself has no significant independence to pursue its own commercial strategy. These contractual arrangements do not create a joint venture entity and are accounted for as joint operations /jointly controlled assets ('joint operations'). The Company accounts for its share of the joint operations' assets, liabilities and operating expenses on the basis of latest available audited statements of expenditures of the joint operations and where applicable, the cost statements received from the operator, for the intervening period up to the statement of financial position date. The difference, if any, between the cost statements and audited statements of expenditures is accounted for in the next accounting year.



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3.14 FOREIGN CURRENCIES

3.14.1 Foreign currency transactions and translations

Transactions in foreign currencies are recorded at the rates of exchange ruling on the date of the transaction. All monetary assets and liabilities denominated in foreign currencies are translated into PKR at the rate of exchange ruling on the statement of financial position date and exchange differences, if any, are credited/ charged to statement of profit or loss for the year.

3.14.2 Foreign operations

The assets and liabilities of foreign operations are translated into rupees at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the date of the transactions. The resulting exchange differences arising on translation are recognized in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is reclassified to profit or loss.

Any goodwill /bargain purchase arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the exchange rate prevailing at the reporting date.

3.15 FINANCIAL INSTRUMENTS – INITIAL RECOGNITION AND SUBSEQUENT MEASUREMENT

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

3.15.1 FINANCIAL ASSETS

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

3.15.2 SUBSEQUENT MEASUREMENT

For the purposes of subsequent measurement, financial assets are classified in following categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss



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Financial assets at amortized cost (debt instruments)

The Company measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the Effective Interest Rate (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired. The Company's financial assets at amortized cost are mentioned in note 39.4.

Financial assets at fair value through OCI (debt instruments)

The Company measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation, and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on the financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment. The Company has not designated any financial asset in this category.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss. The Company's financial assets at fair value through profit or loss are mentioned in note 39.4.

3.15.3 DERECOGNITION

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

The financial asset is also derecognized when there is significant modification in the terms of the financial asset. When the renegotiation or modification of a financial asset results in the derecognition of the existing financial asset and the subsequent recognition of the renegotiated or modified financial asset, the renegotiated or modified financial asset is considered a new financial asset recognized at fair value and the resulting difference between the carrying amount of the existing financial asset and the renegotiated or modified financial asset is taken to profit or loss.

3.15.4 IMPAIRMENT OF FINANCIAL ASSETS

The Company recognizes loss allowance for ECL on financial assets measured at amortized cost except for financial assets due directly /ultimately from the GoP which includes certain trade debts and lease receivables in respect of which applicability of ECL model is deferred by SECP as explained in note 2.1.2. For trade debts other than trade debts on which ECL model is not applicable as per aforesaid notification of SECP, the Company applies IFRS 9 simplified approach to measure the ECL (loss allowance) which uses a life time expected allowance.

The Company uses General 3-stage approach for loans and advances, deposits, long term loans, long term investments other than TFCs on which ECL model is not applicable as per aforesaid notification of SECP, other receivables, other financial assets and cash and bank balances i.e. to measure ECL through loss allowance at an amount equal to 12-month ECL if credit risk on a financial instruments has not increased significantly since initial recognition.

Life time ECLs are the ECLs that results from all possible default events over the expected life of a financial instrument. 12-months' ECL are portion of ECL that result from default events that are possible within 12 months after the reporting date.

ECLs are a probability weighted estimate of credit losses. Credit losses are measured at the present value of all cash shortfalls i.e. the difference between cash flows due to the entity in accordance with the contract and cash flows that the Company expects to receive.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof.

In respect of financial assets due directly /ultimately from the GoP, on which ECL model is not applicable as per the notification of SECP in note 2.1.2, the financial asset is assessed under IAS 39 at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

3.15.5 FINANCIAL LIABILITIES

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, and financial liabilities at amortized cost, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of financial liabilities at amortized cost, net of directly attributable transaction costs.

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3.15.6 SUBSEQUENT MEASUREMENT

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at amortized cost

After initial recognition, interest-bearing financial liabilities are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance cost in the statement of profit or loss. The Company's financial liabilities carried at amortized cost are mentioned in note 39.4.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gains or losses on liabilities held for trading are recognized in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit or loss.

3.15.7 DERECOGNITION

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

3.15.8 OFFSETTING OF FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

3.16 PROVISIONS AND CONTINGENT LIABILITIES

A provision is recognized in the statement of financial position when the Company has a present, legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of such obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax discount rate that reflects current market assessment of time value of money and risk specific to the liability.

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

3.17 CASH AND CASH EQUIVALENTS

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

3.18 OPERATING SEGMENTS

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

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3.19 TRADE AND OTHER PAYABLES

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liability unless payment is not due within twelve (12) months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

4 SHARE CAPITAL

Authorized share capital

2026	2025		2026	2025
----- (Number of shares) -----			----- (Rupees '000) -----	
5,000,000,000	5,000,000,000	Ordinary shares of Rs 10 each	50,000,000	50,000,000

Issued, subscribed and paid up capital

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

- 4.1** In consideration for all the properties, rights, assets, obligations and liabilities of Oil and Gas Development Corporation vested in the Company, 1,075,232,100 ordinary fully paid shares of Rs 10 each were issued to the Government of Pakistan (GoP) on 23 October 1997. As at 30 June 2026, the GoP holds 74.97% (2025: 74.97%) paid up capital of the Company. Subsequent to the year end on 08 July 2026, pursuant to the decision of the Honorable Supreme Court of Pakistan in 2022, the entire share holding held by OEET has been transferred back to GoP. Consequently the GoP's share holding in the Company has increased from 74.97 % to 85.02 %.

During the year ended 30 June 2024, the Pakistan Sovereign Wealth Fund Act, 2023 became effective. Under the said Act, the GoP's shareholding in the Company including shares held by OEET stands transferred to the Pakistan Sovereign Wealth Fund (PSWF). Accordingly, the GoP is in the process of taking necessary actions required to record the transfer of the shares to PSWF.

5 RESERVES

Capital reserves:

	Note	2026	2025
		----- (Rupees '000) -----	
Capital reserve	5.1	836,000	836,000
Self insurance reserve	5.2	22,200,000	20,750,000
Self insurance reserve- associate	5.3	920,000	920,000
General reserve- associate		1,200,000	-
		<u>25,156,000</u>	<u>22,506,000</u>

Other reserves:

Foreign currency translation reserve	5.4	1,676,595	2,093,734
Foreign currency translation reserve- associates (net)	5.5	8,461,056	9,309,662
		<u>10,137,651</u>	<u>11,403,396</u>
		<u>35,293,651</u>	<u>33,909,396</u>

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- 5.1 This represents bonus shares issued by former wholly owned subsidiary- Pirkoh Gas Company (Private) Limited (PGCL) prior to merger. Accordingly, this reserve is not available for distribution to shareholders.
- 5.2 The Company has set aside a specific capital reserve for self insurance of rigs, buildings, wells, plants, pipelines, workmen compensation, inventory, terrorism, vehicle repair and losses for petroleum products in transit. Refer note 26.1 for investment against this reserve. Accordingly, this reserve is not available for distribution to shareholders.
- 5.3 This represents a specific capital reserve set aside by an associate for self insurance of its assets which have not been insured, for uninsured risks and for deductibles against insurance claims.
- 5.4 This represents accumulated balance of translation effect of a foreign operation in Rupees as per the Company's accounting policy.
- 5.5 This represents accumulated balance of a translation effect of foreign operations in Rupees of associates.

	Note	2026 ------(Rupees '000)-----	2025 ------(Rupees '000)-----
6 DEFERRED TAXATION			
The balance of deferred tax is in respect of following temporary differences:			
Accelerated depreciation on property, plant and equipment		10,297,166	11,768,689
Expenditure of prospecting, exploration and evaluation, and development and production assets		1,116,187	(5,816,831)
Loss on TFC's and PIBs		-	(3,359,051)
Provision for decommissioning cost		(1,219,406)	(165,236)
Lease receivables		29,251,021	43,089,051
Long term investment in associates		18,052,672	15,787,994
Provision for doubtful debts, claims and advances		(57,461)	(99,434)
Provision for slow moving, obsolete and in transit stores		(2,380,481)	(2,803,371)
Unrealised exchange gain- net		18,607,985	18,723,319
Lease liability		(656,765)	(1,205,022)
		<u>73,010,918</u>	<u>75,920,108</u>
6.1 Movement during the year			
Opening deferred tax liability		75,920,108	70,513,508
(Reversal) /charge for the year in respect of:			
Accelerated depreciation on property, plant and equipment		(1,471,523)	556,836
Expenditure of prospecting, exploration and evaluation and development and production assets		6,933,018	1,432,590
Loss on TFC's and PIBs		3,359,051	6,269,770
Provision for decommissioning cost		(1,054,170)	(1,193,843)
Lease receivables		(13,838,030)	(6,397,129)
Long term investment in associates		2,264,678	4,531,384
Provision for doubtful debts, claims and advances		41,973	53,525
Provision for slow moving, obsolete and in transit stores		422,890	72,996
Unrealised exchange gain /(loss) - net		(115,334)	1,285,493
Lease liability		548,257	(1,205,022)
		<u>73,010,918</u>	<u>75,920,108</u>
7 DEFERRED EMPLOYEE BENEFITS			
Post retirement medical benefits	7.1	44,084,341	41,440,354
Accumulating compensated absences	7.2	1,973,258	78,918
		<u>46,057,599</u>	<u>41,519,272</u>

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7.1 Post retirement medical benefits

Movement in the present value of defined benefit obligation is as follows:

	2026	2025
	----- (Rupees '000) -----	
Present value of defined benefit obligation at beginning of the year	41,440,354	33,573,889
Current service cost	793,931	881,489
Interest cost -net	5,077,495	4,825,713
Benefits paid	(1,640,793)	(1,714,376)
Remeasurement (gain) /loss recognized in other comprehensive income	(1,586,646)	3,873,639
Present value of defined benefit obligation at end of the year	<u>44,084,341</u>	<u>41,440,354</u>

Movement in liability recognized in the statement of financial position is as follows:

Opening liability	41,440,354	33,573,889
Expense for the year	5,871,426	5,707,202
Benefits paid	(1,640,793)	(1,714,376)
Remeasurement loss recognized in other comprehensive income	(1,586,646)	3,873,639
Closing liability	<u>44,084,341</u>	<u>41,440,354</u>

Expense recognized is as follows:

Current service cost	793,931	881,489
Interest cost	5,077,495	4,825,713
	<u>5,871,426</u>	<u>5,707,202</u>

The remeasurement (gain) /loss arising from:

Financial assumptions	(14,335)	(135,534)
Experience adjustments	(1,572,311)	4,009,173
	<u>(1,586,646)</u>	<u>3,873,639</u>

The expense is recognized in the following:

Operating expenses	29	3,777,767	3,386,296
General and administration expenses	32	811,481	895,980
Technical services	37	1,282,178	1,424,926
		<u>5,871,426</u>	<u>5,707,202</u>

Significant actuarial assumptions used were as follows:

	2026	2025
Discount rate per annum	12.25%	12.50%
Medical inflation rate per annum	12.25%	12.50%
Mortality rate	Adjusted SLIC 2001-2005	
Withdrawal rate	Low	Low
Weighted average duration of the obligation	10 years	10.06 years

The calculation of the defined benefit obligation is sensitive to assumptions set out above. The Company faces longevity, discount rate fluctuation and withdrawal risk on account of medical benefits as explained in note 10.3. The following table summarizes how the impact on the defined benefit obligation at the end of the reporting year would have increased /(decreased) as a result of change in respective assumptions:

Impact on defined benefit obligation			
	Change in assumption	Increase in assumption	Decrease in assumption
	----- (Rupees '000) -----		
Discount	1%	(5,148,000)	6,316,000
Medical indexation	1%	547,000	(518,000)
Withdrawal	10%	1,000	(1,000)
		1 year set back	1 year set forward
		----- (Rupees '000) -----	
		1,996,000	(1,794,000)

Mortality

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The expected post retirement medical expense for the next financial year is Rs 5,430 million (2025: 5,120 million).

		2026	2025
		----- (Rupees '000) -----	
7.2 Accumulating compensated absences			
Present value of defined benefit obligation at beginning of the year		5,696,444	9,213,949
Charge for the year- net		2,025,901	2,432,176
Payments made during the year		(3,955,866)	(5,949,681)
Present value of defined benefit obligation at end of the year		3,766,479	5,696,444
Current portion of accumulating compensated absences	7.2.1	(1,793,221)	(5,617,526)
		<u>1,973,258</u>	<u>78,918</u>

- 7.2.1** During the year ended 30 June 2025, the criteria for entitlement of staff in respect of compensated absences had been revised, as detailed in note 3.1.1, based on which, the accumulated balances of certain employees as of 31 January 2025, had become payable on demand. Accordingly, an amount of Rs 1,793 million (2025: Rs 5,618 million) as at 30 June 2026 has been classified as current liability under trade and other payables.

The discount rate of 12.25% (2025: 12.50%) per annum and salary increase rate of 12.25% (2025: 12.50%) per annum were assumed. The mortality rate, withdrawal rate and weighted average duration of the obligation is assumed same as disclosed in note 7.1 above. The Company faces longevity, discount rate fluctuation, withdrawal and salary increase risk on account of compensated absences plan as explained in note 10.3.

	Note	2026	2025
		----- (Rupees '000) -----	
The expense is recognized in the following:			
Operating expenses	29	1,067,371	1,712,340
General and administration expenses	32	399,730	184,758
Technical services	37	558,800	535,078
		<u>2,025,901</u>	<u>2,432,176</u>

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

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
		----- (Rupees '000) -----	
Discount	1%	(134,748)	153,808
Salary increase	1%	107,749	(97,168)
Withdrawal	10%	465	(466)
		<u>1 year set back</u>	<u>1 year set forward</u>
		----- (Rupees '000) -----	
Mortality		(1,528)	1,519

The expected accumulating compensated expense for the next financial year is Rs 279 million (2025: Rs 131 million).

	Note	2026	2025
		----- (Rupees '000) -----	
8 PROVISION FOR DECOMMISSIONING COST			
Balance at beginning of the year		61,594,813	59,600,474
Provision during the year		1,421,160	1,722,273
Decommissioning cost incurred during the year		(148,104)	(143,416)
		<u>62,867,869</u>	<u>61,179,331</u>
Revision due to change in estimates		(6,948,121)	(5,255,809)
Unwinding of discount on provision for decommissioning cost	33	4,800,862	5,671,291
Balance at end of the year		<u>60,720,610</u>	<u>61,594,813</u>

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	2026	2025
Significant financial assumptions used were as follows:		
Discount rate per annum	10.69% ~ 11.52%	10.15% ~ 11.59%
Inflation rate per annum	9.07%	9.38%

9 LONG TERM LEASE LIABILITY

The Company has recognized a lease liability and right of use asset of Early Production Facilities (facilities) under the Gas Processing Contract, executed by operator, Mari Energies Limited (MEL), a related party, for Waziristan block joint operation for a lease term of two years and considering the option to purchase the asset upon expiry of the lease term. The Company has recognized its share of the right-of-use asset under property, plant and equipment and lease liability towards operator was recognized separately to the extent of the Company's share.

	Note	2026 ------(Rupees '000)-----	2025
Lease liability		2,015,170	3,039,610
Less: Current portion of net liability in lease		(2,015,170)	(983,551)
		<u>-</u>	<u>2,056,059</u>
Balance at beginning of the year		3,039,610	-
Additions during the year		-	3,468,690
Unwinding of lease liabilities	33	287,522	95,663
Payments made during the year		(1,257,650)	(565,295)
Exchange (gain) /loss		(54,312)	40,552
Balance at the end of year	9.1	2,015,170	3,039,610
Less: current portion of long term lease liabilities shown under current liabilities		(2,015,170)	(983,551)
		<u>-</u>	<u>2,056,059</u>

9.1 The maturity analysis of undiscounted lease payments is as follows:

Less than a year	2,149,095	1,274,145
Between 1-2 years	-	2,192,702
Undiscounted lease payments	2,149,095	3,466,847
Less: Deferred finance cost	(133,925)	(427,237)
	<u>2,015,170</u>	<u>3,039,610</u>

10 TRADE AND OTHER PAYABLES

Creditors		2,095,774	1,215,105
Accrued liabilities		30,228,806	20,662,174
Payable to partners of joint operations	10.1	11,647,221	10,605,676
Retention money payable		14,782,594	7,431,297
Royalty payable to the Government of Pakistan		11,119,718	11,778,726
Excise duty payable		-	101,030
General sales tax payable		-	1,585,703
Petroleum levy payable		252,760	171,418
Withholding tax payable		763,116	500,908
Trade and other deposits	10.2	3,852,146	3,765,588
Workers' profit participation fund		13,639,816	14,700,782
Employees' pension trust	10.3	30,352,773	19,816,723
Gratuity fund	10.4	320,053	739,295
Liability for staff compensated absences -current portion	7.2	1,793,221	5,617,526
Advances from customers- unsecured		4,570,494	2,552,944
Other payables	10.5	25,469,726	22,515,718
		<u>150,888,218</u>	<u>123,760,613</u>

10.1 This includes payable to related parties amounting to Rs 3,292 million (2025: Rs 5,297 million) as per relevant Petroleum Concession Agreement (PCA).

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10.2 This includes trade deposits of Rs 604 million (2025: Rs 616 million) utilisable for the purpose of the Company's business.

10.3 Employees' pension trust

The amount recognized in the statement of financial position is as follows:

	2026	2025
	------(Rupees '000)-----	
Present value of defined benefit obligation	177,284,203	155,769,936
Fair value of plan assets	(146,931,430)	(135,953,213)
Liability at end of the year	<u>30,352,773</u>	<u>19,816,723</u>

The movement in the present value of defined benefit obligation is as follows:

Present value of defined benefit obligation at beginning of the year	155,769,936	128,264,533
Current service cost	4,382,831	4,369,697
Interest cost	18,627,614	18,049,499
Benefits paid	(13,498,054)	(11,790,090)
Past service cost	9,486,099	-
Remeasurement loss recognized in other comprehensive income	2,515,777	16,876,297
Present value of defined benefit obligation at end of the year	<u>177,284,203</u>	<u>155,769,936</u>

The movement in the fair value of plan assets is as follows:

Fair value of plan assets at beginning of the year	135,953,213	115,476,544
Expected return on plan assets	16,685,715	17,193,795
Contributions	8,563,066	13,973,202
Benefits paid	(13,498,054)	(11,790,090)
Remeasurement (loss) /gain loss recognized in other comprehensive income	(772,510)	1,099,762
Fair value of plan assets at end of the year	<u>146,931,430</u>	<u>135,953,213</u>

The movement in liability recognized in the statement of financial position is as follows:

Opening liability	19,816,723	12,787,989
Expense for the year	15,810,829	5,225,401
Remeasurement gain recognized in other comprehensive income	3,288,287	15,776,535
Payments to the fund during the year	(8,563,066)	(13,973,202)
Closing liability	<u>30,352,773</u>	<u>19,816,723</u>

Expense recognized is as follows:

Current service cost	4,382,831	4,369,697
Net interest cost	1,941,899	855,704
Past service cost	9,486,099	-
	<u>15,810,829</u>	<u>5,225,401</u>

Remeasurement loss recognized in other comprehensive income is as follows:

Remeasurement loss on defined benefit obligation	2,515,777	16,876,297
Remeasurement loss /(gain) on plan assets	772,510	(1,099,762)
	<u>3,288,287</u>	<u>15,776,535</u>

The remeasurement loss is arising from:

Financial assumptions	(4,278,492)	16,341,590
Experience adjustments	7,566,779	(565,055)
	<u>3,288,287</u>	<u>15,776,535</u>

Plan assets comprise of:

	2026			2025		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
	------(Rupees '000)-----					
Pakistan Investment Bonds	-	10,585,527	10,585,527	-	10,436,395	10,436,395
Treasury -Bills	-	32,427,716	32,427,716	-	-	-
Mutual funds	34,517,003	-	34,517,003	52,427,716	-	52,427,716
Term deposit receipts	-	64,099,524	64,099,524	-	67,020,816	67,020,816
Cash and bank balances	-	5,301,660	5,301,660	-	6,068,286	6,068,286
	<u>34,517,003</u>	<u>112,414,427</u>	<u>146,931,430</u>	<u>52,427,716</u>	<u>83,525,497</u>	<u>135,953,213</u>

Quoted plan assets comprise of 23.49 % (2025: 38.56%)of total plan assets.

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

The pension plan is a defined benefit final salary plan invested through approved trust fund. The fund is governed under Trusts Act, Trust Deed and Rules of Fund, Companies Act, 2017, the Income Tax Ordinance, 2001 and the Income Tax Rules, 2002. The trustees of the fund which are appointed by the Company are responsible for plan administration and investment. All trustees are employees of the Company.

The Company faces the following risks on account of defined benefit plan:

Investment Risks- The risk arises when the actual performance of the investments is lower than expectation and thus creating a shortfall in the funding objectives. The risk is mitigated by closely monitoring the performance of investment. The investment in mutual funds is subject to adverse fluctuation as a result of change in prices.

Longevity Risks- The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

Salary Increase Risk- The risk arises when the actual increases are higher than expectation and impacts the liability accordingly.

Withdrawal Risk- The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

Discount rate fluctuation- The plan liabilities are calculated using a discount rate set with reference to market yield on government bonds. A decrease in discount rate will increase the plan liabilities. However, this will be partially offset by an increase in the value of asset plan bond holdings in case of funded plans.

	Note	2026 ------(Rupees '000)-----	2025
The expense is recognized in the following:			
Operating expenses	29	9,336,838	3,065,421
General and administration expenses	32	2,883,510	894,906
Technical services	37	3,590,481	1,265,074
		<u>15,810,829</u>	<u>5,225,401</u>
Actual return on plan assets		<u>15,913,205</u>	<u>18,293,557</u>

	2026	2025
Significant actuarial assumptions used were as follows:		
Discount rate per annum	12.25%	12.50%
Salary increase rate per annum	12.25%	12.50%
Expected rate of return on plan assets per annum	12.25%	12.50%
Pension indexation rate per annum	8.10%	8.75%
Mortality rate	Adjusted SLIC 2001-2005	
Withdrawal rate	Low	Low
Weighted average duration of the obligation	10 year	10.06 year

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

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
	------(Rupees '000)-----		
Discount	1%	(14,347,441)	16,940,654
Salary increase	1%	331,585	(348,730)
Pension indexation	1%	13,428,146	(11,560,264)
Withdrawal	10%	250	(256)

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	1 year set back	1 year set forward
	----- (Rupees '000) -----	
Mortality	4,274,117	(3,926,128)

The Company expects to make a contribution of Rs 36,791 million (2025: Rs 24,709 million) to the employees' pension trust during the next financial year and the expected expense for the next year amounts to Rs 6,438 million (2025: Rs 4,934 million).

	2026	2025
	----- (Rupees '000) -----	

10.4 Gratuity fund

The amount recognized in the statement of financial position is as follows:

Present value of defined benefit obligation	4,104,625	2,843,801
Fair value of plan assets	(3,784,572)	(2,104,506)
Liability at end of the year	<u>320,053</u>	<u>739,295</u>

The movement in the present value of defined benefit obligation is as follows:

Present value of defined benefit obligation at beginning of the year	2,843,801	1,720,731
Current service cost	396,615	343,565
Interest cost	350,662	247,237
Past service cost	149,759	-
Benefits paid	(48,864)	(67,384)
Remeasurement loss recognized in other comprehensive income	412,652	599,652
Present value of defined benefit obligation at end of the year	<u>4,104,625</u>	<u>2,843,801</u>

The movement in the fair value of plan assets is as follows:

Fair value of plan assets at beginning of the year	2,104,506	1,920,484
Expected return on plan assets	348,831	278,302
Contributions	1,421,152	-
Benefits paid	(48,865)	(67,384)
Remeasurement loss recognized in other comprehensive income	(41,052)	(26,896)
Fair value of plan assets at end of the year	<u>3,784,572</u>	<u>2,104,506</u>

The movement in liability /(asset) recognized in the statement of financial position is as follows:

Opening liability /(asset)	739,295	(199,753)
Expense for the year	548,205	312,500
Remeasurement gain recognized in other comprehensive income during the year	453,704	626,548
Payments to the fund during the year	(1,421,151)	-
Closing liability	<u>320,053</u>	<u>739,295</u>

Expense recognized is as follows:

Current service cost	396,615	343,565
Net interest income	1,831	(31,065)
Past service cost	149,759	-
	<u>548,205</u>	<u>312,500</u>

Remeasurement loss recognized in other comprehensive income:

Remeasurement loss on defined benefit obligation	412,652	599,652
Remeasurement loss on plan assets	41,052	26,896
	<u>453,704</u>	<u>626,548</u>

The remeasurement loss arising from:

Financial assumptions	291,858	127,327
Experience adjustments	161,846	499,221
	<u>453,704</u>	<u>626,548</u>

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	2026	2025
Significant actuarial assumptions used were as follows:		
Discount rate	12.25%	12.50%
Salary increase rate	12.25%	12.50%
Weighted average duration of the obligation	10 years	10.06 years
Withdrawal rate	Low	Low
Mortality rate	Adjusted SLIC 2001-2005	

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

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
	------(Rupees '000)-----		
Discount	1%	(509,557)	606,356
Salary increase	1%	431,574	(379,608)
Withdrawal	10%	2,935	(2,950)
		1 year set back	1 year set forward
		------(Rupees '000)-----	
Mortality		(5,361)	5,321

The Company expects to make a contribution of Rs 858 thousand (2025: Rs Nil) to the employees' Gratuity fund during the next financial year and expected expense for the next year amounts to Rs 538 million (2025: Rs 744 million).

Plan assets comprise:

	2026			2025		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
	------(Rupees '000)-----					
Mutual funds	1,489,969	-	1,489,969	948,196	-	948,196
Term deposit receipts	-	1,437,917	1,437,917	-	705,630	705,630
Cash and bank balances	-	856,686	856,686	-	450,680	450,680
	<u>1,489,969</u>	<u>2,294,603</u>	<u>3,784,572</u>	<u>948,196</u>	<u>1,156,310</u>	<u>2,104,506</u>

Quoted plan assets comprise of 39.37% (2025: 45.06 %) of total plan assets.)

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

The gratuity plan is a defined benefit final salary plan invested through approved trust fund. The fund is governed under Trusts Act, 1882, Trust Deed and Rules of Fund, Companies Act, 2017, the Income Tax Ordinance, 2001 and the Income Tax Rules, 2002. The trustees of the fund are responsible to plan administration and investment. The Company appoints the trustees and all trustees are employees of the Company and the responsibility for governance of plan, including investment decisions and contribution schedule lie with the Board of Trustees of the Fund.

The Company faces the investment, longevity, salary increase, withdrawal and discount rate fluctuation risks on account of gratuity plan as explained in note 10.3.

	Note	2026	2025
		------(Rupees '000)-----	
The expense is recognized in the following:			
Operating expenses	29	308,345	170,361
General and administration expenses	32	108,068	62,407
Technical services	37	131,792	79,732
		<u>548,205</u>	<u>312,500</u>

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10.5 This includes an amount of Rs 24,959 million (2025: Rs 21,891 million) received from customers on account of additional revenue due to enhanced gas price incentive as explained in note 28.1.)

10.6 Gas Infrastructure Development Cess (GIDC) amounting to Rs 2,255 million (2025: Rs 2,255 million) is recoverable from customers and payable to the GoP. These financial statements do not reflect the said amount since under the provisions of the GIDC laws and regulations, the Company is required to pay the said amount as and when the same is collected from customers. The GIDC is presented as payable to the extent that it is received from customers but not deposited with the GoP. As at year end, no such amount was received which was not deposited with the GoP. On 13 August 2020, the Supreme Court of Pakistan has decided the matter of GIDC by restraining from charging GIDC from 01 August 2020 onward and ordered gas consumers to pay GIDC arrears due upto 31 July 2020 in instalments. The fertilizer companies have obtained stay against recovery from the Sindh High Court, where the matter is subjudice.

11 CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

11.1.1 Claims against the Company not acknowledged as debts amounted to Rs 126 million at year end (2025: Rs 126 million).

11.1.2 During the year ended 30 June 2024, DCIR issued show cause notices dated 02 February 2024 and 05 March 2024 for the tax period 2018-19 and 2020-21 respectively, wherein the DCIR alleged that the Company has claimed inadmissible input tax of Rs 2,010 million and Rs 3,186 million for the tax year 2018-19 and 2020-21 respectively. On scrutiny of the Company's response, the DCIR reduced the impugned demand to Rs 774 million and Rs 775 million vide orders dated 29 July 2024 and 28 August 2024 respectively. The Company has filed writ petitions before IHC, against the decision of DCIR, where stay has been granted by IHC vide order dated 29 August 2024. Management believes that the Company has rightfully claimed input tax in its returns.

11.1.3 On 17 December 2018, Attock Refinery Limited (ARL) filed a writ petition against the Company before Islamabad High Court and has disputed and withheld amounts invoiced to it prior to the signing of sales agreement i.e. 13 March 2018 on account of adjustment of premium or discount as announced by Saudi Aramco for deliveries to Asian customers /destinations under the sales agreement. The amount withheld and disputed by ARL amounts to Rs 1,292 million (2025: Rs 1,292 million). Further, ARL has also contested and claimed the amounts already paid in this respect during the period 2007 to 2012 amounting to Rs 562 million (2025: Rs 562 million). The Company believes that the debit notes /invoices have been raised in accordance with the sale agreements signed with the GoP and no provision is required in this respect.

11.1.4 Oil and Gas Regulatory Authority (OGRA) vide its decision dated 22 June 2018 decided that LPG producers, in public or private sector, cannot charge signature bonus in compliance with LPG Policy 2016. The Company has challenged this decision in Islamabad High Court on 23 July 2018. The Company has not held auction of LPG quota after direction of OGRA and hence no signature bonus has been received. From existing LPG quota holders, contract renewal fee amounting to Rs 6,238 million (2025: Rs 5,193 million) has been received. The Company believes that the matter will be decided in favour of the Company. Also refer note 30.1.

11.1.5 During the year ended 30 June 2022, Large Taxpayers Office Islamabad vide notices dated 05 October 2021 required all Exploration and Production (E&P) companies including OGDCL to provide information relating to the value of condensate sold during the period from July 2008 to September 2021, pursuant to the judgment of ATIR dated 08 September 2021 in case of another E&P company wherein the Appellate Tribunal Inland Revenue (ATIR) held that condensate is separate product other than crude oil and is subject to sales tax @ 17% against zero percent charged by the E&P companies. OGDCL and other E&P companies had filed writ petitions before Islamabad High Court challenging issuance of above notices dated 05 October 2021 and the Islamabad High Court, vide order dated 16 April 2025, has disposed of the petitions in favour of the companies and set aside the notices dated 05 October 2021. The Federal Board of Revenue had filed appeal before the Supreme Court of Pakistan (SCP) against the decision of the Islamabad High Court on 14 June 2025 which has been disposed off by SCP during the year on 25 September 2025 and referred the case to ADRC and the ADRC is in the process of being constituted. The Company is confident that the matter will be decided in its favor.

11.1.6 Certain banks have issued guarantees on behalf of the Company in ordinary course of business aggregating Rs 0.426 million (2025: Rs 1.281 million), refer note 27.1.

11.1.7 The Company's share in the contingencies of associate based on the financial statements of associate amounts to Rs 1,072 million (2025: Rs Nil)

11.1.8 For contingencies related to income tax matters, refer note 25.1 to 25.5, 35.1 and 35.6.

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11.1.9 For contingencies related to sales tax and federal excise duty, refer note 11.1.5, 22.1 and 22.2.

11.1.10 For matter relating to conversion of certain blocks to Petroleum Policy 2012, refer note 28.1.

11.1.11 As part of the investment in Pakistan International Oil Limited (PIOL), each associate of the consortium companies including OGDC have provided, joint and several, parent company guarantees to Abu Dhabi National Oil Company (ADNOC) and Supreme Council for Financial and Economic Affairs Abu Dhabi, UAE to guarantee the obligations of the associate, PIOL. The exposure against the said guarantee as at year end amounts to US\$ Nil ; Rs: Nil (2025: US\$ 45 million; Rs: 12,785 million).

11.2 Commitments

11.2.1 Commitments outstanding at end of the year amounted to Rs 83,806 million (2025: Rs 81,413 million). These include amounts aggregating to Rs 44,842 million (2025: Rs 42,210 million) representing the Company's share in the minimum work commitments under Petroleum Concession Agreements (PCAs). The Company and its associate has given corporate guarantees to GoP under various PCAs for the performance of obligations.

11.2.2 Letters of credit issued by various banks on behalf of the Company in ordinary course of the business, outstanding at year end amounted to Rs 15,114 million (2025: Rs 49,957 million).

11.2.3 The Company's share of associate commitments at year end are as follows:

	2026	2025
	----- (Rupees '000) -----	
Capital expenditure:		
Share in joint operations	2,014,394	1,048,509
Others	6,566,426	1,225,935
Other Investment	26,019,052	30,110,759
Commitment for capital expenditure	34,599,872	32,385,203
Outstanding minimum work commitments under various PCAs	8,278,672	4,868,520

11.2.4 As part of the Shareholders Agreement with the consortium partners in PIOL, associate, the Company has committed to invest upto US\$ 100 million in PIOL during the next five years from 31 August 2021 and the Company has invested the entire committed amount of US\$ 100 million till 30 June 2026. The Company's share of associate commitment in this respect amounts to US\$ Nil; Rs Nil (2025: US\$ 3 million; Rs 852 million).

11.2.5 With respect to PMPL (note 15.4), the Company had earlier entered into a Joint Venture Agreement with the stakeholders, under which the Company had committed to invest a total amount of up to USD 398 million, to be adjusted for inflation, for funding its proportionate share during Phase-I of the Reko Diq project. During the year, the shareholders of the Company have approved to increase the investment amount to USD 715 million to be adjusted for actual inflation and financing costs. However, after accounting for the expected project financing to be obtained by RDMC, the proportionate shareholder contributions by the Company will be reduced to USD 391 million to be adjusted for actual inflation and financing costs. In addition, the Company has committed to contribute, in the form of equity, up to USD 1 million per year towards its proportionate share in the administrative expenses of PMPL. Furthermore, the Company has provided a several corporate guarantee to fund the obligations of the Company under the Definitive Agreements.

During the year, as part of the financing terms, the State Owned Enterprises (SOEs) have agreed to provide joint and several Completion Guarantees for their pro rata contributory share (which is equal to 27.7778%) of RDMC's secured debt obligations. This guarantee will remain effective until the project achieves financial completion, i.e., the date when specific criteria are met to demonstrate the required level of commercial operations.

Furthermore, the Company has also committed to enter into a Transfers Restriction Agreement required by the project lenders. This agreement mainly requires the SOEs, in aggregate, to maintain their existing shareholding percentage of 25% in RDMC until the project achieves financial completion. Post financial completion, the requirements are relaxed to maintain 10% shareholding in RDMC, until the project debt has been fully repaid. The Completion Guarantee and Transfer Restriction Agreement have not yet been executed.

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OIL AND GAS DEVELOPMENT COMPANY LIMITED
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12 PROPERTY, PLANT AND EQUIPMENT

Description	Freehold land	Leasehold land	Buildings, offices and roads on freehold land	Buildings, offices and roads on leasehold land	Plant and machinery	Rigs	Pipelines	Office and domestic equipment	Office and technical data computers	Furniture and fixtures	Light and heavy vehicles	Right of use Assets (Note 9)	Decommissioning cost	Capital work in progress (Note 12.4)	Stores held for capital expenditure	Total
(Rupees '000)																
Cost																
Balance as at 1 July 2024	304,015	54,039	4,809,029	10,439,976	169,680,502	5,454,729	15,429,104	1,857,656	3,114,036	261,601	6,589,233	-	2,751,290	6,215,501	6,061,063	233,021,774
Additions during the year	-	-	244,668	685,192	10,556,041	112,055	294,832	207,270	272,843	2,420	931,154	3,468,690	881,617	8,285,001	3,251,081	29,192,864
Revision due to change in estimate	-	-	(10,578)	(13,694)	(691,745)	-	(25,414)	-	-	-	-	-	(217,003)	-	-	(958,434)
Disposals/transfers during the year	-	-	(86)	-	(70,411)	(74,443)	(22,690)	(25,252)	(175,230)	(1,852)	(160,474)	-	-	(4,366,022)	(1,224,461)	(6,120,921)
Balance as at 30 June 2025	304,015	54,039	5,043,033	11,111,474	179,474,387	5,492,341	15,675,832	2,039,674	3,211,649	262,169	7,359,913	3,468,690	3,415,904	10,134,480	8,087,683	255,135,283
Balance as at 1 July 2025	304,015	54,039	5,043,033	11,111,474	179,474,387	5,492,341	15,675,832	2,039,674	3,211,649	262,169	7,359,913	3,468,690	3,415,904	10,134,480	8,087,683	255,135,283
Additions during the year	2,744,454	-	1,108,575	1,403,761	17,922,934	206,135	1,070,638	675,355	402,555	2,296	792,535	-	232,250	34,018,483	1,140,739	61,720,710
Revision due to change in estimate	-	-	(8,574)	(6,098)	(442,576)	-	(10,498)	-	-	-	-	-	32,684	-	-	(435,062)
Disposals/transfers during the year	-	-	-	(3,970)	(72,046)	(29,079)	-	(16,911)	(67,159)	(46)	(115,127)	-	-	(10,774,520)	(2,625,601)	(13,704,459)
Balance as at 30 June 2026	3,048,469	54,039	6,143,034	12,505,167	196,882,699	5,669,397	16,735,972	2,698,118	3,547,045	264,419	8,037,321	3,468,690	3,680,838	33,378,443	6,602,821	302,716,472
Accumulated depreciation																
Balance as at 1 July 2024	-	54,036	3,505,076	5,098,812	109,386,109	4,973,416	11,365,549	1,445,787	2,539,912	201,458	5,234,423	-	2,236,954	-	87,072	146,128,604
Charge for the year	-	-	143,110	557,668	8,545,222	137,620	1,035,353	106,898	317,440	11,026	400,876	94,082	219,679	-	-	11,568,974
On disposals	-	-	(85)	-	(70,223)	(74,394)	(22,681)	(24,671)	(172,575)	(1,809)	(112,724)	-	-	-	-	(479,162)
Balance as at 30 June 2025	-	54,036	3,648,101	5,656,480	117,861,108	5,036,642	12,378,221	1,528,014	2,684,777	210,675	5,522,575	94,082	2,456,633	-	87,072	157,218,416
Balance as at 1 July 2025	-	54,036	3,648,101	5,656,480	117,861,108	5,036,642	12,378,221	1,528,014	2,684,777	210,675	5,522,575	94,082	2,456,633	-	87,072	157,218,416
Charge for the year	-	-	160,356	599,197	8,950,098	105,014	812,364	177,804	355,266	10,208	552,579	346,869	149,365	-	-	12,219,120
On disposals	-	-	-	(3,969)	(71,906)	(29,054)	-	(16,539)	(63,301)	(42)	(81,165)	-	-	-	(66,954)	(332,930)
Balance as at 30 June 2026	-	54,036	3,808,457	6,251,708	126,739,300	5,112,602	13,190,585	1,689,279	2,976,742	220,841	5,993,989	440,951	2,605,998	-	20,118	169,104,606
Accumulated impairment																
Balance as at 1 July 2024	-	-	-	-	53,612	-	333	-	-	-	1,079	-	327	-	-	55,351
Charge for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 30 June 2025	-	-	-	-	53,612	-	333	-	-	-	1,079	-	327	-	-	55,351
Balance as at 1 July 2025	-	-	-	-	53,612	-	333	-	-	-	1,079	-	327	-	-	55,351
Charge for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 30 June 2026	-	-	-	-	53,612	-	333	-	-	-	1,079	-	327	-	-	55,351
Carrying amount- 30 June 2025	304,015	3	1,394,932	5,454,994	61,559,667	455,699	3,297,278	511,660	526,872	51,494	1,836,259	3,374,608	958,944	10,134,480	8,000,611	97,861,516
Carrying amount- 30 June 2026	3,048,469	3	2,334,577	6,253,459	70,089,787	556,795	3,545,054	1,008,839	570,303	43,578	2,042,253	3,027,739	1,074,513	33,378,443	6,582,703	133,556,515
Rates of depreciation (%)	-	3.3-4	2.5-8	2.5-8	4-20	10	10	15	33.33	10	20	10	2.5-10	-	-	-

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12.1 Particulars of the Company's significant immovable property including location and area of land are as follows:

Particulars of land and buildings	Field/ Location	District	Area of land in Acres
Dakhni plant residential colony	Dakhni	Attock	65.58
Dakhni (expansion of plant)	Dakhni	Attock	7.04
Sadqal road	Sadqal	Attock	1.33
I-9 workshop/ store/ OGTI Islamabad	Base store I-9	Islamabad	10.91
Head office	Head office blue area	Islamabad	0.73
Masood Mansion	F-8 Markaz	Islamabad	0.33
Plot	Kuri road	Islamabad	10.00
Plant residential colony	Nandpur	Multan	21.54
Plant residential colony	Dhodhak plant	Taunsa	381.82
Regional office Multan/ Dhodak colony	Samajabad	Multan	31.92
Kot Adu logistic base	Kot Adu	Taunsa	29.74
Plot	Quetta (Mastung)	Quetta	40.99
Filling point	Tando Alam	Hyderabad	20.28
Officers residential colony	Tando Alam	Hyderabad	11.02
Plant residential colony	Bobbi	Sanghar	46.00
Plant residential colony	Qadirpur	Ghotki	389.63
Uch pipeline	Uch	Dera Bugti	107.30
Uch gas field	Uch	Dera Bugti	5,032.20
Mela to Naspha flow line	Mela	Karak	15.84
Tabular yard	Korangi	Karachi	2.53
Base store/ workshop	Korangi	Karachi	15.60
Medical center	Korangi	Karachi	0.15
Lodge, D-35	Clifton	Karachi	0.20
Computer center	Fateh Jang	Attock	0.50
Security check post	Nashpa plant	Karak	14.99
Base Store	Khadejee	Karachi	61.00
Base Store	Chak Naurang	Chakwal	2.46
Dhuliyani guest house	Pindi Gheb	Attock	0.25
Shiekhan	Togh	Kohat	24.58

12.2 Cost and accumulated depreciation as at 30 June 2026 include Rs 79,126 million (2025: Rs 75,259 million) and Rs 63,276 million (2025: Rs 58,891 million) respectively being the Company's share in operating property, plant and equipment relating to joint operations operated by other working interest owners and are not in possession of the Company.

Operator wise breakup in respect of capitalized items is summarized below:

	2026	2025	2026	2025
	Cost		Accumulated depreciation	
	(Rupees '000)			
Pakistan Petroleum Limited	11,300,280	11,234,178	9,236,948	9,077,320
Prime Pakistan Limited	25,617,658	25,201,245	24,641,826	23,643,524
Pakistan Oilfields Limited	926,027	911,615	900,721	888,751
United Energy Pakistan Limited	3,312,813	2,929,480	2,795,753	2,680,372
Spud Energy Pty Limited	123,867	123,663	123,662	123,663
Orient Petroleum Inc.	333,898	330,941	324,093	308,432
MOL Pakistan Oil and Gas B.V.	22,127,243	20,270,558	18,021,582	15,619,585
UEP Beta GmbH	6,303,398	6,350,633	6,270,893	6,255,076
Mari Energies Limited	8,840,690	7,667,185	798,973	171,132
Petroleum Exploration (Pvt) Limited	240,348	239,256	161,729	123,246
	79,126,222	75,258,754	63,276,180	58,891,101

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OIL AND GAS DEVELOPMENT COMPANY LIMITED
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	Note	2026 ------(Rupees '000)-----	2025
12.3 The depreciation charge has been allocated to:			
Operating expenses	29	10,839,618	10,410,230
General and administration expenses	32	403,875	285,860
Technical services		975,627	872,884
		<u>12,219,120</u>	<u>11,568,974</u>

12.4 Capital work in progress

Production facilities and other civil works in progress:

Wholly owned

Joint operations

21,675,835	3,983,815
9,013,802	4,089,572
30,689,637	8,073,387

Construction cost of field offices and various bases /offices owned by the Company

2,688,806	2,061,093
<u>33,378,443</u>	<u>10,134,480</u>

12.5 Details of property, plant and equipment sold:

	Cost	Book value	Sale proceeds	Gain /(loss)
	------(Rupees '000)-----			
Vehicles sold to following in-service /retiring employees as per the Company's policy:				
Mr. Sohail Anwar	8,655	5,626	5,626	-
Mr. Safdar Ali Channa	5,679	4,827	4,827	-
Mr. Ghulam Abbas	5,070	3,296	3,296	-
Mr. Sartaj Ahmed	5,070	3,127	3,127	-
Mr. Manzoor Ahmed	5,058	3,035	3,035	-
Mr. Ahmed Khan	4,492	4,042	4,042	-
Mr. Nazir Hussain	4,366	2,256	2,256	-
Mr. Iqbal Moin	4,314	3,235	3,235	-
Mr. Muhammad Munir Awan	4,314	3,307	3,307	-
Mr. Ahsan Ali Shaikh	2,729	274	274	-
Mr. Sikandar Ali Shaikh	2,729	274	274	-
Mr. Asif Kamal Hamesh	2,729	92	273	181
Mr. Sadiq ur Rehman	2,729	1	273	272
Mr. Abdul Hameed	2,729	1	273	272
Mr. Muhammad Ali Khan	2,729	274	274	-
Mr. Mukhtar Ahmad Sajid	1,770	266	266	-
	<u>65,162</u>	<u>33,933</u>	<u>34,658</u>	<u>725</u>
Computers /mobile phones, with individual book value not exceeding Rs 500,000, sold to employees as per the Company's policy	58,047	3,700	8,530	4,830
Property, plant and equipment sold through public auction:	180,672	728	93,144	92,416
Items written off:	457	1	-	(1)
2026	304,338	38,362	136,332	97,970
2025	530,439	51,276	206,941	155,665

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OIL AND GAS DEVELOPMENT COMPANY LIMITED
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13 DEVELOPMENT AND PRODUCTION ASSETS

Description	Producing fields		Shut-in fields /fields in development		Stores held for development and production activities	Wells in progress (Note 13.1)	Sub total	Decom-missioning cost	Total
	Wholly owned	Joint operations	Wholly owned	Joint operations					
(Rupees '000)									
Cost									
Balance as at 1 July 2024	104,993,676	183,853,233	25,563,967	43,962,796	2,087,369	7,518,465	367,979,506	26,959,722	394,939,228
Transfers between producing fields and shut-in fields /fields in development	2,052,115	12,365,466	(2,052,115)	(12,365,466)	-	-	-	-	-
Additions during the year	-	-	-	-	12,531,769	9,603,938	22,135,707	840,656	22,976,363
Transfers in /(out) during the year									
-Wells	4,673,643	4,950,248	3,581	1,888,636	-	(11,516,108)	-	-	-
-Stores	-	-	-	-	(2,294,256)	-	(2,294,256)	-	(2,294,256)
Transfer from exploration and evaluation assets during the year	8,053,109	787,853	6,246,850	9,383,115	-	-	24,470,927	-	24,470,927
Revision due to change in estimate	(1,033,959)	(654,435)	-	(72,797)	-	-	(1,761,191)	(1,757,201)	(3,518,392)
Balance as at 30 June 2025	118,738,584	201,302,365	29,762,283	42,796,284	12,324,882	5,606,295	410,530,693	26,043,177	436,573,870
Balance as at 1 July 2025	118,738,584	201,302,365	29,762,283	42,796,284	12,324,882	5,606,295	410,530,693	26,043,177	436,573,870
Transfers between producing fields and shut-in fields /fields in development	4,001,795	3,939,293	(4,001,795)	(3,939,293)	-	-	-	-	-
Additions during the year	-	-	-	-	2,678,664	32,340,549	35,019,213	1,188,910	36,208,123
Transfers in /(out) during the year									
-Wells	10,854,144	8,372,689	7,766	1,994,503	-	(21,229,102)	-	-	-
-Stores	-	-	-	-	(2,213,198)	-	(2,213,198)	-	(2,213,198)
Transfer from exploration and evaluation assets during the year	11,275,810	11,239,418	-	4,389,263	-	-	26,904,491	-	26,904,491
Revision due to change in estimate	(1,576,635)	(547,228)	-	(122,323)	-	-	(2,246,186)	(2,696,557)	(4,942,743)
Balance as at 30 June 2026	143,293,698	224,306,537	25,768,254	45,118,434	12,790,348	16,717,742	467,995,013	24,535,530	492,530,543
Accumulated amortization									
Balance as at 1 July 2024	80,971,030	149,821,956	7,461,561	9,069,480	-	-	247,324,027	16,035,170	263,359,197
Transfers between producing fields and shut-in fields /fields in development	(166,919)	749,259	166,919	(749,259)	-	-	-	-	-
Charge for the year	7,028,074	13,858,027	-	-	-	-	20,886,101	2,172,470	23,058,571
Balance as at 30 June 2025	87,832,185	164,429,242	7,628,480	8,320,221	-	-	268,210,128	18,207,640	286,417,768
Balance as at 1 July 2025	87,832,185	164,429,242	7,628,480	8,320,221	-	-	268,210,128	18,207,640	286,417,768
Transfers between producing fields and shut-in fields /fields in development	(3,535,388)	(4,299,975)	3,535,388	4,299,975	-	-	-	-	-
Charge for the year	8,497,608	16,155,858	-	-	-	-	24,653,466	1,671,731	26,325,197
Balance as at 30 June 2026	92,794,405	176,285,125	11,163,868	12,620,196	-	-	292,863,594	19,879,371	312,742,965
Accumulated impairment									
Balance as at 1 July 2024	3,344,091	1,004,360	4,341,760	1,920,296	-	-	10,610,507	533,845	11,144,352
Charge for the year	-	-	-	-	-	-	-	-	-
Balance as at 30 June 2025	3,344,091	1,004,360	4,341,760	1,920,296	-	-	10,610,507	533,845	11,144,352
Balance as at 1 July 2025	3,344,091	1,004,360	4,341,760	1,920,296	-	-	10,610,507	533,845	11,144,352
Charge for the year	-	-	-	-	-	-	-	-	-
Balance as at 30 June 2026	3,344,091	1,004,360	4,341,760	1,920,296	-	-	10,610,507	533,845	11,144,352
Carrying amount- 30 June 2025	27,562,308	35,868,763	17,792,043	32,555,767	12,324,882	5,606,295	131,710,058	7,301,692	139,011,750
Carrying amount- 30 June 2026	47,155,202	47,017,052	10,262,626	30,577,942	12,790,348	16,717,742	164,520,912	4,122,314	168,643,226

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	Note	2026 ------(Rupees '000)-----	2025 ------(Rupees '000)-----
13.1 Wells in progress at year end represent:			
Wholly owned		4,063,461	464,521
Joint operations		12,654,281	5,141,774
		<u>16,717,742</u>	<u>5,606,295</u>
14 EXPLORATION AND EVALUATION ASSETS			
Balance at beginning of the year		23,674,238	18,552,999
Additions during the year		31,986,407	33,825,293
		<u>55,660,645</u>	<u>52,378,292</u>
Cost of dry and abandoned wells during the year	31	(6,160,917)	(4,233,127)
Cost of wells transferred to development and production assets during the year		(26,904,491)	(24,470,927)
		<u>(33,065,408)</u>	<u>(28,704,054)</u>
		22,595,237	23,674,238
Stores held for exploration and evaluation activities		7,057,192	5,265,580
Balance at end of the year		<u>29,652,429</u>	<u>28,939,818</u>
14.1 Liabilities, other assets and expenditure incurred on exploration and evaluation activities are:			
Liabilities related to exploration and evaluation		3,644,231	3,899,400
Exploration and prospecting expenditure	31	<u>28,780,511</u>	<u>18,766,791</u>
14.2 The cash outflow relating to exploration and evaluation activities including prospecting expenditure amounts to Rs 56,653 million (2025: Rs 51,292 million).)			
	Note	2026 ------(Rupees '000)-----	2025 ------(Rupees '000)-----
15 LONG TERM INVESTMENTS IN SUBSIDIARY AND ASSOCIATES			
Investment in subsidiary:			
OGDC Renewable Energy (Private) Limited, unquoted	15.1	100	100
Investment in associates:			
Mari Energies Limited, quoted	15.2	64,710,602	54,525,502
Pakistan International Oil Limited, unquoted	15.3	23,418,870	19,929,016
Pakistan Minerals (Private) Limited, unquoted	15.4	90,693,473	63,185,617
		<u>178,823,045</u>	<u>137,640,235</u>
15.1 During the year ended 30 June 2024, the Company incorporated a wholly owned subsidiary in Pakistan, Pakistan Energy Development (Private) Limited (PEDL), under the Companies Act, 2017. During the year ended 30 June 2025, the name of the PEDL was changed to OGDC Renewable Energy (Private) Limited (OREL). The principal line of business of OREL is to engage in exploration, exploitation and development of renewable energy resources in Pakistan and has not yet commenced commercial operations. The total subscribed capital of OREL is Rs 100 thousand divided into 10,000 ordinary shares of Rs 10 each.			
		2026 ------(Rupees '000)-----	2025 ------(Rupees '000)-----
15.2 Mari Energies Limited, quoted			
Mari Energies Limited			
Cost of investment [240,124,500 (2025: 240,124,500) fully paid ordinary shares of Rs 10 each including 232,774,500 (2025: 232,774,500) bonus shares]		73,500	73,500
Post acquisition total comprehensive income brought forward		<u>54,452,001</u>	<u>45,026,439</u>
		54,525,501	45,099,939
Share of profit for the year- net of taxation		17,375,640	13,073,786
Share of remeasurement (loss) /gain on defined benefit plans- net of taxation		7,554	(39,177)
Share of effect of translation of investment in foreign associate		(54,390)	(63,652)
Dividend received		<u>(7,143,703)</u>	<u>(3,545,394)</u>
		10,185,101	9,425,563
		<u>64,710,602</u>	<u>54,525,502</u>

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Mari Energies Limited (MEL) is a listed company incorporated in Pakistan and is principally engaged in exploration, production and sale of hydrocarbons in Pakistan. The Company has 20% (2025: 20%) holding in the associate. The market value of the investment in associate as at year end is Rs 161,914 million (2025: Rs 150,532 million).

During the year ended 30 June 2025, MEL issued 213,444,000 bonus shares to the Company in the ratio of eight shares for every one share held after collection of tax under the Income Tax Ordinance, 2001 from the Company amounting to Rs 9,498 million, equal to ten- percent of the market value of the bonus shares to be issued to the Company, which was charged as taxation expense during the year ended 30 June 2025. As at the year end, 2,001,042 bonus shares (2025: 2,001,042 bonus shares) have been withheld by MEL due to pending resolution of issue relating to withholding tax on issuance of bonus shares.

Share of profit of associate and the below summarized financial information of the associate is based on the amounts presented in the annual audited financial statements of the associate for the year ended 30 June 2026 (2025: year ended 30 June 2025).

	2026	2025
	------(Rupees '000)-----	
Summarized statement of financial position		
Current assets	191,941,930	203,091,785
Assets classified as held for sale	-	720,000
Non-current assets	306,297,920	221,646,348
Current liabilities	(72,249,093)	(68,698,955)
Non-current liabilities	(96,479,806)	(82,860,379)
Net assets	329,510,951	273,898,799
Non controlling interest of associate	(6,999,091)	(2,012,082)
Net assets attributable to the Company	322,511,860	271,886,717

Reconciliation to carrying amounts:

Opening net assets	271,886,517	224,907,666
Total comprehensive income for the year	86,644,018	64,854,786
Dividends paid	(36,018,675)	(17,875,935)
Closing net assets	322,511,860	271,886,517
Company's percentage shareholding in the associate	20%	20%
Company's share in carrying value of net assets	64,502,372	54,377,303
Others- effect of dividends due to pending issue of bonus shares	208,230	148,199
Carrying amount of investment	64,710,602	54,525,502

Summarized statement of comprehensive income

Revenue for the year- gross	218,008,203	200,214,139
Profit for the year	86,878,198	65,368,932
Other comprehensive loss for the year	(234,180)	(514,146)
Total comprehensive income for the year	86,644,018	64,854,786
Share of comprehensive income	17,328,804	12,970,957

15.3 Pakistan International Oil Limited, unquoted

Pakistan International Oil limited

Cost of investment

[10,000,000 (2025: 8,500,000) fully paid ordinary shares of USD 10 each].

Post acquisition loss brought forward

Share of (loss) /profit for the year- net of taxation

Effect of translation of investment

24,626,250	20,426,250
(497,234)	(1,168,177)
24,129,016	19,258,073
(293,007)	306,257
(417,139)	364,686
(710,146)	670,943
23,418,870	19,929,016

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Pakistan International Oil Limited (PIOL) is a company engaged in the business of extraction of oil and natural gas in the Emirate of Abu Dhabi and is registered as a limited liability company in the Emirate of Abu Dhabi and incorporated in Abu Dhabi Global Market. Each consortium company (investors) which includes OGDC, MEL, Pakistan Petroleum Company Limited (PPL) and Government Holdings (Private) Limited (GHPL) have a 25% equity stake in PIOL. The concession agreement between PIOL and Abu Dhabi National Oil Company (ADNOC) was signed on 31 August 2021 and the Offshore Block 5 was awarded to PIOL. Till 30 June 2026, the Company has subscribed 10 million ordinary shares of PIOL (2025: 8.5 million ordinary shares) by paying USD 100 million; Rs 24,626 million (2025: USD 85 million; Rs 20,426 million).

On 11 June 2025, the Supreme Council for Financial and Economic Affairs (SCFEA) awarded the Production Concession Agreement to ADNOC and PIOL in respect of Offshore Block 5 with PIOL holding 40% participating interest in the concession.

The share of income of PIOL and the below summarized financial information is based on the audited financial statements of the associate for the period upto to 31 December 2025, adjusted for transactions and events upto 30 June 2026 based on management accounts, in USD, converted to PKR at closing exchange rate.

	2026	2025
	------(Rupees '000)-----	
Summarized statement of financial position		
Current assets	63,140,427	54,938,350
Non-current assets	33,752,864	34,663,750
Current liabilities	(2,270,004)	(9,150,386)
Non-current liabilities	(947,811)	(735,655)
Net assets	<u>93,675,476</u>	<u>79,716,059</u>
Reconciliation to carrying amounts:		
Company's percentage shareholding in the associate	25%	25%
Company's share in carrying value of net assets	<u>23,418,870</u>	<u>19,929,016</u>
Summarized statement of comprehensive income		
Total comprehensive income /(loss) for the year	<u>(1,172,028)</u>	<u>1,225,028</u>
Share of comprehensive income /(loss)	<u>(293,007)</u>	<u>306,257</u>

15.4 Pakistan Minerals (Private) Limited - associate, unquoted

Cost of investment [516,420,680 (2025: 516,420,680) fully paid ordinary shares of Rs 10 each] (including advance of Rs 31,235,281 thousand (2025: Rs 2,601,036 thousand))

Post acquisition total comprehensive income brought forward

Share of loss for the year- net of taxation

Share of effect of translation of investment in foreign associate- net of taxation

Share of remeasurement (loss) /gain on defined benefit plan of associate

83,119,891	54,485,646
<u>8,699,971</u>	<u>10,457,592</u>
91,819,862	64,943,238
(490,920)	(705,385)
(635,347)	(1,053,521)
(122)	1,285
<u>(1,126,389)</u>	<u>(1,757,621)</u>
90,693,473	63,185,617

The Company has invested in the project company, i.e. Reko Diq Mining Company (Private) Limited (RDMC) through Pakistan Minerals (Private) Limited (PMPL), an entity incorporated and operating in Pakistan with collective representation of the Company, PPL and GHPL, together called the State-Owned Enterprises (SOEs). RDMC is engaged in the mineral exploration activities in Pakistan. PMPL holds an indirect working interest of 25% (8.33% of each SOE) in the RDMC through offshore holding companies namely Reko Diq Holdings Limited and Reko Diq Investments Limited (hereinafter referred to as "Holdcos"). RDMC is incorporated in Pakistan and Holdcos are incorporated in Bailiwick of Jersey. The Company's equity interest in PMPL is 33.33% with an effective interest of 8.33% in RDMC. The SOEs have representation on the Boards of Holdcos and RDMC through PMPL.

PMPL through resolution dated 14 May 2025 had increased the paid-up capital of the company by the issue of a further 1,549,250,040 ordinary shares of face value of PKR 10 each at a subscription price of Rs 100 each, through rights issue by offering the shares to existing members of PMPL, in proportion to their existing shareholding. Accordingly, the Company subscribed 516,416,680 ordinary shares of face value PKR 10 along with the premium. The total shares subscribed by the Company in PMPL now stands at 516,420,680.

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During the year, Barrick Mining Corporation (BMC), the Operator, announced that it was reviewing all aspects of the Reko Diq project including the security situation in the region. On 02 April 2026, BMC announced that following the preliminary findings of the review, BMC considers it necessary to slow the development activity and extend the project review. This review is ongoing and will also assess in a comprehensive manner the capital requirements, project financing, project scope and timeline. It is anticipated by BMC that there could be changes to the estimated capital cost and timeline for the project.

During the year, the Company has made further equity contribution amounting to Rs 28,634 million in PMPL.

Financial information of PMPL is summarized below, which is based on the audited financial statements of the associate for the year ended 30 June 2026.

	Note	2026 ------(Rupees '000)-----	2025 ------(Rupees '000)-----
Summarized statement of financial position			
Current assets		10,343,917	195,430
Non-current assets		274,903,931	205,792,601
Current liabilities		(250,055)	(184,999)
Non Current liabilities		(13,750,412)	(16,970,053)
Net assets		<u>271,247,381</u>	<u>188,832,979</u>
Reconciliation to carrying amounts:			
Company's percentage shareholding in the associate		33.33%	33.33%
Company's share in carrying value of net assets		90,415,794	62,944,326
Others- Exchange rate difference in equity contribution		277,679	241,291
		<u>90,693,473</u>	<u>63,185,617</u>
Summarized statement of comprehensive income			
Total comprehensive loss for the year		<u>(3,379,167)</u>	<u>(5,272,863)</u>
Share of comprehensive loss		<u>(1,126,389)</u>	<u>(1,757,621)</u>
16 LONG TERM INVESTMENTS AT AMORTISED COST			
Pakistan Investment Bonds (PIBs)	16.1	21,260,124	20,701,527
Term Finance Certificates (TFCs)	16.2	-	84,104,789
		<u>21,260,124</u>	<u>104,806,316</u>
Less: Current portion shown under current assets			
Pakistan Investment Bonds (PIBs)		(404,870)	(415,882)
Term Finance Certificates (TFCs)		-	(84,104,789)
		<u>(404,870)</u>	<u>(84,520,671)</u>
		<u>20,855,254</u>	<u>20,285,645</u>
16.1	This represents PIBs received from Uch Power Private Limited against partial settlement of overdue trade receivables on 27 June 2023 and 04 July 2023. Face value and fair value of the PIBs on the date of initial recognition amounted to Rs 21,866 million and Rs 20,286 million respectively and are carried at floating interest rate of 11.86% per annum (2025: 11.97% per annum) having maturity period of 8 years and are due for maturity in the year 2031.		
16.2	This represented investment in privately placed TFCs amounting to Rs 82,000 million. In 2013, the Government of Pakistan (GoP), for partial resolution of circular debt issue prevailing in the energy sector, approved issuance of TFCs amounting to Rs 82,000 million by Power Holding Limited (PHL), which is a 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 PHL, TFCs were 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 was to be paid in eight (8) equal instalments starting from 42nd month of date of transaction. National Bank of Pakistan executed the transaction on 10 September 2012 as Trustee. These TFCs were secured by Sovereign Guarantee of the GoP, covering the principal, mark-up, and /or any other amount becoming due for payment in respect of investment in TFCs.

On 23 October 2017, PHL 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 82,000 million from seven (7) years to ten (10) years including extension in grace period from three (3) years to six (6) 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 PHL.

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On 26 June 2024, an addendum to the agreement was signed with PHL for the settlement of TFCs. As per the terms of the addendum, the overdue principal amount of Rs 82,000 million was received on 27 June 2024 and the interest accrued up to that date of Rs 92,718 million was to be received in twelve (12) equal monthly installments commencing from July 2025 and the unrecognized liquidated damages were waived off. There will be no interest on unpaid interest. Considering the significant modification of the terms of TFCs, the carrying amount of the existing financial asset of Rs 174,718 million was derecognized and a new financial asset of Rs 151,610 million was recognized resulting in a loss on modification in terms of TFCs of Rs 23,108 million in the financial statements for the year ended 30 June 2024.

During the year, an effective interest income representing unwinding of discounted cash flows as per modified terms of TFCs amounting to Rs 8,613 million (2025: Rs 14,495 million) has been recognised in the profit or loss. Further the entire amount of Rs 92,718 million (2025: Rs Nil) has been received from PHL in respect of the aforementioned interest and no amount is outstanding as at year end.

	Note	2026 ------(Rupees '000)-----	2025 ------(Rupees '000)-----
17 LONG TERM LOANS- SECURED			
Loans to employees	17.1	9,651,394	13,602,287
Current portion shown under loans and advances		(2,579,768)	(2,338,296)
		<u>7,071,626</u>	<u>11,263,991</u>
17.1 Loans to employees	17.1.1	14,578,273	13,602,287
Impact of fair value of loan		(4,926,879)	-
		<u>9,651,394</u>	<u>13,602,287</u>
Current portion shown under loans and advances		(2,579,768)	(2,338,296)
		<u>7,071,626</u>	<u>11,263,991</u>
17.1.1 Movement of carrying amount of long term loans to employees:			
Balance at beginning of the year		13,602,287	12,511,400
Disbursements		3,681,455	3,474,227
Repayments		(2,705,469)	(2,383,340)
Balance at end of the year		<u>14,578,273</u>	<u>13,602,287</u>
17.2 The loans are granted to the employees of the Company in accordance with the Company's service rules. House building and conveyance loans are for maximum period of 15 and 7 years respectively. Included in these are loans of Rs 14,575 million (2025: Rs 13,523 million) which carry no interest. The balance amount carries an effective interest rate of 17.74% (2025: 17.84%) per annum. From the current year, Interest free loans to employees have been discounted to their present value of future cash flows in these financial statements.			
17.3 Loans to employees include an amount of Rs 57 million (2025: Rs 35 million) receivable from key management personnel. Maximum aggregate amount outstanding from key management personnel at the end of any month during the year was Rs 104 million (2025: Rs 65 million).			
		2026	2025
		------(Rupees '000)-----	------(Rupees '000)-----
18 LONG TERM ADVANCES AND PREPAYMENTS			
Advances - considered good		-	2,677,000
Prepayments			
Prepaid employee benefit		6,913,040	-
Others		2,696,212	1,344,001
		<u>9,609,252</u>	<u>4,021,001</u>
19 LEASE RECEIVABLES			
Net investment in lease has been recognized on Gas Sale Agreements (GSAs) with power companies i.e. Uch Power (Private) Limited (UPL) and Uch-II Power (Private) Limited (Uch-II) as follows:			
		2026	2025
		------(Rupees '000)-----	------(Rupees '000)-----
Net investment in lease	19.1	101,012,655	140,894,502
Less: Current portion of net investment in lease	19.2	(28,233,693)	(48,696,323)
		<u>72,778,962</u>	<u>92,198,179</u>

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		2026	2025
		-----	-----
		(Rupees '000)	(Rupees '000)
19.1	Movement during the year in net investment in lease:		
	Balance at the beginning of the year	140,894,502	155,470,356
	Interest income	17,211,606	19,399,542
	Exchange gain/(loss)	(1,953,197)	2,028,558
	Interest income received during the year	(32,215,352)	(25,265,187)
	Principal repayments during the year	(22,924,904)	(10,738,767)
	Balance at the end of the year	<u>101,012,655</u>	<u>140,894,502</u>
19.2	Current portion of net investment in lease includes amounts billed to customers of Rs 10,648 million (2025: Rs 33,654 million) out of which Rs 7,208 million (2025: Rs 30,226 million) is overdue on account of inter-corporate circular debt. As disclosed in note 2.1.2, SECP has deferred the applicability of ECL model till financial year ending on or before 31 December 2026 on debts due directly or ultimately from the GoP in consequence of the circular debt. The amount is considered to be fully recoverable as the GoP is committed, hence continuously pursuing for satisfactory settlement of inter-corporate circular debt issue. The Company has contractual right and is entitled to charge interest if lease payments are delayed beyond agreed payment terms, however, the same is recognized when received by the Company.		
19.3	Following is the maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date:		
		2026	2025
		-----	-----
		(Rupees '000)	(Rupees '000)
	Note		
	Less than one year	42,395,573	66,046,159
	One to two years	31,747,518	32,391,703
	Two to three years	14,906,862	32,391,703
	Three to four years	9,293,310	15,209,335
	Four to five years	9,293,310	9,481,879
	Beyond year 5	72,023,148	82,966,443
	Total undiscounted lease receivable- gross investment in lease	179,659,721	238,487,222
	Unearned finance income	(78,647,066)	(97,592,720)
	Net investment in lease	<u>101,012,655</u>	<u>140,894,502</u>
20	STORES, SPARE PARTS AND LOOSE TOOLS		
	Stores, spare parts and loose tools	30,795,608	33,807,977
	Stores and spare parts in transit	1,419,908	2,862,423
		<u>32,215,516</u>	<u>36,670,400</u>
	Provision for slow moving, obsolete and in transit stores	20.1 (7,353,973)	(6,977,032)
		<u>24,861,543</u>	<u>29,693,368</u>
20.1	Movement of provision for slow moving, obsolete and in transit stores		
	Balance at beginning of the year	6,977,032	6,833,850
	Provision for the year	29 376,941	143,182
	Balance at end of the year	<u>7,353,973</u>	<u>6,977,032</u>
21	TRADE DEBTS		
	Un-secured- considered good	594,845,141	613,660,983
	Un-secured- considered doubtful	37,421	78,527
		<u>594,882,562</u>	<u>613,739,510</u>
	Provision for doubtful trade debts	(37,421)	(78,527)
		<u>594,845,141</u>	<u>613,660,983</u>
21.1	Trade debts include overdue amount of Rs 508,170 million (2025: Rs 549,976 million) on account of inter-corporate circular debt, receivable from oil refineries, gas companies and power producers out of which Rs 251,435 million (2025: Rs 264,208 million) and Rs 241,469 million (2025: Rs 231,980 million) are overdue from related parties, Sui Northern Gas Pipeline Limited and Sui Southern Gas Company Limited respectively. The Government of Pakistan (GoP) is committed, hence continuously pursuing for satisfactory settlement of inter-corporate circular debt issue, however, the progress is slower than expected resulting in accumulation of Company's trade debts. The Company considers this amount to be fully recoverable because the Government of Pakistan has been assuming the responsibility to settle the inter-corporate circular debt in the energy sector. The Company recognizes interest /surcharge, if any, on delayed payments from customers when the interest /surcharge on delayed payments is received by the Company. As disclosed in note 2.1.2, SECP has deferred the applicability of ECL model till financial year ending on or before 31 December 2026 on financial assets due directly or ultimately from the GoP in consequence of the circular debt.		

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- 21.2 Total amount due from related parties as on 30 June 2026 is Rs 544,676 million (2025: Rs 535,464 million) and maximum amount due at the end of any month during the year was Rs 563,634 million (2025: Rs 535,464 million). For party wise details refer note 43 and for aging of amount due from related parties, refer note 39.1.3.

	Note	2026 ------(Rupees '000)-----	2025 ------(Rupees '000)-----
22 LOANS AND ADVANCES			
Advances considered good:			
Suppliers and contractors		820,484	923,820
Sales tax	22.1 & 22.2	6,699,617	3,569,788
Excise duty		186,717	-
Adhoc salaries, festival and other advances to employees		3,817,071	4,079,618
Others		49,298	51,727
		11,573,187	8,624,953
Receivable from partners in joint operations		9,687,666	11,321,413
Current portion of long term loans- secured	17	2,579,768	2,338,296
		23,840,621	22,284,662
Advances considered doubtful		184,827	187,655
		24,025,448	22,472,317
Provision for doubtful advances		(184,827)	(187,655)
		23,840,621	22,284,662

- 22.1 This includes an amount of Rs 3,180 million (2025: 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 (Private) Limited (UPL) challenged the grant of time relaxation/ condonation 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, FBR responded that as per the decision of Islamabad High court no condonation is required for payment of sale tax and accordingly also withdrew the earlier granted condonation for Rs 750 million vide letter dated 12 July 2017.

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 a Civil Petition for Leave to Appeal (CPLA) against the Company and others, before the Honorable Supreme Court of Pakistan against the decision of IHC. On 21 August 2023, the Honorable Supreme Court of Pakistan dismissed UPL's CPLA as infructuous on the grounds that FBR had withdrawn their earlier granted condonation dated 30 June 2012, vide letter dated 12 July 2017.

As per the direction of the Honorable Islamabad High Court, for the period July 2008 onward, debit notes can be issued without condonation of time relaxation. However, for revision of sales tax returns /issuance of debit notes (for period before July 2008) condonation of time relaxation is required from FBR. During the year ended on 30 June 2025, the Company filed writ petition 2942 of 2025 before the Islamabad High Court (IHC) against the revocation of condonation by the FBR. This writ petition was disposed of by IHC vide order dated 16 December 2025 with directions to FBR to decide the issue of condonation within 30 days. Large Taxpayers office Islamabad has furnished a fresh recommendation to FBR vide its letter dated 16 February 2026 for condonation of time period on securing mutual consent between the Company and UPL. Constitution of Condonation Committee by FBR under section 74, of the Sales Tax Act, 1990 is pending. The Company is confident that the matter will ultimately be decided in favor of the Company. Accordingly, no provision in this respect has been made in these financial statements.

- 22.2 This also includes recoveries of Rs 317 million (2025: 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 6,968 million (2025: Rs 6,708 million) relating to periods July 2011 to June 2014. The Appellate Tribunal Inland Revenue (ATIR) has accepted the Company's appeals and annulled the demands passed by the tax authorities being void ab-initio and without jurisdiction. The Commissioner Inland Revenue (CIR) has filed sales tax reference before Islamabad High Court (IHC) against judgment of ATIR on 09 February 2018. IHC through its judgement dated 15 November 2023 set aside the order of ATIR and directed ATIR to decide the matter on merits. For the periods July 2012 to June 2013, ATIR has remanded back the demand of Rs 1,821 million vide its order dated 29 May 2024 to the assessing officer with the direction to decide the matter afresh and the matter in respect of demand for the period July 2013 to June 2014 amounting to Rs 4,887 million is currently pending with ATIR.

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For the periods July 2011 to June 2012 the ATIR decided the case in favour of the Company vide order dated 29 May 2024, against which the CIR filed sales tax reference before the IHC. The IHC vide order dated 3 June 2025, referred the case to the Alternate Dispute Resolution Committee (ADRC), against which the Company had filed appeal before the Supreme Court of Pakistan, please refer note 35.5 for further details. These demands were raised by tax authorities due to difference between computation of sales and production reported by the Company in its sales tax returns and sales and production based on other sources of data.

During the year ended 30 June 2021, additional demand of Rs 9,668 million (2025: Rs 9,668 million) relating to periods 2017-18 and 2018-19 were raised on the same issue by the Deputy Commissioner Inland Revenue (DCIR), against which, the Company had filed appeals before Commissioner Inland Revenue (Appeals) (CIRA). CIRA vide orders dated 29 November 2022 remanded back the cases to DCIR. The Company has filed appeal before ATIR on 24 January 2023. The ATIR in its order in STA No. 88/IB/23 dated 08 July 2026 directed the Company to approach FBR for the constitution of the ADRC in respect of tax period July 2018 to June 2019 to resolve the dispute and presently ADRC is being constituted.

The Company believes that the matter against which the demands are raised are factually not correct and will be decided in favour of the Company.

- 22.3** Total amount due from related party and associated companies as partner in joint operations in accordance with terms of related PCAs in relation to operational activities of the Concessions as at 30 June 2026 is Rs 6,477 million (2025: Rs 6,675 million) and maximum amount due at the end of any month during the year was Rs 2,150 million (2025: Rs 8,410 million). For party wise details, refer note 43 and for aging of amount due from related parties, refer note 39.1.3.

	Note	2026 ------(Rupees '000)-----	2025 ------(Rupees '000)-----
23 DEPOSITS AND SHORT TERM PREPAYMENTS			
Security and other deposits		398,740	1,602,589
Short term prepayments		1,473,859	936,835
Deposits with Central Depository Company (CDC)	23.1	42,731	42,979
		<u>1,915,330</u>	<u>2,582,403</u>

- 23.1** This represents the amount deposited by the Company with CDC which acts as its paying agent for distribution of dividend payable in cash to entitled shareholders on behalf of the Company.

	Note	2026 ------(Rupees '000)-----	2025 ------(Rupees '000)-----
24 OTHER RECEIVABLES			
Claims receivable - considered good		520,050	520,050
Others	24.1	1,104,512	932,137
		<u>1,624,562</u>	<u>1,452,187</u>
Claims considered doubtful		8,946	8,946
		<u>1,633,508</u>	<u>1,461,133</u>
Provision for doubtful claims		(8,946)	(8,946)
		<u>1,624,562</u>	<u>1,452,187</u>

- 24.1** This includes an amount of Rs 439 million (2025: Rs 581 million) against the interest accrued on bank deposits.

	Note	2026 ------(Rupees '000)-----	2025 ------(Rupees '000)-----
25 INCOME TAX- ADVANCE			
Income tax -advance at beginning of the year		114,026,596	54,019,658
Income tax paid during the year		127,075,622	154,678,576
Provision for current taxation- profit or loss	35	(19,829,282)	(106,995,830)
Tax credit related to remeasurement gain on employee retirement benefit plans - other comprehensive income		1,167,335	12,324,192
Income tax- advance at end of the year	25.1 to 25.5	<u>222,440,271</u>	<u>114,026,596</u>

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- 25.1 This includes amount of Rs 44,686 million (2025: Rs 34,631 million) paid to tax authorities on account of disallowance of actuarial loss amounting to Rs 88,678 million (2025: Rs 68,401 million) which the Company claimed in its return for the tax years 2014 to 2018, 2020, 2022, 2024 and 2025. 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. CIRA upheld the disallowances on account of the actuarial loss for tax years 2015 and 2016, however, allowed to claim the actuarial loss for tax years 2014, 2017 and 2018 over a period of seven years. Being aggrieved, the Company had filed appeals against the orders of CIRA in the Appellate Tribunal Inland Revenue (ATIR) for tax years 2014, 2015, 2016, 2017, 2018 and 2020 on 08 January 2016, 30 June 2020, 05 January 2018, 21 August 2019, 12 February 2020 and 20 January 2023 respectively, which are currently pending. During the year, ATIR vide order dated 30 October 2025 directed the Company to approach ADRC, in respect of tax year 2020 and the Company has challenged the ATIR order before IHC, the matter is now pending before Islamabad High Court.

In respect of tax year 2022, the matter is currently pending at Supreme court of Pakistan challenging the transfer of the matter to Alternate Dispute Resolution Committee (ADRC) as detailed in note 35.5. For the tax year 2024, the Company filed writ petition before IHC, against the decision of ACIR, where stay has been granted by IHC vide order dated 12 March 2025. For the tax year 2025, the Company filed an application before the Alternative Dispute Resolution Committee (ADRC) against the assessment order of TY-2025 dated 17 March 2026. The ADRC vide its order dated 08 August 2026 decided the matter in favor of the Company. 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 favour of Company by appellate forums available under the law.

- 25.2 During the year ended 30 June 2014, tax authorities raised demands of Rs 13,370 million (2025: Rs 13,370 million) by disallowing effect of price discount on sale of crude oil from Kunnar field and have recovered Rs 5,372 million (2025: Rs 5,372 million) from the Company upto 30 June 2026. During the year ended 30 June 2015, appeal before 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. IHC 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. Further, IHC vide order dated 14 January 2019 directed ATIR to decide the appeal expeditiously and until seven days after the decision on the Company's appeal, the tax department is restrained from adopting coercive measures for the recovery of the disputed tax liability in the event the appeal is dismissed. On 24 September 2024, the appeals were fixed before a Division Bench, the arguments of both parties were concluded, however, the order has not been announced so far by ATIR. Management and its legal advisor are of the view that the price discount is not the income of the Company and hence not liable to tax. Accordingly, management is confident that the matter will be decided 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.

- 25.3 Income tax advance includes Rs 1,259 million (2024: Rs 1,259 million) on account of disallowances made by the Additional Commissioner Inland Revenue (ACIR) in respect of decommissioning cost for tax year 2015. The CIRA vide order dated 18 March 2020 has remanded the case back to ACIR and the Company has filed an appeal against the order of CIRA in ATIR on 30 June 2020. Management believes that the disallowance is against income tax laws and regulations and accordingly no provision has been made in this respect in these financial statements.

- 25.4 Tax authorities have raised demand of Rs 25,249 million for tax years 2016, 2020, 2021, 2022, 2023, 2024 and 2025 (2025: Rs 13,678 million) by making disallowances on account of post-retirement medical benefits, compensated absences, cost of dry and abandoned wells, field decommissioned/ surrendered during the year, workers' profit participation fund, GIDC payable and certain other expenditures due to alleged non deduction of withholding taxes of which Rs 24,490 million (2025: Rs 12,919 million) has been paid. Appeals in this respect are pending before ATIR for tax years 2016 and 2021. During the year, ATIR vide order dated October 30, 2025 directed the Company to approach ADRC, in respect of tax year 2020 which has been challenged by the Company before IHC and the matter is now pending before Islamabad High Court. Refer note 35.6 in respect SCP interim order in respect of appeal filed by the Company for tax year 2022, for tax years 2023 and 2024 appeals are pending adjudication with the IHC. Further during the year on 31 December 2025, DCIR decided the issues of GIDC, repair and maintenance, salaries and travelling and transportation certain expenses in favor of the Company for tax year 2016 and, on 07 July 2026, an amount of Rs 2,500 million has been refunded to the Company. In respect of tax year 2025, the Company applied before ADRC against the decision of ACIR dated 17 March 2026, and, ADRC vide its order dated 08 August 2026 decided the matter of post-retirement medical benefits, WPPF and dry wells and interest on PIB and TDR in favor of the Company. Management is confident that the above disallowances do not hold any merits and the related amounts have been lawfully claimed in the tax returns as per the applicable tax laws. Accordingly, no provision has been made in respect of these in the financial statements.

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- 25.5 The Honorable Supreme Court of Pakistan through its decision dated 29 November 2023 and written order issued on 08 January 2024, dismissed Civil Petition filed by the tax department and decided the matter of depletion allowance in favor of the Company. Pursuant to the decision, for the purpose of calculation of depletion allowance in accordance with Rule 3 of Part 1 of the Fifth Schedule to the Income Tax Ordinance, the royalty amount is not to be deducted when establishing the wellhead value. Accordingly, during the year ended 30 June 2024, the Company had reversed the provisions amounting to Rs 28,164 million already carried in the financial statements in respect of depletion allowance from tax years 1999 to 2023. The Company had already filed refund application for tax years 1999-2007 based on decision of Islamabad High Court, and has filed refund applications during the year ended 30 June 2025, for the tax years 2015, 2017 and 2018 based on decision of Supreme Court of Pakistan and is in the process of filing refund applications for remaining tax years based on decision of Supreme Court of Pakistan.

	Note	2026 ------(Rupees '000)-----	2025 ------(Rupees '000)-----
26 OTHER FINANCIAL ASSETS			
Investment in Term Deposit Receipts (TDRs) -at amortized cost	26.1	228,980,495	152,109,459
Investment at fair value through profit or loss- NIT units /Mutual funds	26.2	40,942,629	600,772
		<u>269,923,124</u>	<u>152,710,231</u>

- 26.1 This includes foreign currency TDRs amounting to USD 410.080 million; Rs 114,187 million (2025: USD 473.625 million; Rs 134,320 million), and accrued interest amounting to USD 0.873 million; Rs 243 million (2025: USD 2.155 million; Rs 611 million), carrying interest rate ranging from 5.41% to 7.53% (2025: 5.85% to 7.40%) per annum, having maturities up to six months (2025: six months).

This also includes local TDRs amounting to Rs 113,807 million (2025: Rs 17,260 million), and accrued interest amounting to Rs 743 million (2025: Rs 119 million), carrying interest rate ranging from 11.46% to 12.21% (2025: 10.70% to 11%) per annum, having maturities up to six months (2025: six months). Included within local TDRs

Included within the above TDRs are local currency TDRs amounting to Rs 18,252 million (2025: Rs 16,760 million) and foreign currency TDRs amounting to USD 36.179 million; Rs 10,074 million (2025: USD 34 million; Rs 9,753 million), which are earmarked against the self-insurance reserve, as explained in Note 5.2 to these financial statements.

- 26.2 Fair value has been determined using quoted repurchase prices, being net asset value of units as at year end.

	Note	2026 ------(Rupees '000)-----	2025 ------(Rupees '000)-----
27 CASH AND BANK BALANCES			
Cash at bank:			
Deposit accounts	27.1	61,760,632	52,287,725
Current accounts	27.2	341,327	476,655
		62,101,959	52,764,380
Cash in hand		41,489	49,193
		<u>62,143,448</u>	<u>52,813,573</u>

- 27.1 These deposit accounts carry interest rate of 0.25% to 12% (2025: 1.25% to 19.75%) per annum and include foreign currency deposits amounting to USD 90.660 million; Rs 25,244 million (2025: USD 12.680 million; Rs 3,592 million). Deposits amounting to Rs 0.426 million (2025: Rs 1.281 million) with banks were under lien to secure bank guarantees issued on behalf of the Company.

- 27.2 This includes foreign currency account amounting to USD 0.133 million, Rs 37.040 million (2025: USD 0.134 million, Rs 38.068 million).

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	2026	2025
	----- (Rupees '000) -----	
28 REVENUE FROM CONTRACTS WITH CUSTOMERS		
Gross Revenue		
Crude oil	220,601,176	187,035,698
Gas	229,179,475	214,236,502
Liquefied petroleum gas	48,945,752	48,098,417
Sulphur	1,369,250	752,386
	<u>500,095,653</u>	<u>450,123,003</u>
Government levies		
General sales tax	(47,840,475)	(45,987,683)
Petroleum levy	(1,143,356)	(1,092,134)
Excise duty	(1,921,070)	(1,865,217)
	<u>(50,904,901)</u>	<u>(48,945,034)</u>
	<u>449,190,752</u>	<u>401,177,969</u>

- 28.1** In respect of six of its operated concessions, namely, Gurgalot, Sinjhor, Bitrisim, Khewari, Nim and TAY Blocks and one non-operated Tal Block, Petroleum Concession Agreements (PCAs) were executed under the framework of Petroleum Policies 1994 and 1997. Later on, in pursuance to the option available under Petroleum Policy (PP) 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 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 relevant Supplemental Agreements for the period from the commencement of production of the respective discoveries. Accordingly, the financial impacts of the price revision were duly accounted for in the financial statements for the years ended 30 June 2016, 30 June 2017 and 30 June 2018 on completion of the process laid down in the law and in line with the Company's accounting policy.

On 27 December 2017, the Ministry of Energy (Petroleum Division) (MoE) notified amendments in PP 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, the Directorate General Petroleum Concessions (DGPC) has required all exploration and production companies to submit supplemental agreements to incorporate the aforementioned amendments in 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 operation 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 the financial statements by the Company upto 23 November 2017 in the form of revenue and profit after tax is Rs 8,550 million and Rs 4,426 million respectively. However, without prejudice to the Company's stance in the Court case, revenue of Rs 51,095 million (2025: Rs 44,899 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).

- 28.2** Gas Sale Agreement (GSA) in respect of Kunnar Pasakhi Deep (KPD) fields between the Company and Sui Southern Gas Company Limited has been finalized between the parties on 12 July 2024 and the final approval of the MoE is pending. Adjustments on finalization of GSA had been incorporated in these financial statements.

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- 28.3** In prior year, MoE had approved formula for wellhead price of gas sale from Nur-Bagla field and the Company had applied, on 19 July 2024 by paying wellhead gas price application fee, to OGRA for notification of price of gas. Thereafter, OGRA vide letter dated 13 November 2024 appraised that the Authority is empowered to determine the well-head gas prices for the producers of natural gas in accordance with the relevant agreements or contracts to notify the same in the official gazette. Therefore, the Company filed a draft Gas Pricing Agreement (GPA) of Nur-Bagla on 3 December, 2024 before the MoE for approval. After the approval by MoE, the same shall be submitted to OGRA for the notification of well-head gas price of Nur-Bagla. Currently the sales revenue is being recognised as per price applicable according to the formula approved by the MoE. The management expects that there will be no material differences in the gas price to be notified by OGRA.

	Note	2026 ------(Rupees '000)-----	2025 ------(Rupees '000)-----
29 OPERATING EXPENSES			
Salaries, wages and benefits	37	56,053,707	40,534,862
Stores and supplies consumed		3,712,917	3,906,250
Contract services		8,592,523	6,644,264
Joint operations expenses		797,161	(3,306,043)
Workover charges		11,543,179	10,442,449
Travelling and transportation		2,559,963	2,298,113
Repairs and maintenance		3,828,424	4,236,775
Rent, fee and taxes	29.2	9,713,238	8,292,506
Insurance		978,395	977,169
Communication		48,559	36,179
Utilities		248,168	167,826
Land and crops compensation		638,804	939,459
Desalting, decanting and naphtha storage charges		68,736	27,327
Training, welfare and Corporate Social Responsibility (CSR)		3,641,861	4,918,143
Provision for slow moving, obsolete and in transit stores	20.1	376,941	143,182
Reversal of trade debts provision		(41,105)	(15,836)
Stores inventory written off		198,625	150,746
Depreciation	12.3	10,839,618	10,410,230
Amortization of development and production assets	13	26,325,197	23,058,571
Reversal due to change in decommissioning cost estimates		(1,570,316)	(778,983)
Transfer from general and administration expenses	32	9,783,287	6,781,932
Miscellaneous		17,846	11,408
		<u>148,355,728</u>	<u>119,876,529</u>
Stock of crude oil and other products:			
Balance at beginning of the year		942,938	1,263,052
Balance at end of the year		<u>(1,605,277)</u>	<u>(942,938)</u>
		<u>147,693,389</u>	<u>120,196,643</u>

- 29.1** Salaries, wages and benefits includes amortization of prepaid employee benefit amounting to Rs 832 million (2025: Rs Nil) and charge against employee retirement benefits of Rs 13,423 million (2025: Rs 6,622 million).
- 29.2** These include additional 15% of wellhead value of petroleum produced payable to the Federal Government amounting to Rs 8,148 million (2025: Rs 6,930 million) relating to re-grant of lease after expiry of lease term, in accordance with rule 35 of the Pakistan Onshore Petroleum (Exploration and Production) Rules, 2013.

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		2026	2025
	Note	------(Rupees '000)-----	
30	FINANCE AND OTHER INCOME		
Income from financial assets			
Interest income on:			
Investments and bank deposits		19,973,811	32,904,607
Finance income- lease	19.1	17,211,607	19,399,542
		37,185,418	52,304,149
Delayed payments surcharge from customers		-	8,503,459
Unwinding of Loss on modification in terms of TFCs	16.2	8,612,951	14,495,379
Unwinding of present value of interest free loan to employees		1,156,626	-
Dividend income from investment at fair value through profit or loss		86,537	17,389
Investments at fair value through profit or loss:			
Un-realized		166,779	213,485
Realized gain		3,572,792	-
Exchange (loss) /gain -net		(2,383,816)	5,590,332
		48,397,287	81,124,193
Income from non financial assets			
Contract renewal fee	30.1	1,044,992	1,174,227
Gain on disposal of property, plant and equipment	12.5	97,970	155,665
Gain on disposal of stores, spare parts and loose tools		374,576	406,013
Income on account of liquidated damages		802,746	471,298
Refund of withheld liquidated damages		-	(2,148,203)
Others		3,667,755	637,904
		5,988,039	696,904
		54,385,326	81,821,097
30.1	This represents income recognized on account of contract renewal fee in respect of allocation of LPG quota. For contingency related to allocation of LPG quota refer note 11.1.4.		
31	EXPLORATION AND PROSPECTING EXPENDITURE		
Cost of dry and abandoned wells		6,160,917	4,233,127
Prospecting expenditure		22,619,594	14,533,664
		28,780,511	18,766,791
32	GENERAL AND ADMINISTRATION EXPENSES		
Salaries, wages and benefits	37	16,136,470	11,747,690
Joint operations expenses		2,846,472	2,228,248
Unallocated expenses of technical services		1,312,623	641,542
Travelling and transportation		1,055,921	757,328
Repairs and maintenance		212,921	116,200
Stores and supplies consumed		189,755	200,420
Rent, fee and taxes		598,335	320,609
Communication		107,815	76,544
Utilities		269,299	307,734
Training and scholarships		292,160	97,493
Legal and professional services		96,781	79,020
Contract services		713,250	537,227
Auditors' remuneration	32.2	100,263	100,824
Advertising		548,233	283,470
Insurance		23,749	46,715
Depreciation	12.3	403,875	285,860
Miscellaneous		104,067	155,604
		25,011,989	17,982,528
Allocation of expenses to:			
Operations		(9,783,287)	(6,781,932)
Technical services		(4,165,221)	(3,685,606)
		(13,948,508)	(10,467,538)
		11,063,481	7,514,990

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- 32.1** Salaries, wages and benefits includes amortization of prepaid employee benefit amounting to Rs 277 million (2025: Rs Nil) and charge against employee retirement benefits of Rs 3,803 million (2025: Rs 1,853 million).

	Note	2026 ------(Rupees '000)-----	2025 ------(Rupees '000)-----
32.2 Auditors' remuneration			
Annual audit fee		15,787	14,352
Half yearly review		5,920	5,382
Concession /Joint operations audit fee		25,321	29,508
Consolidated financial statements audit fee		4,400	4,000
Verification of Central Depository Company record		179	163
Verification of statement of free float of shares		358	325
Dividend certification		715	748
Decommissioning certification		2,068	2,068
Tax services		24,127	36,978
IFRS sustainability reporting readiness assessment		15,000	-
Services for certification of payment to Government		706	565
Out of pocket expenses		5,682	6,735
		<u>100,263</u>	<u>100,824</u>
33 FINANCE COST			
Unwinding of discount on provision for decommissioning cost	8	4,800,862	5,671,291
Unwinding of lease liability	9	287,522	95,663
Others		12,230	39,316
		<u>5,100,614</u>	<u>5,806,270</u>
34 FINAL TAXES -LEVIES			

This represents final taxes paid under section 5 of Income Tax Ordinance, 2001 (ITO), representing levy in terms of requirements of IFRIC 21/IAS 37.

- 34.1** Reconciliation of current tax charge charged as per tax laws for the year, with current tax recognised in the statement of profit or loss, is as follows:

	Note	2026 ------(Rupees '000)-----	2025 ------(Rupees '000)-----
Current tax liability for the year as per applicable tax laws	35	19,850,916	106,995,830
Portion of current tax liability as per tax laws, representing income tax under IAS 12		(19,829,282)	(106,995,830)
Portion of current tax computed as per tax laws, representing levy in terms of requirements of IFRIC 21/IAS 37		(21,634)	-
		<u>-</u>	<u>-</u>

- 34.2** The aggregate of final tax and income tax, amounting to Rs 19,851 million (2025: Rs 106,996 million) represents tax liability of the Company calculated under the relevant provisions of the Income Tax Ordinance, 2001.

	Note	2026 ------(Rupees '000)-----	2025 ------(Rupees '000)-----
35 TAXATION			
Current tax- charge			
- for the year		70,590,891	106,995,830
- for prior years	35.1	(50,761,609)	-
		19,829,282	106,995,830
Deferred tax- charge		(3,068,059)	2,415,417
		<u>16,761,223</u>	<u>109,411,247</u>

- 35.1** During the year, the Federal Constitutional Court ("FCC") announced its decision via short order on 27 January 2026 and detailed order issued on 29 April 2026, regarding the constitutional challenges to the Super Tax levied under Section 4B and 4C of the Income Tax Ordinance, 2001. In its decision, the FCC held that, in respect of Exploration & Production (E&P) Companies application of section 4B and 4C by virtue of Rules 4AA and 4B of the Fifth Schedule (the Schedule) will not apply to the petroleum income arising to E&P Companies if it's application results in exceeding the aggregate rate of taxes provided in the Schedule and their respective PCAs. Based on its assessment of impact of the decision of the FCC on the financial statements, the Company's management has reversed the tax provision amounting to Rs 50,762 million for the prior years.

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	2026	2025
	------(Rupees '000)-----	
35.2 Reconciliation of tax charge for the year:		
Accounting profit	259,156,503	279,314,861
Tax rate	50.25%	50.78%
Tax on accounting profit at applicable rate	130,226,143	141,836,086
Tax effect of royalty allowed for tax purposes	(18,539,534)	(17,572,997)
Tax effect of depletion allowance	(31,729,255)	(28,728,207)
Tax effect of unwinding of discount on provision for decommissioning cost	2,412,433	2,879,882
Tax effect of income chargeable to tax at reduced corporate rate	(16,713,824)	(18,998,671)
Effect of tax on bonus shares from MEL	-	9,497,633
Tax effect of change in deferred tax rate	(8,690,619)	(2,329,758)
Effect of super tax	9,396,870	23,458,995
Effect of prior year charge	(50,761,609)	-
Others	1,160,618	(631,716)
	<u>16,761,223</u>	<u>109,411,247</u>

35.3 Various appeals in respect of assessment years 1992-93 to 2002-03, tax years 2003 to 2024 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, tax rate, super tax and unrealized exchange gain /loss. Total amount of tax demand against the major issues, raised in respect of assessment years 1992-93 to 2002-03 and tax years 2003 to 2025 amounts to Rs 146,962 million, out of which an amount of Rs 137,167 million has been paid to tax authorities, which has been provided for in these financial statements. In respect of tax year 2025, the Company applied before ADRC against the decision of ACIR dated 17 March 2026 and, ADRC vide its order dated 08 August 2026 decided the matter of depletion allowance in favor of the Company and the matter of tax rate against the Company and, presently, the Company is assessing filing of appeal against the aforementioned order of ADRC at higher forum. In respect of super tax matter also refer note 35.1.

35.4 During the year ended 30 June 2021, tax authorities have raised demand of Rs 1,047 million for tax year 2013 (2025: Rs 1,047 million) on account of alleged issue of not offering consideration of sale of working interest in Indus block-G for tax. Appeal had been filed by the Company before CIRA on 30 June 2021, which was remanded back to the assessing officer vide order dated 24 January 2024 and the case is now pending before the ACIR. Management is confident that the above demand does not hold any merit under the applicable tax laws. Accordingly, no provision has been made in this respect in these financial statements.

35.5 During the year ended 30 June 2025, ACIR issued order dated 23 April, 2025, after the conclusion of the audit proceeding for the tax year 2020, by making additions /disallowances on account of gas price incentive and depletion allowance and raised tax demand of Rs 5,406 million. In respect of gas price incentive, as stated in note 28.1, the incremental revenue, has been set aside and recorded as payable in the financial statements since the matter is pending adjudication at IHC, and will be accounted for as revenue upon resolution of the matter, accordingly, it is not subject to tax. ACIR has contended that since the incremental revenue is charged to the customer and received by the Company, accordingly, the same is liable to taxation under the tax laws. The Company has filed writ petition before IHC, against the decision of the ACIR, where stay has been granted by IHC vide order dated 05 May 2025. Further, in respect of tax year 2025, the Company applied before ADRC, against the decision of ACIR dated 17 March 2026 in respect of tax demand of Rs 2,836 million on account of incremental revenue which vide its order dated 08 August 2026 decided the matter against the Company and, presently, the Company is assessing filing of appeal against the aforementioned order of ADRC at higher forum. The Company believes that the matter will be decided in favour of the Company, accordingly no provision is required there against in these financial statements. In respect of depletion allowance, refer note 35.3.

35.6 For the tax year 2018 to 2025, the tax authorities disallowed certain exploration & development expenditures and prospecting expenditures, arguing that the nature of these expenditures is intangible and capital in nature. The total tax demand raised through these orders amounts to Rs 128,563 million (2025: Rs 103,406 million). Prospecting, exploration and development expenditure and unrealized exchange gain /loss are timing differences; hence, the relevant impacts are also taken in deferred tax.

The Company, supported by its tax advisors, believes that the disallowances made by the tax authorities are without factual or legal merit and will not withstand scrutiny in the appellate process. Consequently, no provision has been recognized in these financial statements in respect of the disallowed expenditures. The Company had filed appeals before the Appellate Tribunal Inland Revenue (ATIR), which were rejected in limine. The ATIR based its decision on the grounds that the Company, being a State-Owned Entity (SOE), is required to settle its tax cases through the Alternate Dispute Resolution Committee (ADRC) under the provisions introduced by the Tax Amendment Act, 2024, and the Finance Act, 2024.

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The Company contends that the amendments introduced through the Tax Amendment Act, 2024 have unjustly curtailed its right to appeal, which violates principles of natural justice and fair play. Accordingly, the Company has filed a reference application before the Islamabad High Court (IHC) and the Supreme Court of Pakistan (SCP), where the matter is currently pending adjudication. SCP during the year, on 11 July 2025, issued interim order in respect of references /CPLAs filed with SCP, that till the next date of hearing no final /adverse order shall be made by ADRC, if any constituted, without the permission of this court. During the year, in respect of tax year 2025, the Company applied before ADRC against the decision of ACIR dated 17 March 2026 and, ADRC vide its order dated 08 August 2026 has remanded back the issues of exploration & development expenditures and prospecting expenditures to the assessing officer to substantiate the matter and that a fresh finding shall be rendered in the assessment proceedings. Management remains confident that the ultimate outcome of the appeals process will be in the Company's favor and, therefore, no liability has been recognized in these financial statements in relation to these matters.

	2026	2025
36 EARNINGS PER SHARE- BASIC AND DILUTED		
Profit for the year (Rupees '000)	242,373,646	169,903,614
Average number of shares outstanding during the year ('000)	4,300,928	4,300,928
Earnings per share- basic (Rupees)	56.35	39.50

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

37 SALARIES, WAGES AND BENEFITS

Salaries, wages and benefits have been allocated as follows:

	Operating expenses Note 29	General and administration expenses Note 32	Technical services Note 37.1	Total
	----- (Rupees '000) -----			
For year ended 30 June 2026				
Salaries and wages	24,931,706	6,883,213	9,135,505	40,950,424
Awards and bonuses	9,975,425	3,573,353	3,857,513	17,406,291
Charge for accumulating compensated absences	1,067,371	399,730	558,800	2,025,901
Gratuity expense	308,345	108,068	131,792	548,205
Charge for post retirement medical benefits	3,777,767	811,481	1,282,178	5,871,426
Charge for employees' pension	9,336,838	2,883,510	3,590,481	15,810,829
Other allowances and benefits	6,656,255	1,477,115	2,567,326	10,700,696
	<u>56,053,707</u>	<u>16,136,470</u>	<u>21,123,595</u>	<u>93,313,772</u>
For year ended 30 June 2025				
Salaries and wages	22,319,807	6,222,705	9,335,442	37,877,954
Awards and bonuses	6,672,467	2,429,482	2,797,198	11,899,147
Charge for accumulating compensated absences	1,712,340	184,758	535,078	2,432,176
Gratuity expense	170,361	62,407	79,732	312,500
Charge for post retirement medical benefits	3,386,296	895,980	1,424,926	5,707,202
Charge for employees' pension	3,065,421	894,906	1,265,074	5,225,401
Other allowances and benefits	3,208,170	1,057,452	1,164,245	5,429,867
	<u>40,534,862</u>	<u>11,747,690</u>	<u>16,601,695</u>	<u>68,884,247</u>

- 37.1** Salaries, wages and benefits relating to in-house technical services of the Company are further allocated to various cost centers including wells, projects and prospecting expenditure as per the Company's policy.

38 OPERATING SEGMENTS

For management purposes, the activities of the Company are organized into a single reportable segment. The operating interests of the Company are confined to Pakistan except for investment in PIOL, which is disclosed in detail in note 15.3. The financial statements have been prepared on the basis of a single reportable segment. Revenue from external customers for products of the Company is disclosed in note 28.

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Following are the details of the major customers with whom the revenue transactions amounting to 10% or more of the Company's overall gross revenue and which constitutes 58% (2025: 56%) of total revenue for the year:

Customer Name	Product	2026	2025
		----- (Rupees '000) -----	
Sui Northern Gas Pipelines Limited (SNGPL)	Gas & LPG	104,029,578	93,515,021
Sui Southern Gas Company Limited (SSGCL)	Gas & LPG	52,282,087	51,310,684
Attock Refinery Limited	Crude oil	132,902,977	108,812,137

The sales to Government owned entities other than SNGPL and SSGCL as mentioned above amounts to Rs 82,193 million (2025: Rs 65,486 million).

39 FINANCIAL INSTRUMENTS

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

- Credit risk
- Liquidity risk
- Market risk

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

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

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

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

39.1 Credit risk

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

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

39.1.1 Counterparties

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

Trade debts and lease receivables

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

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Sale of crude oil and gas is at prices specified in relevant agreements and/ or as notified by the Government authorities based on agreements with customers or relevant applicable petroleum policy or Petroleum Concession Agreements. Prices of liquefied petroleum gas are determined by the Company subject to maximum price notified by OGRA.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade debts and lease receivables that are due directly/ ultimately from the GoP till 30 June 2026 as per policy disclosed in note 3.15.4 to the financial statements.

Bank balances and investments

The Company limits its exposure to credit risk by investing in liquid securities and maintaining bank accounts only with counterparties that have a credit rating of at least A. In addition to the exposure with Banks, the Company also holds investments in PIBs issued by State Bank of Pakistan and in mutual funds. Investment in PIBs are also secured by GoP guarantee. While bank balances and investments in term deposits and mutual funds are also subject to the requirements of IFRS 9, the identified impairment loss was immaterial as the counter parties have reasonably high credit ratings.

39.1.2 Exposure to credit risk

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

	Note	2026 ------(Rupees '000)-----	2025 ------(Rupees '000)-----
Investments at amortized cost	16	20,855,254	20,285,645
Long term loans	17	7,071,626	11,263,991
Trade debts- net of provision	21	594,845,141	613,660,983
Lease receivables	19	72,778,962	92,198,179
Loans and advances	22	16,133,803	17,791,054
Deposits	23	398,740	1,602,589
Other receivables	24	1,624,562	1,452,187
Current portion of long term investments	16	404,870	84,520,671
Current portion of lease receivables	19	28,233,693	48,696,323
Other financial assets	26	269,923,124	152,710,231
Bank balances	27	62,101,959	52,764,380
		<u>1,074,371,734</u>	<u>1,096,946,233</u>

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

	2026 ------(Rupees '000)-----	2025 ------(Rupees '000)-----
Oil refining companies	54,839,582	32,629,425
Gas distribution companies	522,273,627	522,548,961
Power generation companies	116,084,573	197,334,001
National Bank of Pakistan	102,630,425	116,875,275
Banks	40,902,677	51,076,653
Financial institutions /Banks	188,491,981	37,522,683
Power Holding Limited	-	84,104,789
Employees of the Company	13,468,465	13,602,287
Partners in joint operations	9,687,666	11,321,413
Government of Pakistan	21,260,124	20,701,527
Others	4,732,614	9,229,219
	<u>1,074,371,734</u>	<u>1,096,946,233</u>

The Company's most significant related party customers are oil refining companies and two gas distribution companies, amounting to Rs 544,676 million of trade debts as at 30 June 2026 (2025: Rs 535,900 million).

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The credit quality of financial assets that can be assessed by reference to external credit ratings or to historical information about counterparty default rates:

	Note	2026 ------(Rupees '000)-----	2025 ------(Rupees '000)-----
Investments			
Unrated- Government guaranteed	16	21,260,124	104,806,316
Other financial assets			
A-1+		228,980,495	152,109,459
AM1		17,380,864	600,772
AAA-(f)		4,292,344	-
A(f)		4,294,257	-
AA + (f)		10,682,511	-
AAA(f)		4,292,653	-
	26	<u>269,923,124</u>	<u>152,710,231</u>
Bank balances			
AAA		53,740,146	41,579,958
AA+		8,337,505	248,406
AA		24,299	10,935,856
AA-		-	151
AA3		9	9
	27	<u>62,101,959</u>	<u>52,764,380</u>

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

	Note	2026 ------(Rupees '000)-----	2025 ------(Rupees '000)-----
Crude oil		55,127,359	32,804,285
Gas		539,575,526	580,725,070
Liquefied petroleum gas		142,256	131,628
	21	<u>594,845,141</u>	<u>613,660,983</u>

39.1.3 Impairment losses

The aging of trade debts at the reporting date was:

	Note	2026 Gross debts ------(Rupees '000)-----	Impaired	2025 Gross debts ------(Rupees '000)-----	Impaired
Not past due		81,958,547	-	58,150,561	-
Past due 0-30 days		23,219,785	-	19,334,442	-
Past due 31-60 days		16,775,242	-	18,052,593	-
Past due 61-90 days		10,719,484	-	16,462,407	-
Over 90 days		462,209,504	(37,421)	501,739,507	(78,527)
	21	<u>594,882,562</u>	<u>(37,421)</u>	<u>613,739,510</u>	<u>(78,527)</u>

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39.1.3 Impairment losses- continued

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

	Total	Not past due	Past due 0-30 days	Past due 31-60 days	Past due 61-90 days	Over 90 days	Impaired balance
(Rupees '000)							
30 June 2026							
Enar Petroleum Refining Facility	7,992,611	8,202,501	-	-	-	(209,890)	-
Pakistan Refinery Limited	3,513,453	3,423,958	78,271	1,197	5,917	4,110	-
Pak Arab Refinery Company Limited	10,895,920	9,771,355	1,097,767	741	620	25,437	-
Sui Northern Gas Pipelines Limited	271,775,195	20,171,996	12,326,410	8,147,770	5,628,533	225,500,486	-
Sui Southern Gas Company Limited	250,498,432	9,029,675	4,374,903	4,514,738	4,044,204	228,534,912	-
WAPDA	-	-	-	-	-	21,282	(21,282)
	<u>544,675,611</u>	<u>50,599,485</u>	<u>17,877,351</u>	<u>12,664,446</u>	<u>9,679,274</u>	<u>453,876,337</u>	<u>(21,282)</u>
30 June 2025							
Enar Petroleum Refining Facility	6,049,163	6,014,118	46,993	64,949	55,669	(132,566)	-
Pakistan Refinery Limited	5,269,290	2,451,350	900,445	501,810	790,986	624,699	-
Pak Arab Refinery Company Limited	1,596,215	1,274,487	302,735	-	-	18,993	-
Sui Northern Gas Pipelines Limited	278,815,503	14,439,554	8,120,402	6,896,385	5,726,536	243,632,626	-
Sui Southern Gas Company Limited	243,733,457	11,555,759	4,307,016	4,095,614	3,853,370	219,921,698	-
WAPDA	-	-	-	-	-	21,282	(21,282)
	<u>535,463,628</u>	<u>35,735,268</u>	<u>13,677,591</u>	<u>11,558,758</u>	<u>10,426,561</u>	<u>464,086,732</u>	<u>(21,282)</u>

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39.1.3 Impairment losses- continued

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

	2026	2025
	------(Rupees '000)-----	
Balance at beginning of the year	78,527	94,363
Reversal during the year	(41,105)	(15,836)
Balance at end of the year	<u>37,422</u>	<u>78,527</u>

The aging of current portion of lease receivables billed to the customers at the reporting date was:

Not past due	3,440,096	3,427,993
Past due 0-30 days	2,661,261	2,649,925
Past due 31-60 days	2,664,269	2,645,838
Past due 61-90 days	1,882,429	2,645,838
Over 90 days	-	22,284,861
	<u>10,648,055</u>	<u>33,654,455</u>

As explained in note 19.2 and note 21.1 to the financial statements, the Company believes that no impairment allowance is necessary in respect of lease receivables and trade debts past due other than the amount provided. Trade debts and lease receivables are essentially due from oil refining companies, natural gas and liquefied petroleum gas transmission and distribution companies and power generation companies. The Company is actively pursuing for recovery of these debts and the Company does not expect these companies to fail to meet their obligations. Impact of ECL on financial assets not covered under exemption as explained in note 2.1.2 was trivial and accordingly has not been included in the financial statements.

The aging of loan and advances from related parties at the reporting date was:

	2026	2025
	------(Rupees '000)-----	
Not past due	6,477,158	6,675,240
Past due	-	-
	<u>6,477,158</u>	<u>6,675,240</u>

Expected credit loss on loans, advances, deposits and other receivables is calculated using general approach as disclosed in note 3.15.4. As at the reporting date, Company envisages that default risk on account of loans, advances, deposits and other receivables is immaterial based on historic trends adjusted to reflect forward looking information. The movement in the expected credit loss allowance in respect of the financial assets during the year was as follows:

	2026	2025
	------(Rupees '000)-----	
Balance at beginning of the year	196,601	196,601
Reversal of provision during the year	-	-
Balance at end of the year	<u>196,601</u>	<u>196,601</u>

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

Not past due	-	84,104,789
Past due	-	-
	<u>-</u>	<u>84,104,789</u>

As explained in note 16.2 to the financial statements, the entire amount of TFCs was recieved during the year.

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39.2 Liquidity risk

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

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

	2026		2025	
	Carrying amount	Contractual cash flows	Carrying amount	Contractual cash flows
	----- (Rupees '000) -----			
All the trade and other payables have maturity upto one year				
Trade and other payables	88,076,267	88,076,267	66,195,558	66,195,558
Unpaid dividend	504,355	504,355	331,720	331,720
Unclaimed dividend	81,155	81,155	202,238	202,238
	<u>88,661,777</u>	<u>88,661,777</u>	<u>66,729,516</u>	<u>66,729,516</u>

39.3 Market risk

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

39.3.1 Foreign currency risk management

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

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

The potential currency exposures are discussed below;

Transactional exposure in respect of non functional currency monetary items

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

Transactional exposure in respect of non functional currency expenditure and revenues

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

Exposure to foreign currency risk

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

	2026	2025
	----- (USD (\$) '000) -----	
Trade debts	130,475	61,211
Lease receivables	324,527	377,473
Other financial assets	410,953	475,780
Cash and bank balances	90,660	12,814
Loans and advances	34,791	39,850
	<u>991,406</u>	<u>967,128</u>

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	2026	2025
	----- (USD (\$) '000) -----	
Trade and other payables ('000)		
USD	44,689	78,301
Euro	1,573	1,369
CNY	74,387	20,778

Foreign currency commitments outstanding at year end are as follows:

USD	149,459,383	191,797,036
Euro	16,085,209	13,159,752
CNY	2,664,507	16,619,264
GBP	76,095	-
	<u>168,285,194</u>	<u>221,576,052</u>

The following significant exchange rates were applied during the year:

	Average rate		Reporting date spot rate	
	2026	2025	2026	2025
	----- (Rupees) -----			
USD 1	<u>280.76</u>	<u>279.70</u>	<u>278.45</u>	<u>284.10</u>

Foreign currency sensitivity analysis

A 10 percent strengthening of the PKR against the USD at 30 June 2026 would have decreased equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 30 June 2026.

	2026	2025
	----- (Rupees '000) -----	
Statement of profit or loss	12,459,039	11,807,384

A 10 percent weakening of the PKR against the USD at 30 June 2026 would have had the equal but opposite effect on USD to the amounts shown above, on the basis that all other variables remain constant. The sensitivities for currencies other than USD are not material.

39.3.2 Interest rate risk management

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

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OIL AND GAS DEVELOPMENT COMPANY LIMITED
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Profile

The interest rate profile of the Company's remaining interest-bearing financial instruments at the reporting date is as follows:

	2026	2025	2026	2025
	-----%		-----	-----
			(Rupees '000)	
Floating rate instrument				
Financial assets				
Investment	11.86	11.97	21,260,124	20,701,527
Fixed rate instruments				
Financial assets				
Other financial assets	5.41 to 7.53	5.85 to 7.40	228,980,495	152,109,459
Cash and bank balances	0.25 to 12	1.25 to 19.75	61,760,632	52,287,725
			290,741,127	204,397,184
Financial liabilities			-	-
			290,741,127	204,397,184

Fair value sensitivity analysis for fixed rate instruments

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

39.3.3 Other market price risk

Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar instruments traded in the market.

The Company is exposed to equity securities price risk because of investments held by the Company and classified on the statement of financial position as investments classified as fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the investment policy of the Company.

Sensitivity analysis of price risk

A change of Rs 5 in the value of investments at fair value through profit or loss would have increased or decreased profit or loss by Rs 2,220 million (2025: Rs 22,701 million).

Sensitivity analysis of crude oil price risk

A change of USD 5 in average price of crude oil would increase or decrease profit by Rs 6,731 million (2025: Rs 5,897 million) on the basis that all other variables remain constant.

39.4 Classification of financial assets and liabilities, fair values and risk management

The following table shows the classification, carrying amounts and fair values of financial assets and liabilities. The fair value of financial assets measured at fair value is shown below. It does not include fair value information for financial assets and financial liabilities not measured at fair value as the carrying amount is a reasonable approximation of fair value because the current financial assets and liabilities are short term and some financial assets are also interest bearing. Further, the financial assets due directly/ ultimately from the GoP carries enforceable contractual right and entitlement to receive interest on late payment and is exempt from ECL accounting/ disclosure as disclosed in note 2.1.2. The non-current financial assets are also interest bearing.

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OIL AND GAS DEVELOPMENT COMPANY LIMITED
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		Carrying amount			
		Financial assets at amortized cost	Fair value through profit or loss	Financial liabilities at amortized cost	Total
30 June 2026	Note	------(Rupees '000)-----			
Financial assets measured at fair value					
Other financial assets- NIT Units /mutual funds	26	-	40,942,629	-	40,942,629
Financial assets not measured at fair value					
Long term investments	16	20,855,254	-	-	20,855,254
Long term loans	17	7,071,626	-	-	7,071,626
Trade debts- net of provision	21	594,845,141	-	-	594,845,141
Lease receivables	19	72,778,962	-	-	72,778,962
Loans and advances	22	16,133,803	-	-	16,133,803
Deposits	23	398,740	-	-	398,740
Other receivables	24	1,624,562	-	-	1,624,562
Current portion of long term investments	16	404,870	-	-	404,870
Current portion of lease receivables	19	28,233,693	-	-	28,233,693
Other financial assets	26	228,980,495	-	-	228,980,495
Bank balances	27	62,101,959	-	-	62,101,959
Cash in hand	27	41,489	-	-	41,489
		1,033,470,594	40,942,629	-	1,074,413,223
Financial liabilities not measured at fair value					
Trade and other payables		-	-	88,076,267	88,076,267
Unpaid dividend		-	-	504,355	504,355
Unclaimed dividend		-	-	81,155	81,155
		-	-	88,661,777	88,661,777
30 June 2025					
Financial assets measured at fair value					
Other financial assets- NIT units	26	-	600,772	-	600,772
Financial assets not measured at fair value					
Long term investments	16	20,285,645	-	-	20,285,645
Long term loans	17	11,263,991	-	-	11,263,991
Trade debts- net of provision	21	613,660,983	-	-	613,660,983
Lease receivables	19	92,198,179	-	-	92,198,179
Loans and advances	22	17,791,054	-	-	17,791,054
Deposits	23	1,602,589	-	-	1,602,589
Other receivables	24	1,452,187	-	-	1,452,187
Current portion of long term investments	16	84,520,671	-	-	84,520,671
Current portion of lease receivables	19	48,696,323	-	-	48,696,323
Other financial assets	26	152,109,459	-	-	152,109,459
Bank balances	27	52,764,380	-	-	52,764,380
Cash in hand	27	49,193	-	-	49,193
		1,096,394,654	600,772	-	1,096,995,426
Financial liabilities not measured at fair value					
Trade and other payables		-	-	66,195,558	66,195,558
Unpaid dividend		-	-	331,720	331,720
Unclaimed dividend		-	-	202,238	202,238
		-	-	66,729,516	66,729,516

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

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Fair value hierarchy

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

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

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

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

	Level 1	Level 2	Level 3
	----- (Rupees '000) -----		
Financial assets measured at fair value			
Other financial assets- NIT units /Mutual funds			
30 June 2026	40,942,629	-	-
30 June 2025	600,772	-	-

Determination of fair values

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

Investment in fair value through profit or loss

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

Investment in associate

The fair value of investment in associate is determined by reference to their quoted closing bid price at the reporting date. The fair value is determined for disclosure purposes. Also refer note 15.

Recognition of significantly modified financial asset

The fair value of significantly modified financial asset is determined by discounting the modified future contractual cashflows using market interest rate.

Capital management

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

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



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40 RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	Note	Lease liabilities	Unclaimed /Unpaid dividend (Rupees '000)	Total
Balance as at 01 July 2025		3,039,610	533,958	3,573,568
Changes from financing cash flows				
Repayments	9	(1,257,650)	-	(1,257,650)
Dividend paid		-	(68,763,302)	(68,763,302)
		(1,257,650)	(68,763,302)	(70,020,952)
Other changes				
Liability related	9	233,210	-	233,210
Dividend announced		-	68,814,854	68,814,854
		233,210	68,814,854	69,048,064
Balance as at 30 June 2026		<u>2,015,170</u>	<u>585,510</u>	<u>2,600,680</u>
Balance as at 01 July 2024		-	41,328,840	41,328,840
Changes from financing cash flows				
Repayments	9	(565,295)	-	(565,295)
Dividend paid		-	(101,222,926)	(101,222,926)
		(565,295)	(101,222,926)	(101,788,221)
Other changes				
Liability related	9	3,604,905	-	3,604,905
Dividend announced		-	60,428,044	60,428,044
		3,604,905	60,428,044	64,032,949
Balance as at 30 June 2025		<u>3,039,610</u>	<u>533,958</u>	<u>3,573,568</u>

41 CASH AND CASH EQUIVALENTS

	Note	2026 (Rupees '000)	2025 (Rupees '000)
Cash and bank balances	27	62,143,448	52,813,573
Short term highly liquid investments- Term deposits	26	228,980,495	152,109,459
		<u>291,123,943</u>	<u>204,923,032</u>
		2026	2025

42 NUMBER OF EMPLOYEES

Total number of employees at the end of the year were as follows:

Regular	9,607	9,968
Contractual	257	335
	<u>9,864</u>	<u>10,303</u>

Average number of employees during the year were as follows:

Regular	9,788	10,177
Contractual	296	342
	<u>10,084</u>	<u>10,519</u>



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43 RELATED PARTIES TRANSACTIONS

Government of Pakistan owns 74.97% (2025: 74.97%) shares of the Company. In 2022, the Honorable Supreme Court of Pakistan declared the Benazir Employees' Stock Option Scheme ultra vires. As disclosed in note 4.1, subsequent to the year end on 08 July 2026, pursuant to the decision of the Honourable Supreme Court of Pakistan in 2022, the entire share holding held by OEET has been transferred back to GoP. Consequently the GoP's share holding in the Company has increased from 74.97 % to 85.02 %. Therefore, all entities owned and controlled by the Government of Pakistan are related parties of the Company. Other related parties comprise associates, major shareholders, directors, companies with common directorship, key management personnel, OGDC employees empowerment trust, employees pension trust and gratuity fund. The Company in normal course of business pays for airfare, electricity, telephone, gas, yield analysis required under Petroleum Concession Agreements and make regulatory payments to entities controlled by the GoP which are not material, hence not disclosed in these financial statements. Transactions with related parties other than disclosed below are disclosed in relevant notes to these financial statements. Transactions of the Company with related parties and balances outstanding at year end are as follows:

	2026	2025
	------(Rupees '000)-----	
OREL- Subsidiary company- 100% shareholding of the Company and common directorship		
Cost of investment made during the year	-	100
Payable as at 30 June	-	100
Receivable as at 30 June	2,865	1,100
MEL- Associated company- 20% shareholding of the Company and common directorship		
Share of profit in associate	17,375,640	13,073,786
Share of other comprehensive income of the associate- net of taxation	(46,836)	(102,829)
Dividend received	7,143,703	3,545,394
Tax paid on issuance of bonus shares	-	9,497,633
Expenditure charged by joint operations partner- net	(9,403,107)	(5,885,652)
Cash calls paid to joint operations partner- net	7,963,286	6,934,712
Share (various fields) payable as at 30 June	2,055,360	798,116
Share (various fields) receivable as at 30 June	248,030	430,607
PIOL- Associated company- 25% shareholding of the Company and common directorship		
Cost of investment made during the year	4,200,000	6,975,000
Share of (loss) /profit in associate	(293,007)	306,257
Share of other comprehensive (loss) /income	(417,139)	364,686
PMPL- Associated company- 33.33% shareholding of the Company and common directorship		
Cost of investment made during the year	28,634,245	12,690,636
Share of loss in associate	(490,920)	(705,385)
Share of other comprehensive (loss) /income	(635,469)	(1,052,236)
Major shareholders		
Government of Pakistan (74.97% share holding)		
Dividend paid	53,349,395	46,847,437
Dividend paid- Privatization Commission of Pakistan	5,159,374	4,530,575
OGDC Employees' Empowerment Trust (10.05% share holding)		
Dividend paid to GoP on behalf of OEET	-	40,870,881

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	2026	2025
	----- (Rupees '000) -----	
RELATED PARTIES TRANSACTIONS- continued		
Related parties by virtue of the GoP holdings and /or common directorship		
Sui Northern Gas Pipelines Limited		
Sale of natural gas	103,968,499	93,515,021
Sale of liquefied petroleum gas	61,079	-
Trade debts as at 30 June	271,775,195	278,815,504
Advance against sale of LPG as at 30 June	7,636	-
Pakistan State Oil Company Limited		
Sale of liquefied petroleum gas	1,769,523	1,650,810
Purchase of petroleum, oil and lubricants	9,159,596	7,688,857
Payable as at 30 June	401,431	264,444
Advance against sale of LPG as at 30 June	126,173	16,500
Pakistan Petroleum Limited		
Expenditure charged to /(by) joint operations partner- net	4,465,484	2,014,698
Cash calls received joint operations partner- net	(3,236,488)	(1,183,541)
Share (various fields) receivable as at 30 June	1,806,469	2,752,015
Share (various fields) payable as at 30 June	774,662	2,949,206
Pak Arab Refinery Company Limited		
Sale of crude oil	20,967,892	11,445,605
Trade debts as at 30 June	10,895,920	1,596,215
PARCO Pearl Gas (Private) Limited		
Sale of liquefied petroleum gas	705,334	704,540
Advance against sale of LPG as at 30 June	17,986	45,720
Pakistan Refinery Limited		
Sale of crude oil	17,587,543	14,570,811
Trade debts as at 30 June	3,513,453	5,269,290
Khyber Pakhtunkhwa Oil & Gas Company (KPOGCL)		
Expenditure charged to joint operations partner	55,488	68,130
Cash calls received from joint operations partner	36,181	963,659
Share (various fields) receivable as at 30 June	34,235	14,928
Sindh Energy Holding Company Limited (SEHCL)		
Expenditure charged to joint operations partner	1,218	4,622
Share (various fields) receivable as at 30 June	3,657	2,439
Sui Southern Gas Company Limited		
Sale of natural gas	51,142,752	50,233,583
Sale of liquefied petroleum gas	1,139,335	1,077,101
Trade debts as at 30 June	250,498,432	243,733,457
Advance against sale of LPG as at 30 June	22,575	90,681
Sui Southern Gas Company LPG (Pvt) Limited		
Sale of liquefied petroleum gas	-	18,296
Advance against sale of LPG as at 30 June	134,949	15,699

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OIL AND GAS DEVELOPMENT COMPANY LIMITED
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	2026	2025
Note	----- (Rupees '000) -----	----- (Rupees '000) -----
RELATED PARTIES TRANSACTIONS- continued		
Government Holdings (Private) Limited (GHPL)		
Expenditure charged to joint operations partner	6,434,774	5,628,126
Cash calls received from joint operations partner	4,798,530	5,663,975
Share (various fields) receivable as at 30 June	4,384,767	3,475,251
Share (various fields) payable as at 30 June	461,946	1,192,251
National Investment Trust		
Investment as at 30 June	5,012,753	600,772
Dividend received	18,161	17,389
National Bank of Pakistan		
Balance at bank as at 30 June	21,199,282	1,687,727
Balance of investment in TDRs (including accrued interest) as at 30 June	81,431,143	115,187,548
Interest earned	7,619,169	10,694,211
Power Holding Limited (PHL)		
Balance of mark-up receivable on TFCs as at 30 June	-	84,104,789
National Insurance Company Limited		
Insurance premium paid	1,413,542	1,392,658
Payable as at 30 June	23,646	52,768
National Logistic Cell		
Crude transportation charges paid	1,272,256	2,014,493
Payable as at 30 June	527,403	350,443
Enar Petrotech Services Limited		
Consultancy services	48,540	34,943
Payable as at 30 June	736	-
Enar Petroleum Refining Facility		
Sale of crude oil	41,162,931	37,095,766
Receivable as at 30 June	7,992,611	6,049,163
Other related parties		
Contribution to pension fund	8,563,066	13,973,202
Contribution to gratuity fund	1,421,151	-
Remuneration including benefits and perquisites of key management personnel	43.1 1,585,299	1,275,732

43.1 Key management personnel

Key management personnel comprises chief executive, chief financial officer, company secretary, executive directors and general managers of the Company.

	2026	2025
	----- (Rupees '000) -----	----- (Rupees '000) -----
Managerial remuneration	375,669	323,164
Housing and utilities	245,529	207,966
Award and bonus	527,580	353,441
Other allowances and benefits	277,338	242,226
Leave encashment	20,788	37,106
Medical benefits	6,344	2,609
Pension fund	76,681	19,967
Gratuity fund	55,370	89,253
	<u>1,585,299</u>	<u>1,275,732</u>
Number of persons	<u>30</u>	<u>29</u>

43.2 The amounts of the trade debts outstanding are unsecured and will be settled in cash. For details of trade debts from related parties, refer note 39.1.3.

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43.3 The names of key management personnel during the year or at year end are as follows:

1 Mr. Ahmed Hayat Lak	16 Syed Imtiaz Hussain Shah
2 Mr. Muhammad Anas Farook	17 Mr. Suhail Atta Chaudhry
3 Mr. Muhammad Aamir Salim	18 Syed Ejaz Abbas Rizvi
4 Mr. Shahzad Safdar	19 Mr. Habib Ullah Chohan
5 Mr. Atif Ghafoor Mirza	20 Mr. Sajid Mehmood Khan
6 Mr. Zia Salahuddin	21 Mr. Saleem Nasir
7 Mr. Khurram Shiraz	22 Mr. Sikandar Ali Shaikh
8 Mr. Kamran Yusuf Shami	23 Mr. Tariq Mehmood
9 Brig. (Retd) Ibrar Hussain Bhatti	24 Mr. Muhammad Ali Khan
10 Mr. Qamar-ud-Din	25 Mr. Iftikhar Ahmad
11 Mr. Khalid Amin Khan	26 Mr. Muhammad Rizwan Ahmad Qureshi
12 Mr. Shaukat Hayat	27 Mr. Safdar Ali Channa
13 Mr. Sohail Anwar	28 Mr. Ahsan Ali Sheikh
14 Dr. Ghulam Baqir	29 Mr. Mohsin Abbas
15 Mr. Babar Iftikhar	30 Mr. Wasim Ahmad

44 REMUNERATION OF CHIEF EXECUTIVES, DIRECTORS AND EXECUTIVES

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

	2026		2025	
	Chief Executive	Executives	Chief Executive	Executives
	(Rupees '000)			
Managerial remuneration	66,774	12,176,191	44,754	10,288,572
Housing and utilities	36,726	10,274,654	24,615	8,576,328
Award and bonus	99,919	12,717,365	46,766	8,428,318
Other allowances and benefits	53,714	12,183,256	24,345	11,016,355
Leave encashment	-	2,602,202	-	3,549,859
Medical benefits	777	643,141	61	516,569
Pension fund	-	5,023,708	-	1,488,637
Gratuity fund	24,449	361,146	59,727	366,325
	<u>282,359</u>	<u>55,981,663</u>	<u>200,268</u>	<u>44,230,963</u>
Number of persons including those who worked part of the year	<u>1</u>	<u>4,527</u>	<u>1</u>	<u>4,300</u>

- Executive means any employee whose basic salary exceeds Rs 1,200,000 (2025: Rs 1,200,000) per year. Non management employees whose basic salary is more than Rs 1,200,000 per year have also been included in the executives.
- Awards are paid to employees on start of commercial production and new discoveries of natural resources. Bonus includes performance bonus with respect to officers and for staff under section 10-C of the West Pakistan Industrial and Commercial Employment (standing orders) Ordinance 1968.
- The aggregate amount charged in the financial statements in respect of fee to 15 directors (2025: 15) was Rs 20.375 million (2025: Rs 35.156 million).
- The employees of the Company have option to avail car facility as per the entitlement policy of the Company.

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45 INFORMATION RELATING TO PROVIDENT FUND

Oil and Gas Development Company Limited (OGDC) Employees' Provident Fund is a contribution plan for benefit of permanent employees of the Company. For employees regularized before 01 January 2016, the Company does not contribute to the fund in respect of employees who are eligible for pension benefits and the contributions are made by the employees only. Investments out of Provident Fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for the purpose.

During the year ended 30 June 2016, the Company changed its policy for entitlement of pension fund whereby employees regularized after 01 January 2016 will contribute one basic salary towards provident fund annually and the Company shall match the contribution. Contributory provident fund trust in this respect has not yet been created.

46 SHARIAH DISCLOSURES UNDER CLAUSE VII OF PART I OF SCHEDULE IV OF THE COMPANIES ACT, 2017

		Note	2026 ----- (Rupees '000) -----	2025
Statement of financial position				
Liabilities:				
Financing (long-term, short-term, or lease financing) obtained as per Islamic mode			Not Applicable	Not Applicable
Interest or mark-up accrued on any conventional loan or advance			Not Applicable	Not Applicable
Assets:				
Investments in subsidiary and associates	Shariah compliant	15	178,823,045	137,640,235
Bank deposits, bank balances and TDRs	Shariah compliant	26 & 27	13,233,829	11,117,997
Investment in mutual funds	Shariah compliant	26	8,073,710	-
Statement of profit or loss				
Sales -net	Shariah compliant	28	449,190,752	401,177,969
Delayed payments surcharge from customers	Non-shariah	30	-	8,503,459
Income on account of liquidated damages	Non-shariah	30	802,746	471,298
Share of profit in associates -net of taxation	Shariah compliant		16,591,713	12,674,658
Interest income on:				
Investments and bank deposits	Non-shariah		19,252,644	31,969,721
	Shariah compliant		721,167	934,886
		30	19,973,811	32,904,607
Exchange (loss) /gain on actual currency	Shariah compliant		449,545	3,205,305
	Non-shariah		(2,833,361)	2,385,027
		30	(2,383,816)	5,590,332
Exchange gains earned using:				
Conventional derivative financial instruments			Not Applicable	Not Applicable
Profit paid on Islamic mode of financing			Not Applicable	Not Applicable
Total interest earned on any conventional loan or advance			Not Applicable	Not Applicable

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			2026	2025
			(Rupees '000)	
Sources and detailed breakup of other income				
		Note		
Finance income -lease	Shariah compliant	30	17,211,607	19,399,542
Unwinding of Loss on modification in terms of TFCs	Non-shariah	30	8,612,951	14,495,379
Unwinding of present value of interest free loan to employees	Non-shariah	30	1,156,626	-
Dividend income from investment at fair value through profit or loss	Shariah compliant		291	-
	Non-shariah		86,246	17,389
		30	86,537	17,389
Un-realized gain /(loss) on investments at fair value through profit or loss	Shariah compliant		14,452	-
	Non-shariah		152,327	213,485
		30	166,779	213,485
Realized gain /(loss) on investments at fair value through profit or loss	Shariah compliant		514,338	-
	Non-shariah		3,058,454	-
		30	3,572,792	-
Contract renewal fee	Shariah compliant	30	1,044,992	1,174,227
Gain on disposal of property, plant and equipment	Shariah compliant	30	97,970	155,665
Gain on disposal of stores, spare parts and loose tools	Shariah compliant	30	374,576	406,013
Others	Shariah compliant	30	3,667,755	637,904
			4,140,301	1,199,582

Name of the Company's shariah compliant financial institutions

Arrangements

Faysal Bank
Dubai Islamic Bank
Meezan Bank Limited
Faysal Asset Management Limited
NBP Fund Management Limited
Al Meezan Investment Management Limited

Bank deposits
Bank deposits
Bank deposits
Investments
Investments
Investments

47 CAPACITY AND PRODUCTION

Saleable production (net) from Company's fields including share from non-operated fields is as under:

Product	Unit	2026	2025
Crude oil /condensate (at ambient temperature)	Barrels	11,994,163	11,285,327
Natural gas	MMSCF	243,523	238,036
Liquefied petroleum gas	M.Ton	244,656	234,336
Sulphur	M.Ton	14,526	9,121

Due to nature of operations of the Company, installed capacity of above products is not relevant.



OIL AND GAS DEVELOPMENT COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2026

48 INTEREST IN JOINT OPERATIONS, WHOLLY OWNED CONCESSIONS AND GEOGRAPHICAL LOCATION AND ADDRESSES OF ALL BUSINESS UNITS

48.1 The Company has working interest in the following operated and non operated exploration licenses /leases in Pakistan and their geographical location and addresses are as follows:

		Working Interest	
		2026	2025
		(%)	
Operated by OGDCL - Wholly owned concessions			
Exploration licenses	Location		
Bela North*	Khuzdar, Awaran & Lasbella	-	-
Bostan	Ziarat, Pishin, Killah Abdullah & Quetta	100	100
Cholistan	Bahawalnagar & Bahawalpur	100	100
Fateh Jang	Islamabad, Rawalpindi & Attock	100	100
Jandaran	Barkhan, Kohlu & Loralai	100	100
Jandran West	Kohlu & Barkhan	100	100
Zhob	Zhob, Musa Khail Bazar & Tribal area of D.I. Khan	100	100
Kharan	Kharan & Noshki	100	100
Kalat North	Nushki, Mastung & Kalat	100	-
Lakhi Rud	Loralai, Musakhel, Barkhan & Kohlu	100	100
Mari East	Ghotki, Rahim Yar Khan & Rajanpur	100	100
Samandar	Awaran & Uthal	100	100
Saruna	Khuzdar & Lasbella	100	100
Alipur*	Multan, Bahawalpur, Rahim Yar Khan & Muzaffargarh	-	-
Shahana*	Washuk & Punjgur	-	-
Soghri	Attock, Punjab & Kohat, KP	100	100
Thal	Khairpur, Sukkur & Ghotki	100	100
Wali	South Waziristan Agency, Bannu, Lakki Marwat & Tribal area adjacent to Taank	100	100
Development and Production /Mining Leases			
Soghri	Attock, Punjab & Kohat, KP	100	100
Soghri North	Attock, Punjab & Kohat, KP	100	-
Bagla	Thatta & Badin, Sindh	100	100
Bhal Syedan	Attock, Punjab	100	100
Bhambra	Sukkur, Sindh	100	100
Bobbi/ Dhamrakhi	Sanghar, Sindh	100	100
Buzdar	Hyderabad, Sindh	100	100
Chak 5 Dim South	Sanghar, Sindh	100	100
Dakhni	Attock, Punjab & Kohat, KP	100	100
Daru	Thatta, Sindh	100	100
Dhodak	Dera Ghazi Khan, Punjab	100	100
Fimkassar	Chakwal, Punjab	100	100
Hundi	Dadu, Sindh	100	100
Kal	Chakwal, Punjab	100	100
Kunnar	Hyderabad, Sindh	100	100
Kunnar Deep	Hyderabad, Sindh	100	100
Kunnar West	Hyderabad, Sindh	100	100
Lashari Centre & South	Hyderabad, Sindh	100	100
Loti	Dera Bugti Agency, Balochistan	100	100
Misan	Hyderabad, Sindh	100	100
Missa Keswal	Rawalpindi, Punjab	100	100
Nur West Tight Gas	Sujawal & Badin, Sindh	100	100
Pali	Hyderabad, Sindh	100	100
Pasahki & Pasahki North	Hyderabad, Sindh	100	100
Pasahki Deep	Hyderabad, Sindh	100	100
Pirkoh	Sibi (Bugti Tribal Territory), Balochistan	100	100
Pirkoh (Additional)	Dera Bugti Agency, Balochistan	100	100
Rajian	Chakwal & Jehlum, Punjab	100	100
Sadkal	Attock, Punjab	100	100

* The Company has requested DGPC for relinquishment of these exploratory blocks.

APR E

OIL AND GAS DEVELOPMENT COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2026

INTEREST IN JOINT OPERATIONS, WHOLLY OWNED CONCESSIONS AND GEOGRAPHICAL LOCATION AND ADDRESSES OF ALL BUSINESS UNITS- Continued

		Working Interest	
		2026	2025
		(%)	
Development and Production /Mining Leases	Location		
Sara West	Ghotki, Sindh	100	100
Sari Sing	Dadu, Sindh	100	100
Sono	Hyderabad, Sindh	100	100
Tando Alam	Hyderabad, Sindh	100	100
Thal East	Sukkur, Sindh	100	100
Thal West	Khairpur & Sukkur, Sindh	100	100
Thora/ Thora East & Thora Add	Hyderabad, Sindh	100	100
Toot	Attock, Punjab	100	100
Uch	Dera Bugti, Balochistan	100	100
Operated by OGDCL - Joint operations			
Exploration licenses			
Baratai	Kohat	97.50	97.50
Bitrism	Shaheed Benazirabad, Khairpur & Sanghar	95.00	95.00
Gawadar*	Gwadar & Kech	-	97.50
Guddu	Rajanpur, Rahim Yar Khan, Ghotki & Kashmore	70.00	70.00
Gurgalot	Kohat & Attock	75.00	75.00
Hazro	Attock, Swabi & Haripur	97.50	97.50
Kalchas	Kohlu, Dera Bugti & Rajanpur	50.00	50.00
Nowshera	Nowshera, Mardan, Charsada & Swabi	97.50	97.50
Khanpur*	Rahim Yar Khan	-	-
Zindhan-II	Bhakkar & Mianwali	97.50	97.50
Khewari	Khairpur & Shaheed Benazirabad	95.00	95.00
Killah Saifullah	Killah Saifullah	58.50	58.50
Khewari East	Khairpur	95.00	95.00
Lilla	Chakwal, Jhelum & Khushab	95.00	95.00
Vehari	Bahawalpur, Vehari & Lodhran	97.50	97.50
Jhelum	Jhelum and Gujrat	95.00	95.00
Sujawal South	Thatta	95.00	95.00
Sehwan	Dadu, Naushahro Firoz, Khairpur, Shaheed Benazir Abad and Jamshoro	97.50	97.50
Suleiman	MusaKhel, Zhob, Killa Saifullah & Loralai	47.50	47.50
Khuzdar North	Khuzdar	72.50	72.50
Kohat	Kohat, Naushera, Orakzai Agency, Peshawar & Darra Adam Khel	50.00	50.00
Kohlu	Kohlu, Dera Bugti & Barkhan	40.00	40.00
Nashpa	Kohat, Karak, North Waziristan & Mianwali	65.00	65.00
Shakr Ganj West	Pakpattan, Bahawalnagar, Vehari & Sahiwal	50.00	50.00
Suttlej	Bahawalpur, Vehari, Khenewal & Bahawalnagar	97.50	97.50
Khuzdar South	Khuzdar & Dadu	97.50	97.50
Khiu -2	Khushab & Bakhar	60.00	-
Nim	Hyderabad & Tharparker	95.00	95.00
Naing Sharif	Shaheed Benazir Abad and Jamshoro	70.00	-
Kotra East	Nasirabad, Jaffarabad, Jhal Magsi and Khuzdar	95.00	95.00
Orakzai	Kurram, Orakzai Agency & Hangu	75.34	75.34
Pasni West*	Gwadar & Kech	-	97.50
Pezu	D.G. Khan, Lakki Marwat, Taank, D.I. Khan & Tribal area of D.I. Khan	68.38	68.38
Plantak*	Washuk & Panjgur	-	-
Rakhshan*	Washuk	-	-
Ranipur	Khairpur, Larkana & Naushahro Feroz	95.00	95.00
Sinjhoro	Sanghar & Khairpur	76.00	76.00
Tirah	Khyber, Kurram & Orakzai Agencies	80.00	80.00
Tanishpa	Zhob and Qilla Saifullah	36.08	36.08
Lugai	Qilla Saifullah and Pishin	40.00	40.00

* The Company has requested DGPC for relinquishment of these exploratory blocks.

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OIL AND GAS DEVELOPMENT COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2026

INTEREST IN JOINT OPERATIONS, WHOLLY OWNED CONCESSIONS AND GEOGRAPHICAL LOCATION AND ADDRESSES OF ALL BUSINESS UNITS- Continued

		Working Interest	
		2026	2025
		(%)	
Exploration licenses- continued			
Miran	North Waziristan & Kuram	29.00	-
Murradi	Kamber, Shahdadkot, Larkana, Dadu and Naushahro Firoz	97.5	100.00
Zin	Dera Bugti, Nasirabad, Kohlu & Sibbi	95.00	95.00
Chahbali	Mach, Mastung, Ketch & Kalat	66.50	66.50
Zorgarh*	Ghotki, Jaffarabad, Kashmore, Dera Bugti & Rajanpur	-	-
Armala *	Tharparkar	-	-
Hetu*	Bhakkar, Mianwali & D.I. Khan	-	-
Warnalai*	Chakwal, Jhelum & Rawalpindi	-	-
Tando Allah Yar	Hyderabad & Tharparker	95.00	95.00
Bin Qasim South	Indus Basin	32.00	-
Keti Bandar	Indus Basin	32.00	-

* The Company has requested DGPC for relinquishment of these exploratory blocks.

Development and Production /Mining Leases	Location		
Baloch	Sanghar, Sindh	62.50	62.50
Britism West	Shaheed Benazirabad, Khairpur & Sanghar, Sindh	77.50	77.50
Chabaro	Khairpur & Shaheed Benazirabad, Sindh	77.50	77.50
Chak Naurang	Chakwal, Punjab	85.00	85.00
Chak-63	Sanghar, Sindh	62.50	62.50
Chak-63 South East	Sanghar, Sindh	62.50	62.50
Chak-66	Sanghar, Khairpur, Sindh	62.50	62.50
Chak-7A	Sanghar, Sindh	62.50	62.50
Chanda	Kohat, KP	72.00	72.00
Chandio	Hyderabad, Sindh	77.50	77.50
Chak-2	Sanghar, Sindh	62.50	62.50
Dars	Hyderabad, Sindh	77.50	77.50
Dars Deep	Hyderabad, Sindh	77.50	77.50
Dars West	Hyderabad, Sindh	77.50	77.50
Dhok Hussain	Kohat, KP	97.50	97.50
Gopang	Hyderabad, Sindh	77.50	77.50
Gundanwari	Shaheed Benazirabad, Khairpur & Sanghar, Sindh	77.50	77.50
Hakeem Dahu	Sanghar, Khairpur, Sindh	62.50	62.50
Jakhro	Sanghar, Sindh	77.50	77.50
Jhal Magsi South	Jhal Magsi, Balochistan	56.00	56.00
Kunnar South	Hyderabad, Sindh	77.50	77.50
Kharo	Khairpur, Sindh	77.50	77.50
Lala Jamali	Sanghar, Sindh	62.50	62.50
Maru	Ghotki, Sindh	57.76	57.76
Maru South	Ghotki, Sindh	57.76	57.76
Mela	Kohat, KP	56.45	56.45
Nashpa	Karak, KP	56.45	56.45
Nim	Hyderabad, Sindh	77.50	77.50
Nim West	Hyderabad, Sindh	77.50	77.50
Chutto & Mangrio	Hyderabad, Sindh	77.50	77.50
Jarwar	Hyderabad, Sindh	77.50	77.50
Norai Jagir	Hyderabad, Sindh	77.50	77.50
Pasahki East	Hyderabad, Sindh	77.50	77.50
Pakhro	Tando Mohammad Khan, Sindh	77.50	77.50
Qadirpur	Ghotki & Kashmore, Sindh	82.99	75.00
Resham	Sanghar, Sindh	62.50	62.50
Reti	Ghotki, Sindh	57.76	57.76
Saand	Tando Allah Yar, Sindh	77.50	77.50
Shah	Hyderabad, Sindh	77.50	77.50
Tando Allah Yar	Hyderabad, Sindh	77.50	77.50
Tando Allah Yar North	Hyderabad, Sindh	77.50	77.50
Tando Allah Yar South West	Hyderabad, Sindh	77.50	77.50
Unnar	Hyderabad, Sindh	77.50	77.50
Togh /Togh bala	Kohat, KP	50.00	50.00
Suleman	MusaKhel, Zhob, Killa Saifullah & Loralai	77.50	77.50

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OIL AND GAS DEVELOPMENT COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2026

INTEREST IN JOINT OPERATIONS, WHOLLY OWNED CONCESSIONS AND GEOGRAPHICAL LOCATION AND ADDRESSES OF ALL BUSINESS UNITS- Continued

			Working Interest	
			2026	2025
Non Operated- Joint operations	Location	Operator	(%)	
Exploration Licenses				
Block-28	Kohlu, Dera Dughti & Barkhan	Mari Energy Limited	5.00	5.00
Waziristan (Bunnu West)	Bannu & North Waziristan Agency	Mari Energy Limited	35.00	35.00
Offshore Indus-G*	Offshore Area	Prime Pakistan Limited	25.00	25.00
Musakhel	Musa Khel & Zhob District, Balochistan	Pakistan Petroleum Limited	35.30	35.30
South Kharan*	Washuk	Pakistan Petroleum Limited	46.50	46.50
Saruna West	Khuzdar & Lasbella District, Balochistan	Pakistan Oilfields Limited	30.00	30.00
Tal Block	Kohat, Karak & Bannu	MOL Pakistan Oil and Gas B.V.	30.00	30.00
Makhad	Attock, Punjab	Kirthar Pakistan B.V. (KUFPEC)	15.00	15.00
Punjab	Pakpatan, Sahiwal, Okara and Bahawalnagar	Pakistan Petroleum Limited	50.00	50.00
Sawan South	Khairpur, Sindh	United Energy Pakistan Limited	20.52	20.00
Sharan	Killa Saifullah and Zhob District, Balochistan	Mari Energy Limited	38.97	38.97
Shaigalu	Killa Saifullah and Zhob District, Balochistan	Pakistan Petroleum Limited	29.23	30.00
South Pishin	Killa Saifullah and Zhob District, Balochistan	Mari Energy Limited	27.28	28.00
Gambat-II	Khairpur & Sukkur, Sindh	Pakistan Petroleum Limited	30.00	30.00
Offshore Indus -C	Offshore Area	Turkish Petroleum Overseas Company Limited	20.00	-
Zarar	Offshore Area	Mari Energy Limited	24.00	-
Gharo Creek	Offshore Area	Pakistan Petroleum Limited	30.00	-
Kalat South	Kalat, Balochistan	Pakistan Petroleum Limited	30.00	-
Ahmed Wal	Nushki, Balochistan	Mari Energy Limited	40.00	-
Ziarat North	Ziarat, Balochistan	Mari Energy Limited	24.87	-
Sukhpur II	Jamshoro, Benazirabad, Sindh	Prime Pakistan Limited	30.00	-
Kochi Creek	Offshore Area	Pakistan Petroleum Limited	30.00	-
Offshore Deep -D	Offshore Area	Mari Energy Limited	30.00	-
Sapat Bandar	Offshore Area	Prime Pakistan Limited	23.00	-
Behr Block	Offshore Area	Mari Energy Limited	30.00	-

* The Company has requested DGPC for relinquishment of these exploratory blocks.

Development and Production /Mining Leases

Adhi /Adhi sakessar	Rawalpindi & Jhelum, Punjab	Pakistan Petroleum Limited	50.00	50.00
Badar	Kashmor, Sukkur & Ghotki, Sindh	Petroleum Exploration (Pvt) Limited	50.00	50.00
Badhra	Dadu, Sindh	Prime Pakistan Limited	20.00	20.00
Bhit	Dadu, Sindh	Prime Pakistan Limited	20.00	20.00
Buzdar South	Badin, Sindh	United Energy Pakistan Limited	49.00	49.00
Dhurnal	Attock, Punjab	Orient Petroleum Inc.	20.00	20.00
Fateh Shah North	Thatta, Sindh	United Energy Pakistan Limited	15.00	15.00
Jabo	Golarchi & Badin, Sindh	United Energy Pakistan Limited	49.00	49.00
Jagir	Badin, Sindh	United Energy Pakistan Limited	24.00	24.00
Jhaberi South	Badin, Sindh	United Energy Pakistan Limited	15.00	15.00
Kadanwari	Khairpur, Sindh	Prime Pakistan Limited	50.00	50.00
Kato	Tando Muhammed Alam & Badin, Sindh	United Energy Pakistan Limited	49.00	49.00
Makori	Karak, KPK	MOL Pakistan Oil and Gas B.V.	27.76	27.76
Makori Deep	Karak, KPK	MOL Pakistan Oil and Gas B.V.	27.76	27.76
Makori East	Karak, KPK	MOL Pakistan Oil and Gas B.V.	27.76	27.76
Mamikhel	Kohat & Hangu, KPK	MOL Pakistan Oil and Gas B.V.	27.76	27.76
Mamikhel South	Kohat & Hangu, KPK	MOL Pakistan Oil and Gas B.V.	27.76	27.76
Manzalai	Karak, Kohat & Bannu, KPK	MOL Pakistan Oil and Gas B.V.	27.76	27.76
Maramzai	Kohat & Hangu, KPK	MOL Pakistan Oil and Gas B.V.	27.76	27.76
Meyun Ismail	Hyderabad, Sindh	United Energy Pakistan Limited	49.00	49.00
Miano	Sukkur, Sindh	UEP Beta GmbH	52.00	52.00
Muban	Hyderabad, Sindh	United Energy Pakistan Limited	24.00	24.00
Paniro	Matli & Badin, Sindh	United Energy Pakistan Limited	49.00	49.00
Pindori	Chakwal, Punjab	Pakistan Oilfields Limited	50.00	50.00
Pir	Golarchi & Badin, Sindh	United Energy Pakistan Limited	49.00	49.00
Ratana	Attock, Punjab	Orient Petroleum Inc.	25.00	25.00
Sakhi Deep	Tando Muhammad Khan, Sindh	United Energy Pakistan Limited	24.00	24.00
Sara	Ghotki, Sindh	Spud Energy Pty Limited	40.00	40.00
Suri	Ghotki, Sindh	Spud Energy Pty Limited	40.00	40.00
Tolang	Kohat, KPK	MOL Pakistan Oil and Gas B.V.	27.76	27.76
Tolang West	Kohat, KPK	MOL Pakistan Oil and Gas B.V.	27.76	27.76
Zaur	Badin, Sindh	United Energy Pakistan Limited	49.00	49.00

APP E

OIL AND GAS DEVELOPMENT COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2026

48.2 Geographical locations of regional offices

Office	Address	Location
Kohat	Bungalow # 22, CMH Road	Kohat, KPK
Quetta	House # 148/112-B, Jinnah Town	Quetta, Balochistan
Sukkur	Bungalow # A-25, Shikarpur Road	Sukkur, Sindh
Karachi	Bungalow # 20, Block A, SMCHS	Karachi, Sindh
Hyderabad	Muslim Housing Society	Hyderabad, Sindh
Multan	Piraan Ghaib Road	Multan, Punjab

49 NON ADJUSTING EVENT AFTER REPORTING DATE

- 49.1** The Board of Directors recommended final cash dividend at the rate of Rs 6/- per share amounting to Rs 25,806 million in its meeting held on September 04, 2026

50 GENERAL

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

51 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on September 04, 2026 by the Board of Directors of the Company.



Chief Financial Officer

Chief Executive

Director

OIL AND GAS DEVELOPMENT COMPANY LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2026

		2026	2025
	Note	----- (Rupees '000) -----	
SHARE CAPITAL AND RESERVES			
Share capital	4	43,009,284	43,009,284
Reserves	5	35,293,651	33,909,396
		<u>1,441,244,364</u>	<u>1,271,317,916</u>
Unappropriated profit		1,519,547,299	1,348,236,596
NON CURRENT LIABILITIES			
Deferred taxation	6	73,010,918	75,920,108
Deferred employee benefits	7	46,057,599	41,519,272
Provision for decommissioning cost	8	60,720,610	61,594,813
Long term lease liability	9	-	2,056,059
		<u>179,789,127</u>	<u>181,090,252</u>
CURRENT LIABILITIES			
Short term lease liability	9	2,015,170	983,551
Trade and other payables	10	150,889,483	123,761,613
Unpaid dividend		504,355	331,720
Unclaimed dividend		81,155	202,238
		<u>153,490,163</u>	<u>125,279,122</u>
TOTAL LIABILITIES		<u>333,279,290</u>	<u>306,369,374</u>
CONTINGENCIES AND COMMITMENTS			
	11		
		<u>1,852,826,589</u>	<u>1,654,605,970</u>

NON CURRENT ASSETS

Property, plant and equipment	12	133,556,515	97,861,516
Development and production assets	13	168,643,226	139,011,750
Exploration and evaluation assets	14	29,652,429	28,939,818
		<u>331,852,170</u>	<u>265,813,084</u>
Long term investments in associates	15	178,822,945	137,640,135
Long term investments at amortized cost	16	20,855,254	20,285,645
Long term loans- secured	17	7,071,526	11,263,991
Long term advances and prepayments	18	9,609,252	4,021,001
Lease receivables	19	72,778,962	92,198,179
		<u>620,990,209</u>	<u>531,222,035</u>

CURRENT ASSETS

Stores, spare parts and loose tools	20	24,861,543	29,693,368
Stock in trade		1,605,277	942,938
Trade debts	21	594,845,141	613,660,983
Loans and advances	22	23,840,621	22,284,662
Deposits and short term prepayments	23	1,915,330	2,582,403
Other receivables	24	1,622,962	1,452,187
Income tax- advance	25	222,440,271	114,026,596
Current portion of long term investments	16	404,870	84,520,671
Current portion of lease receivables	19	28,233,693	48,696,323
Other financial assets	26	269,923,124	152,710,231
Cash and bank balances	27	62,143,548	52,813,573
		<u>1,231,826,380</u>	<u>1,123,383,935</u>

The annexed notes 1 to 51 form an integral part of these consolidated financial statements.

App's

Chief Financial Officer

Chief Executive

Director

OIL AND GAS DEVELOPMENT COMPANY LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 30 JUNE 2026

		2026	2025
	Note	(Rupees '000)	
Revenue from contracts with customers	28	449,190,752	401,177,969
Royalty		(52,618,996)	(47,144,885)
Operating expenses	29	(147,693,389)	(120,196,643)
Transportation charges		(2,114,481)	(2,228,502)
		(202,426,866)	(169,570,030)
Gross profit		246,763,886	231,607,939
Finance and other income	30	54,385,326	81,821,097
Exploration and prospecting expenditure	31	(28,780,511)	(18,766,791)
General and administration expenses	32	(11,065,246)	(7,516,090)
Finance cost	33	(5,100,614)	(5,806,270)
Workers' profit participation fund		(13,639,816)	(14,700,782)
Share of profit in associates -net of taxation		16,591,713	12,674,658
Profit before income tax and final taxes		259,154,738	279,313,761
Final taxes -levies	34	(21,634)	-
Profit before income tax		259,133,104	279,313,761
Taxation	35	(16,761,223)	(109,411,247)
Profit for the year		242,371,881	169,902,514
Earnings per share- basic and diluted (Rupees)	36	56.35	39.50

The annexed notes 1 to 51 form an integral part of these consolidated financial statements.



Chief Financial Officer

Chief Executive

Director

OIL AND GAS DEVELOPMENT COMPANY LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2026

	2026	2025
Note	------(Rupees '000)-----	
Profit for the year	242,371,881	169,902,514
Other comprehensive (loss) /income		
Items that will not be reclassified to profit or loss:		
Remeasurement loss on employee retirement benefit plans	(2,155,346)	(20,276,722)
Current tax credit related to remeasurement loss on employee retirement benefit plans	1,167,335	12,324,192
Share of remeasurement gain on defined benefit plans of the associates -net of taxation	7,432	(37,892)
	(980,579)	(7,990,422)
Items that will be subsequently reclassified to profit or loss:		
Effects of translation of investment in a foreign associate	(417,139)	364,686
Share of effect of translation of investment in foreign associated company of the associates -net of taxation	(848,606)	(4,108,356)
	(1,265,745)	(3,743,670)
Other comprehensive loss for the year	(2,246,324)	(11,734,092)
Total comprehensive income for the year	<u>240,125,557</u>	<u>158,168,422</u>

The annexed notes 1 to 51 form an integral part of these consolidated financial statements.

APR 3

Chief Financial Officer

Chief Executive

Director

OIL AND GAS DEVELOPMENT COMPANY LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2026

FOR THE YEAR ENDED 30 JUNE 2026									
Share capital	Reserves						Unappropriated profit	Total equity	
	Capital reserves					Other reserves			
	Capital reserve	Self insurance reserve	Share of capital redemption reserve fund in associate	Share of self insurance reserve in associate	Share of general reserve in associate	Foreign translation currency reserve			
(Rupees '000)									
Balance as at 1 July 2024	43,009,284	836,000	19,300,000	2,118,000	920,000	-	15,147,066	1,169,165,868	1,250,496,218
Total comprehensive income for the year									
Profit for the year	-	-	-	-	-	-	169,902,514	169,902,514	
Other comprehensive loss for the year	-	-	-	-	-	(3,743,670)	(7,990,422)	(11,734,092)	
Total comprehensive (loss) / income for the year	-	-	-	-	-	(3,743,670)	161,912,092	158,168,422	
Transfer to self insurance reserve	-	-	1,452,594	-	-	-	(1,452,594)	-	
Charge to self insurance reserve	-	-	(2,594)	-	-	-	2,594	-	
Capital redemption reserve fund of an associated company utilized for issuance of bonus shares	-	-	-	(2,118,000)	-	-	2,118,000	-	
Transactions with owners of the Group									
Distributions									
Final dividend 2024: Rs 4.00 per share	-	-	-	-	-	-	(17,203,714)	(17,203,714)	
First interim dividend 2025: Rs 3.00 per share	-	-	-	-	-	-	(12,902,785)	(12,902,785)	
Second interim dividend 2025: Rs 4.05 per share	-	-	-	-	-	-	(17,418,760)	(17,418,760)	
Third interim dividend 2025: Rs 3.00 per share	-	-	-	-	-	-	(12,902,785)	(12,902,785)	
Total distributions to owners of the Group	-	-	-	-	-	-	(60,428,044)	(60,428,044)	
Balance as at 30 June 2025	43,009,284	836,000	20,750,000	-	920,000	-	11,403,396	1,271,317,916	1,348,236,596
Balance as at 1 July 2025	43,009,284	836,000	20,750,000	-	920,000	-	11,403,396	1,271,317,916	1,348,236,596
Total comprehensive income for the year									
Profit for the year	-	-	-	-	-	-	242,371,881	242,371,881	
Other comprehensive (loss) for the year	-	-	-	-	-	(1,265,745)	(980,579)	(2,246,324)	
Total comprehensive (loss) / income for the year	-	-	-	-	-	(1,265,745)	241,391,302	240,125,557	
Transfer to self insurance reserve	-	-	1,451,506	-	-	-	(1,451,506)	-	
Charge to self insurance reserve	-	-	(1,506)	-	-	-	1,506	-	
Transfer to general reserve by an associated company	-	-	-	-	1,200,000	-	(1,200,000)	-	
Transactions with owners of the Group									
Distributions									
Final dividend 2025: Rs 5.00 per share	-	-	-	-	-	-	(21,504,642)	(21,504,642)	
First interim dividend 2026: Rs 3.50 per share	-	-	-	-	-	-	(15,053,249)	(15,053,249)	
Second interim dividend 2026: Rs 4.25 per share	-	-	-	-	-	-	(18,278,946)	(18,278,946)	
Third interim dividend 2026: Rs 3.25 per share	-	-	-	-	-	-	(13,978,017)	(13,978,017)	
Total distributions to owners of the Group	-	-	-	-	-	-	(68,814,854)	(68,814,854)	
Balance as at 30 June 2026	43,009,284	836,000	22,200,000	-	920,000	1,200,000	10,137,651	1,441,244,364	1,519,547,299

The annexed notes 1 to 51 form an integral part of these consolidated financial statements.

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Chief Financial Officer

Chief Executive

Director

OIL AND GAS DEVELOPMENT COMPANY LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2026

		2026	2025
Note		(Rupees '000)	
	Cash flows from operating activities		
	Profit before income tax	259,133,104	279,313,761
	Adjustments for:		
	Depreciation	11,243,493	10,696,090
	Amortization of development and production assets	29 26,325,197	23,058,571
	Delayed payments surcharge from customers	30 -	(8,503,459)
	Amortization of premium on Pakistan Investment Bonds	30 (569,609)	-
	Unwinding of loss on modification in terms of TFCs	30 (8,612,951)	(14,495,379)
	Royalty	52,618,996	47,144,885
	Workers' profit participation fund	13,639,816	14,700,782
	Provision for deferred employee benefits	18,693,110	10,372,469
	Unwinding of discount on provision for decommissioning cost	33 4,800,862	5,671,291
	Reversal due to change in decommissioning cost estimates	29 (1,570,316)	(778,983)
	Interest income on investments and bank deposits	30 (19,973,811)	(32,904,607)
	Interest income on lease	30 (17,211,607)	(19,399,542)
	Unwinding of lease liability	33 287,522	95,663
	Un-realized gain on investments at fair value through profit or loss	30 (166,779)	(213,485)
	Realized gain on investments at fair value through profit or loss	30 (3,572,792)	-
	Exchange loss/(gain) on lease	1,898,885	(1,988,006)
	Exchange (gain)/loss on foreign currency investments and deposit accounts	1,896,201	(2,340,215)
	Dividend income from investment at fair value through profit or loss	30 (86,537)	(17,389)
	Gain on disposal of property, plant and equipment	30 (97,970)	(155,665)
	Provision for slow moving, obsolete and in transit stores	29 376,941	143,182
	Share of profit in associates -net of taxation	(16,591,713)	(12,674,658)
	Stores inventory written off	29 198,625	150,746
	Provision for doubtful advances	2,828	-
	Cost of dry and abandoned wells during the year	31 6,160,917	4,233,127
	Reversal of trade debts provision	29 (41,105)	(15,836)
		328,781,307	302,093,343
	Changes in:		
	Stores, spare parts and loose tools	4,256,259	(6,811,395)
	Stock in trade	(662,339)	320,114
	Trade debts	18,856,947	21,371,188
	Deposits and short term prepayments	667,073	(699,834)
	Loan and advances and other receivables	(4,450,238)	(6,199,924)
	Trade and other payables	22,555,241	(6,580,743)
	Cash generated from operations	370,004,250	303,492,749
	Royalty paid	(53,278,004)	(68,953,549)
	Deferred employee benefits paid	(15,580,876)	(21,637,259)
	Long term advances, prepayments and other receivables	1,324,789	(1,790,293)
	Decommissioning cost paid	8 (148,104)	(143,416)
	Payment to workers' profit participation fund-net	(14,700,782)	(15,462,479)
	Income taxes paid	25 (127,075,622)	(154,678,576)
		(209,458,599)	(262,665,572)
	Net cash generated from operating activities	160,545,651	40,827,177
	Cash flows from investing activities		
	Capital expenditure	(108,200,448)	(73,260,626)
	Interest received	144,917,915	73,348,392
	Lease payments received	19 22,924,905	10,738,767
	Dividends received	7,230,240	3,562,783
	Investments at fair value through profit or loss - net	(36,602,286)	10,000,000
	Investment in associates	(32,834,145)	(19,665,636)
	Proceeds from disposal of property, plant and equipment	12.5 136,332	206,941
	Net cash (used in)/generated from investing activities	(2,427,487)	4,930,621
	Cash flows from financing activities		
	Dividends paid	(68,763,302)	(101,222,926)
	Lease payments made	9 (1,257,650)	(565,295)
	Net cash used in financing activities	(70,020,952)	(101,788,221)
	Net increase in cash and cash equivalents	88,097,212	(56,030,424)
	Cash and cash equivalents at beginning of the year	204,923,032	258,613,241
	Effect of movements in exchange rate on cash and cash equivalents	(1,896,201)	2,340,215
	Cash and cash equivalents at end of the year	41 291,124,043	204,923,032

The annexed notes 1 to 51 form an integral part of these consolidated financial statements.

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Chief Financial Officer

Chief Executive

Director

OIL AND GAS DEVELOPMENT COMPANY LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2026

1 LEGAL STATUS AND OPERATIONS

- 1.1** Oil and Gas Development Company Limited (OGDCL) (the Group) comprises of Oil and Gas Development Company Limited (OGDCL) (OGDCL or the Parent Company) and its wholly owned subsidiary, OGDC Renewable Energy (Private) Limited (OREL). Oil and Gas Development Company Limited (OGDCL), 'OGDCL', was incorporated on 23 October 1997 under the Companies Ordinance, 1984 (now the Companies Act, 2017). OGDCL 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 shares of OGDCL are quoted on Pakistan Stock Exchange Limited. The Global Depository Shares (IGDS = 10 ordinary shares of OGDCL) of OGDCL are listed on the London Stock Exchange. The registered office of OGDCL and its subsidiary is located at OGDCL House, Plot No. 3, F-6/G-6, Blue Area, Islamabad, Pakistan.

OGDC Renewable Energy (Private) Limited (OREL) is a private limited company incorporated in Pakistan on 07 June 2024 under the Companies Act, 2017. OREL principal line of business is exploration, exploitation and development of renewable energy resources including solar, wind, hydro, geothermal energy. Presently, OREL is in the process of carrying out the pre commencement activities and has not yet commenced its operations.

For the purpose of these consolidated financial statements, OGDCL and its consolidated subsidiary - OREL are referred as the Group.

Geographical location of all other business units of the Group have been disclosed in note 48.

- 1.2** The Pakistan Sovereign Wealth Fund Act, 2023 became effective during the year ended 30 June 2024. Under the said Act, the GoP's shareholding in the Company has been transferred, by operation of law, to the Pakistan Sovereign Wealth Fund (PSWF). The Company is awaiting directives from the GoP regarding the necessary corporate actions to formally record this transfer. Further, in accordance with the Act, both the PSWF and the State - Owned Enterprises majorly owned by the PSWF are exempt from the provisions of the State - Owned Enterprises (Governance and Operations) Act, 2023 (the "SOE Act").

2 BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

- 2.1.1** These consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) 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 from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

- 2.1.2** SECP through S.R.O. 985 (I)/2019 dated 02 September 2019 has notified that in respect of companies holding financial assets due from the Government of Pakistan (GoP), the requirements contained in IFRS 9 with respect to application of Expected Credit Loss (ECL) method shall not be applicable till 30 June 2021, provided that such companies shall follow relevant requirements of IAS 39 'Financial Instruments: Recognition and Measurement' in respect of above referred financial assets during the exemption period. Under the said S.R.O, the disclosure of the impacts of ECL was not required. SECP through S.R.O 25 (I) / 2026 dated 06 January 2026 extended the exemption period till financial year ending on or before 31 December 2026. Subsequent to the year end, the Parent Company vide its letter dated 17 August 2026 has requested SECP that deferment /exemption from application of ECL method under IFRS 9 in respect of financial assets due directly or ultimately from GoP in respect of circular debt may kindly be extended till such date the circular debt issue is resolved. Response from SECP is still awaited.



OIL AND GAS DEVELOPMENT COMPANY LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2026

Earlier to the aforesaid S.R.O. dated 02 September 2019, SECP in a press release dated 22 August 2019 communicated that IFRS 9 needs to be looked into from Pakistan perspective where phenomenon that circular debt need to be given due consideration. It was noted that concerns expressed by companies regarding practical limitations in determining ECL on debts due from Government, due to uncertain cash recovery patterns of circular debt, carry weight. Public information regarding expected settlement of circular debt by the GoP in coming years may result in subsequent reversals of impairment losses recognized in 2019. Further, SECP vide letter No. EMD/IACC/9/2009-174 dated 05 September 2019 has clarified to the Parent Company that financial assets due from the GoP include those that are directly due from the GoP and that are ultimately due from the GoP in consequence of the circular debt. In accordance with the exemption granted by SECP, ECL has not been assessed /recognized in respect of financial assets due directly/ ultimately from the GoP which includes trade debts and lease receivables amounting to Rs 591,866 million (2025: Rs 611,007 million) and Rs 101,013 million (2025: Rs 140,895 million) respectively on account of inter-corporate circular debts.

2.2 BASIS OF MEASUREMENT

These consolidated financial statements have been prepared under the historical cost convention, except as otherwise stated in the respective notes of accounting policies below.

2.3 FUNCTIONAL AND PRESENTATION CURRENCY

These consolidated financial statements are presented in Pakistan Rupee (PKR /Rupees /Rs) which is the Group's functional currency.

2.4 ACCOUNTING ESTIMATES

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

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

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

2.4.1 Property, plant and equipment- note 3.4 and 12

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

2.4.2 Exploration and evaluation expenditure- note 3.6.2 and 14

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



OIL AND GAS DEVELOPMENT COMPANY LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2026

2.4.3 Estimation of oil and natural gas reserves for amortization of development and production assets- note 3.6.3 and 13

Oil and gas reserves are an important element in calculation of amortization charge and for impairment testing of development and production assets of the Group. Estimates of oil and natural gas reserves are inherently imprecise, require the application of judgement and are subject to future revision. Oil and gas reserves are estimated by an independent expert with reference to available reservoir and well information, including production and pressure trends for producing reservoirs and, in some cases, subject to definitional limits, to similar data from other producing reservoirs.

The reserve estimates are subject to revision, either upward or downward, based on new information, such as from development drilling and production activities or from changes in economic factors, including product prices, contract terms or development plans. Changes in estimates of reserves, affects the amount of amortization recorded in these consolidated financial statements for development and production assets.

2.4.4 Impairment of non financial assets including development and production assets and related property, plant and equipment- note 3.7, 12 and 13

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

The Group assesses at the end of each reporting period whether there is any indication that an asset may be impaired. Where indications of impairment are identified, an impairment test is performed by the Group based on the estimate of the recoverable value of that asset and/ or Cash Generating Unit (CGU). The calculation of recoverable value of development and production assets and related property, plant and equipment requires management to make significant estimates and judgements, such as estimation of volume of oil and gas recoverable reserves, future oil and gas prices, costs and discount rate.

It is reasonably possible that a change in these assumptions may require a material adjustment to the carrying value of development and production assets and related property, plant and equipment. The Group monitors internal and external indicators of impairment relating to its assets.

2.4.5 Provision for decommissioning cost- note 3.6.4 and 8

Provision is recognized for the future decommissioning and restoration cost of oil and gas wells, production facilities and pipelines at the end of their useful lives and involves estimates related to future expected cost, discount rate and timing. Estimates of the amount of provision recognized are based on current legal and constructive requirements, technology and price levels. Provision is based on the best estimates, however, the actual outflows can differ from estimated cash outflows due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future. The estimated timing of decommissioning may change due to certain factors, such as reserve life, a decision to terminate operations or change in legislation. The carrying amount of provision is reviewed annually and adjusted to take account of such changes.

2.4.6 Employee benefits- note 3.2, 7, 10.3 and 10.4

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

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

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OIL AND GAS DEVELOPMENT COMPANY LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2026

2.4.7 Taxation- note 3.3, 6, 25 and 35

There are transactions and calculations related to tax for which the ultimate tax outcome is uncertain as these matters are being contested at various legal forums. In determining tax provision, the Group takes into account the current income tax laws and decisions taken by appellate authorities. The current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. Instances where the Group's view differs from the view taken by the income tax department at the assessment stage and the Group considers that its view on items of material nature is in accordance with law, the amounts are disclosed as contingent liabilities unless the possibility of outflow is remote. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax balances in the year in which such determination is made.

2.4.8 Stores, spare parts and loose tools - note 3.9, and 20

The Group reviews the stores, spare parts and loose tools for possible write downs/ provisions on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items with a corresponding affect on the provision.

2.4.9 Measurement of the expected credit loss allowance- note 3.15.4 and 39

The measurement of the Expected Credit Loss ("ECL") allowance for financial assets requires the use of complex models and significant assumptions about future economic conditions and credit behavior (e.g. the likelihood of counter parties defaulting and the resulting losses).

Elements of the ECL models that are considered accounting judgments and estimates include:

- Development of ECL models, including the various formulas and choice of inputs
- Determining the criteria, if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a lifetime ECL basis and the qualitative assessment;
- The segmentation of financial assets when their ECL is assessed on a collective basis;
- Determination of associations between macroeconomic scenarios and, economic inputs, and their effect on Probability of Default (PDs), Exposure At Default (EADs) and Loss Given Default (LGDs); and
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

2.4.10 Provision against financial assets not subject to ECL model- note 3.15.4 and 39

As referred in note 2.1.2, the Securities and Exchange Commission of Pakistan (SECP) has deferred applicability of ECL model in respect of financial assets due directly /ultimately from Government of Pakistan (GoP) till 31 December 2026. Accordingly, the Group reviews the recoverability of its trade debts, lease receivables and investments that are due directly /ultimately from the GoP to assess whether there is any objective evidence of impairment as per requirements of IAS 39 'Financial Instruments: Recognition and Measurement' at each reporting date.

The Group has overdue receivables on account of inter-corporate circular debt. These overdue balances are receivable from oil refineries, gas supply and power companies. 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 the Groups's debts. Inter-corporate circular debt in Pakistan arises due to delayed payments in the energy sector supply chain; the GoP either directly or through its direct /indirect ownership of entities within energy sector supply chain is at the core of circular debt issue. The Central Power Purchase Agency (Guarantee) Limited (CPPA-G), a government owned entity, is sole power purchaser for the Country on behalf of Electricity Distribution Companies (DISCOs) and K-Electric and the circular debt is a shortfall of payments primarily at the CPPA-G level, however, in case of gas distribution and transmission companies the shortfall also occurs because of a delay in receipts of subsidies from the GoP for supply of gas to certain domestic/industrial consumers.

Settlement of the Group's receivables is slower than the contractual terms primarily because circular debt is a macro economic level issue in Pakistan and its level at any given time is dependent on policies and /or priorities of the GoP, the level of subsidies offered by the GoP to certain domestic and industrial consumers, exchange rate fluctuations, global crude oil prices and certain other systemic issues within energy sector (tariffs, losses, non /delayed recoveries).

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OIL AND GAS DEVELOPMENT COMPANY LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2026

The Group's assessment of objective evidence of impairment with respect to over due amounts on account of inter-corporate circular debt takes into account commitment made by the GoP, enforceable contractual rights to receive compensation for delayed payments and plans of the GoP to settle the issue of inter- corporate circular debt.

The Group has enforceable contractual right and is entitled to charge interest if payments from customers are delayed beyond credit terms, however considering the uncertainties relating to recoverability of interest, the Group recognizes interest, if any, on delayed payments from customers, on investments and lease arrangements when the interest on delayed payments is received by the Group.

2.4.11 Leases - note 3.5 and 19

The Group assesses whether a contract is or contains a lease at inception of the contract. This assessment involves the exercise of judgment to determine if the control of an identified asset has been passed between the parties. Control exists if substantially all of the economic benefits from the use of the asset are transferred to the lessee and the lessee has the ability to direct its use for a period of time. Further, the Group assesses the lease term as the non-cancellable lease term in line with lease contract together with the period for which the Group has extension options if it is reasonably certain to be exercised and the periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. For contracts that contain a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. Further, the judgement is made whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset to classify the lease as a finance or operating lease.

In case of modification of finance lease, the Group assess whether the modification results in a separate lease or not. For a modification that is not accounted for as a separate lease, it is reassessed whether the lease would have been classified as an operating lease had the modification been in effect at the inception, which requires judgement. In case the lease is continued to be classified as a finance lease, the Group in case of significant modification, derecognize the existing lease receivable and recognize a new lease receivable and the resulting difference is taken to consolidated statement of profit or loss. The recognition of new lease receivable includes judgements regarding estimates of future contractual cashflows and discount rate.

2.4.12 Investment in associates - note 3.8 and 15

The Group uses the equity method of accounting for the entities over which it has significant influence. Initial accounting in respect of acquisition under the applicable financial reporting framework involves identifying and determining the fair values to be assigned to the investee's identifiable assets and liabilities, including goodwill or bargain purchase gain, if any. Classification of the investment as an associate requires the management making significant judgement with respect to the relevant activities of the investee entities. Purchase price allocation also involved significant estimation/ judgement in respect of determining fair values of identifiable assets and liabilities including goodwill or bargain purchase gain.

2.4.13 Derecognition of financial assets- note 3.15.3 and 16.2

In case of the renegotiation or modification of the contractual cashflows of a financial asset, the Group assesses whether it is a significant modification which will lead to the derecognition of the existing financial asset in accordance with the requirements of IFRS 9 'Financial Instruments'. When the renegotiation or modification of a financial asset results in the derecognition of the existing financial asset and the subsequent recognition of the renegotiated or modified financial asset, the renegotiated or modified financial asset is considered a new financial asset recognized at fair value and the resulting difference between the carrying amount of the existing financial asset and the renegotiated or modified financial asset is taken to consolidated statement of profit or loss. The recognition of the renegotiated or modified financial assets at fair value mainly includes estimate of the discount rate.

2.4.14 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are reviewed at each reporting date and adjustments are made, where required, to reflect the current best estimate.



OIL AND GAS DEVELOPMENT COMPANY LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2026

2.4.15 Contingencies- note 11, 22, 25 and 35

The assessment of the contingencies inherently involves the exercise of significant judgment as the outcome of the future events cannot be predicted with certainty. The Group, based on the availability of the latest information, estimates the value of contingent assets and liabilities, which may differ on the occurrence / non-occurrence of the uncertain future event(s).

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

A contingent liability is disclosed when the Group has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Group; or the Group has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

2.5 NEW AND AMENDED STANDARDS AND INTERPRETATIONS

2.5.1 There are certain amendments to the accounting and reporting standards which became applicable to the Group on 1 July 2025. However, these amendments do not have any significant impact on these Consolidated financial statements.

2.5.2 The following standards, interpretations and amendments as notified under Companies Act, 2017 are effective for accounting periods beginning from the dates specified below and have not been early adopted by the Group:

- Amendment to IAS 21 'The Effects of Changes in Foreign Exchange Rates', - Lack of Exchangeability (effective for annual reporting periods beginning on or after 01 January 2027 with early adoption available).

This amendment clarifies that a currency is exchangeable when an entity is able to exchange that currency for the other currency through markets or exchange mechanisms that create enforceable rights and obligations without undue delay at the measurement date and for a specified purpose; a currency is not exchangeable into the other currency if an entity can only obtain an insignificant amount of the other currency.

Amendments to IAS 28 'Investments in Associates and Joint Ventures' - Fair value option for investments in associates and joint ventures (effective for annual reporting periods beginning on or after January 1, 2027).

These amendments clarify about which entities are eligible to measure investments in associates and joint ventures at fair value under IAS 28. The exemption from applying the equity method in IAS 28 allows eligible entities to make an election to measure investments in associates and joint ventures at fair value through profit or loss ('fair value option').

- Amendment to IFRS 7 'Financial Instruments: Disclosures' and IFRS 9 'Financial Instruments' - Classification and Measurement of Financial Instruments (effective for annual reporting periods beginning on or after January 1, 2026 with early adoption available).

These amendments clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system; clarify and add further guidance for assessing whether a financial asset meets the sole payments of principal and interest (SPPI) criterion; add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI).

- Amendment to IFRS 7 'Financial Instruments: Disclosures' and IFRS 9 'Financial Instruments' - Contracts Referencing Nature-dependent Electricity (effective for annual reporting periods beginning on or after January 1, 2026).

These amendments change the 'own use' and hedge accounting requirements of IFRS 9 and include targeted disclosure requirements to IFRS 7. These amendments apply only to 'contracts referencing nature-dependent electricity' that expose an entity to variability in the underlying amount of electricity because the source of its generation depends on uncontrollable natural conditions (such as the weather).



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- IFRS 17 'Insurance Contracts' establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the Standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows. SECP vide its SRO 1715(I)/2023 dated November 21, 2023 has directed that IFRS 17 shall be followed for the period commencing January 1, 2026 by companies engaged in insurance / takaful and re-insurance / re-takaful business.
- IFRS 18 'Presentation and Disclosure in Financial Statements' (effective for annual reporting periods beginning on or after January 1, 2027). The objective of IFRS 18 is to set out requirements for the presentation and disclosure of information in general purpose financial statements to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses.
- IFRS 19 'Subsidiaries without Public Accountability: Disclosures' (effective for annual reporting periods beginning on or after January 1, 2027). The objective of IFRS 19 is to specify the disclosure requirements an entity is permitted to apply instead of the disclosure requirements in other IFRS Accounting Standards.
- In July 2024, the IASB issued 'Annual improvements to IFRS - Volume 11' (Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7). The amendments are effective for annual reporting periods beginning on or after January 1, 2026.

The Group's management at present is in the process of assessing the full impacts of IFRS 18 and the amendments to IFRS 7 and IFRS 9. Except for the aforementioned standard and amendments, the management anticipates that the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the consolidated financial statements except for the presentation and disclosure.

Other than the aforesaid standards and amendments, IASB has also issued the following standards and interpretation, which have not been notified locally or declared exempt by the SECP as at 30 June 2026:

- IFRS 1 First-time Adoption of International Financial Reporting Standards
- IFRS 20 Regulatory Assets and Regulatory Liabilities
- IFRIC 12 Service Concession Arrangements

3 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

3.1 BASIS OF CONSOLIDATION

These consolidated financial statements include the financial statements of the Parent Company and its subsidiary company. Subsidiary is an entity over which the Parent Company has control. Control is achieved when the Parent Company is exposed, or has right, to variable returns from its involvement with the investee and has ability to affect those returns through its power over the investee. Generally, there is presumption that a majority of voting rights result in control.

The Parent Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more elements of control.

Subsidiary is consolidated from the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. Assets, liabilities, income and expenses of a subsidiary acquired or disposed off during the year are included in the profit or loss from the date the Group gains control until the date the Group ceases to control the subsidiary.

The assets, liabilities, income and expenses of the subsidiary company are consolidated on a line by line basis and carrying value of investments held by the Parent Company eliminated against the subsidiary companies' shareholder's equity in the consolidated financial statements.

The financial statements of the subsidiary is prepared for the same reporting period as the Parent Company, using consistent accounting policies. Further, the accounting policies of the subsidiaries are aligned with the accounting policies of the Group, wherever required.

All intra-group balances, transactions and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

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3.2 EMPLOYEE BENEFITS

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

3.2.1 Pension, gratuity, post retirement medical benefits and accumulating compensated absences

The Group operates an approved funded pension scheme under an independent trust for its permanent employees regularized before 1 January 2016, as a defined benefit plan. The employees regularized from 1 January 2016 and onwards are entitled to gratuity, a defined benefit plan and provident benefit, a defined contributory plan instead of pension benefit. In contributory provident fund, the Group shall match the contribution by employees upto one basic salary annually. The contractual employees of the Group are also entitled to gratuity. The Group has also created a separate fund under an independent trust for its gratuity scheme.

The Group also provides post retirement medical benefits to its permanent employees who were in service prior to 28 April 2004 and their families as a defined benefit plan.

During the year ended 30 June 2025, the Group policy whereby its regular /contractual officers and regular staff were eligible to encash accumulated leave balance at the time of retirement in case of officers and at the time of retirement or during the service in case of regular staff, had been revised effective 01 February 2025, to be applicable to all regular /contractual officers and certain staff only. The accumulated balance, as of 31 January 2025, of remaining staff had been made payable on demand. Also refer note 7.2

The liability recognized in the consolidated statement of financial position in respect of defined benefit plans is the present value of the defined benefit obligations at the reporting date less the fair value of plan assets. The defined benefit obligations are calculated annually by an independent actuary using the Project Unit Credit (PUC) method. The latest actuarial valuations were carried out as of 30 June 2026.

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

The interest element of the defined benefit cost represents the change in present value of scheme obligations resulting from the passage of time, and is determined by applying the discount rate to the net defined benefit liability/(asset). This cost is included in employee benefit expense in the consolidated statement of profit or loss.

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

Past service costs are recognized immediately in consolidated statement of profit or loss.

3.3 TAXATION

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

3.3.1 Current tax

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

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3.3.2 Final taxes - levies

Any amount in excess of normal tax liability and not based on taxable income as per the enacted tax laws is classified as final tax and the same is treated as levy in term of IAS 37 "Provisions, contingent liabilities and contingent assets" and IFRIC 21 "Levies" and not as part of income tax balance, if any, to be recognised under IAS 12 "Income taxes".

3.3.3 Deferred tax

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

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

Deferred tax has been calculated at the tax rate of 32.37% (2025: 40.18%) after taking into account depletion allowance and set offs, where available, in respect of royalty payment to the GoP. The tax rate is reviewed annually.

3.2.3 Offsetting

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

3.4 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses, if any, except for freehold land and capital work in progress, which are stated at cost less impairment loss, if any. Cost in relation to property, plant and equipment comprises acquisition and other directly attributable costs and decommissioning cost as referred in the note 3.6.4 to the consolidated financial statements. The cost of self constructed assets includes the cost of materials, direct labour and any other costs directly attributable to bringing the assets to working condition for their intended use. Software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

Depreciation is provided on straight line method at rates specified in note 12 to the consolidated financial statements so as to write off the cost of property, plant and equipment over their estimated useful life. The Group starts charging depreciation on additions to property, plant and equipment when it is available for intended use till the date of disposal of property, plant and equipment.

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

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

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

3.4.1 Right of use Assets

The Group assesses whether a contract contains a lease at inception of the contract. If the Group assesses contract contains a lease and meets requirements of IFRS 16, the Group recognises right-of-use asset and a lease liability at the commencement date of the lease i.e. the date the underlying asset is available for use. Right-of-use assets are initially measured at cost, which comprises of the amount of the initial measurement of lease liabilities, any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs and restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use assets are depreciated over the underlying assets' useful life.

3.5 LEASES

The Group assesses whether a contract is or contains a lease at the inception of the contract and whether the contract conveys the right to control the use of an underlying asset for a period of time in exchange for consideration.

As a Lessor

As a lessor, the Group determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset to the lessee.

Finance lease

Leases where the Group transfers substantially all of the risks and rewards incidental to the ownership of an asset to the lessee are classified as finance leases.

The Group derecognizes the underlying asset and recognizes a receivable at an amount equal to the net investment in a finance lease. Net investment in a finance lease is measured at an amount equal to the sum of the present value of lease payments from lessee including any unguaranteed residual value of the underlying asset. Initial direct costs are also included in the initial measurement of the net investment. Variable lease payments that depend on an index are included in the measurement of net investment in lease based on the index at the inception of the lease and impacts of subsequent changes in index are recognized annually in consolidated statement of profit or loss.

The difference between the gross receivable and the present value of the receivable is recognized as unearned finance income. Lease income is recognized over the term of the lease using the net investment method so as to reflect a constant periodic rate of return.

The Group considers the reassessment of lease classification if there is a lease modification. Changes in estimates, or changes in circumstances, do not give rise to a new classification of a lease. The Group accounts for a modification to a finance lease as a separate lease if both:

- a) the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- b) the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a modification to a finance lease that is not accounted for as a separate lease, the Group accounts for the modification as follows:

- a) if the lease would have been classified as an operating lease had the modification been in effect at the inception date, the Group accounts for the lease modification as a new lease from the effective date of the modification, and measures the carrying amount of the underlying asset as the net investment in the lease immediately before the effective date of the lease modification.

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- b) if the modification does not result in derecognition of the lease receivable, the Group recalculates the gross carrying amount of the lease receivable at the date of modification based on modified contractual terms and recognizes a corresponding gain or loss in the consolidated statement of profit or loss. However, if the modification results in derecognition of lease receivable, a new lease receivable is recognized based on discounted contractual cashflows and the resulting gain/ loss is recognized in consolidated statement of profit or loss.

Operating lease

The Group classifies a lease as an operating lease if the lease does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee. The Group recognizes lease payments received under operating lease as lease income on a straight-line basis over the lease term.

If an arrangement contains lease and non-lease components, the Group allocates the consideration in the contract to the lease and non-lease components based on the stand-alone selling prices in accordance with the principles in IFRS 15.

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

As a Lessee - Lease Liability

The Group assesses whether a contract contains a lease at inception of the contract. If the Group assesses contract contains a lease and meets requirements of IFRS 16, the Group recognises right-of-use asset and a lease liability at the commencement date of the lease i.e. the date the underlying asset is available for use. The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments in the measurement of the lease liabilities comprise the following:

- a) fixed payments including in-substance fixed payments less any lease incentive receivable;
- b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- c) amounts expected to be payable under a residual value guarantee; and
- d) the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liabilities are measured at amortised cost using the effective interest method. These are remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

Variable lease payments are recognised in the consolidated statement of profit or loss in the period in which the condition that triggers those payments occurs.

The Group has opted not to recognize right of use assets for short-term leases i.e. leases with a term of twelve (12) months or less. The payments associated with such leases are recognized in consolidated statement of profit or loss when incurred.

3.6 OIL AND GAS ASSETS

The Group applies the "Successful Efforts" method of accounting for Exploration and Evaluation (E&E) costs.

3.6.1 Pre-license costs

Costs incurred prior to having obtained the legal rights to explore an area are charged directly to consolidated statement of profit or loss as they are incurred.



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3.6.2 Exploration and evaluation assets

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

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

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

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

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

3.6.3 Development and production assets

Development and production assets are accumulated on a field by field basis and represent the cost of developing the discovered commercial reserves and bringing them into production, together with the capitalized E&E expenditures incurred in finding commercial reserves transferred from intangible E&E assets as outlined in note 3.6.2 above. The cost of development and production assets also includes the cost of acquisition of such assets, directly attributable overheads, and the cost of recognizing provisions for future site restoration and decommissioning.

Expenditure carried within each field is amortized from the commencement of production on a unit of production basis, over the estimated useful life of the field determined by reference to proved developed reserves, on a field by field basis. Changes in the estimates of commercial reserves or future field development costs are dealt with prospectively. Amortization is charged to consolidated statement of profit or loss.

3.6.4 Decommissioning cost

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

Liabilities for decommissioning cost are recognized when the Group has an obligation for site restoration, and when a reliable estimate of that liability can be made. The Group makes provision in full for the decommissioning cost on the declaration of commercial discovery of the reserves, to fulfil the obligation of site restoration and rehabilitation. The obligations for oil and natural gas production or transportation facilities, are recognized on construction or installation. The amount recognized is the estimated cost of decommissioning, discounted to its net present value and the expected outflow of economic resources to settle this obligation is up to next forty four (44) years. An obligation for decommissioning may also crystallize during the period of operation of a well /facility through a change in legislation or through a decision to terminate operations.

Decommissioning cost, as appropriate, relating to producing or shut-in fields /fields in development is capitalized to the cost of development and production assets and property, plant and equipment as the case may be. The recognized amount of decommissioning cost is subsequently amortized /depreciated as part of the capital cost of the development and production assets and property, plant and equipment. At the time of decommissioning of the field, any differences arising from settlement of the provision are recognized in consolidated statement of profit or loss.

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While the provision is based on the best estimate of future costs and the economic life of the fields, there is uncertainty regarding both the amount and timing of incurring these costs. The Group reviews the decommissioning provision at the reporting date. Any change in the present value of the estimated expenditure is dealt with prospectively and reflected as an adjustment to the provision and a corresponding adjustment to property, plant and equipment and development and production assets. If a decrease in a provision is greater than the carrying value of asset, the excess is recognized in consolidated statement of profit or loss. The unwinding of the discount on the decommissioning provision is recognized as finance cost in the consolidated statement of profit or loss.

3.7 IMPAIRMENT OF NON FINANCIAL ASSETS

At each reporting date, the Group reviews the carrying amount of its non financial assets to determine whether there is any indication of impairment. If any such indication exists, then the assets recoverable amount is estimated.

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

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

For impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows largely independent of other assets or CGUs. The CGU applied for impairment test purpose is generally field by field basis, except that a number of fields may be grouped as a single cash generating unit where the cash flows of each field are inter-dependent.

The carrying value is compared against expected recoverable amount of an asset or CGU, generally by reference to the future net cash flows expected to be derived from such assets. An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in consolidated statement of profit or loss. The impairment loss is allocated to the assets in CGU on a prorata basis.

Where conditions giving rise to impairment subsequently reverse, the effect of the impairment charge is also reversed as a credit in consolidated statement of profit or loss to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.8 INVESTMENTS IN ASSOCIATES

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

The results, assets and liabilities of the associate have been incorporated in the financial statements using the equity method of accounting. Under the equity method, investments in associates are initially recognized at cost adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses of the associate in consolidated statement of profit or loss and the Group's share of movements in comprehensive income of the associate in consolidated statement of other comprehensive income. Dividends received or receivable from the associate is recognized as a reduction in the carrying amount of the investment. Losses of an associate in excess of Groups's interest in that associate are recognized only to the extent that the Group has incurred legal or constructive obligation or made payment on behalf of the associate.

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On acquisition of the investment, any difference between the cost of the investment and the associate's share of the net fair value of the investee's identifiable assets and liabilities is accounted for as follows:

- a) Goodwill relating to an associate is included in the carrying amount of the investment.
- b) Any excess of the associate's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate profit or loss in the period in which the investment is acquired.

Where objective evidence of impairment of investment in associate is identified, then the carrying amount of equity-accounted investment is tested for impairment in accordance with the policy described in note 3.7.

3.9 STORES, SPARE PARTS AND LOOSE TOOLS

Stores, spare parts and loose tools are valued at cost determined on weighted average formula less allowance for obsolete items. Stores in transit are stated at invoice value plus other charges paid thereon.

3.10 INTANGIBLES

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

3.11 REVENUE RECOGNITION

Revenue from contracts with customers is recognized when or as the Group satisfies a performance obligation by transferring a promised good or service to a customer. Revenue associated with the sale of crude oil, gas and liquefied petroleum gas is recognized at transaction price that is allocated to that performance obligation. A good or service is transferred when the customer obtains control of that good or service. The transfer of control of crude oil, gas and liquefied petroleum gas coincides with title passing to the customer and the customer taking physical possession. The Group principally satisfies its performance obligations at a point in time and recognizes revenue relating to the performance.

Revenue is measured at the transaction price, net of government levies. Transaction prices of crude oil and gas are specified in relevant agreements and/ or as notified by the government authorities based on agreements with customers, relevant applicable petroleum policy, relevant decision of Economic Coordination Committee (ECC) of the Cabinet or relevant Petroleum Concession Agreements. Prices of liquefied petroleum gas are approved by the appropriate authority within the Group. Effect of adjustments, if any, arising from revision in sale prices is reflected as and when the prices are finalized with the customers and/or approved by the GoP.

Billings are generally raised by the end of each month which are payable within 30 to 45 days in accordance with the contractual arrangement with customers. Amounts billed or received prior to being earned, are deferred and recognized as advances from customers. The Group based on its assessment has not identified a significant financing component in its current contracts with customers because payment terms of 30 to 45 days are explicitly specified and delay in settlement of invoices are subject to interest under the contracts signed with customers and accordingly this delay does not result in a significant financing component.

The Group collects contract renewal fee 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 contract renewal fee is satisfied over time and the Group recognizes contract renewal fee over the term of contract.

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3.12 FINANCE INCOME AND EXPENSE

Finance income comprises interest income on funds invested, delayed payments from customers, on investments and lease arrangements, dividend income, exchange gain, gain or loss on disposal of property, plant & equipment, stores, spare parts & loose tools and changes in the fair value of financial assets at fair value through profit or loss. Interest income on financial assets at amortized cost is calculated using the effective interest method and is recognized in consolidated statement of profit or loss. Interest income is calculated by applying the effective interest rate to gross carrying amount of a financial asset except for financial assets that subsequently become credit impaired. For credit impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial assets. Dividend income is recognized when the right to receive the payment is established. Foreign currency gains and losses are reported on a net basis.

The Group has contractual right and is entitled to charge interest if payments from customers are delayed beyond credit terms, however, considering the uncertainties relating to recoverability of interest, the Group recognizes interest, if any, on delayed payments from customers, on investments and lease arrangements when the interest on delayed payments is received by the Group.

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

3.13 JOINT OPERATIONS

Investments in joint arrangements are classified as either joint operations or joint ventures depending on contractual rights and obligations of the parties to the arrangement.

The Group has certain contractual arrangements with other participants to engage in joint activities, where all significant operating and financial matters are determined by the participants, such that the operator itself has no significant independence to pursue its own commercial strategy. These contractual arrangements do not create a joint venture entity and are accounted for as joint operations /jointly controlled assets ('joint operations'). The Group accounts for its share of the joint operations' assets, liabilities and operating expenses on the basis of latest available audited statements of expenditures of the joint operations and where applicable, the cost statements received from the operator, for the intervening period up to the consolidated statement of financial position date. The difference, if any, between the cost statements and audited statements of expenditures is accounted for in the next accounting year.

3.14 FOREIGN CURRENCIES

3.14.1 Foreign currency transactions and translations

Transactions in foreign currencies are recorded at the rates of exchange ruling on the date of the transaction. All monetary assets and liabilities denominated in foreign currencies are translated into PKR at the rate of exchange ruling on the consolidated statement of financial position date and exchange differences, if any, are credited/ charged to consolidated statement of profit or loss for the year.

3.14.2 Foreign operations

The assets and liabilities of foreign operations are translated into rupees at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the date of the transactions. The resulting exchange differences arising on translation are recognized in consolidated statement of consolidated comprehensive income. On disposal of a foreign operation, the component of consolidated comprehensive income relating to that particular foreign operation is reclassified to consolidated statement of profit or loss.

Any goodwill /bargain purchase arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the exchange rate prevailing at the reporting date.

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3.15 FINANCIAL INSTRUMENTS – INITIAL RECOGNITION AND SUBSEQUENT MEASUREMENT

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

3.15.1 FINANCIAL ASSETS

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through consolidated statement of comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through consolidated statement of profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

3.15.2 SUBSEQUENT MEASUREMENT

For the purposes of subsequent measurement, financial assets are classified in following categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortized cost (debt instruments)

The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the Effective Interest Rate (EIR) method and are subject to impairment. Gains and losses are recognized in consolidated statement of profit or loss when the asset is derecognized, modified or impaired. The Group's financial assets at amortized cost are mentioned in note 39.4.



Financial assets at fair value through OCI (debt instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the consolidated statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to consolidated statement of profit or loss.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation, and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on the financial assets are never recycled to consolidated statement of profit or loss. Dividends are recognized as other income in the consolidated statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment. The Group has not designated any financial asset in this category.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognized in the consolidated statement of profit or loss. The Groups's financial assets at fair value through profit or loss are mentioned in note 39.4.

3.15.3 DERECOGNITION

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

The financial asset is also derecognized when there is significant modification in the terms of the financial asset. When the renegotiation or modification of a financial asset results in the derecognition of the existing financial asset and the subsequent recognition of the renegotiated or modified financial asset, the renegotiated or modified financial asset is considered a new financial asset recognized at fair value and the resulting difference between the carrying amount of the existing financial asset and the renegotiated or modified financial asset is taken to consolidated statement of profit or loss.

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3.15.4 IMPAIRMENT OF FINANCIAL ASSETS

The Group recognizes loss allowance for ECL on financial assets measured at amortized cost except for financial assets due directly/ ultimately from the GoP which includes certain trade debts and lease receivables in respect of which applicability of ECL model is deferred by SECP as explained in note 2.1.2. For trade debts other than trade debts on which ECL model is not applicable as per aforesaid notification of SECP, the Group applies IFRS 9 simplified approach to measure the ECL (loss allowance) which uses a life time expected allowance.

The Group uses General 3-stage approach for loans and advances, deposits, long term loans, long term investments other than TFCs on which ECL model is not applicable as per aforesaid notification of SECP, other receivables, other financial assets and cash and bank balances i.e. to measure ECL through loss allowance at an amount equal to 12-month ECL if credit risk on a financial instruments has not increased significantly since initial recognition.

Life time ECLs are the ECLs that results from all possible default events over the expected life of a financial instrument. 12-months' ECL are portion of ECL that result from default events that are possible within 12 months after the reporting date.

ECLs are a probability weighted estimate of credit losses. Credit losses are measured at the present value of all cash shortfalls i.e. the difference between cash flows due to the entity in accordance with the contract and cash flows that the Group expects to receive.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof.

In respect of financial assets due directly /ultimately from the GoP, on which ECL model is not applicable as per the notification of SECP in note 2.1.2, the financial asset is assessed under IAS 39 at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

3.15.5 FINANCIAL LIABILITIES

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, and financial liabilities at amortized cost, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of financial liabilities at amortized cost, net of directly attributable transaction costs.

3.15.6 SUBSEQUENT MEASUREMENT

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at amortized cost

After initial recognition, interest-bearing financial liabilities are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in consolidated statement of profit or loss when the liabilities are derecognized as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance cost in the consolidated statement of profit or loss. The Groups' financial liabilities carried at amortized cost are mentioned in note 39.4.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gains or losses on liabilities held for trading are recognized in the consolidated statement of profit or loss. The Group has not designated any financial liability as at fair value through profit or loss.



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3.15.7 DERECOGNITION

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statement of profit or loss.

3.15.8 OFFSETTING OF FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

3.16 PROVISIONS AND CONTINGENT LIABILITIES

A provision is recognized in the consolidated statement of financial position when the Group has a present, legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of such obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax discount rate that reflects current market assessment of time value of money and risk specific to the liability.

A contingent liability is disclosed when the Group has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or the Group has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

3.17 CASH AND CASH EQUIVALENTS

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

3.18 OPERATING SEGMENTS

Segment reporting is based on the operating (business) segments of the Group. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with other components of the Group. An operating segment's operating results are regularly reviewed by the Board of Directors of the Holding Company to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

3.19 TRADE AND OTHER PAYABLES

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. Trade and other payables are presented as current liability unless payment is not due within twelve (12) months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.



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4 SHARE CAPITAL

Authorized share capital

2026	2025		2026	2025
----- (Number of shares) -----			----- (Rupees '000) -----	
5,000,000,000	5,000,000,000	Ordinary shares of Rs 10 each	50,000,000	50,000,000

Issued, subscribed and paid up capital

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

- 4.1** In consideration for all the properties, rights, assets, obligations and liabilities of Oil and Gas Development Corporation vested in the Parent Company, 1,075,232,100 ordinary fully paid shares of Rs 10 each were issued to the Government of Pakistan (GoP) on 23 October 1997. As at 30 June 2026, the GoP holds 74.97% (2025: 74.97%) paid up capital of the Parent Company. Subsequent to the year end on 08 July 2026, pursuant to the decision of the Honorable Supreme Court of Pakistan in 2022, the entire share holding held by OEET has been transferred back to GoP. Consequently the GoP's share holding in the Parent Company has increased from 74.97 % to 85.02 %.

During the year ended 30 June 2024, the Pakistan Sovereign Wealth Fund Act, 2023 became effective. Under the said Act, the GoP's shareholding in the Parent Company including shares held by OEET stands transferred to the Pakistan Sovereign Wealth Fund (PSWF). Accordingly, the GoP is in the process of taking necessary actions required to record the transfer of the shares to PSWF.

	Note	2026	2025
		----- (Rupees '000) -----	
5 RESERVES			
Capital reserves:			
Capital reserve	5.1	836,000	836,000
Self insurance reserve	5.2	22,200,000	20,750,000
Self insurance reserve- associate	5.3	920,000	920,000
General reserve- associate		<u>1,200,000</u>	<u>-</u>
		25,156,000	22,506,000
Other reserves:			
Foreign currency translation reserve	5.4	<u>1,676,595</u>	<u>2,093,734</u>
Foreign currency translation reserve- associates (net)	5.5	<u>8,461,056</u>	<u>9,309,662</u>
		<u>10,137,651</u>	<u>11,403,396</u>
		<u>35,293,651</u>	<u>33,909,396</u>

- 5.1** This represents bonus shares issued by former wholly owned subsidiary- Pirkoh Gas Company (Private) Limited (PGCL) prior to merger. Accordingly, this reserve is not available for distribution to shareholders.
- 5.2** The Group has set aside a specific capital reserve for self insurance of rigs, buildings, wells, plants, pipelines, workmen compensation, inventory, terrorism, vehicle repair and losses for petroleum products in transit. Refer note 26.1 for investment against this reserve. Accordingly, this reserve is not available for distribution to shareholders.
- 5.3** This represents a specific capital reserve set aside by an associate for self insurance of its assets which have not been insured, for uninsured risks and for deductibles against insurance claims.

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5.4 This represents accumulated balance of translation effect of a foreign operation in Rupees as per the Group's accounting policy.

5.5 This represents accumulated balance of a translation effect of foreign operations in Rupees of associates.

	Note	2026 ------(Rupees '000)-----	2025
6 DEFERRED TAXATION			
The balance of deferred tax is in respect of following temporary differences:			
Accelerated depreciation on property, plant and equipment		10,297,166	11,768,689
Expenditure of prospecting, exploration and evaluation, and development and production assets		1,116,187	(5,816,831)
Loss on TFC's and PIBs		-	(3,359,051)
Provision for decommissioning cost		(1,219,406)	(165,236)
Lease receivables		29,251,021	43,089,051
Long term investment in associates		18,052,672	15,787,994
Provision for doubtful debts, claims and advances		(57,461)	(99,434)
Provision for slow moving, obsolete and in transit stores		(2,380,481)	(2,803,371)
Unrealised exchange gain- net		18,607,985	18,723,319
Lease liability		(656,765)	(1,205,022)
		<u>73,010,918</u>	<u>75,920,108</u>
6.1 Movement during the year			
Opening deferred tax liability		75,920,108	70,513,508
(Reversal) /charge for the year in respect of:			
Accelerated depreciation on property, plant and equipment		(1,471,523)	556,836
Expenditure of prospecting, exploration and evaluation and development and production assets		6,933,018	1,432,590
Loss on TFC's and PIBs		3,359,051	6,269,770
Provision for decommissioning cost		(1,054,170)	(1,193,843)
Lease receivables		(13,838,030)	(6,397,129)
Long term investment in associates		2,264,678	4,531,384
Provision for doubtful debts, claims and advances		41,973	53,525
Provision for slow moving, obsolete and in transit stores		422,890	72,996
Unrealised exchange gain /(loss) - net		(115,334)	1,285,493
Lease liability		548,257	(1,205,022)
		<u>73,010,918</u>	<u>75,920,108</u>
7 DEFERRED EMPLOYEE BENEFITS			
Post retirement medical benefits	7.1	44,084,341	41,440,354
Accumulating compensated absences	7.2	1,973,258	78,918
		<u>46,057,599</u>	<u>41,519,272</u>
7.1 Post retirement medical benefits			
Movement in the present value of defined benefit obligation is as follows:			
Present value of defined benefit obligation at beginning of the year		41,440,354	33,573,889
Current service cost		793,931	881,489
Interest cost -net		5,077,495	4,825,713
Benefits paid		(1,640,793)	(1,714,376)
Remeasurement (gain) / loss recognized in other comprehensive income		(1,586,646)	3,873,639
Present value of defined benefit obligation at end of the year		<u>44,084,341</u>	<u>41,440,354</u>
Movement in liability recognized in the consolidated statement of financial position is as follows:			
Opening liability		41,440,354	33,573,889
Expense for the year		5,871,426	5,707,202
Benefits paid		(1,640,793)	(1,714,376)
Remeasurement loss recognized in other comprehensive income		(1,586,646)	3,873,639
Closing liability		<u>44,084,341</u>	<u>41,440,354</u>

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	Note	2026 ------(Rupees '000)-----	2025
Expense recognized is as follows:			
Current service cost		793,931	881,489
Interest cost		5,077,495	4,825,713
		<u>5,871,426</u>	<u>5,707,202</u>
The remeasurement (gain) /loss arising from:			
Financial assumptions		(14,335)	(135,534)
Experience adjustments		(1,572,311)	4,009,173
		<u>(1,586,646)</u>	<u>3,873,639</u>
The expense is recognized in the following:			
Operating expenses	29	3,777,767	3,386,296
General and administration expenses	32	811,481	895,980
Technical services	37	1,282,178	1,424,926
		<u>5,871,426</u>	<u>5,707,202</u>
Significant actuarial assumptions used were as follows:		2026	2025
Discount rate per annum		12.25%	12.50%
Medical inflation rate per annum		12.25%	12.50%
Mortality rate		Adjusted SLIC 2001-2005	
Withdrawal rate		Low	Low
Weighted average duration of the obligation		10 years	10.06 years

The calculation of the defined benefit obligation is sensitive to assumptions set out above. The Group faces longevity, discount rate fluctuation and withdrawal risk on account of medical benefits as explained in note 10.3. The following table summarizes how the impact on the defined benefit obligation at the end of the reporting year would have increased /(decreased) as a result of change in respective assumptions:

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
		------(Rupees '000)-----	
Discount	1%	(5,148,000)	6,316,000
Medical indexation	1%	547,000	(518,000)
Withdrawal	10%	1,000	(1,000)
		1 year set back	1 year set forward
		------(Rupees '000)-----	
Mortality		1,996,000	(1,794,000)

The expected post retirement medical expense for the next financial year is Rs 5.430 million (2025: 5.120 million).

	Note	2026 ------(Rupees '000)-----	2025
7.2 Accumulating compensated absences			
Present value of defined benefit obligation at beginning of the year		5,696,444	9,213,949
Charge for the year- net		2,025,901	2,432,176
Payments made during the year		(3,955,866)	(5,949,681)
Present value of defined benefit obligation at end of the year		3,766,479	5,696,444
Current portion of accumulating compensated absences	7.2.1	(1,793,221)	(5,617,526)
		<u>1,973,258</u>	<u>78,918</u>

- 7.2.1** During the year ended 30 June 2025, the criteria for entitlement of staff in respect of compensated absences had been revised, as detailed in note 3.2.1, based on which, the accumulated balances of certain employees as of 31 January 2025, had become payable on demand. Accordingly, an amount of Rs 1,793 million (2025: Rs 5,618 million) as at 30 June 2026 had been classified as current liability under trade and other payables.

The discount rate of 12.25% (2025: 12.50%) per annum and salary increase rate of 12.25% (2025: 12.50%) per annum were assumed. The mortality rate, withdrawal rate and weighted average duration of the obligation is assumed same as disclosed in note 7.1 above. The Group faces longevity, discount rate fluctuation, withdrawal and salary increase risk on account of compensated absences plan as explained in note 10.3.

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	Note	2026 ------(Rupees '000)-----	2025 ------(Rupees '000)-----
The expense is recognized in the following:			
Operating expenses	29	1,067,371	1,712,340
General and administration expenses	32	399,730	184,758
Technical services	37	558,800	535,078
		<u>2,025,901</u>	<u>2,432,176</u>

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

Impact on defined benefit obligation			
	Change in assumption	Increase in assumption	Decrease in assumption
		------(Rupees '000)-----	
Discount	1%	(134,748)	153,808
Salary increase	1%	107,749	(97,168)
Withdrawal	10%	465	(466)
		1 year set back	1 year set forward
		------(Rupees '000)-----	
Mortality		(1,528)	1,519

The expected accumulating compensated expense for the next financial year is Rs 279 million (2025: Rs 131 million).

	Note	2026 ------(Rupees '000)-----	2025 ------(Rupees '000)-----
8 PROVISION FOR DECOMMISSIONING COST			
Balance at beginning of the year		61,594,813	59,600,474
Provision during the year		1,421,160	1,722,273
Decommissioning cost incurred during the year		(148,104)	(143,416)
		<u>62,867,869</u>	<u>61,179,331</u>
Revision due to change in estimates		(6,948,121)	(5,255,809)
Unwinding of discount on provision for decommissioning cost	33	4,800,862	5,671,291
Balance at end of the year		<u>60,720,610</u>	<u>61,594,813</u>
		2026	2025
Significant financial assumptions used were as follows:			
Discount rate per annum		10.69% ~ 11.52%	10.15% ~ 11.59%
Inflation rate per annum		9.07%	9.38%

9 LONG TERM LEASE LIABILITY

The Group has recognized a lease liability and right of use asset of Early Production Facilities (facilities) under the Gas Processing Contract, executed by operator, Mari Energies Limited (MEL), a related party, for Waziristan block joint operation for a lease term of two years and considering the option to purchase the asset upon expiry of the lease term. The Group has recognized its share of the right-of-use asset under property, plan and equipment and lease liability towards operator was recognized separately to the extent of the Group's share.

	Note	2026 ------(Rupees '000)-----	2025 ------(Rupees '000)-----
Lease liability		2,015,170	3,039,610
Less: Current portion of net liability in lease		<u>(2,015,170)</u>	<u>(983,551)</u>
		<u>-</u>	<u>2,056,059</u>
Balance at beginning of the year		3,039,610	-
Additions during the year		-	3,468,690
Unwinding of lease liabilities	33	287,522	95,663
Payments made during the year		(1,257,650)	(565,295)
Exchange (gain) /loss		<u>(54,312)</u>	<u>40,552</u>
Balance at the end of year	9.1	2,015,170	3,039,610
Less: current portion of long term lease liabilities shown under current liabilities		<u>(2,015,170)</u>	<u>(983,551)</u>
		<u>-</u>	<u>2,056,059</u>

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	Note	2026 ------(Rupees '000)-----	2025 ------(Rupees '000)-----
9.1	The maturity analysis of undiscounted lease payments is as follows:		
		2,149,095	1,274,145
	Less than a year	-	2,192,702
	Between 1-2 years	2,149,095	3,466,847
	Undiscounted lease payments	(133,925)	(427,237)
	Less: Deferred finance cost	2,015,170	3,039,610

10 TRADE AND OTHER PAYABLES

Creditors		2,093,774	1,215,105
Accrued liabilities		30,230,071	20,663,274
Payable to partners of joint operations	10.1	11,647,221	10,605,676
Retention money payable		14,782,594	7,431,297
Royalty payable to the Government of Pakistan		11,119,718	11,778,726
Excise duty payable		-	101,030
General sales tax payable		-	1,585,703
Petroleum levy payable		252,760	171,418
Withholding tax payable		763,116	500,908
Trade and other deposits	10.2	3,852,146	3,765,588
Workers' profit participation fund		13,639,816	14,700,782
Employees' pension trust	10.3	30,352,773	19,816,723
Gratuity fund	10.4	320,053	739,295
Liability for staff compensated absences -current portion	7.2	1,793,221	5,617,526
Advances from customers- unsecured		4,570,494	2,552,944
Other payables	10.5	25,469,727	22,515,618
		<u>150,889,483</u>	<u>123,761,613</u>

10.1 This includes payable to related parties amounting to Rs 3,292 million (2025: Rs 5,297 million) as per relevant Petroleum Concession Agreement (PCA).

10.2 This includes trade deposits of Rs 604 million (2025: Rs 616 million) utilisable for the purpose of the Group's business.

10.3 Employees' pension trust

The amount recognized in the consolidated statement of financial position is as follows:

Present value of defined benefit obligation	177,284,203	155,769,936
Fair value of plan assets	(146,931,430)	(135,953,213)
Liability at end of the year	<u>30,352,773</u>	<u>19,816,723</u>

The movement in the present value of defined benefit obligation is as follows:

Present value of defined benefit obligation at beginning of the year	155,769,936	128,264,533
Current service cost	4,382,831	4,369,697
Interest cost	18,627,614	18,049,499
Benefits paid	(13,498,054)	(11,790,090)
Past service cost	9,486,099	-
Remeasurement loss recognized in other comprehensive income	2,515,777	16,876,297
Present value of defined benefit obligation at end of the year	<u>177,284,203</u>	<u>155,769,936</u>

The movement in the fair value of plan assets is as follows:

Fair value of plan assets at beginning of the year	135,953,213	115,476,544
Expected return on plan assets	16,685,715	17,193,795
Contributions	8,563,066	13,973,202
Benefits paid	(13,498,054)	(11,790,090)
Remeasurement (loss) / gain loss recognized in other comprehensive income	(772,510)	1,099,762
Fair value of plan assets at end of the year	<u>146,931,430</u>	<u>135,953,213</u>

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	2026	2025
	------(Rupees '000)-----	
The movement in liability recognized in the consolidated statement of financial position is as follows:		
Opening liability	19,816,723	12,787,989
Expense for the year	15,810,829	5,225,401
Remeasurement gain recognized in other comprehensive income	3,288,287	15,776,535
Payments to the fund during the year	(8,563,066)	(13,973,202)
Closing liability	<u>30,352,773</u>	<u>19,816,723</u>
Expense recognized is as follows:		
Current service cost	4,382,831	4,369,697
Net interest cost	1,941,899	855,704
Past service cost	9,486,099	-
	<u>15,810,829</u>	<u>5,225,401</u>
Remeasurement loss recognized in other comprehensive income is as follows:		
Remeasurement loss on defined benefit obligation	2,515,777	16,876,297
Remeasurement loss /(gain) on plan assets	772,510	(1,099,762)
	<u>3,288,287</u>	<u>15,776,535</u>
The remeasurement loss is arising from:		
Financial assumptions	(4,278,492)	16,341,590
Experience adjustments	7,566,779	(565,055)
	<u>3,288,287</u>	<u>15,776,535</u>

Plan assets comprise of:

	2026			2025		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
	------(Rupees '000)-----					
Pakistan Investment Bonds	-	10,585,527	10,585,527	-	10,436,395	10,436,395
Treasury -Bills	-	32,427,716	32,427,716	-	-	-
Mutual funds	34,517,003	-	34,517,003	52,427,716	-	52,427,716
Term deposit receipts	-	64,099,524	64,099,524	-	67,020,816	67,020,816
Cash and bank balances	-	5,301,660	5,301,660	-	6,068,286	6,068,286
	<u>34,517,003</u>	<u>112,414,427</u>	<u>146,931,430</u>	<u>52,427,716</u>	<u>83,525,497</u>	<u>135,953,213</u>

Quoted plan assets comprise of 23.49 % (2025: 38.56%) of total plan assets.

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

The pension plan is a defined benefit final salary plan invested through approved trust fund. The fund is governed under Trusts Act, Trust Deed and Rules of Fund, Companies Act, 2017, the Income Tax Ordinance, 2001 and the Income Tax Rules, 2002. The trustees of the fund which are appointed by the Group are responsible for plan administration and investment. All trustees are employees of the Group.

The Group faces the following risks on account of defined benefit plan:

Investment Risks- The risk arises when the actual performance of the investments is lower than expectation and thus creating a shortfall in the funding objectives. The risk is mitigated by closely monitoring the performance of investment. The investment in mutual funds is subject to adverse fluctuation as a result of change in prices.

Longevity Risks- The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

Salary Increase Risk- The risk arises when the actual increases are higher than expectation and impacts the liability accordingly.

Withdrawal Risk- The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

Discount rate fluctuation- The plan liabilities are calculated using a discount rate set with reference to market yield on government bonds. A decrease in discount rate will increase the plan liabilities. However, this will be partially offset by an increase in the value of asset plan bond holdings in case of funded plans.

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		2026	2025
	Note	----- (Rupees '000) -----	
The expense is recognized in the following:			
Operating expenses	29	9,336,838	3,065,421
General and administration expenses	32	2,883,510	894,906
Technical services	37	3,590,481	1,265,074
		<u>15,810,829</u>	<u>5,225,401</u>
Actual return on plan assets		15,913,205	18,293,557

	2026	2025
Significant actuarial assumptions used were as follows:		
Discount rate per annum	12.25%	12.50%
Salary increase rate per annum	12.25%	12.50%
Expected rate of return on plan assets per annum	12.25%	12.50%
Pension indexation rate per annum	8.10%	8.75%
Mortality rate	Adjusted SLIC 2001-2005	
Withdrawal rate	Low	Low
Weighted average duration of the obligation	10 year	10.06 year

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

Impact on defined benefit obligation			
	Change in assumption	Increase in assumption	Decrease in assumption
	----- (Rupees '000) -----		
Discount	1%	(14,347,441)	16,940,654
Salary increase	1%	331,585	(348,730)
Pension indexation	1%	13,428,146	(11,560,264)
Withdrawal	10%	250	(256)
		1 year set back	1 year set forward
		----- (Rupees '000) -----	
Mortality		4,274,117	(3,926,128)

The Group expects to make a contribution of Rs 36,791 million (2025: Rs 24,709 million) to the employees' pension trust during the next financial year and the expected expense for the next year amounts to Rs 6,438 million (2025: Rs 4,934 million).

10.4 Gratuity fund

The amount recognized in the consolidated statement of financial position is as follows:

	2026	2025
	----- (Rupees '000) -----	
Present value of defined benefit obligation	4,104,625	2,843,801
Fair value of plan assets	<u>(3,784,572)</u>	<u>(2,104,506)</u>
Liability at end of the year	<u>320,053</u>	<u>739,295</u>

The movement in the present value of defined benefit obligation is as follows:

	2026	2025
Present value of defined benefit obligation at beginning of the year	2,843,801	1,720,731
Current service cost	396,615	343,565
Interest cost	350,662	247,237
Past service cost	149,759	-
Benefits paid	(48,864)	(67,384)
Remeasurement loss recognized in other comprehensive income	412,652	599,652
Present value of defined benefit obligation at end of the year	<u>4,104,625</u>	<u>2,843,801</u>

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	2026	2025
	------(Rupees '000)-----	
The movement in the fair value of plan assets is as follows:		
Fair value of plan assets at beginning of the year	2,104,506	1,920,484
Expected return on plan assets	348,831	278,302
Contributions	1,421,152	-
Benefits paid	(48,865)	(67,384)
Remeasurement loss recognized in other comprehensive income	(41,052)	(26,896)
Fair value of plan assets at end of the year	<u>3,784,572</u>	<u>2,104,506</u>

The movement in liability /(asset) recognized in the consolidated statement of financial position is as follows:

Opening liability /(asset)	739,295	(199,753)
Expense for the year	548,205	312,500
Remeasurement gain recognized in other comprehensive income during the year	453,704	626,548
Payments to the fund during the year	<u>(1,421,151)</u>	<u>-</u>
Closing liability	<u>320,053</u>	<u>739,295</u>

Expense recognized is as follows:

Current service cost	396,615	343,565
Net interest income	1,831	(31,065)
Past service cost	149,759	-
	<u>548,205</u>	<u>312,500</u>

Remeasurement loss recognized in other comprehensive income:

Remeasurement loss on defined benefit obligation	412,652	599,652
Remeasurement loss on plan assets	41,052	26,896
	<u>453,704</u>	<u>626,548</u>

The remeasurement loss arising from:

Financial assumptions	291,858	127,327
Experience adjustments	161,846	499,221
	<u>453,704</u>	<u>626,548</u>

Significant actuarial assumptions used were as follows:

	2026	2025
Discount rate	12.25%	12.50%
Salary increase rate	12.25%	12.50%
Weighted average duration of the obligation	10 years	10.06 years
Withdrawal rate	Low	Low
Mortality rate	Adjusted SLIC 2001-2005	

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

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
	------(Rupees '000)-----		
Discount	1%	(509,557)	606,356
Salary increase	1%	431,574	(379,608)
Withdrawal	10%	2,935	(2,950)
		1 year	1 year
		set back	set forward
		------(Rupees '000)-----	
Mortality		(5,361)	5,321

The Group expects to make a contribution of Rs 858 thousand (2025: Rs Nil) to the employees' Gratuity fund during the next financial year and expected expense for the next year amounts to Rs 538 million (2025: Rs 744 million).

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Plan assets comprise:

	2026			2025		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
	(Rupees '000)					
Mutual funds	1,489,969	-	1,489,969	948,196	-	948,196
Term deposit receipts	-	1,437,917	1,437,917	-	705,630	705,630
Cash and bank balances	-	856,686	856,686	-	450,680	450,680
	<u>1,489,969</u>	<u>2,294,603</u>	<u>3,784,572</u>	<u>948,196</u>	<u>1,156,310</u>	<u>2,104,506</u>

Quoted plan assets comprise of 39.37% (2025: 45.06 %) of total plan assets.)

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

The gratuity plan is a defined benefit final salary plan invested through approved trust fund. The fund is governed under Trusts Act, 1882, Trust Deed and Rules of Fund, Companies Act, 2017, the Income Tax Ordinance, 2001 and the Income Tax Rules, 2002. The trustees of the fund are responsible to plan administration and investment. The Group appoints the trustees and all trustees are employees of the Group and the responsibility for governance of plan, including investment decisions and contribution schedule lie with the Board of Trustees of the Fund.

The Group faces the investment, longevity, salary increase, withdrawal and discount rate fluctuation risks on account of gratuity plan as explained in note 10.3.

	Note	2025	2024
		----- (Rupees '000) -----	
The expense is recognized in the following:			
Operating expenses	29	308,345	170,361
General and administration expenses	32	108,068	62,407
Technical services		131,792	79,732
		<u>548,205</u>	<u>312,500</u>

10.5 This includes an amount of Rs 24,959 million (2025: Rs 21,891 million) received from customers on account of additional revenue due to enhanced gas price incentive as explained in note 28.1.)

10.6 Gas Infrastructure Development Cess (GIDC) amounting to Rs 2,255 million (2025: Rs 2,255 million) is recoverable from customers and payable to the GoP. These consolidated financial statements do not reflect the said amount since under the provisions of the GIDC laws and regulations, the Group is required to pay the said amount as and when the same is collected from customers. The GIDC is presented as payable to the extent that it is received from customers but not deposited with the GoP. As at year end, no such amount was received which was not deposited with the GoP. On 13 August 2020, the Supreme Court of Pakistan has decided the matter of GIDC by restraining from charging GIDC from 01 August 2020 onward and ordered gas consumers to pay GIDC arrears due upto 31 July 2020 in instalments. The fertilizer companies have obtained stay against recovery from the Sindh High Court, where the matter is subjudice.

11 CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

OGDCL

11.1.1 Claims against the Parent Company not acknowledged as debts amounted to Rs 126 million at year end (2025: Rs 126 million).

11.1.2 During the year ended 30 June 2024, DCIR issued show cause notices dated 02 February 2024 and 05 March 2024 for the tax period 2018-19 and 2020-21 respectively, wherein the DCIR alleged that the Parent Company has claimed inadmissible input tax of Rs 2,010 million and Rs 3,186 million for the tax year 2018-19 and 2020-21 respectively. On scrutiny of the Parent Company's response, the DCIR reduced the impugned demand to Rs 774 million and Rs 775 million vide orders dated 29 July 2024 and 28 August 2024 respectively. The Parent Company has filed writ petitions before IHC, against the decision of DCIR, where stay has been granted by IHC vide order dated 29 August 2024. Management believes that the Parent Company has rightfully claimed input tax in its returns.

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- 11.1.3** On 17 December 2018, Attock Refinery Limited (ARL) filed a writ petition against the Parent Company before Islamabad High Court and has disputed and withheld amounts invoiced to it prior to the signing of sales agreement i.e. 13 March 2018 on account of adjustment of premium or discount as announced by Saudi Aramco for deliveries to Asian customers /destinations under the sales agreement. The amount withheld and disputed by ARL amounts to Rs 1,292 million (2025: Rs 1,292 million). Further, ARL has also contested and claimed the amounts already paid in this respect during the period 2007 to 2012 amounting to Rs 562 million (2025: Rs 562 million). The Parent Company believes that the debit notes /invoices have been raised in accordance with the sale agreements signed with the GoP and no provision is required in this respect.
- 11.1.4** Oil and Gas Regulatory Authority (OGRA) vide its decision dated 22 June 2018 decided that LPG producers, in public or private sector, cannot charge signature bonus in compliance with LPG Policy 2016. The Parent Company has challenged this decision in Islamabad High Court on 23 July 2018. The Parent Company has not held auction of LPG quota after direction of OGRA and hence no signature bonus has been received. From existing LPG quota holders, contract renewal fee amounting to Rs 6,238 million (2025: Rs 5,193 million) has been received. The Company believes that the matter will be decided in favour of the Company. Also refer note 30.1.
- 11.1.5** During the year ended 30 June 2022, Large Taxpayers Office Islamabad vide notices dated 05 October 2021 required all Exploration and Production (E&P) companies including OGDCL to provide information relating to the value of condensate sold during the period from July 2008 to September 2021, pursuant to the judgment of ATIR dated 08 September 2021 in case of another E&P company wherein the Appellate Tribunal Inland Revenue (ATIR) held that condensate is separate product other than crude oil and is subject to sales tax @ 17% against zero percent charged by the E&P companies. OGDCL and other E&P companies had filed writ petitions before Islamabad High Court challenging issuance of above notices dated 05 October 2021 and the Islamabad High Court, vide order dated 16 April 2025, has disposed of the petitions in favour of the companies and set aside the notices dated 05 October 2021. The Federal Board of Revenue had filed appeal before the Supreme Court of Pakistan (SCP) against the decision of the Islamabad High Court on 14 June 2025 which has been disposed off by SCP during the year on 25 September 2025 and referred the case to ADRC and the ADRC is in the process of being constituted. The Parent Company is confident that the matter will be decided in its favor.
- 11.1.6** Certain banks have issued guarantees on behalf of the Parent Company in ordinary course of business aggregating Rs 0.426 million (2025: Rs 1.281 million), refer note 27.1.
- 11.1.7** The Parent Company's share in the contingencies of associate based on the financial statements of associate amounts to Rs 1,072 million (2025: Rs Nil)
- 11.1.8** For contingencies related to income tax matters, refer note 25.1 to 25.5, 35.1 and 35.6.
- 11.1.9** For contingencies related to sales tax and federal excise duty, refer note 11.1.5, 22.1 and 22.2.
- 11.1.10** For matter relating to conversion of certain blocks to Petroleum Policy 2012, refer note 28.1.
- 11.1.11** As part of the investment in Pakistan International Oil Limited (PIOL), each associate of the consortium companies including OGDCL have provided, joint and several, parent company guarantees to Abu Dhabi National Oil Company (ADNOC) and Supreme Council for Financial and Economic Affairs Abu Dhabi, UAE to guarantee the obligations of the associate, PIOL. The exposure against the said guarantee as at year end amounts to US\$ Nil ; Rs: Nil (2025: US\$ 45 million; Rs: 12,785 million).

OREL

There were no material contingencies which warrant disclosure as at 30 June 2026 (2025: Rs Nil).

11.2 Commitments

- 11.2.1** Commitments outstanding at end of the year amounted to Rs 83,806 million (2025: Rs 81,413 million). These include amounts aggregating to Rs 44,842 million (2025: Rs 42,210 million) representing the Parent Company's share in the minimum work commitments under Petroleum Concession Agreements (PCAs). The Parent Company and its associate has given corporate guarantees to GoP under various PCAs for the performance of obligations.

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11.2.2 Letters of credit issued by various banks on behalf of the Group in ordinary course of the business, outstanding at year end amounted to Rs 15,114 million (2025: Rs 49,957 million).

11.2.3 The Group's share of associate commitments at year end are as follows:

	2026	2025
	----- (Rupees '000) -----	
Capital expenditure:		
Share in joint operations	2,014,394	1,048,509
Others	6,566,426	1,225,935
Other Investment	26,019,052	30,110,759
Commitment for capital expenditure	34,599,872	32,385,203
Outstanding minimum work commitments under various PCAs	8,278,672	4,868,520

11.2.4 As part of the Shareholders Agreement with the consortium partners in PIOL, associate, the Group has committed to invest upto US\$ 100 million in PIOL during the next five years from 31 August 2021 and the Group has invested the entire committed amount of US\$ 100 million till 30 June 2026. The Group's share of associate commitment in this respect amounts to US\$ Nil ; Rs Nil (2025: US\$ 3 million; Rs 852 million).

11.2.5 With respect to PMPL (note 15.3), the Group had earlier entered into a Joint Venture Agreement with the stakeholders, under which the Group had committed to invest a total amount of up to USD 398 million, to be adjusted for inflation, for funding its proportionate share during Phase-I of the Reko Diq project. During the year, the shareholders of the Group have approved to increase the investment amount to USD 715 million to be adjusted for actual inflation and financing costs. However, after accounting for the expected project financing to be obtained by RDMC, the proportionate shareholder contributions by the Group will be reduced to USD 391 million to be adjusted for actual inflation and financing costs. In addition, the Group has committed to contribute, in the form of equity, up to USD 1 million per year towards its proportionate share in the administrative expenses of PMPL. Furthermore, the Group has provided a several corporate guarantee to fund the obligations of the Group under the Definitive Agreements.

During the year, as part of the financing terms, the State Owned Enterprises (SOEs) have agreed to provide joint and several Completion Guarantees for their pro rata contributory share (which is equal to 27.7778%) of RDMC's secured debt obligations. This guarantee will remain effective until the project achieves financial completion, i.e., the date when specific criteria are met to demonstrate the required level of commercial operations.

Furthermore, the Group has also committed to enter into a Transfers Restriction Agreement required by the project lenders. This agreement mainly requires the SOEs, in aggregate, to maintain their existing shareholding percentage of 25% in RDMC until the project achieves financial completion. Post financial completion, the requirements are relaxed to maintain 10% shareholding in RDMC, until the project debt has been fully repaid. The Completion Guarantee and Transfer Restriction Agreement have not yet been executed.



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12 PROPERTY, PLANT AND EQUIPMENT

Description	Freehold land	Leasehold land	Buildings, offices and roads on freehold land	Buildings, offices and roads on leasehold land	Plant and machinery	Rigs	Pipelines	Office and domestic equipment	Office and technical data computers	Furniture and fixtures	Light and heavy vehicles	Right of use Assets (Note 9)	Decommissioning cost	Capital work in progress (Note 12.4)	Stores held for capital expenditure	Total
(Rupees '000)-																
Cost																
Balance as at 1 July 2024	304,015	54,039	4,809,029	10,439,976	169,680,502	5,454,729	15,429,104	1,857,656	3,114,036	261,601	6,589,233	-	2,751,290	6,215,501	6,061,063	233,021,774
Additions during the year	-	-	244,668	685,192	10,556,041	112,055	294,832	207,270	272,843	2,420	951,154	3,468,690	881,617	8,285,001	3,251,081	29,192,864
Revision due to change in estimate	-	-	(10,578)	(13,694)	(691,745)	-	(25,414)	-	-	-	-	-	(217,003)	-	-	(958,434)
Disposals/transfers during the year	-	-	(86)	-	(70,411)	(74,443)	(22,690)	(25,252)	(175,230)	(1,852)	(160,474)	-	-	(4,366,022)	(1,224,461)	(6,120,921)
Balance as at 30 June 2025	304,015	54,039	5,043,033	11,111,474	179,474,387	5,492,341	15,675,832	2,039,674	3,211,649	262,169	7,359,913	3,468,690	3,415,904	10,134,480	8,087,683	255,135,283
Balance as at 1 July 2025	304,015	54,039	5,043,033	11,111,474	179,474,387	5,492,341	15,675,832	2,039,674	3,211,649	262,169	7,359,913	3,468,690	3,415,904	10,134,480	8,087,683	255,135,283
Additions during the year	2,744,454	-	1,108,575	1,403,761	17,922,934	206,135	1,070,638	675,355	402,555	2,296	792,535	-	232,250	34,018,483	1,140,739	61,720,710
Revision due to change in estimate	-	-	(8,574)	(6,098)	(442,576)	-	(10,498)	-	-	-	-	-	32,634	-	-	(435,062)
Disposals/transfers during the year	-	-	-	(3,970)	(72,046)	(29,079)	-	(16,911)	(67,159)	(46)	(115,127)	-	-	(10,774,520)	(2,625,601)	(13,704,459)
Balance as at 30 June 2026	3,048,469	54,039	6,143,034	12,505,167	196,882,699	5,669,397	16,735,972	2,698,118	3,547,045	264,419	8,037,321	3,468,690	3,680,838	33,378,443	6,602,821	302,716,472
Accumulated depreciation																
Balance as at 1 July 2024	-	54,036	3,505,076	5,098,812	109,386,09	4,973,416	11,365,549	1,445,787	2,539,912	201,458	5,234,423	-	2,236,554	-	87,072	146,128,604
Charge for the year	-	-	143,110	557,668	8,545,222	137,620	1,035,353	106,898	317,440	11,026	400,876	94,082	219,679	-	-	11,568,974
On disposals	-	-	(85)	-	(70,223)	(74,394)	(22,681)	(24,671)	(172,575)	(1,809)	(112,724)	-	-	-	-	(479,162)
Balance as at 30 June 2025	-	54,036	3,648,101	5,656,480	117,861,08	5,036,642	12,378,221	1,528,014	2,584,777	210,675	5,522,575	94,082	2,456,633	-	87,072	157,218,416
Balance as at 1 July 2025	-	54,036	3,648,101	5,656,480	117,861,08	5,036,642	12,378,221	1,528,014	2,584,777	210,675	5,522,575	94,082	2,456,633	-	87,072	157,218,416
Charge for the year	-	-	160,356	599,197	8,950,098	105,014	812,354	177,804	355,266	10,208	552,579	346,869	149,365	-	-	12,219,120
On disposals	-	-	-	(3,969)	(71,906)	(29,054)	-	(16,539)	(63,301)	(42)	(81,165)	-	-	-	(66,954)	(352,930)
Balance as at 30 June 2026	-	54,036	3,808,457	6,251,708	126,739,300	5,112,602	13,190,585	1,689,279	2,976,742	220,841	5,993,989	440,951	2,605,998	-	20,118	169,104,606
Accumulated impairment																
Balance as at 1 July 2024	-	-	-	-	53,612	-	333	-	-	-	1,079	-	327	-	-	55,351
Charge for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 30 June 2025	-	-	-	-	53,612	-	333	-	-	-	1,079	-	327	-	-	55,351
Balance as at 1 July 2025	-	-	-	-	53,612	-	333	-	-	-	1,079	-	327	-	-	55,351
Charge for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 30 June 2026	-	-	-	-	53,612	-	333	-	-	-	1,079	-	327	-	-	55,351
Carrying amount- 30 June 2025	304,015	3	1,394,932	5,454,994	61,559,667	455,699	3,297,278	511,660	526,872	51,494	1,836,259	3,374,608	958,944	10,134,480	8,000,611	97,861,516
Carrying amount- 30 June 2026	3,048,469	3	2,334,577	6,253,459	70,089,787	556,795	3,545,054	1,008,839	570,303	43,578	2,042,253	3,027,739	1,074,513	33,378,443	6,582,703	133,556,515
Rates of depreciation (%)	-	3.3-4	2.5-8	2.5-8	4-20	10	10	15	33.33	10	20	10	2.5-10	-	-	-

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OIL AND GAS DEVELOPMENT COMPANY LIMITED
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12.1 Particulars of the Group's significant immovable property including location and area of land are as follows:

Particulars of land and buildings	Field/ Location	District	Area of land in Acres
Dakhni plant residential colony	Dakhni	Attock	65.58
Dakhni (expansion of plant)	Dakhni	Attock	7.04
Sadqal road	Sadqal	Attock	1.33
I-9 workshop/ store/ OGTI Islamabad	Base store I-9	Islamabad	10.91
Head office	Head office blue area	Islamabad	0.73
Masood Mansion	F-8 Markaz	Islamabad	0.33
Plot	Kuri road	Islamabad	10.00
Plant residential colony	Nandpur	Multan	21.54
Plant residential colony	Dhodhak plant	Taunsa	381.82
Regional office Multan/ Dhodak colony	Samajabad	Multan	31.92
Kot Adu logistic base	Kot Adu	Taunsa	29.74
Plot	Quetta (Mastung)	Quetta	40.99
Filling point	Tando Alam	Hyderabad	20.28
Officers residential colony	Tando Alam	Hyderabad	11.02
Plant residential colony	Bobbi	Sanghar	46.00
Plant residential colony	Qadirpur	Ghotki	389.63
Uch pipeline	Uch	Dera Bugti	107.30
Uch gas field	Uch	Dera Bugti	5,032.20
Mela to Naspha flow line	Mela	Karak	15.84
Tabular yard	Korangi	Karachi	2.53
Base store/ workshop	Korangi	Karachi	15.60
Medical center	Korangi	Karachi	0.15
Lodge, D-35	Clifton	Karachi	0.20
Computer center	Fateh Jang	Attock	0.50
Security check post	Nashpa plant	Karak	14.99
Base Store	Khadejee	Karachi	61.00
Base Store	Chak Naurang	Chakwal	2.46
Dhuliyani guest house	Pindi Gheb	Attock	0.25
Shiekhan	Togh	Kohat	24.58

12.2 Cost and accumulated depreciation as at 30 June 2026 include Rs 79,126 million (2025: Rs 75,259 million) and Rs 63,276 million (2025: Rs 58,891 million) respectively being the Group's share in operating property, plant and equipment relating to joint operations operated by other working interest owners and are not in possession of the Group.

Operator wise breakup in respect of capitalized items is summarized below:

	2026	2025	2026	2025
	Cost		Accumulated depreciation	
	----- (Rupees '000) -----			
Pakistan Petroleum Limited	11,300,280	11,234,178	9,236,948	9,077,320
Prime Pakistan Limited	25,617,658	25,201,245	24,641,826	23,643,524
Pakistan Oilfields Limited	926,027	911,615	900,721	888,751
United Energy Pakistan Limited	3,312,813	2,929,480	2,795,753	2,680,372
Spud Energy Pty Limited	123,867	123,663	123,662	123,663
Orient Petroleum Inc.	333,898	330,941	324,093	308,432
MOL Pakistan Oil and Gas B.V.	22,127,243	20,270,558	18,021,582	15,619,585
UEP Beta GmbH	6,303,398	6,350,633	6,270,893	6,255,076
Mari Energies Limited	8,840,690	7,667,185	798,973	171,132
Petroleum Exploration (Pvt) Limited	240,348	239,256	161,729	123,246
	79,126,222	75,258,754	63,276,180	58,891,101

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OIL AND GAS DEVELOPMENT COMPANY LIMITED
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	Note	2026 ------(Rupees '000)-----	2025
12.3 The depreciation charge has been allocated to:			
Operating expenses	29	10,839,618	10,410,230
General and administration expenses	32	403,875	285,860
Technical services		975,627	872,884
		<u>12,219,120</u>	<u>11,568,974</u>

12.4 Capital work in progress

Production facilities and other civil works in progress:

Wholly owned

Joint operations

21,675,835	3,983,815
9,013,802	4,089,572
30,689,637	8,073,387

Construction cost of field offices and various bases /offices owned by the Group

2,688,806	2,061,093
<u>33,378,443</u>	<u>10,134,480</u>

12.5 Details of property, plant and equipment sold:

	Cost	Book value	Sale proceeds	Gain /(loss)
	------(Rupees '000)-----			
Vehicles sold to following in-service /retiring employees as per the Group's policy:				
Mr. Sohail Anwar	8,655	5,626	5,626	-
Mr. Safdar Ali Channa	5,679	4,827	4,827	-
Mr. Ghulam Abbas	5,070	3,296	3,296	-
Mr. Sartaj Ahmed	5,070	3,127	3,127	-
Mr. Manzoor Ahmed	5,058	3,035	3,035	-
Mr. Ahmed Khan	4,492	4,042	4,042	-
Mr. Nazir Hussain	4,366	2,256	2,256	-
Mr. Iqbal Moin	4,314	3,235	3,235	-
Mr. Muhammad Munir Awan	4,314	3,307	3,307	-
Mr. Ahsan Ali Shaikh	2,729	274	274	-
Mr. Sikandar Ali Shaikh	2,729	274	274	-
Mr. Asif Kamal Hamesh	2,729	92	273	181
Mr. Sadiq ur Rehman	2,729	1	273	272
Mr. Abdul Hameed	2,729	1	273	272
Mr. Muhammad Ali Khan	2,729	274	274	-
Mr. Mukhtar Ahmad Sajid	1,770	266	266	-
	<u>65,162</u>	<u>33,933</u>	<u>34,658</u>	<u>725</u>
Computers /mobile phones, with individual book value not exceeding Rs 500,000, sold to employees as per the Group's policy	58,047	3,700	8,530	4,830
Property, plant and equipment sold through public auction:	180,672	728	93,144	92,416
Items written off:	457	1	-	(1)
2026	<u>304,338</u>	<u>38,362</u>	<u>136,332</u>	<u>97,970</u>
2025	<u>530,439</u>	<u>51,276</u>	<u>206,941</u>	<u>155,665</u>

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13 DEVELOPMENT AND PRODUCTION ASSETS

Description	Producing fields		Shut-in fields /fields in development		Stores held for development and production activities	Wells in progress (Note 13.1)	Sub total	Decommissioning cost	Total
	Wholly owned	Joint operations	Wholly owned	Joint operations					
(Rupees '000)									
Cost									
Balance as at 1 July 2024	104,993,676	183,853,233	25,563,967	43,962,796	2,087,369	7,518,465	367,979,506	26,959,722	394,939,228
Transfers between producing fields and shut-in fields /fields in development	2,052,115	12,365,466	(2,052,115)	(12,365,466)	-	-	-	-	-
Additions during the year	-	-	-	-	12,531,769	9,603,938	22,135,707	840,656	22,976,363
Transfers in /(out) during the year									
-Wells	4,673,643	4,950,248	3,581	1,888,636	-	(11,516,108)	-	-	-
-Stores	-	-	-	-	(2,294,256)	-	(2,294,256)	-	(2,294,256)
Transfer from exploration and evaluation assets during the year	8,053,109	787,853	6,246,850	9,383,115	-	-	24,470,927	-	24,470,927
Revision due to change in estimate	(1,033,959)	(654,435)	-	(72,797)	-	-	(1,761,191)	(1,757,201)	(3,518,392)
Balance as at 30 June 2025	118,738,584	201,302,365	29,762,283	42,796,284	12,324,882	5,606,295	410,530,693	26,043,177	436,573,870
Balance as at 1 July 2025	118,738,584	201,302,365	29,762,283	42,796,284	12,324,882	5,606,295	410,530,693	26,043,177	436,573,870
Transfers between producing fields and shut-in fields /fields in development	4,001,795	3,939,293	(4,001,795)	(3,939,293)	-	-	-	-	-
Additions during the year	-	-	-	-	13,031,149	33,022,730	46,053,879	1,188,910	47,242,789
Transfers in /(out) during the year									
-Wells	10,854,144	9,054,870	7,766	1,994,503	-	(21,911,283)	-	-	-
-Stores	-	-	-	-	(12,565,683)	-	(12,565,683)	-	(12,565,683)
Transfer from exploration and evaluation assets during the year	11,275,810	10,557,237	-	4,389,263	-	-	26,222,310	-	26,222,310
Revision due to change in estimate	(1,576,635)	(547,228)	-	(122,323)	-	-	(2,246,186)	(2,696,557)	(4,942,743)
Balance as at 30 June 2026	143,293,698	224,306,538	25,768,254	45,118,434	12,790,348	16,717,741	467,995,013	24,535,530	492,530,543
Accumulated amortization									
Balance as at 1 July 2024	80,971,030	149,821,956	7,461,561	9,069,480	-	-	247,324,027	16,035,170	263,359,197
Transfers between producing fields and shut-in fields /fields in development	(166,919)	749,259	166,919	(749,259)	-	-	-	-	-
Charge for the year	7,028,074	13,858,027	-	-	-	-	20,886,101	2,172,470	23,058,571
Balance as at 30 June 2025	87,832,185	164,429,242	7,628,480	8,320,221	-	-	268,210,128	18,207,640	286,417,768
Balance as at 1 July 2025	87,832,185	164,429,242	7,628,480	8,320,221	-	-	268,210,128	18,207,640	286,417,768
Transfers between producing fields and shut-in fields /fields in development	(3,535,388)	(4,299,975)	3,535,388	4,299,975	-	-	-	-	-
Charge for the year	8,497,608	16,155,858	-	-	-	-	24,653,456	1,671,731	26,325,197
Balance as at 30 June 2026	92,794,405	176,285,125	11,163,868	12,620,196	-	-	292,863,594	19,879,371	312,742,965
Accumulated impairment									
Balance as at 1 July 2024	3,344,091	1,004,360	4,341,760	1,920,296	-	-	10,610,507	533,845	11,144,352
Charge for the year	-	-	-	-	-	-	-	-	-
Balance as at 30 June 2025	3,344,091	1,004,360	4,341,760	1,920,296	-	-	10,610,507	533,845	11,144,352
Balance as at 1 July 2025	3,344,091	1,004,360	4,341,760	1,920,296	-	-	10,610,507	533,845	11,144,352
Charge for the year	-	-	-	-	-	-	-	-	-
Balance as at 30 June 2026	3,344,091	1,004,360	4,341,760	1,920,296	-	-	10,610,507	533,845	11,144,352
Carrying amount- 30 June 2025	27,562,308	35,868,763	17,792,043	32,555,767	12,324,882	5,606,295	131,710,058	7,301,692	139,011,750
Carrying amount- 30 June 2026	47,155,202	47,017,053	10,262,626	30,577,942	12,790,348	16,717,741	164,520,912	4,122,314	168,643,226

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OIL AND GAS DEVELOPMENT COMPANY LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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	Note	2026 ------(Rupees '000)-----	2025 ------(Rupees '000)-----
13.1 Wells in progress at year end represent:			
Wholly owned		4,063,461	464,521
Joint operations		12,654,281	5,141,774
		<u>16,717,742</u>	<u>5,606,295</u>
14 EXPLORATION AND EVALUATION ASSETS			
Balance at beginning of the year		23,674,238	18,552,999
Additions during the year		31,304,226	33,825,293
		<u>54,978,464</u>	<u>52,378,292</u>
Cost of dry and abandoned wells during the year	31	(6,160,917)	(4,233,127)
Cost of wells transferred to development and production assets during the year		(26,222,310)	(24,470,927)
		<u>(32,383,227)</u>	<u>(28,704,054)</u>
		<u>22,595,237</u>	<u>23,674,238</u>
Stores held for exploration and evaluation activities		7,057,192	5,265,580
Balance at end of the year		<u>29,652,429</u>	<u>28,939,818</u>
14.1 Liabilities, other assets and expenditure incurred on exploration and evaluation activities are:			
Liabilities related to exploration and evaluation		<u>3,644,231</u>	<u>3,899,400</u>
Exploration and prospecting expenditure	31	<u>28,780,511</u>	<u>18,766,791</u>
14.2 The cash outflow relating to exploration and evaluation activities including prospecting expenditure amounts to Rs 55,971 million (2025: Rs 51,292 million).)			
	Note	2026 ------(Rupees '000)-----	2025 ------(Rupees '000)-----
15 LONG TERM INVESTMENTS IN ASSOCIATES			
Investment in associates:			
Mari Energies Limited, quoted	15.1	64,710,602	54,525,502
Pakistan International Oil Limited, unquoted	15.2	23,418,870	19,929,016
Pakistan Minerals (Private) Limited, unquoted	15.3	90,693,473	63,185,617
		<u>178,822,945</u>	<u>137,640,135</u>
15.1 Mari Energies Limited, quoted			
Mari Energies Limited			
Cost of investment [240,124,500 (2025: 240,124,500) fully paid ordinary shares of Rs 10 each including 232,774,500 (2025: 232,774,500) bonus shares]		73,500	73,500
Post acquisition total comprehensive income brought forward		<u>54,452,001</u>	<u>45,026,439</u>
		<u>54,525,501</u>	<u>45,099,939</u>
Share of profit for the year- net of taxation		<u>17,375,640</u>	<u>13,073,786</u>
Share of remeasurement (loss) /gain on defined benefit plans- net of taxation		7,554	(39,177)
Share of effect of translation of investment in foreign associate		(54,390)	(63,652)
Dividend received		<u>(7,143,703)</u>	<u>(3,545,394)</u>
		<u>10,185,101</u>	<u>9,425,563</u>
		<u>64,710,602</u>	<u>54,525,502</u>

Mari Energies Limited (MEL) is a listed company incorporated in Pakistan and is principally engaged in exploration, production and sale of hydrocarbons in Pakistan. The Parent Company has 20% (2025: 20%) holding in the associate. The market value of the investment in associate as at year end is Rs 161,914 million (2025: Rs 150,532 million).

During the year ended 30 June 2025, MEL issued 213,444,000 bonus shares to the Parent Company in the ratio of eight shares for every one share held after collection of tax under the Income Tax Ordinance, 2001 from the Parent Company amounting to Rs 9,498 million, equal to ten- percent of the market value of the bonus shares to be issued to the Parent Company, which was charged as taxation expense during the year ended 30 June 2025. As at the year end, 2,001,042 bonus shares (2025: 2,001,042 bonus shares) have been withheld by MEL due to pending resolution of issue relating to withholding tax on issuance of bonus shares.

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Share of profit of associate and the below summarized financial information of the associate is based on the amounts presented in the annual audited financial statements of the associate for the year ended 30 June 2026 (2025: year ended 30 June 2025).

	2026	2025
	----- (Rupees '000) -----	
Summarized statement of financial position		
Current assets	191,941,930	203,091,785
Assets classified as held for sale	-	720,000
Non-current assets	306,297,920	221,646,348
Current liabilities	(72,249,093)	(68,698,955)
Non-current liabilities	(96,479,806)	(82,860,379)
Net assets	329,510,951	273,898,799
Non controlling interest of associate	(6,999,091)	(2,012,082)
Net assets attributable to the Group	322,511,860	271,886,717
Reconciliation to carrying amounts:		
Opening net assets	271,886,517	224,907,666
Total comprehensive income for the year	86,644,018	64,854,786
Dividends paid	(36,018,675)	(17,875,935)
Closing net assets	322,511,860	271,886,517
Parent Company's percentage shareholding in the associate	20%	20%
Parent Company's share in carrying value of net assets	64,502,372	54,377,303
Others- effect of dividends due to pending issue of bonus shares	208,230	148,199
Carrying amount of investment	64,710,602	54,525,502
Summarized statement of comprehensive income		
Revenue for the year- gross	218,008,203	200,214,139
Profit for the year	86,878,198	65,368,932
Other comprehensive loss for the year	(234,180)	(514,146)
Total comprehensive income for the year	86,644,018	64,854,786
Share of comprehensive income	17,328,804	12,970,957

15.2 Pakistan International Oil Limited, unquoted

Pakistan International Oil limited		
Cost of investment		
[10,000,000 (2025: 8,500,000) fully paid ordinary shares of USD 10 each].	24,626,250	20,426,250
Post acquisition loss brought forward	(497,234)	(1,168,177)
	24,129,016	19,258,073
Share of (loss) / profit for the year- net of taxation		
Effect of translation of investment	(293,007)	306,257
	(417,139)	364,686
	(710,146)	670,943
	23,418,870	19,929,016

Pakistan International Oil Limited (PIOL) is a company engaged in the business of extraction of oil and natural gas in the Emirate of Abu Dhabi and is registered as a limited liability company in the Emirate of Abu Dhabi and incorporated in Abu Dhabi Global Market. Each consortium company (investors) which includes OGDC, MEL, Pakistan Petroleum Company Limited (PPL) and Government Holdings (Private) Limited (GHPL) have a 25% equity stake in PIOL. The concession agreement between PIOL and Abu Dhabi National Oil Company (ADNOC) was signed on 31 August 2021 and the Offshore Block 5 was awarded to PIOL. Till 30 June 2026, the Parent Company has subscribed 10 million ordinary shares of PIOL (2025: 8.5 million ordinary shares) by paying USD 100 million; Rs 24,626 million (2025: USD 85 million; Rs 20,426 million).

On 11 June 2025, the Supreme Council for Financial and Economic Affairs (SCFEA) awarded the Production Concession Agreement to ADNOC and PIOL in respect of Offshore Block 5 with PIOL holding 40% participating interest in the concession.

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The share of income of PIOL and the below summarized financial information is based on the audited financial statements of the associate for the period upto to 31 December 2025, adjusted for transactions and events upto 30 June 2026 based on management accounts, in USD, converted to PKR at closing exchange rate.

	2026	2025
	----- (Rupees '000) -----	
Summarized statement of financial position		
Current assets	63,140,427	54,938,350
Non-current assets	33,752,864	34,663,750
Current liabilities	(2,270,004)	(9,150,386)
Non-current liabilities	(947,811)	(735,655)
Net assets	<u>93,675,476</u>	<u>79,716,059</u>

Reconciliation to carrying amounts:

Parent Company's percentage shareholding in the associate	25%	25%
Parent Company's share in carrying value of net assets	<u>23,418,870</u>	<u>19,929,016</u>

Summarized statement of comprehensive income

Total comprehensive income /(loss) for the year	<u>(1,172,028)</u>	<u>1,225,028</u>
Share of comprehensive income /(loss)	<u>(293,007)</u>	<u>306,257</u>

15.3 Pakistan Minerals (Private) Limited - associate, unquoted

Cost of investment [516,420,680 (2025: 516,420,680) fully paid ordinary shares of Rs 10 each] (including advance of Rs 31,235,281 thousand) (2025: Rs 2,601,036 thousand)].

Post acquisition total comprehensive income brought forward	83,119,891	54,485,646
	<u>8,699,971</u>	<u>10,457,592</u>
	<u>91,819,862</u>	<u>64,943,238</u>
Share of loss for the year- net of taxation	(490,920)	(705,385)
Share of effect of translation of investment in foreign associate- net of taxation	(635,347)	(1,053,521)
Share of remeasurement (loss) / gain on defined benefit plan of associate	(122)	1,285
	<u>(1,126,389)</u>	<u>(1,757,621)</u>
	<u>90,693,473</u>	<u>63,185,617</u>

The Parent Company has invested in the project company, i.e. Reko Diq Mining Company (Private) Limited (RDMC) through Pakistan Minerals (Private) Limited (PMPL), an entity incorporated and operating in Pakistan with collective representation of the Parent Company, PPL and GHPL, together called the State-Owned Enterprises (SOEs). RDMC is engaged in the mineral exploration activities in Pakistan. PMPL holds an indirect working interest of 25% (8.33% of each SOE) in the RDMC through offshore holding companies namely Reko Diq Holdings Limited and Reko Diq Investments Limited (hereinafter referred to as "Holdcos"). RDMC is incorporated in Pakistan and Holdcos are incorporated in Bailiwick of Jersey. The Parent Company's equity interest in PMPL is 33.33% with an effective interest of 8.33% in RDMC. The SOEs have representation on the Boards of Holdcos and RDMC through PMPL.

PMPL through resolution dated 14 May 2025 had increased the paid-up capital of the company by the issue of a further 1,549,250,040 ordinary shares of face value of PKR 10 each at a subscription price of Rs 100 each, through rights issue by offering the shares to existing members of PMPL, in proportion to their existing shareholding. Accordingly, the Parent Company subscribed 516,416,680 ordinary shares of face value PKR 10 along with the premium. The total shares subscribed by the Parent Company in PMPL now stands at 516,420,680.

During the year, Barrick Mining Corporation (BMC), the Operator, announced that it was reviewing all aspects of the Reko Diq project including the security situation in the region. On 02 April 2026, BMC announced that following the preliminary findings of the review, BMC considers it necessary to slow the development activity and extend the project review. This review is ongoing and will also assess in a comprehensive manner the capital requirements, project financing, project scope and timeline. It is anticipated by BMC that there could be changes to the estimated capital cost and timeline for the project.

During the year, the Parent Company has made further equity contribution amounting to Rs 28,634 million in PMPL.

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Financial information of PMPL is summarized below, which is based on the audited financial statements of the associate for the year ended 30 June 2026.

	Note	2026 ------(Rupees '000)-----	2025
Summarized statement of financial position			
Current assets		10,343,917	195,430
Non-current assets		274,903,931	205,792,601
Current liabilities		(250,055)	(184,999)
Non Current liabilities		(13,750,412)	(16,970,053)
Net assets		<u>271,247,381</u>	<u>188,832,979</u>
Reconciliation to carrying amounts:			
Parent Company's percentage shareholding in the associate		33.33%	33.33%
Parent Company's share in carrying value of net assets		90,415,794	62,944,326
Others- Exchange rate difference in equity contribution		277,679	241,291
		<u>90,693,473</u>	<u>63,185,617</u>
Summarized statement of comprehensive income			
Total comprehensive loss for the year		<u>(3,379,167)</u>	<u>(5,272,863)</u>
Share of comprehensive loss		<u>(1,126,389)</u>	<u>(1,757,621)</u>
16 LONG TERM INVESTMENTS AT AMORTISED COST			
Pakistan Investment Bonds (PIBs)	16.1	21,260,124	20,701,527
Term Finance Certificates (TFCs)	16.2	-	84,104,789
		<u>21,260,124</u>	<u>104,806,316</u>
Less: Current portion shown under current assets			
Pakistan Investment Bonds (PIBs)		(404,870)	(415,882)
Term Finance Certificates (TFCs)		-	(84,104,789)
		<u>(404,870)</u>	<u>(84,520,671)</u>
		<u>20,855,254</u>	<u>20,285,645</u>

16.1 This represents PIBs received from Uch Power Private Limited against partial settlement of overdue trade receivables on 27 June 2023 and 04 July 2023. Face value and fair value of the PIBs on the date of initial recognition amounted to Rs 21,866 million and Rs 20,286 million respectively and are carried at floating interest rate of 11.86% per annum (2025: 11.97% per annum) having maturity period of 8 years and are due for maturity in the year 2031.

16.2 This represented investment in privately placed TFCs amounting to Rs 82,000 million. In 2013, the Government of Pakistan (GoP), for partial resolution of circular debt issue prevailing in the energy sector, approved issuance of TFCs amounting to Rs 82,000 million by Power Holding Limited (PHL), which is a government owned entity and a related party. These TFCs were subscribed by the Parent Company in order to settle its overdue receivables from oil refineries and gas companies.

As per original terms of investor agreement between the Parent Company and PHL, TFCs were 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 was to be paid in eight (8) equal instalments starting from 42nd month of date of transaction. National Bank of Pakistan executed the transaction on 10 September 2012 as Trustee. These TFCs were secured by Sovereign Guarantee of the GoP, covering the principal, mark-up, and /or any other amount becoming due for payment in respect of investment in TFCs.

On 23 October 2017, PHL communicated to the Parent 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 82,000 million from seven (7) years to ten (10) years including extension in grace period from three (3) years to six (6) 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 Parent Company shall be agreed by PHL.

On 26 June 2024, an addendum to the agreement was signed with PHL for the settlement of TFCs. As per the terms of the addendum, the overdue principal amount of Rs 82,000 million was received on 27 June 2024 and the interest accrued up to that date of Rs 92,718 million was to be received in twelve (12) equal monthly installments commencing from July 2025 and the unrecognized liquidated damages were waived off. There will be no interest on unpaid interest. Considering the significant modification of the terms of TFCs, the carrying amount of the existing financial asset of Rs 174,718 million was derecognized and a new financial asset of Rs 151,610 million was recognized resulting in a loss on modification in terms of TFCs of Rs 23,108 million in the financial statements for the year ended 30 June 2024.

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During the year, an effective interest income representing unwinding of discounted cash flows as per modified terms of TFCs amounting to Rs 8,613 million (2025: Rs 14,495 million) has been recognised in the profit or loss. Further the entire amount of Rs 92,718 million (2025: Rs Nil) has been received from PHL in respect of the aforementioned interest and no amount is outstanding as at year end.

	Note	2026 ------(Rupees '000)-----	2025 ------(Rupees '000)-----
17 LONG TERM LOANS- SECURED			
Loans to employees	17.1	9,651,394	13,602,287
Current portion shown under loans and advances		(2,579,768)	(2,338,296)
		<u>7,071,626</u>	<u>11,263,991</u>
17.1 Loans to employees	17.1.1	14,578,273	13,602,287
Impact of fair value of loan		(4,926,879)	-
		<u>9,651,394</u>	<u>13,602,287</u>
Current portion shown under loans and advances		(2,579,768)	(2,338,296)
		<u>7,071,626</u>	<u>11,263,991</u>
17.1.1 Movement of carrying amount of long term loans to employees:			
Balance at beginning of the year		13,602,287	12,511,400
Disbursements		3,681,455	3,474,227
Repayments		(2,705,469)	(2,383,340)
Balance at end of the year		<u>14,578,273</u>	<u>13,602,287</u>
17.2	The loans are granted to the employees of the Parent Company in accordance with the Group's service rules. House building and conveyance loans are for maximum period of 15 and 7 years respectively. Included in these are loans of Rs 14,575 million (2025: Rs 13,523 million) which carry no interest. The balance amount carries an effective interest rate of 17.74% (2025: 17.84%) per annum. From the current year, interest free loans to employees have been discounted to their present value of future cash flows in these consolidated financial statements.		

17.3 Loans to employees include an amount of Rs 57 million (2025: Rs 35 million) receivable from key management personnel. Maximum aggregate amount outstanding from key management personnel at the end of any month during the year was Rs 104 million (2025: Rs 65 million).

	2026 ------(Rupees '000)-----	2025 ------(Rupees '000)-----
18 LONG TERM ADVANCES AND PREPAYMENTS		
Advances - considered good	-	2,677,000
Prepayments		
Prepaid employee benefit	6,913,040	-
Others	2,696,212	1,344,001
	<u>9,609,252</u>	<u>4,021,001</u>

19 LEASE RECEIVABLES

Net investment in lease has been recognized on Gas Sale Agreements (GSAs) with power companies i.e. Uch Power (Private) Limited (UPL) and Uch-II Power (Private) Limited (Uch-II) as follows:

	Note	2026 ------(Rupees '000)-----	2025 ------(Rupees '000)-----
Net investment in lease	19.1	101,012,655	140,894,502
Less: Current portion of net investment in lease	19.2	(28,233,693)	(48,696,323)
		<u>72,778,962</u>	<u>92,198,179</u>
19.1 Movement during the year in net investment in lease:			
Balance at the beginning of the year		140,894,502	155,470,356
Interest income		17,211,606	19,399,542
Exchange gain /(loss)		(1,953,197)	2,028,558
Interest income received during the year		(32,215,352)	(25,265,187)
Principal repayments during the year		(22,924,904)	(10,738,767)
Balance at the end of the year		<u>101,012,655</u>	<u>140,894,502</u>

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19.2 Current portion of net investment in lease includes amounts billed to customers of Rs 10,648 million (2025: Rs 33,654 million) out of which Rs 7,208 million (2025: Rs 30,226 million) is overdue on account of inter-corporate circular debt. As disclosed in note 2.1.2, SECP has deferred the applicability of ECL model till financial year ending on or before 31 December 2026 on debts due directly or ultimately from the GoP in consequence of the circular debt. The amount is considered to be fully recoverable as the GoP is committed, hence continuously pursuing for satisfactory settlement of inter-corporate circular debt issue. The Parent Company has contractual right and is entitled to charge interest if lease payments are delayed beyond agreed payment terms, however, the same is recognized when received by the Parent Company.

19.3 Following is the maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date:

	Note	2026 ------(Rupees '000)-----	2025 ------(Rupees '000)-----
Less than one year		42,395,573	66,046,159
One to two years		31,747,518	32,391,703
Two to three years		14,906,862	32,391,703
Three to four years		9,293,310	15,209,335
Four to five years		9,293,310	9,481,879
Beyond year 5		72,023,148	82,966,443
Total undiscounted lease receivable- gross investment in lease		179,659,721	238,487,222
Unearned finance income		(78,647,066)	(97,592,720)
Net investment in lease		<u>101,012,655</u>	<u>140,894,502</u>

20 STORES, SPARE PARTS AND LOOSE TOOLS

Stores, spare parts and loose tools		30,795,608	33,807,977
Stores and spare parts in transit		1,419,908	2,862,423
		<u>32,215,516</u>	<u>36,670,400</u>
Provision for slow moving, obsolete and in transit stores	20.1	(7,353,973)	(6,977,032)
		<u>24,861,543</u>	<u>29,693,368</u>

20.1 Movement of provision for slow moving, obsolete and in transit stores

Balance at beginning of the year		6,977,032	6,833,850
Provision for the year	29	376,941	143,182
Balance at end of the year		<u>7,353,973</u>	<u>6,977,032</u>

21 TRADE DEBTS

Un-secured- considered good		594,845,141	613,660,983
Un-secured- considered doubtful		37,421	78,527
		<u>594,882,562</u>	<u>613,739,510</u>
Provision for doubtful trade debts		(37,421)	(78,527)
		<u>594,845,141</u>	<u>613,660,983</u>

21.1 Trade debts include overdue amount of Rs 508,170 million (2025: Rs 549,976 million) on account of inter-corporate circular debt, receivable from oil refineries, gas companies and power producers out of which Rs 251,435 million (2025: Rs 264,208 million) and Rs 241,469 million (2025: Rs 231,980 million) are overdue from related parties, Sui Northern Gas Pipeline Limited and Sui Southern Gas Company 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 Parent Company's trade debts. The Parent Company considers this amount to be fully recoverable because the Government of Pakistan has been assuming the responsibility to settle the inter-corporate circular debt in the energy sector. The Parent Company recognizes interest /surcharge, if any, on delayed payments from customers when the interest /surcharge on delayed payments is received by the Parent Company. As disclosed in note 2.1.2, SECP has deferred the applicability of ECL model till financial year ending on or before 31 December 2026 on financial assets due directly or ultimately from the GoP in consequence of the circular debt.

21.2 Total amount due from related parties as on 30 June 2026 is Rs 544,676 million (2025: Rs 535,464 million) and maximum amount due at the end of any month during the year was Rs 563,634 million (2025: Rs 535,464 million). For party wise details refer note 43 and for aging of amount due from related parties, refer note 39.1.3.

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	Note	2026 ------(Rupees '000)-----	2025 ------(Rupees '000)-----
22 LOANS AND ADVANCES			
Advances considered good:			
Suppliers and contractors		820,484	923,820
Sales tax	22.1 & 22.2	6,699,617	3,569,788
Excise duty		186,717	-
Adhoc salaries, festival and other advances to employees		3,817,071	4,079,618
Others		49,298	51,727
		11,573,187	8,624,953
Receivable from partners in joint operations		9,687,666	11,321,413
Current portion of long term loans- secured	17	2,579,768	2,338,296
		23,840,621	22,284,662
Advances considered doubtful		184,827	187,655
		24,025,448	22,472,317
Provision for doubtful advances		(184,827)	(187,655)
		23,840,621	22,284,662

- 22.1** This includes an amount of Rs 3,180 million (2025: 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 Parent Company on 15 April 2013. The FBR granted time relaxation to the Parent 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 (Private) Limited (UPL) challenged the grant of time relaxation /condonation to the Parent Company by FBR before Islamabad High Court. On 27 December 2013, the Honorable Court decided the matter in favor of the Parent Company. In light of the Islamabad High Court decision, the Parent 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. FBR responded that as per the decision of Islamabad High court no condonation is required for payment of sale tax and accordingly also withdrew the earlier granted condonation for Rs 750 million vide letter dated 12 July 2017.

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 Parent Company. In January 2017, UPL filed a Civil Petition for Leave to Appeal (CPLA) against the Parent Company and others, before the Honorable Supreme Court of Pakistan against the decision of IHC. On 21 August 2023, the Honorable Supreme Court of Pakistan dismissed UPL's CPLA as infructuous on the grounds that FBR had withdrawn their earlier granted condonation dated 30 June 2012, vide letter dated 12 July 2017.

As per the direction of the Honorable Islamabad High Court, for the period July 2008 onward, debit notes can be issued without condonation of time relaxation. However, for revision of sales tax returns/issuance of debit notes (for period before July 2008) condonation of time relaxation is required from FBR. During the year ended on 30 June 2025, the Parent Company filed writ petition 2942 of 2025 before the Islamabad High Court (IHC) against the revocation of condonation by the FBR. This writ petition was disposed of by IHC vide order dated 16 December 2025 with directions to FBR to decide the issue of condonation within 30 days. Large Taxpayers office Islamabad has furnished a fresh recommendation to FBR vide its letter dated 16 February 2026 for condonation of time period on securing mutual consent between the Company and UPL. Constitution of Condonation Committee by FBR under 74, of the Sales Tax Act, 1990 is pending. The Company is confident that the matter will ultimately be decided in favor of the Parent Company. Accordingly, no provision in this respect has been made in these consolidated financial statements.

- 22.2** This also includes recoveries of Rs 317 million (2025: 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 6,968 million (2025: Rs 6,708 million) relating to periods July 2011 to June 2014. The Appellate Tribunal Inland Revenue (ATIR) has accepted the Parent Company's appeals and annulled the demands passed by the tax authorities being void ab-initio and without jurisdiction. The Commissioner Inland Revenue (CIR) has filed sales tax reference before Islamabad High Court (IHC) against judgment of ATIR on 09 February 2018. IHC through its judgement dated 15 November 2023 set aside the order of ATIR and directed ATIR to decide the matter on merits. For the periods July 2012 to June 2013, ATIR has remanded back the demand of Rs 1,821 million vide its order dated 29 May 2024 to the assessing officer with the direction to decide the matter afresh and the matter in respect of demand for the period July 2013 to June 2014 amounting to Rs 4,887 million is currently pending with ATIR.

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For the periods July 2011 to June 2012 the ATIR decided the case in favour of the Group vide order dated 29 May 2024, against which the CIR filed sales tax reference before the IHC. The IHC vide order dated 3 June 2025, referred the case to the Alternate Dispute Resolution Committee (ADRC), against which the Group had filed appeal before the Supreme Court of Pakistan, please refer note 35.5 for further details. These demands were raised by tax authorities due to difference between computation of sales and production reported by the Group in its sales tax returns and sales and production based on other sources of data.

During the year ended 30 June 2021, additional demand of Rs 9,668 million (2025: Rs 9,668 million) relating to periods 2017-18 and 2018-19 were raised on the same issue by the Deputy Commissioner Inland Revenue (DCIR), against which, the Parent Company had filed appeals before Commissioner Inland Revenue (Appeals) (CIRA). CIRA vide orders dated 29 November 2022 remanded back the cases to DCIR. The Parent Company has filed appeal before ATIR on 24 January 2023. The ATIR in its order in STA No. 88/IB/23 dated 08 July 2026 directed the Company to approach FBR for the constitution of the ADRC in respect of tax period July 2018 to June 2019 to resolve the dispute and presently ADRC is being constituted.

The Parent Company believes that the matter against which the demands are raised are factually not correct and will be decided in favour of the Parent Company.

- 22.3** Total amount due from related party and associated companies as partner in joint operations in accordance with terms of related PCAs in relation to operational activities of the Concessions as at 30 June 2026 is Rs 6,477 million (2025: Rs 6,675 million) and maximum amount due at the end of any month during the year was Rs 2,150 million (2025: Rs 8,410 million). For party wise details, refer note 43 and for aging of amount due from related parties, refer note 39.1.3.

	Note	2026 ----- (Rupees '000) -----	2025 ----- (Rupees '000) -----
23 DEPOSITS AND SHORT TERM PREPAYMENTS			
Security and other deposits		398,740	1,602,589
Short term prepayments		1,473,859	936,835
Deposits with Central Depository Company (CDC)	23.1	42,731	42,979
		<u>1,915,330</u>	<u>2,582,403</u>

- 23.1** This represents the amount deposited by the Parent Company with CDC which acts as its paying agent for distribution of dividend payable in cash to entitled shareholders on behalf of the Parent Company.

	Note	2026 ----- (Rupees '000) -----	2025 ----- (Rupees '000) -----
24 OTHER RECEIVABLES			
Claims receivable - considered good		520,050	520,050
Others	24.1	1,102,912	932,137
		<u>1,622,962</u>	<u>1,452,187</u>
Claims considered doubtful		8,946	8,946
		<u>1,631,908</u>	<u>1,461,133</u>
Provision for doubtful claims		(8,946)	(8,946)
		<u>1,622,962</u>	<u>1,452,187</u>

- 24.1** This includes an amount of Rs 439 million (2025: Rs 581 million) against the interest accrued on bank deposits.

	Note	2026 ----- (Rupees '000) -----	2025 ----- (Rupees '000) -----
25 INCOME TAX- ADVANCE			
Income tax -advance at beginning of the year		114,026,596	54,019,658
Income tax paid during the year		127,075,622	154,678,576
Provision for current taxation- profit or loss	35	(19,829,282)	(106,995,830)
Tax credit related to remeasurement gain on employee retirement benefit plans - other comprehensive income		1,167,335	12,324,192
Income tax- advance at end of the year	25.1 to 25.5	<u>222,440,271</u>	<u>114,026,596</u>

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25.1 This includes amount of Rs 44,686 million (2025: Rs 34,631 million) paid to tax authorities on account of disallowance of actuarial loss amounting to Rs 88,678 million (2025: Rs 68,401 million) which the Parent Company claimed in its return for the tax years 2014 to 2018, 2020, 2022, 2024 and 2025. 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. CIRA upheld the disallowances on account of the actuarial loss for tax years 2015 and 2016, however, allowed to claim the actuarial loss for tax years 2014, 2017 and 2018 over a period of seven years. Being aggrieved, the Parent Company had filed appeals against the orders of CIRA in the Appellate Tribunal Inland Revenue (ATIR) for tax years 2014, 2015, 2016, 2017, 2018 and 2020 on 08 January 2016, 30 June 2020, 05 January 2018, 21 August 2019, 12 February 2020 and 20 January 2023 respectively, which are currently pending. During the year, ATIR vide order dated 30 October 2025 directed the Parent Company to approach ADRC, in respect of tax year 2020 and the Company has challenged the ATIR order before IHC, the matter is now pending before Islamabad High Court.

In respect of tax year 2022, the matter is currently pending at Supreme court of Pakistan challenging the transfer of the matter to Alternate Dispute Resolution Committee (ADRC) as detailed in note 35.5. For the tax year 2024, the Parent Company filed writ petition before IHC, against the decision of ACIR, where stay has been granted by IHC vide order dated 12 March 2025. For the tax year 2025, the Parent Company filed an application before the Alternative Dispute Resolution Committee (ADRC) against the assessment order of TY-2025 dated 17 March 2026. The ADRC vide its order dated 08 August 2026 decided the matter in favor of the Parent Company. 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 favour of Parent Company by appellate forums available under the law.

25.2 During the year ended 30 June 2014, tax authorities raised demands of Rs 13,370 million (2025: Rs 13,370 million) by disallowing effect of price discount on sale of crude oil from Kunnar field and have recovered Rs 5,372 million (2025: Rs 5,372 million) from the Parent Company upto 30 June 2026. During the year ended 30 June 2015, appeal before ATIR against the said demands were decided against the Parent Company. The Parent Company filed a reference application before Islamabad High Court (IHC) against the decision of ATIR. IHC 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. Further, IHC vide order dated 14 January 2019 directed ATIR to decide the appeal expeditiously and until seven days after the decision on the Parent 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. On 24 September 2024, the appeals were fixed before a Division Bench, the arguments of both parties were concluded, however, the order has not been announced so far by ATIR. Management and its legal advisor are of the view that the price discount is not the income of the Parent Company and hence not liable to tax. Accordingly, management is confident that the matter will be decided in favor of the Parent 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.

25.3 Income tax advance includes Rs 1,259 million (2024: Rs 1,259 million) on account of disallowances made by the Additional Commissioner Inland Revenue (ACIR) in respect of decommissioning cost for tax year 2015. The CIRA vide order dated 18 March 2020 has remanded the case back to ACIR and the Parent Company has filed an appeal against the order of CIRA in ATIR on 30 June 2020. Management believes that the disallowance is against income tax laws and regulations and accordingly no provision has been made in this respect in these consolidated financial statements.

25.4 Tax authorities have raised demand of Rs 25,249 million for tax years 2016, 2020, 2021, 2022, 2023, 2024 and 2025 (2025: Rs 13,678 million) by making disallowances on account of post-retirement medical benefits, compensated absences, cost of dry and abandoned wells, field decommissioned/ surrendered during the year, workers' profit participation fund, GIDC payable and certain other expenditures due to alleged non deduction of withholding taxes of which Rs 24,490 million (2025: Rs 12,919 million) has been paid. Appeals in this respect are pending before ATIR for tax years 2016 and 2021. During the year, ATIR vide order dated October 30, 2025 directed the Parent Company to approach ADRC, in respect of tax year 2020 which has been challenged by the Parent Company before IHC and the matter is now pending before Islamabad High Court. Refer note 35.6 in respect SCP interim order in respect of appeal filed by the Parent Company for tax year 2022, for tax years 2023 and 2024 appeals are pending adjudication with the IHC. Further during the year on 31 December 2025, DCIR decided the issues of GIDC, repair and maintenance, salaries and travelling and transportation certain expenses in favor of the Parent Company for tax year 2016 and, on 07 July 2026, an amount of Rs 2,500 million has been refunded to the Parent Company. In respect of tax year 2025, the Parent Company applied before ADRC against the decision of ACIR dated 17 March 2026, and, ADRC vide its order dated 08 August 2026 decided the matter of post-retirement medical benefits, WPPF and dry wells and interest on PIB and TDR in favor of the Parent Company. Management is confident that the above disallowances do not hold any merits and the related amounts have been lawfully claimed in the tax returns as per the applicable tax laws. Accordingly, no provision has been made in respect of these in the consolidated financial statements.

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- 25.5 The Honorable Supreme Court of Pakistan through its decision dated 29 November 2023 and written order issued on 08 January 2024, dismissed Civil Petition filed by the tax department and decided the matter of depletion allowance in favor of the Parent Company. Pursuant to the decision, for the purpose of calculation of depletion allowance in accordance with Rule 3 of Part I of the Fifth Schedule to the Income Tax Ordinance, the royalty amount is not to be deducted when establishing the wellhead value. Accordingly, during the year ended 30 June 2024, the Parent Company had reversed the provisions amounting to Rs 28,164 million already carried in the consolidated financial statements in respect of depletion allowance from tax years 1999 to 2023. The Parent Company had already filed refund application for tax years 1999-2007 based on decision of Islamabad High Court, and has filed refund applications during the year ended 30 June 2025, for the tax years 2015, 2017 and 2018 based on decision of Supreme Court of Pakistan and is in the process of filing refund applications for remaining tax years based on decision of Supreme Court of Pakistan.

		2026	2025
	Note	----- (Rupees '000) -----	
26 OTHER FINANCIAL ASSETS			
Investment in Term Deposit Receipts (TDRs) -at amortized cost	26.1	228,980,495	152,109,459
Investment at fair value through profit or loss- NIT units / Mutual funds	26.2	40,942,629	600,772
		<u>269,923,124</u>	<u>152,710,231</u>

- 26.1 This includes foreign currency TDRs amounting to USD 410.080 million; Rs 114,187 million (2025: USD 473.625 million; Rs 134,320 million), and accrued interest amounting to USD 0.873 million; Rs 243 million (2025: USD 2.155 million; Rs 611 million), carrying interest rate ranging from 5.41% to 7.53% (2025: 5.85% to 7.40%) per annum, having maturities up to six months (2025: six months).

This also includes local TDRs amounting to Rs 113,807 million (2025: Rs 17,260 million), and accrued interest amounting to Rs 743 million (2025: Rs 119 million), carrying interest rate ranging from 11.46% to 12.21% (2025: 10.70% to 11%) per annum, having maturities up to six months (2025: six months). Included within local TDRs

Included within the above TDRs are local currency TDRs amounting to Rs 18,252 million (2025: Rs 16,760 million) and foreign currency TDRs amounting to USD 36.179 million; Rs 10,074 million (2025: USD 34 million; Rs 9,753 million), which are earmarked against the self-insurance reserve, as explained in Note 5.2 to these consolidated financial statements.

- 26.2 Fair value has been determined using quoted repurchase prices, being net asset value of units as at year end.

		2026	2025
	Note	----- (Rupees '000) -----	
27 CASH AND BANK BALANCES			
Cash at bank:			
Deposit accounts	27.1	61,760,632	52,287,725
Current accounts	27.2	341,327	476,655
		62,101,959	52,764,380
Cash in hand		41,589	49,193
		<u>62,143,548</u>	<u>52,813,573</u>

- 27.1 These deposit accounts carry interest rate of 0.25% to 12% (2025: 1.25% to 19.75%) per annum and include foreign currency deposits amounting to USD 90.660 million; Rs 25,244 million (2025: USD 12.680 million; Rs 3,592 million). Deposits amounting to Rs 0.426 million (2025: Rs 1.281 million) with banks were under lien to secure bank guarantees issued on behalf of the Parent Company.

- 27.2 This includes foreign currency account amounting to USD 0.133 million, Rs 37,040 million (2025: USD 0.134 million, Rs 38,068 million).

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	2026	2025
	(Rupees '000)	
28 REVENUE FROM CONTRACTS WITH CUSTOMERS		
Gross revenue		
Crude oil	220,601,176	187,035,698
Gas	229,179,475	214,236,502
Liquefied petroleum gas	48,945,752	48,098,417
Sulphur	1,369,250	752,386
	<u>500,095,653</u>	<u>450,123,003</u>
Government levies		
General sales tax	(47,840,475)	(45,987,683)
Petroleum levy	(1,143,356)	(1,092,134)
Excise duty	(1,921,070)	(1,865,217)
	<u>(50,904,901)</u>	<u>(48,945,034)</u>
	<u>449,190,752</u>	<u>401,177,969</u>

- 28.1** 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 Policies 1994 and 1997. Later on, in pursuance to the option available under Petroleum Policy (PP) 2012, the Tal Block working interest owners wherein the Parent 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 PP 2012. Further, for aforementioned operated Concessions, the Parent 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 relevant Supplemental Agreements 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 Parent Company's accounting policy.

On 27 December 2017, the Ministry of Energy (Petroleum Division) (MoE) notified amendments in PP 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, the Directorate General Petroleum Concessions (DGPC) has required all exploration and production companies to submit supplemental agreements to incorporate the aforementioned amendments in PCAs signed under 1994 and 1997 policies, for execution within the stipulated time as specified above.

Based on a legal advice, the Parent 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 Parent Company is presently entitled to and receiving under the conversion package as enshrined under the supplemental agreement stands withdrawn or the Parent 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 Parent Company.

The Parent Company along with other joint operation 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 Parent 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 Parent Company.

The cumulative past benefit accrued and recorded in the consolidated financial statements by the Parent Company upto 23 November 2017 in the form of revenue and profit after tax is Rs 8,550 million and Rs 4,426 million respectively. However, without prejudice to the Parent Company's stance in the Court case, revenue of Rs 51,095 million (2025: Rs 44,899 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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28.2 Gas Sale Agreement (GSA) in respect of Kunnar Pasakhi Deep (KPD) fields between the Parent Company and Sui Southern Gas Company Limited has been finalized between the parties on 12 July 2024 and the final approval of the MoE is pending. Adjustments on finalization of GSA had been incorporated in these consolidated financial statements.

28.3 In prior year, MoE had approved formula for wellhead price of gas sale from Nur-Bagla field and the Parent Company had applied, on 19 July 2024 by paying wellhead gas price application fee, to OGRA for notification of price of gas. Thereafter, OGRA vide letter dated 13 November 2024 appraised that the Authority is empowered to determine the well-head gas prices for the producers of natural gas in accordance with the relevant agreements or contracts to notify the same in the official gazette. Therefore, the Parent Company filed a draft Gas Pricing Agreement (GPA) of Nur-Bagla on 3 December, 2024 before the MoE for approval. After the approval by MoE, the same shall be submitted to OGRA for the notification of well-head gas price of Nur-Bagla. Currently the sales revenue is being recognised as per price applicable according to the formula approved by the MoE. The management expects that there will be no material differences in the gas price to be notified by OGRA.

	Note	2026 ------(Rupees '000)-----	2025
29 OPERATING EXPENSES			
Salaries, wages and benefits	37	56,053,707	40,534,862
Stores and supplies consumed		3,712,917	3,906,250
Contract services		8,592,523	6,644,264
Joint operations expenses		797,161	(3,306,043)
Workover charges		11,543,179	10,442,449
Travelling and transportation		2,559,963	2,298,113
Repairs and maintenance		3,828,424	4,236,775
Rent, fee and taxes	29.2	9,713,238	8,292,506
Insurance		978,395	977,169
Communication		48,559	36,179
Utilities		248,168	167,826
Land and crops compensation		638,804	939,459
Desalting, decanting and naphtha storage charges		68,736	27,327
Training, welfare and Corporate Social Responsibility (CSR)		3,641,861	4,918,143
Provision for slow moving, obsolete and in transit stores	20.1	376,941	143,182
Reversal of trade debts provision		(41,105)	(15,836)
Stores inventory written off		198,625	150,746
Depreciation	12.3	10,839,618	10,410,230
Amortization of development and production assets	13	26,325,197	23,058,571
Reversal due to change in decommissioning cost estimates		(1,570,316)	(778,983)
Transfer from general and administration expenses	32	9,783,287	6,781,932
Miscellaneous		17,846	11,408
		<u>148,355,728</u>	<u>119,876,529</u>
Stock of crude oil and other products:			
Balance at beginning of the year		942,938	1,263,052
Balance at end of the year		(1,605,277)	(942,938)
		<u>147,693,389</u>	<u>120,196,643</u>

29.1 Salaries, wages and benefits includes amortization of prepaid employee benefit amounting to Rs 832 million (2025: Rs Nil) and charge against employee retirement benefits of Rs 13,423 million (2025: Rs 6,622 million).

29.2 These include additional 15% of wellhead value of petroleum produced payable to the Federal Government amounting to Rs 8,148 million (2025: Rs 6,930 million) relating to re-grant of lease after expiry of lease term, in accordance with rule 35 of the Pakistan Onshore Petroleum (Exploration and Production) Rules, 2013.

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	Note	2026 ------(Rupees '000)-----	2025 ------(Rupees '000)-----
30 FINANCE AND OTHER INCOME			
Income from financial assets			
Interest income on:			
Investments and bank deposits		19,973,811	32,904,607
Finance income- lease	19.1	17,211,607	19,399,542
		<u>37,185,418</u>	<u>52,304,149</u>
Delayed payments surcharge from customers		-	8,503,459
Unwinding of Loss on modification in terms of TFCs	16.2	8,612,951	14,495,379
Unwinding of present value of interest free loan to employees		1,156,626	-
Dividend income from investment at fair value through profit or loss		86,537	17,389
Investments at fair value through profit or loss:			
Un-realized		166,779	213,485
Realized gain		3,572,792	-
Exchange (loss) / gain -net		<u>(2,383,816)</u>	<u>5,590,332</u>
		<u>48,397,287</u>	<u>81,124,193</u>
Income from non financial assets			
Contract renewal fee	30.1	1,044,992	1,174,227
Gain on disposal of property, plant and equipment	12.5	97,970	155,665
Gain on disposal of stores, spare parts and loose tools		374,576	406,013
Income on account of liquidated damages		802,746	471,298
Refund of withheld liquidated damages		-	(2,148,203)
Others		3,667,755	637,904
		<u>5,988,039</u>	<u>696,904</u>
		<u>54,385,326</u>	<u>81,821,097</u>

30.1 This represents income recognized on account of contract renewal fee in respect of allocation of LPG quota. For contingency related to allocation of LPG quota refer note 11.1.4.

	Note	2026 ------(Rupees '000)-----	2025 ------(Rupees '000)-----
31 EXPLORATION AND PROSPECTING EXPENDITURE			
Cost of dry and abandoned wells		6,160,917	4,233,127
Prospecting expenditure		<u>22,619,594</u>	<u>14,533,664</u>
		<u>28,780,511</u>	<u>18,766,791</u>
32 GENERAL AND ADMINISTRATION EXPENSES			
Salaries, wages and benefits	37	16,136,470	11,747,690
Joint operations expenses		2,846,472	2,228,248
Unallocated expenses of technical services		1,312,623	641,542
Travelling and transportation		1,055,921	757,328
Repairs and maintenance		212,921	116,200
Stores and supplies consumed		189,755	200,420
Rent, fee and taxes		608,835	320,609
Communication		107,815	76,544
Utilities		269,299	307,734
Training and scholarships		292,160	97,493
Legal and professional services		96,781	79,020
Contract services		703,250	537,227
Auditors' remuneration	32.2	101,528	101,924
Advertising		548,233	283,470
Insurance		23,749	46,715
Depreciation	12.3	403,875	285,860
Miscellaneous		104,067	155,604
		<u>25,013,754</u>	<u>17,983,628</u>
Allocation of expenses to:			
Operations		(9,783,287)	(6,781,932)
Technical services		(4,165,221)	(3,685,606)
		<u>(13,948,508)</u>	<u>(10,467,538)</u>
		<u>11,065,246</u>	<u>7,516,090</u>

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- 32.1** Salaries, wages and benefits includes amortization of prepaid employee benefit amounting to Rs 277 million (2025: Rs Nil) and charge against employee retirement benefits of Rs 3,803 million (2025: Rs 1,853 million).

	Note	2026 ------(Rupees '000)-----	2025 ------(Rupees '000)-----
32.2 Auditors' remuneration			
Annual audit fee - OGDC		15,787	14,352
- OREL		1,150	1,000
Half yearly review		5,920	5,382
Concession /Joint operations audit fee		25,321	29,508
Consolidated financial statements audit fee		4,400	4,000
Verification of Central Depository Company record		179	163
Verification of statement of free float of shares		358	325
Dividend certification		715	748
Decommissioning certification		2,068	2,068
Tax services		24,127	36,978
IFRS sustainability reporting readiness assessment		15,000	-
Services for certification of payment to Government		706	565
Out of pocket expenses		5,797	6,835
		<u>101,528</u>	<u>101,924</u>

33 FINANCE COST

Unwinding of discount on provision for decommissioning cost		4,800,862	5,671,291
Unwinding of lease liability	9	287,522	95,663
Others		12,230	39,316
		<u>5,100,614</u>	<u>5,806,270</u>

34 FINAL TAXES -LEVIES

This represents final taxes paid under section 5 of Income Tax Ordinance, 2001 (ITO), representing levy in terms of requirements of IFRIC 21/IAS 37.

- 34.1** Reconciliation of current tax charge charged as per tax laws for the year, with current tax recognised in the statement of profit or loss, is as follows:

	Note	2026 ------(Rupees '000)-----	2025 ------(Rupees '000)-----
Current tax liability for the year as per applicable tax laws	35	19,850,916	106,995,830
Portion of current tax liability as per tax laws, representing income tax under IAS 12		(19,829,282)	(106,995,830)
Portion of current tax liability as per tax laws, representing levy in terms of requirements of IFRIC 21/IAS 37		(21,634)	-
		<u>-</u>	<u>-</u>

- 34.2** The aggregate of final tax and income tax, amounting to Rs 19,851 million (2025: Rs 106,996 million) represents tax liability of the Parent Company calculated under the relevant provisions of the Income Tax Ordinance, 2001.

	Note	2026 ------(Rupees '000)-----	2025 ------(Rupees '000)-----
35 TAXATION			
Current tax- charge			
- for the year		70,590,891	106,995,830
- for prior years	35.1	(50,761,609)	-
		19,829,282	106,995,830
Deferred tax- charge		(3,068,059)	2,415,417
		<u>16,761,223</u>	<u>109,411,247</u>

- 35.1** During the year, the Federal Constitutional Court ("FCC") announced its decision via short order on 27 January 2026 and detailed order issued on 29 April 2026, regarding the constitutional challenges to the Super Tax levied under Section 4B and 4C of the Income Tax Ordinance, 2001. In its decision, the FCC held that, in respect of Exploration & Production (E&P) Companies application of section 4B and 4C by virtue of Rules 4AA and 4B of the Fifth Schedule (the Schedule) will not apply to the petroleum income arising to E&P Companies if it's application results in exceeding the aggregate rate of taxes provided in the Schedule and their respective PCAs. Based on its assessment of impact of the decision of the FCC on these consolidated financial statements, the Parent Company's management has reversed the tax provision amounting to Rs 50,762 million for the prior years.

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	2026	2025
	(Rupees '000)	
35.2 Reconciliation of tax charge for the year:		
Accounting profit	259,156,503	279,313,761
Tax rate	50.25%	50.78%
Tax on accounting profit at applicable rate	130,226,143	141,835,528
Tax effect of royalty allowed for tax purposes	(18,539,534)	(17,572,997)
Tax effect of depletion allowance	(31,729,255)	(28,728,207)
Tax effect of unwinding of discount on provision for decommissioning cost	2,412,433	2,879,882
Tax effect of income chargeable to tax at reduced corporate rate	(16,713,824)	(18,998,671)
Effect of tax on bonus shares from MEL	-	9,497,633
Tax effect of change in deferred tax rate	(8,690,619)	(2,329,758)
Effect of super tax	9,396,870	23,458,995
Effect of prior year charge	(50,761,609)	-
Others	1,160,618	(631,158)
	<u>16,761,223</u>	<u>109,411,247</u>

35.3 Various appeals in respect of assessment years 1992-93 to 2002-03, tax years 2003 to 2024 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 Parent Company as well as the Federal Board of Revenue (FBR) mainly on the issues of decommissioning cost, depletion allowance, tax rate, super tax and unrealized exchange gain /loss. Total amount of tax demand against the major issues, raised in respect of assessment years 1992-93 to 2002-03 and tax years 2003 to 2025 amounts to Rs 146,962 million, out of which an amount of Rs 137,167 million has been paid to tax authorities, which has been provided for in these consolidated financial statements. In respect of tax year 2025, the Parent Company applied before ADRC against the decision of ACIR dated 17 March 2026 and, ADRC vide its order dated 08 August 2026 decided the matter of depletion allowance in favor of the Parent Company and the matter of tax rate against the Parent Company and, presently, the Parent Company is assessing filing of appeal against the aforementioned order of ADRC at higher forum. In respect of super tax matter also refer note 35.1.

35.4 During the year ended 30 June 2021, tax authorities have raised demand of Rs 1,047 million for tax year 2013 (2025: Rs 1,047 million) on account of alleged issue of not offering consideration of sale of working interest in Indus block-G for tax. Appeal had been filed by the Parent Company before CIRA on 30 June 2021, which was remanded back to the assessing officer vide order dated 24 January 2024 and the case is now pending before the ACIR. Management is confident that the above demand does not hold any merit under the applicable tax laws. Accordingly, no provision has been made in this respect in these consolidated financial statements.

35.5 During the year ended 30 June 2025, ACIR issued order dated 23 April, 2025, after the conclusion of the audit proceeding for the tax year 2020, by making additions /disallowances on account of gas price incentive and depletion allowance and raised tax demand of Rs 5,406 million. In respect of gas price incentive, as stated in note 28.1, the incremental revenue, has been set aside and recorded as payable in these consolidated financial statements since the matter is pending adjudication at IHC, and will be accounted for as revenue upon resolution of the matter, accordingly, it is not subject to tax. ACIR has contended that since the incremental revenue is charged to the customer and received by the Parent Company, accordingly, the same is liable to taxation under the tax laws. The Parent Company has filed writ petition before IHC, against the decision of the ACIR, where stay has been granted by IHC vide order dated 05 May 2025. Further, in respect of tax year 2025, the Parent Company applied before ADRC, against the decision of ACIR dated 17 March 2026 in respect of tax demand of Rs 2,836 million on account of incremental revenue which vide its order dated 08 August 2026 decided the matter against the Parent Company and, presently, the Parent Company is assessing filing of appeal against the aforementioned order of ADRC at higher forum. The Parent Company believes that the matter will be decided in favour of the Parent Company, accordingly no provision is required there against in these consolidated financial statements. In respect of depletion allowance, refer note 35.3.

35.6 For the tax year 2018 to 2025, the tax authorities disallowed certain exploration & development expenditures and prospecting expenditures, arguing that the nature of these expenditures is intangible and capital in nature. The total tax demand raised through these orders amounts to Rs 128,563 million (2025: Rs 103,406 million). Prospecting, exploration and development expenditure and unrealized exchange gain /loss are timing differences; hence, the relevant impacts are also taken in deferred tax.

The Parent Company, supported by its tax advisors, believes that the disallowances made by the tax authorities are without factual or legal merit and will not withstand scrutiny in the appellate process. Consequently, no provision has been recognized in these consolidated financial statements in respect of the disallowed expenditures. The Parent Company had filed appeals before the Appellate Tribunal Inland Revenue (ATIR), which were rejected in limine. The ATIR based its decision on the grounds that the Parent Company, being a State-Owned Entity (SOE), is required to settle its tax cases through the Alternate Dispute Resolution Committee (ADRC) under the provisions introduced by the Tax Amendment Act, 2024, and the Finance Act, 2024.

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The Group contends that the amendments introduced through the Tax Amendment Act, 2024 have unjustly curtailed its right to appeal, which violates principles of natural justice and fair play. Accordingly, Parent the Company has filed a reference application before the Islamabad High Court (IHC) and the Supreme Court of Pakistan (SCP), where the matter is currently pending adjudication. SCP during the year, on 11 July 2025, issued interim order in respect of references /CPLAs filed with SCP, that till the next date of hearing no final /adverse order shall be made by ADRC, if any constituted, without the permission of this court. During the year, in respect of tax year 2025, the Parent Company applied before ADRC against the decision of ACIR dated 17 March 2026 and, ADRC vide its order dated 08 August 2026 has remanded back the issues of exploration & development expenditures and prospecting expenditures to the assessing officer to substantiate the matter and that a fresh finding shall be rendered in the assessment proceedings. Management remains confident that the ultimate outcome of the appeals process will be in the Parent Company's favor and, therefore, no liability has been recognized in these consolidated financial statements in relation to these matters.

	2026	2025
36 EARNINGS PER SHARE- BASIC AND DILUTED		
Profit for the year (Rupees '000)	242,371,881	169,902,514
Average number of shares outstanding during the year ('000)	4,300,928	4,300,928
Earnings per share- basic (Rupees)	56.35	39.50

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

37 SALARIES, WAGES AND BENEFITS

Salaries, wages and benefits have been allocated as follows:

	Operating expenses Note 29	General and administration expenses Note 32	Technical services Note 37.1	Total
----- (Rupees '000) -----				
For year ended 30 June 2026				
Salaries and wages	24,931,706	6,883,213	9,135,505	40,950,424
Awards and bonuses	9,975,425	3,573,353	3,857,513	17,406,291
Charge for accumulating compensated absences	1,067,371	399,730	558,800	2,025,901
Gratuity expense	308,345	108,068	131,792	548,205
Charge for post retirement medical benefits	3,777,767	811,481	1,282,178	5,871,426
Charge for employees' pension	9,336,838	2,883,510	3,590,481	15,810,829
Other allowances and benefits	6,582,546	1,550,824	2,566,769	10,700,139
	<u>55,979,998</u>	<u>16,210,179</u>	<u>21,123,038</u>	<u>93,313,215</u>
For year ended 30 June 2025				
Salaries and wages	22,319,807	6,222,705	9,335,442	37,877,954
Awards and bonuses	6,672,467	2,429,482	2,797,198	11,899,147
Charge for accumulating compensated absences	1,712,340	184,758	535,078	2,432,176
Gratuity expense	170,361	62,407	79,732	312,500
Charge for post retirement medical benefits	3,386,296	895,980	1,424,926	5,707,202
Charge for employees' pension	3,065,421	894,906	1,265,074	5,225,401
Other allowances and benefits	3,208,170	1,057,452	1,164,245	5,429,867
	<u>40,534,862</u>	<u>11,747,690</u>	<u>16,601,695</u>	<u>68,884,247</u>

- 37.1** Salaries, wages and benefits relating to in-house technical services of the Group are further allocated to various cost centers including wells, projects and prospecting expenditure as per the Group's policy.

38 OPERATING SEGMENTS

The Group has identified the following two operating segments; however, the oil & gas segment is the only reportable segment based on quantitative threshold. The renewable energy segment has not yet commenced its operations. These business segments are /will be engaged in providing products or services which are subject to risks and rewards which differ from the risk and rewards of other segments.

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Segment	Nature of business
i) Oil & Gas	Exploration, production and sale of oil & gas, undertaken through OGDCL. Details of gross revenue from major customers are given in note 38.2.
ii) Renewable energy	Renewable energy development activities, undertaken through OREL.

38.1 Information about reportable segments

Information related to each reportable segment is set out below. Segment profit / (loss) before tax is used to measure performance because management believes that this information is the most relevant in evaluating the results of the respective segment relative to other entities that operate in same industries. Total figures represents figures reported in the consolidated financial statements.

	Oil & gas	Other segment	Consolidation eliminations	Total
	(Rupees '000)			
For the year ended 30 June 2026				
Net sales (from external customers)	449,190,752	-	-	449,190,752
Royalty	(52,618,996)	-	-	(52,618,996)
Operating expenses (excluding depreciation and amortization)	(110,528,574)	-	-	(110,528,574)
Depreciation and amortization	(37,164,815)	-	-	(37,164,815)
Transportation charges	(2,114,481)	-	-	(2,114,481)
Finance and other income	54,385,326	-	-	54,385,326
Exploration and prospecting expenditure	(28,780,511)	-	-	(28,780,511)
General and administration expenses	(11,063,481)	(1,765)	-	(11,065,246)
Finance cost	(5,100,614)	-	-	(5,100,614)
Workers' profit participation fund	(13,639,816)	-	-	(13,639,816)
Share of profit in associates -net of taxation	16,591,713	-	-	16,591,713
Profit before income tax and final taxes	259,156,503	(1,765)	-	259,154,738
Final taxes -levies	(21,634)	-	-	(21,634)
Profit before income tax	259,134,869	(1,765)	-	259,133,104
Taxation	(16,761,223)	-	-	(16,761,223)
Profit for the year	242,373,646	(1,765)	-	242,371,881
As at 30 June 2026				
Segments assets (total)	1,852,828,189	100	(1,700)	1,852,826,589
Segments liabilities (total)	333,278,025	2,865	(1,600)	333,279,290
For the year ended 30 June 2025				
Net sales (from external customers)	401,177,969	-	-	401,177,969
Royalty	(47,144,885)	-	-	(47,144,885)
Operating expenses (excluding depreciation and amortization)	(86,727,842)	-	-	(86,727,842)
Depreciation and amortization	(33,468,801)	-	-	(33,468,801)
Transportation charges	(2,228,502)	-	-	(2,228,502)
Finance and other income	81,821,097	-	-	81,821,097
Exploration and prospecting expenditure	(18,766,791)	-	-	(18,766,791)
General and administration expenses	(7,514,990)	(1,100)	-	(7,516,090)
Finance cost	(5,806,270)	-	-	(5,806,270)
Workers' profit participation fund	(14,700,782)	-	-	(14,700,782)
Share of profit in associates -net of taxation	12,674,658	-	-	12,674,658
Profit before taxation	279,314,861	(1,100)	-	279,313,761
Taxation	(109,411,247)	-	-	(109,411,247)
Profit for the year	169,903,614	(1,100)	-	169,902,514
As at 30 June 2025				
Segments assets (total)	1,654,606,070	100	(200)	1,654,605,970
Segments liabilities (total)	306,369,374	1,100	(100)	306,370,374

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- 38.2** Revenue from external customers for products of the Group is disclosed in note 28. Following are the details of the major customers with whom the revenue transactions amounting to 10% or more of the Group's overall gross revenue and which constitutes 58% (2025: 56%) of total revenue for the year:

Customer Name	Product	2026	2025
		----- (Rupees '000) -----	
Sui Northern Gas Pipelines Limited (SNGPL)	Gas & LPG	104,029,578	93,515,021
Sui Southern Gas Company Limited (SSGCL)	Gas & L.PG	52,282,087	51,310,684
Attock Refinery Limited	Crude oil	132,902,977	108,812,137

The sales to Government owned entities other than SNGPL and SSGCL as mentioned above amounts to Rs 82,193 million (2025: Rs 65,486 million).

39 FINANCIAL INSTRUMENTS

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

- Credit risk
- Liquidity risk
- Market risk

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

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

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

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

39.1 Credit risk

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

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

39.1.1 Counterparties

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

Trade debts and lease receivables

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



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Sale of crude oil and gas is at prices specified in relevant agreements and/ or as notified by the Government authorities based on agreements with customers or relevant applicable petroleum policy or Petroleum Concession Agreements. Prices of liquefied petroleum gas are determined by the Group subject to maximum price notified by OGRA.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade debts and lease receivables that are due directly /ultimately from the GoP till 30 June 2026 as per policy disclosed in note 3.15.4 to the consolidated financial statements.

Bank balances and investments

The Group limits its exposure to credit risk by investing in liquid securities and maintaining bank accounts only with counterparties that have a credit rating of at least A. In addition to the exposure with Banks, the Group also holds investments in PIBs issued by State Bank of Pakistan and in mutual funds. Investment in PIBs are also secured by GoP guarantee. While bank balances and investments in term deposits and mutual funds are also subject to the requirements of IFRS 9, the identified impairment loss was immaterial as the counter parties have reasonably high credit ratings.

39.1.2 Exposure to credit risk

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

	Note	2026 ------(Rupees '000)-----	2025 ------(Rupees '000)-----
Investments at amortized cost	16	20,855,254	20,285,645
Long term loans	17	7,071,626	11,263,991
Trade debts- net of provision	21	594,845,141	613,660,983
Lease receivables	19	72,778,962	92,198,179
Loans and advances	22	16,133,803	17,791,054
Deposits	23	398,740	1,602,589
Other receivables	24	1,622,962	1,452,187
Current portion of long term investments	16	404,870	84,520,671
Current portion of lease receivables	19	28,233,693	48,696,323
Other financial assets	26	269,923,124	152,710,231
Bank balances	27	62,101,959	52,764,380
		<u>1,074,370,134</u>	<u>1,096,946,233</u>

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

Oil refining companies	54,839,582	32,629,425
Gas distribution companies	522,273,627	522,548,961
Power generation companies	116,084,573	197,334,001
National Bank of Pakistan	102,630,425	116,875,275
Banks	40,902,777	88,599,336
Financial institutions /Banks	188,491,981	
Power Holding Limited	-	84,104,789
Employees of the Group	13,468,465	13,602,287
Partners in joint operations	9,687,666	11,321,413
Government of Pakistan	21,260,124	20,701,527
Others	193,222,895	9,229,219
	<u>1,262,862,115</u>	<u>1,096,946,233</u>

The Group's most significant related party customers are oil refining companies and two gas distribution companies, amounting to Rs 544,676 million of trade debts as at 30 June 2026 (2025: Rs 535,900 million).

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OIL AND GAS DEVELOPMENT COMPANY LIMITED
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The credit quality of financial assets that can be assessed by reference to external credit ratings or to historical information about counterparty default rates:

	Note	2026 ------(Rupees '000)-----	2025 ------(Rupees '000)-----
Investments			
Unrated- Government guaranteed	16	21,260,124	104,806,316
Other financial assets			
A-1+		228,980,495	152,109,459
AM1		17,380,864	600,772
AAA-(f)		4,292,344	-
A(f)		4,294,257	-
AA + (f)		10,682,511	-
AAA(f)		4,292,653	-
	26	<u>269,923,124</u>	<u>152,710,231</u>
Bank balances			
AAA		53,740,146	41,579,958
AA+		8,337,505	248,406
AA		24,299	10,935,856
AA-		-	151
AA3		9	9
	27	<u>62,101,959</u>	<u>52,764,380</u>

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

	Note	2026 ------(Rupees '000)-----	2025 ------(Rupees '000)-----
Crude oil		55,127,359	32,804,285
Gas		539,575,526	580,725,070
Liquefied petroleum gas		142,256	131,628
	21	<u>594,845,141</u>	<u>613,660,983</u>

39.1.3 Impairment losses

The aging of trade debts at the reporting date was:

	Note	2026 Gross debts ------(Rupees '000)-----	Impaired	2025 Gross debts ------(Rupees '000)-----	Impaired
Not past due		81,958,547	-	58,150,561	-
Past due 0-30 days		23,219,785	-	19,334,442	-
Past due 31-60 days		16,775,242	-	18,052,593	-
Past due 61-90 days		10,719,484	-	16,462,407	-
Over 90 days		462,209,504	(37,421)	501,739,507	(78,527)
	21	<u>594,882,562</u>	<u>(37,421)</u>	<u>613,739,510</u>	<u>(78,527)</u>

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OIL AND GAS DEVELOPMENT COMPANY LIMITED
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39.1.3 Impairment losses- continued

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

	Total	Not past due	Past due 0-30 days	Past due 31-60 days	Past due 61-90 days	Over 90 days	Impaired balance
	(Rupees '000)						
30 June 2026							
Enar Petroleum Refining Facility	7,992,611	8,202,501	-	-	-	(209,890)	-
Pakistan Refinery Limited	3,513,453	3,423,958	78,271	1,197	5,917	4,110	-
Pak Arab Refinery Company Limited	10,895,920	9,771,355	1,097,767	741	620	25,437	-
Sui Northern Gas Pipelines Limited	271,775,195	20,171,996	12,326,410	8,147,770	5,628,533	225,500,486	-
Sui Southern Gas Company Limited	250,498,432	9,029,675	4,374,903	4,514,738	4,044,204	228,554,912	-
WAPDA	-	-	-	-	-	21,282	(21,282)
	544,675,611	50,599,485	17,877,351	12,664,446	9,679,274	453,876,337	(21,282)
30 June 2025							
Enar Petroleum Refining Facility	6,049,163	6,014,118	46,993	64,949	55,669	(122,566)	-
Pakistan Refinery Limited	5,269,290	2,451,350	900,445	501,810	790,986	624,699	-
Pak Arab Refinery Company Limited	1,596,215	1,274,487	302,735	-	-	18,993	-
Sui Northern Gas Pipelines Limited	278,815,503	14,439,554	8,120,402	6,896,385	5,726,536	243,652,626	-
Sui Southern Gas Company Limited	243,733,457	11,555,759	4,307,016	4,095,614	3,853,370	219,921,698	-
WAPDA	-	-	-	-	-	21,282	(21,282)
	535,463,628	35,735,268	13,677,591	11,558,758	10,426,561	464,086,732	(21,282)

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39.1.3 Impairment losses- continued

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

	2026	2025
	------(Rupees '000)-----	
Balance at beginning of the year	78,527	94,363
Reversal during the year	(41,105)	(15,836)
Balance at end of the year	<u>37,422</u>	<u>78,527</u>

The aging of current portion of lease receivables billed to the customers at the reporting date was:

Not past due	3,440,096	3,427,993
Past due 0-30 days	2,661,261	2,649,925
Past due 31-60 days	2,664,269	2,645,838
Past due 61-90 days	1,882,429	2,645,838
Over 90 days	-	22,284,861
	<u>10,648,055</u>	<u>33,654,455</u>

As explained in note 19.2 and note 21.1 to the consolidated financial statements, the Group believes that no impairment allowance is necessary in respect of lease receivables and trade debts past due other than the amount provided. Trade debts and lease receivables are essentially due from oil refining companies, natural gas and liquefied petroleum gas transmission and distribution companies and power generation companies. The Group is actively pursuing for recovery of these debts and the Group does not expect these companies to fail to meet their obligations. Impact of ECL on financial assets not covered under exemption as explained in note 2.1.2 was trivial and accordingly has not been included in the consolidated financial statements.

The aging of loan and advances from related parties at the reporting date was:

	2026	2025
	------(Rupees '000)-----	
Not past due	6,477,158	6,675,240
Past due	-	-
	<u>6,477,158</u>	<u>6,675,240</u>

Expected credit loss on loans, advances, deposits and other receivables is calculated using general approach as disclosed in note 3.15.4. As at the reporting date, Group envisages that default risk on account of loans, advances, deposits and other receivables is immaterial based on historic trends adjusted to reflect forward looking information. The movement in the expected credit loss allowance in respect of the financial assets during the year was as follows:

	2026	2025
	------(Rupees '000)-----	
Balance at beginning of the year	196,601	196,601
Reversal of provision during the year	-	-
Balance at end of the year	<u>196,601</u>	<u>196,601</u>

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

Not past due	-	84,104,789
Past due	-	-
	<u>-</u>	<u>84,104,789</u>

As explained in note 16.2 to the consolidated financial statements, the entire amount of TFCs was recieved during the year.

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39.2 Liquidity risk

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

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

	2026		2025	
	Carrying amount	Contractual cash flows	Carrying amount	Contractual cash flows
	(Rupees '000)			
All the trade and other payables have maturity upto one year				
Trade and other payables	88,077,533	88,077,533	66,196,558	66,196,558
Unpaid dividend	504,355	504,355	331,720	331,720
Unclaimed dividend	81,155	81,155	202,238	202,238
	<u>88,663,043</u>	<u>88,663,043</u>	<u>66,730,516</u>	<u>66,730,516</u>

39.3 Market risk

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

39.3.1 Foreign currency risk management

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

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

The potential currency exposures are discussed below;

Transactional exposure in respect of non functional currency monetary items

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

Transactional exposure in respect of non functional currency expenditure and revenues

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

Exposure to foreign currency risk

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

	2026	2025
	(USD (\$) '000)	
Trade debts	130,475	61,211
Lease receivables	324,527	377,473
Other financial assets	410,953	475,780
Cash and bank balances	90,660	12,814
Loans and advances	34,791	39,850
	<u>991,406</u>	<u>967,128</u>

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	2,026	2,025
	----- (USD (\$)'000) -----	
Trade and other payables ('000)		
USD	44,689	78,301
Euro	1,573	1,369
CNY	74,387	20,778

Foreign currency commitments outstanding at year end are as follows:

USD	149,459,383	191,797,036
Euro	16,085,209	13,159,752
CNY	2,664,507	16,619,264
GBP	76,095	-
	<u>168,285,194</u>	<u>221,576,052</u>

The following significant exchange rates were applied during the year:

	Average rate		Reporting date spot rate	
	2026	2025	2026	2025
	----- (Rupees) -----			
USD 1	<u>280.76</u>	<u>279.70</u>	<u>278.45</u>	<u>284.10</u>

Foreign currency sensitivity analysis

A 10 percent strengthening of the PKR against the USD at 30 June 2026 would have decreased equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 30 June 2026.

	2026	2025
	----- (Rupees '000) -----	
Consolidated Statement of profit or loss	12,459,044	11,807,384

A 10 percent weakening of the PKR against the USD at 30 June 2026 would have had the equal but opposite effect on USD to the amounts shown above, on the basis that all other variables remain constant. The sensitivities for currencies other than USD are not material.

39.3.2 Interest rate risk management

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

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Profile

The interest rate profile of the Group's remaining interest-bearing financial instruments at the reporting date is as follows:

	2026	2025	2026	2025
	-----%	-----	-----	-----
			(Rupees '000)	
Floating rate instrument				
Financial assets				
Investment	11.86	11.97	21,260,124	20,701,527
Fixed rate instruments				
Financial assets				
Other financial assets	5.41 to 7.53	5.85 to 7.40	228,980,495	152,109,459
Cash and bank balances	0.25 to 12	1.25 to 19.75	61,760,632	52,287,725
			290,741,127	204,397,184
Financial liabilities			-	-
			290,741,127	204,397,184

Fair value sensitivity analysis for fixed rate instruments

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

39.3.3 Other market price risk

Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar instruments traded in the market.

The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated statement of financial position as investments classified as fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the investment policy of the Group.

Sensitivity analysis of price risk

A change of Rs 5 in the value of investments at fair value through profit or loss would have increased or decreased profit or loss by Rs 2,220 million (2025: Rs 22,701 million).

Sensitivity analysis of crude oil price risk

A change of USD 5 in average price of crude oil would increase or decrease profit by Rs 6,731 million (2025: Rs 5,897 million) on the basis that all other variables remain constant.

39.4 Classification of financial assets and liabilities, fair values and risk management

The following table shows the classification, carrying amounts and fair values of financial assets and liabilities. The fair value of financial assets measured at fair value is shown below. It does not include fair value information for financial assets and financial liabilities not measured at fair value as the carrying amount is a reasonable approximation of fair value because the current financial assets and liabilities are short term and some financial assets are also interest bearing. Further, the financial assets due directly/ultimately from the GoP carries enforceable contractual right and entitlement to receive interest on late payment and is exempt from ECL accounting/ disclosure as disclosed in note 2.1.2. The non-current financial assets are also interest bearing.

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		Carrying amount			
		Financial assets at amortized cost	Fair value through profit or loss	Financial liabilities at amortized cost	Total
30 June 2026	Note	(Rupees '000)			
Financial assets measured at fair value					
Other financial assets- NIT Units / mutual funds	26	-	40,942,629	-	40,942,629
Financial assets not measured at fair value					
Long term investments	16	20,855,254	-	-	20,855,254
Long term loans	17	1,011,626	-	-	1,011,626
Trade debts- net of provision	21	594,845,141	-	-	594,845,141
Lease receivables	19	72,778,962	-	-	72,778,962
Loans and advances	22	16,133,803	-	-	16,133,803
Deposits	23	398,740	-	-	398,740
Other receivables	24	1,622,962	-	-	1,622,962
Current portion of long term investments	16	404,870	-	-	404,870
Current portion of lease receivables	19	28,233,693	-	-	28,233,693
Other financial assets	26	228,980,495	-	-	228,980,495
Bank balances	27	62,101,959	-	-	62,101,959
Cash in hand	27	41,589	-	-	41,589
		1,033,469,094	40,942,629	-	1,074,411,723
Financial liabilities not measured at fair value					
Trade and other payables		-	-	88,077,533	88,077,533
Unpaid dividend		-	-	504,355	504,355
Unclaimed dividend		-	-	81,155	81,155
		-	-	88,663,043	88,663,043
30 June 2025					
Financial assets measured at fair value					
Other financial assets- NIT units	26	-	600,772	-	600,772
Financial assets not measured at fair value					
Long term investments	16	20,285,645	-	-	20,285,645
Long term loans	17	11,263,991	-	-	11,263,991
Trade debts- net of provision	21	613,660,983	-	-	613,660,983
Lease receivables	19	92,198,179	-	-	92,198,179
Loans and advances	22	17,791,054	-	-	17,791,054
Deposits	23	1,602,589	-	-	1,602,589
Other receivables	24	1,452,187	-	-	1,452,187
Current portion of long term investments	16	84,520,671	-	-	84,520,671
Current portion of lease receivables	19	48,696,323	-	-	48,696,323
Bank balances	27	52,764,380	-	-	52,764,380
Cash in hand	27	49,193	-	-	49,193
		1,096,394,654	600,772	-	1,096,995,426
Financial liabilities not measured at fair value					
Trade and other payables		-	-	66,195,558	66,195,558
Unpaid dividend		-	-	331,720	331,720
Unclaimed dividend		-	-	202,238	202,238
		-	-	66,729,516	66,729,516

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

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Fair value hierarchy

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

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

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

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

	Level 1	Level 2	Level 3
	----- (Rupees '000) -----		
Financial assets measured at fair value			
Other financial assets- NIT units / Mutual funds			
30 June 2026	40,942,629	-	-
30 June 2025	600,772	-	-

Determination of fair values

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

Investment in fair value through profit or loss

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

Investment in associate

The fair value of investment in associate is determined by reference to their quoted closing bid price at the reporting date. The fair value is determined for disclosure purposes. Also refer note 15.

Recognition of significantly modified financial asset

The fair value of significantly modified financial asset is determined by discounting the modified future contractual cashflows using market interest rate.

Capital management

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

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



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40 RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	Note	Lease liabilities	Unclaimed /Unpaid dividend (Rupees '000)	Total
Balance as at 01 July 2025		3,039,610	533,958	3,573,568
Changes from financing cash flows				
Repayments	9	(1,257,650)	-	(1,257,650)
Dividend paid		-	(68,763,302)	(68,763,302)
		(1,257,650)	(68,763,302)	(70,020,952)
Other changes				
Liability related	9	233,210	-	233,210
Dividend announced		-	68,814,854	68,814,854
		233,210	68,814,854	69,048,064
Balance as at 30 June 2026		<u>2,015,170</u>	<u>585,510</u>	<u>2,600,680</u>
Balance as at 01 July 2024		-	41,328,840	41,328,840
Changes from financing cash flows				
Repayments	9	(565,295)	-	(565,295)
Dividend paid		-	(101,222,926)	(101,222,926)
		(565,295)	(101,222,926)	(101,788,221)
Other changes				
Liability related	9	3,604,905	-	3,604,905
Dividend announced		-	60,428,044	60,428,044
		3,604,905	60,428,044	64,032,949
Balance as at 30 June 2025		<u>3,039,610</u>	<u>533,958</u>	<u>3,573,568</u>

41 CASH AND CASH EQUIVALENTS

	Note	2026 (Rupees '000)	2025
Cash and bank balances	27	62,143,548	52,813,573
Short term highly liquid investments- Term deposits	26	228,980,495	152,109,459
		<u>291,124,043</u>	<u>204,923,032</u>
		2026	2025

42 NUMBER OF EMPLOYEES

Total number of employees at the end of the year were as follows:

Regular	9,607	9,968
Contractual	257	335
	<u>9,864</u>	<u>10,303</u>

Average number of employees during the year were as follows:

Regular	9,788	10,177
Contractual	296	342
	<u>10,084</u>	<u>10,519</u>

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OIL AND GAS DEVELOPMENT COMPANY LIMITED
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43 RELATED PARTIES TRANSACTIONS

Government of Pakistan owns 74.97% (2025: 74.97%) shares of the Parent Company. In 2022, the Honorable Supreme Court of Pakistan declared the Benazir Employees' Stock Option Scheme ultra vires. As disclosed in note 4.1 Subsequent to the year end on 08 July 2026, pursuant to the decision of the Honourable Supreme Court of Pakistan in 2022, the entire share holding held by OEET has been transferred back to GoP. Consequently the GoP's share holding in the Parent Company has increased from 74.97 % to 85.02 %. Therefore, all entities owned and controlled by the Government of Pakistan are related parties of the Group. Other related parties comprise associates, major shareholders, directors, companies with common directorship, key management personnel, OGDC employees empowerment trust, employees pension trust and gratuity fund. The Group in normal course of business pays for airfare, electricity, telephone, gas, yield analysis required under Petroleum Concession Agreements and make regulatory payments to entities controlled by the GoP which are not material, hence not disclosed in these financial statements. Transactions with related parties other than disclosed below are disclosed in relevant notes to these consolidated financial statements. Transactions of the Parent Company with related parties and balances outstanding at year end are as follows:

	2026	2025
	------(Rupees '000)-----	
MEL- Associated company- 20% shareholding of the Parent Company and common directorship		
Share of profit in associate	17,375,640	13,073,786
Share of other comprehensive income of the associate- net of taxation	(46,836)	(102,829)
Dividend received	7,143,703	3,545,394
Tax paid on issuance of bonus shares	-	9,497,633
Expenditure charged by joint operations partner- net	(9,403,107)	(5,885,652)
Cash calls paid to joint operations partner- net	7,963,286	6,934,712
Share (various fields) payable as at 30 June	2,055,360	798,116
Share (various fields) receivable as at 30 June	248,030	430,607
PIOL- Associated company- 25% shareholding of the Parent Company and common directorship		
Cost of investment made during the year	4,200,000	6,975,000
Share of (loss) /profit in associate	(293,007)	306,257
Share of other comprehensive (loss) /income	(417,139)	364,686
PMPL- Associated company- 33.33% shareholding of the Parent Company and common directorship		
Cost of investment made during the year	28,634,245	12,690,636
Share of loss in associate	(490,920)	(705,385)
Share of other comprehensive (loss) /income	(635,469)	(1,052,236)
Major shareholders		
Government of Pakistan (74.97% share holding)		
Dividend paid	53,349,395	46,847,437
Dividend paid- Privatization Commission of Pakistan	5,159,374	4,530,575
OGDC Employees' Empowerment Trust (10.05% share holding)		
Dividend paid to GoP on behalf of OEET	-	40,870,881
Related parties by virtue of the GoP holdings and /or common directorship		
Sui Northern Gas Pipelines Limited		
Sale of natural gas	103,968,499	93,515,021
Sale of liquefied petroleum gas	61,079	-
Trade debts as at 30 June	271,775,195	278,815,504
Advance against sale of LPG as at 30 June	7,636	-



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	2026	2025
	----- (Rupees '000) -----	
RELATED PARTIES TRANSACTIONS- continued		
Pakistan State Oil Company Limited		
Sale of liquefied petroleum gas	1,769,523	1,650,810
Purchase of petroleum, oil and lubricants	9,159,596	7,688,857
Payable as at 30 June	401,431	264,444
Advance against sale of LPG as at 30 June	126,173	16,500
Pakistan Petroleum Limited		
Expenditure charged to /(by) joint operations partner- net	4,465,484	2,014,698
Cash calls received joint operations partner- net	(3,236,488)	(1,183,541)
Share (various fields) receivable as at 30 June	1,806,469	2,752,015
Share (various fields) payable as at 30 June	774,662	2,949,206
Pak Arab Refinery Company Limited		
Sale of crude oil	20,967,892	11,445,605
Trade debts as at 30 June	10,895,920	1,596,215
PARCO Pearl Gas (Private) Limited		
Sale of liquefied petroleum gas	705,334	704,540
Advance against sale of LPG as at 30 June	17,986	45,720
Pakistan Refinery Limited		
Sale of crude oil	17,587,543	14,570,811
Trade debts as at 30 June	3,513,453	5,269,290
Khyber Pakhtunkhwa Oil & Gas Company (KPOGCL)		
Expenditure charged to joint operations partner	55,488	68,130
Cash calls received from joint operations partner	36,181	963,659
Share (various fields) receivable as at 30 June	34,235	14,928
Sindh Energy Holding Company Limited (SEHCL)		
Expenditure charged to joint operations partner	1,218	4,622
Share (various fields) receivable as at 30 June	3,657	2,439
Sui Southern Gas Company Limited		
Sale of natural gas	51,142,752	50,233,583
Sale of liquefied petroleum gas	1,139,335	1,077,101
Trade debts as at 30 June	250,498,432	243,733,457
Advance against sale of LPG as at 30 June	22,575	90,681
Sui Southern Gas Company LPG (Pvt) Limited		
Sale of liquefied petroleum gas	-	18,296
Advance against sale of LPG as at 30 June	134,949	15,699
Government Holdings (Private) Limited (GHPL)		
Expenditure charged to joint operations partner	6,434,774	5,628,126
Cash calls received from joint operations partner	4,798,530	5,663,975
Share (various fields) receivable as at 30 June	4,384,767	3,475,251
Share (various fields) payable as at 30 June	461,946	1,192,251
National Investment Trust		
Investment as at 30 June	5,012,753	600,772
Dividend received	18,161	17,389

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OIL AND GAS DEVELOPMENT COMPANY LIMITED
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	Note	2026 ------(Rupees '000)-----	2025 ------(Rupees '000)-----
RELATED PARTIES TRANSACTIONS- continued			
National Bank of Pakistan			
Balance at bank as at 30 June		21,199,282	1,687,727
Balance of investment in TDRs (including accrued interest) as at 30 June		81,431,143	115,187,548
Interest earned		7,619,169	10,694,211
Power Holding Limited (PHL)			
Balance of mark-up receivable on TFCs as at 30 June		-	84,104,789
National Insurance Company Limited			
Insurance premium paid		1,413,542	1,392,658
Payable as at 30 June		23,646	52,768
National Logistic Cell			
Crude transportation charges paid		1,272,256	2,014,493
Payable as at 30 June		527,403	350,443
Enar Petrotech Services Limited			
Consultancy services		48,540	34,943
Payable as at 30 June		736	-
Enar Petroleum Refining Facility			
Sale of crude oil		41,162,931	37,095,766
Receivable as at 30 June		7,992,611	6,049,163
Other related parties			
Contribution to pension fund		8,563,066	13,973,202
Contribution to gratuity fund		1,421,151	-
Remuneration including benefits and perquisites of key management personnel	43.1	1,585,299	1,275,732

43.1 Key management personnel

Key management personnel comprises chief executive, chief financial officer, company secretary, executive directors and general managers of the Group.

	2026 ------(Rupees '000)-----	2025 ------(Rupees '000)-----
Managerial remuneration	375,669	323,164
Housing and utilities	245,529	207,966
Award and bonus	527,580	353,441
Other allowances and benefits	277,338	242,226
Leave encashment	20,788	37,106
Medical benefits	6,344	2,609
Pension fund	76,681	19,967
Gratuity fund	55,370	89,253
	<u>1,585,299</u>	<u>1,275,732</u>
Number of persons	<u>30</u>	<u>29</u>

43.2 The amounts of the trade debts outstanding are unsecured and will be settled in cash. For details of trade debts from related parties, refer note 39.1.3.

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OIL AND GAS DEVELOPMENT COMPANY LIMITED
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43.3 The names of key management personnel during the year or at year end are as follows:

1 Mr. Ahmed Hayat Lak	16 Syed Imtiaz Hussain Shah
2 Mr. Muhammad Anas Farook	17 Mr. Suhail Atta Chaudhry
3 Mr. Muhammad Aamir Salim	18 Syed Ejaz Abbas Rizvi
4 Mr. Shahzad Safdar	19 Mr. Habib Ullah Chohan
5 Mr. Atif Ghaffoor Mirza	20 Mr. Sajid Mehmood Khan
6 Mr. Zia Salahuddin	21 Mr. Saleem Nasir
7 Mr. Khurram Shiraz	22 Mr. Sikandar Ali Shaikh
8 Mr. Kamran Yusuf Shami	23 Mr. Tariq Mehmood
9 Brig. (Retd) Ibrar Hussain Bhatti	24 Mr. Muhammad Ali Khan
10 Mr. Qamar-ud-Din	25 Mr. Iftikhar Ahmad
11 Mr. Khalid Amin Khan	26 Mr. Muhammad Rizwan Ahmad Qureshi
12 Mr. Shaukat Hayat	27 Mr. Safdar Ali Channa
13 Mr. Sohail Anwar	28 Mr. Ahsan Ali Sheikh
14 Dr. Ghulam Baqir	29 Mr. Mohsin Abbas
15 Mr. Babar Iftikhar	30 Mr. Wasim Ahmad

44 REMUNERATION OF CHIEF EXECUTIVES, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the consolidated financial statements for the remuneration of the chief executive and executives is as follows:

	2026		2025	
	Chief Executive	Executives	Chief Executive	Executives
	(Rupees '000)			
Managerial remuneration	66,774	12,176,191	44,754	10,288,572
Housing and utilities	36,726	10,274,654	24,615	8,576,328
Award and bonus	99,919	12,717,365	46,766	8,428,318
Other allowances and benefits	53,714	12,183,256	24,345	11,016,355
Leave encashment	-	2,602,202	-	3,549,859
Medical benefits	777	643,141	61	516,569
Pension fund	-	5,023,708	-	1,488,637
Gratuity fund	24,449	361,146	59,727	366,325
	<u>282,359</u>	<u>55,981,663</u>	<u>200,268</u>	<u>44,230,963</u>

Number of persons including those who worked part of the year

	<u>1</u>	<u>4,527</u>	<u>1</u>	<u>4,300</u>
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- Executive means any employee whose basic salary exceeds Rs 1,200,000 (2025: Rs 1,200,000) per year. Non management employees whose basic salary is more than Rs 1,200,000 per year have also been included in the executives.
- Awards are paid to employees on start of commercial production and new discoveries of natural resources. Bonus includes performance bonus with respect to officers and for staff under section 10-C of the West Pakistan Industrial and Commercial Employment (standing orders) Ordinance 1968.
- The aggregate amount charged in the consolidated financial statements in respect of fee to 15 directors (2025: 15) was Rs 20.375 million (2025: Rs 35.156 million).
- The employees of the Group have option to avail car facility as per the entitlement policy of the Group.

OIL AND GAS DEVELOPMENT COMPANY LIMITED
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45 INFORMATION RELATING TO PROVIDENT FUND

Oil and Gas Development Company Limited (OGDC) Employees' Provident Fund is a contribution plan for benefit of permanent employees of the Group. For employees regularized before 01 January 2016, the Group does not contribute to the fund in respect of employees who are eligible for pension benefits and the contributions are made by the employees only. Investments out of Provident Fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for the purpose.

During the year ended 30 June 2016, the Group changed its policy for entitlement of pension fund whereby employees regularized after 01 January 2016 will contribute one basic salary towards provident fund annually and the Group shall match the contribution. Contributory provident fund trust in this respect has not yet been created.

46 SHARIAH DISCLOSURES UNDER CLAUSE VII OF PART I OF SCHEDULE IV OF THE COMPANIES ACT, 2017

		Note	2026 ------(Rupees '000)-----	2025
Consolidated Statement of financial position				
Liabilities:				
Financing (long-term, short-term, or lease financing) obtained as per Islamic mode			Not Applicable	Not Applicable
Interest or mark-up accrued on any conventional loan or advance			Not Applicable	Not Applicable
Assets:				
Investments in associates	Shariah compliant	15	178,822,945	137,640,235
Bank deposits, bank balances and TDRs	Shariah compliant	26 & 27	13,233,829	11,117,997
Investment in mutual funds	Shariah compliant	26	8,073,710	-
Consolidated Statement of profit or loss				
Sales -net	Shariah compliant	28	449,190,752	401,177,969
Delayed payments surcharge from customers	Non-shariah	30	-	8,503,459
Income on account of liquidated damages	Non-shariah	30	802,746	471,298
Share of profit in associates -net of taxation	Shariah compliant		16,591,713	12,674,658
Interest income on:				
Investments and bank deposits	Non-shariah		19,252,644	31,969,721
	Shariah compliant		721,167	934,886
		30	19,973,811	32,904,607
Exchange (loss) /gain on actual currency	Shariah compliant		449,545	3,205,305
	Non-shariah		(2,833,361)	2,385,027
		30	(2,383,816)	5,590,332
Exchange gains earned using:				
Conventional derivative financial instruments			Not Applicable	Not Applicable
Profit paid on Islamic mode of financing			Not Applicable	Not Applicable
Total interest earned on any conventional loan or advance			Not Applicable	Not Applicable

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OIL AND GAS DEVELOPMENT COMPANY LIMITED
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			2026	2025
			------(Rupees '000)-----	
Sources and detailed breakup of other income				
Finance income -lease	Shariah compliant	30	17,211,607	19,399,542
Unwinding of Loss on modification in terms of TFCs	Non-shariah	30	8,612,951	14,495,379
Unwinding of present value of interest free loan to employees	Non-shariah	30	1,156,626	-
Dividend income from investment at fair value through profit or loss	Shariah compliant		291	-
	Non-shariah		86,246	17,389
		30	86,537	17,389
Un-realized gain /(loss) on investments at fair value through profit or loss	Shariah compliant		14,452	-
	Non-shariah		152,327	213,485
		30	166,779	213,485
Realized gain /(loss) on investments at fair value through profit or loss	Shariah compliant		514,338	-
	Non-shariah		3,058,454	-
			3,572,792	-
Contract renewal fee	Shariah complian	30	1,044,992	1,174,227
Gain on disposal of property, plant and equipment	Shariah complian	30	97,970	155,665
Gain on disposal of stores, spare parts and loose tools	Shariah complian	30	374,576	406,013
Others	Shariah complian	30	3,667,755	637,904
			4,140,301	1,199,582

Name of the Group's shariah compliant financial institutions

Arrangements

Faysal Bank	Bank deposits
Dubai Islamic Bank	Bank deposits
Meezan Bank Limited	Bank deposits
Faysal Asset Management Limited	Investments
NBP Fund Management Limited	Investments
AI Meezan Investment Management Limited	Investments

47 CAPACITY AND PRODUCTION

Saleable production (net) from Group's fields including share from non-operated fields is as under:

Product	Unit	2026	2025
Crude oil /condensate (at ambient temperature)	Barrels	11,994,163	11,285,327
Natural gas	MMSCF	243,523	238,036
Liquefied petroleum gas	M.Ton	244,656	234,336
Sulphur	M.Ton	14,526	9,121

Due to nature of operations of the Group, installed capacity of above products is not relevant.

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OIL AND GAS DEVELOPMENT COMPANY LIMITED
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48 INTEREST IN JOINT OPERATIONS, WHOLLY OWNED CONCESSIONS AND GEOGRAPHICAL LOCATION AND ADDRESSES OF ALL BUSINESS UNITS

48.1 The Group has working interest in the following operated and non operated exploration licenses /leases in Pakistan and their geographical location and addresses are as follows:

		Working Interest	
		2026	2025
		(%)	
Operated by OGDCL - Wholly owned concessions			
Exploration licenses	Location		
Bela North*	Khuzdar, Awaran & Lasbella	-	-
Bostan	Ziarat, Pishin, Killah Abdullah & Quetta	100	100
Cholistan	Bahawalnagar & Bahawalpur	100	100
Fateh Jang	Islamabad, Rawalpindi & Attock	100	100
Jandaran	Barkhan, Kohlu & Loralai	100	100
Jandran West	Kohlu & Barkhan	100	100
Zhob	Zhob, Musa Khail Bazar & Tribal area of D.I. Khan	100	100
Kharan	Kharan & Noshki	100	100
Kalat North	Nushki, Mastung & Kalat	100	-
Lakhi Rud	Loralai, Musakhel, Barkhan & Kohlu	100	100
Mari East	Ghotki, Rahim Yar Khan & Rajanpur	100	100
Samandar	Awaran & Uthal	100	100
Saruna	Khuzdar & Lasbella	100	100
Alipur*	Multan, Bahawalpur, Rahim Yar Khan & Muzaffargarh	-	-
Shahana*	Washuk & Punjgur	-	-
Soghri	Attock, Punjab & Kohat, KP	100	100
Thal	Khairpur, Sukkur & Ghotki	100	100
Wali	South Waziristan Agency, Bannu, Lakki Marwat & Tribal area adjacent to Taank	100	100
Development and Production /Mining Leases			
Soghri	Attock, Punjab & Kohat, KP	100	100
Soghri North	Attock, Punjab & Kohat, KP	100	-
Bagla	Thatta & Badin, Sindh	100	100
Bhal Syedan	Attock, Punjab	100	100
Bhambra	Sukkur, Sindh	100	100
Bobli/ Dhamrakhi	Sanghar, Sindh	100	100
Buzdar	Hyderabad, Sindh	100	100
Chak 5 Dim South	Sanghar, Sindh	100	100
Dakhni	Attock, Punjab & Kohat, KP	100	100
Daru	Thatta, Sindh	100	100
Dhodak	Dera Ghazi Khan, Punjab	100	100
Fimkassar	Chakwal, Punjab	100	100
Hundi	Dadu, Sindh	100	100
Kal	Chakwal, Punjab	100	100
Kunnar	Hyderabad, Sindh	100	100
Kunnar Deep	Hyderabad, Sindh	100	100
Kunnar West	Hyderabad, Sindh	100	100
Lashari Centre & South	Hyderabad, Sindh	100	100
Loti	Dera Bugti Agency, Balochistan	100	100
Misan	Hyderabad, Sindh	100	100
Missa Keswal	Rawalpindi, Punjab	100	100
Nur West Tight Gas	sujaawal & Badin, Sindh	100	100
Pali	Hyderabad, Sindh	100	100
Pasahki & Pasahki North	Hyderabad, Sindh	100	100
Pasahki Deep	Hyderabad, Sindh	100	100
Pirkoh	Sibi (Bugti Tribal Territory), Balochistan	100	100
Pirkoh (Additional)	Dera Bugti Agency, Balochistan	100	100
Rajian	Chakwal & Jehlum, Punjab	100	100
Sadkal	Attock, Punjab	100	100

* The Group has requested DGPC for relinquishment of these exploratory blocks.

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INTEREST IN JOINT OPERATIONS, WHOLLY OWNED CONCESSIONS AND GEOGRAPHICAL LOCATION AND ADDRESSES OF ALL BUSINESS UNITS- Continued

		Working Interest	
		2026	2025
		(%)	
Development and Production /Mining Leases			
Sara West	Ghotki, Sindh	100	100
Sari Sing	Dadu, Sindh	100	100
Sono	Hyderabad, Sindh	100	100
Tando Alam	Hyderabad, Sindh	100	100
Thal East	Sukkur, Sindh	100	100
Thal West	Khairpur & Sukkur, Sindh	100	100
Thora/ Thora East & Thora Add	Hyderabad, Sindh	100	100
Toot	Attock, Punjab	100	100
Uch	Dera Bugti, Balochistan	100	100
Operated by OGDCL – Joint operations			
Exploration licenses			
Baratai	Kohat	97.50	97.50
Bitrism	Shaheed Benazirabad, Khairpur & Sanghar	95.00	95.00
Gawadar*	Gwadar & Kech	-	97.50
Guddu	Rajanpur, Rahim Yar Khan, Ghotki & Kashmore	70.00	70.00
Gurgulot	Kohat & Attock	75.00	75.00
Hazro	Attock, Swabi & Haripur	97.50	97.50
Kalchas	Kohlu, Dera Bugti & Rajanpur	50.00	50.00
Nowshera	Nowshera, Mardan, Charsada & Swabi	97.50	97.50
Khanpur*	Rahim Yar Khan	-	-
Zindhan-II	Bhakkar & Mianwali	97.50	97.50
Khewari	Khairpur & Shaheed Benazirabad	95.00	95.00
Killah Saifullah	Killah Saifullah	58.50	58.50
Khewari East	Khairpur	95.00	95.00
Lilla	Chakwal, Jhelum & Khushab	95.00	95.00
Vehari	Bahawalpur, Vehari & Lodhran	97.50	97.50
Jhelum	Jhelum and Gujrat	95.00	95.00
Sujawal South	Thatta	95.00	95.00
Sehwan	Dadu, Naushahro Firoz, Khairpur, Shaheed Benazir Abad and Jamshoro	97.50	97.50
Suleiman	MusaKhel, Zhob, Killa Saifullah & Loralai	47.50	47.50
Khuzdar North	Khuzdar	72.50	72.50
Kohat	Kohat, Naushera, Orakzai Agency, Peshawar & Darra Adam Khel	50.00	50.00
Kohlu	Kohlu, Dera Bugti & Barkhan	40.00	40.00
Nashpa	Kohat, Karak, North Waziristan & Mianwali	65.00	65.00
Shakr Ganj West	Pakpattan, Bahawalnagar, Vehari & Sahiwal	50.00	50.00
Sutlej	Bahawalpur, Vehari, Khenewal & Bahawalnagar	97.50	97.50
Khuzdar South	Khuzdar & Dadu	97.50	97.50
Khiu -2	Khushab & Bakhar	60.00	-
Nim	Hyderabad & Tharparker	95.00	95.00
Naing Sharif	Shaheed Benazir Abad and Jamshoro	70.00	-
Kotra East	Nasirabad, Jaffarabad, Jhal Magsi and Khuzdar	95.00	95.00
Orakzai	Kurram, Orakzai Agency & Hangu	75.34	75.34
Pasni West*	Gwadar & Kech	-	97.50
Pezu	D.G. Khan, Lakki Marwat, Taank, D.I. Khan & Tribal area of D.I. Khan	68.38	68.38
Plantak*	Washuk & Panjgur	-	-
Rakhshan*	Washuk	-	-
Ranipur	Khairpur, Larkana & Naushahro Feroz	95.00	95.00
Sinjhoro	Sanghar & Khairpur	76.00	76.00
Tirah	Khyber, Kurram & Orakzai Agencies	80.00	80.00
Tanishpa	Zhob and Qilla Saifullah	36.08	36.08
Lugai	Qilla Saifullah and Pishin	40.00	40.00

* The Group has requested DGPC for relinquishment of these exploratory blocks.

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INTEREST IN JOINT OPERATIONS, WHOLLY OWNED CONCESSIONS AND GEOGRAPHICAL LOCATION AND ADDRESSES OF ALL BUSINESS UNITS- Continued

ADDRESSES OF ALL BUSINESS UNITS- continued

		Working Interest	
		2026	2025
		(%)	
Exploration licenses- continued			
Miran	North Waziristan & Kurram	29.00	-
Murradi	Kamber, Shahdadt, Larkana, Dadu and Naushahro Firoz	97.50	100
Zin	Dera Bugti, Nasirabad, Kohlu & Sibbi	95.00	95.00
Chahbali	Mach, Mastung, Ketch & Kalat	66.50	66.50
Zorgarh*	Ghotki, Jaffarabad, Kashmore, Dera Bugti & Rajanpur	-	-
Armala *	Tharparkar	-	-
Hetu*	Bhakkar, Mianwali & D.I. Khan	-	-
Warnalai*	Chakwal, Jhelum & Rawalpindi	-	-
Tando Allah Yar	Hyderabad & Tharparker	95.00	95.00
Bin Qasim South	Indus Basin	32.00	-
Keti Bandar	Indus Basin	32.00	-

* The Group has requested DGPC for relinquishment of these exploratory blocks.

Development and Production /Mining Leases	Location		
Baloch	Sanghar, Sindh	62.50	62.50
Britism West	Shaheed Benazirabad, Khairpur & Sanghar, Sindh	77.50	77.50
Chabaro	Khairpur & Shaheed Benazirabad, Sindh	77.50	77.50
Chak Naurang	Chakwal, Punjab	85.00	85.00
Chak-63	Sanghar, Sindh	62.50	62.50
Chak-63 South East	Sanghar, Sindh	62.50	62.50
Chak-66	Sanghar, Khairpur, Sindh	62.50	62.50
Chak-7A	Sanghar, Sindh	62.50	62.50
Chanda	Kohat, KP	72.00	72.00
Chandio	Hyderabad, Sindh	77.50	77.50
Chak-2	Sanghar, Sindh	62.50	62.50
Dars	Hyderabad, Sindh	77.50	77.50
Dars Deep	Hyderabad, Sindh	77.50	77.50
Dars West	Hyderabad, Sindh	77.50	77.50
Dhok Hussain	Kohat, KP	97.50	97.50
Gopang	Hyderabad, Sindh	77.50	77.50
Gundanwari	Shaheed Benazirabad, Khairpur & Sanghar, Sindh	77.50	77.50
Hakeem Dahu	Sanghar, Khairpur, Sindh	62.50	62.50
Jakhro	Sanghar, Sindh	77.50	77.50
Jhal Magsi South	Jhal Magsi, Balochistan	56.00	56.00
Kunmar South	Hyderabad, Sindh	77.50	77.50
Kharo	Khairpur, Sindh	77.50	77.50
Lala Jamali	Sanghar, Sindh	62.50	62.50
Maru	Ghotki, Sindh	57.76	57.76
Maru South	Ghotki, Sindh	57.76	57.76
Mela	Kohat, KP	56.45	56.45
Nashpa	Karak, KP	56.45	56.45
Nim	Hyderabad, Sindh	77.50	77.50
Nim West	Hyderabad, Sindh	77.50	77.50
Chutto & Mangrio	Hyderabad, Sindh	77.50	77.50
Jarwar	Hyderabad, Sindh	77.50	77.50
Norai Jagir	Hyderabad, Sindh	77.50	77.50
Pasahki East	Hyderabad, Sindh	77.50	77.50
Pakhro	Tando Mohammad Khan, Sindh	77.50	77.50
Qadirpur	Ghotki & Kashmore, Sindh	82.99	75.00
Resham	Sanghar, Sindh	62.50	62.50
Reti	Ghotki, Sindh	57.76	57.76
Saand	Tando Allah Yar, Sindh	77.50	77.50
Shah	Hyderabad, Sindh	77.50	77.50
Tando Allah Yar	Hyderabad, Sindh	77.50	77.50
Tando Allah Yar North	Hyderabad, Sindh	77.50	77.50
Tando Allah Yar South West	Hyderabad, Sindh	77.50	77.50
Unnar	Hyderabad, Sindh	77.50	77.50
Togh /Togh bala	Kohat, KP	50.00	50.00
Suleman	MusaKhel, Zhob, Killa Saifullah & Loralai	77.50	77.50

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OIL AND GAS DEVELOPMENT COMPANY LIMITED
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INTEREST IN JOINT OPERATIONS, WHOLLY OWNED CONCESSIONS AND GEOGRAPHICAL LOCATION AND ADDRESSES OF ALL BUSINESS UNITS- Continued

			Working Interest	
			2026	2025
Non Operated- Joint operations	Location	Operator	(%)	
Exploration Licenses				
Block-28	Kohlu, Dera Bughti & Barkhan	Mari Energy Limited	5.00	5.00
Waziristan (Bunnu West)	Bannu & North Waziristan Agency	Mari Energy Limited	35.00	35.00
Offshore Indus-G*	Offshore Area	Prime Pakistan Limited	25.00	25.00
Musakhel	Musa Khel & Zhob District, Balochistan	Pakistan Petroleum Limited	35.30	35.30
South Kharan*	Washuk	Pakistan Petroleum Limited	46.50	46.50
Saruna West	Khuzdar & Lasbella District, Balochistan	Pakistan Oilfields Limited	30.00	30.00
Tal Block	Kohat, Karak & Bannu	MOL Pakistan Oil and Gas B.V.	30.00	30.00
Makhad	Attock, Punjab	Kirthar Pakistan B.V. (KUFPEC)	15.00	15.00
Punjab	Pakpatan, Sahiwal, Okara and Bahawalnagar	Pakistan Petroleum Limited	50.00	50.00
Sawan South	Khairpur, Sindh	United Energy Pakistan Limited	20.52	20.00
Sharan	Killa Saifullah and Zhob District, Balochistan	Mari Energy Limited	38.97	38.97
Shaigalu	Killa Saifullah and Zhob District, Balochistan	Pakistan Petroleum Limited	29.23	30.00
South Pishin	Killa Saifullah and Zhob District, Balochistan	Mari Energy Limited	27.28	28.00
Gambat-II	Khairpur & Sukkur, Sindh	Pakistan Petroleum Limited	30.00	30.00
Offshore Indus-C	Offshore Area	Turkish Petroleum Overseas Company Limited	20.00	-
Zarar	Offshore Area	Mari Energy Limited	24.00	-
Gharo Creek	Offshore Area	Pakistan Petroleum Limited	30.00	-
Kalat South	Kalat, Balochistan	Pakistan Petroleum Limited	30.00	-
Ahmed Wal	Nushki, Balochistan	Mari Energy Limited	40.00	-
Ziarat North	Ziarat, Balochistan	Mari Energy Limited	24.87	-
Sukhpur II	Jamshoro, Benazirabad, Sindh	Prime Pakistan Limited	30.00	-
Kochi Creek	Offshore Area	Pakistan Petroleum Limited	30.00	-
Offshore Deep -D	Offshore Area	Mari Energy Limited	30.00	-
Sapat Bandar	Offshore Area	Prime Pakistan Limited	23.00	-
Behr Block	Offshore Area	Mari Energy Limited	30.00	-

* The Group has requested DGPC for relinquishment of these exploratory blocks.

Development and Production /Mining Leases

Adhi /Adhi sakessar	Rawalpindi & Jhelum, Punjab	Pakistan Petroleum Limited	50.00	50.00
Badar	Kashmor, Sukkur & Ghotki, Sindh	Petroleum Exploration (Pvt) Limited	50.00	50.00
Badhra	Dadu, Sindh	Prime Pakistan Limited	20.00	20.00
Bhit	Dadu, Sindh	Prime Pakistan Limited	20.00	20.00
Buzdar South	Badin, Sindh	United Energy Pakistan Limited	49.00	49.00
Dhurnal	Attock, Punjab	Orient Petroleum Inc.	20.00	20.00
Fateh Shah North	Thatta, Sindh	United Energy Pakistan Limited	15.00	15.00
Jabo	Golarchi & Badin, Sindh	United Energy Pakistan Limited	49.00	49.00
Jagir	Badin, Sindh	United Energy Pakistan Limited	24.00	24.00
Jhaberi South	Badin, Sindh	United Energy Pakistan Limited	15.00	15.00
Kadanwari	Khairpur, Sindh	Prime Pakistan Limited	50.00	50.00
Kato	Tando Muhammed Alam & Badin, Sindh	United Energy Pakistan Limited	49.00	49.00
Makori	Karak, KPK	MOL Pakistan Oil and Gas B.V.	27.76	27.76
Makori Deep	Karak, KPK	MOL Pakistan Oil and Gas B.V.	27.76	27.76
Makori East	Karak, KPK	MOL Pakistan Oil and Gas B.V.	27.76	27.76
Mamikhel	Kohat & Hangu, KPK	MOL Pakistan Oil and Gas B.V.	27.76	27.76
Mamikhel South	Kohat & Hangu, KPK	MOL Pakistan Oil and Gas B.V.	27.76	27.76
Manzalai	Karak, Kohat & Bannu, KPK	MOL Pakistan Oil and Gas B.V.	27.76	27.76
Maramzai	Kohat & Hangu, KPK	MOL Pakistan Oil and Gas B.V.	27.76	27.76
Meyun Ismail	Hyderabad, Sindh	United Energy Pakistan Limited	49.00	49.00
Miano	Sukkur, Sindh	UEP Beta GmbH	52.00	52.00
Muban	Hyderabad, Sindh	United Energy Pakistan Limited	24.00	24.00
Paniri	Matli & Badin, Sindh	United Energy Pakistan Limited	49.00	49.00
Pindori	Chakwal, Punjab	Pakistan Oilfields Limited	50.00	50.00
Pir	Golarchi & Badin, Sindh	United Energy Pakistan Limited	49.00	49.00
Ratana	Attock, Punjab	Orient Petroleum Inc.	25.00	25.00
Sakhi Deep	Tando Muhammad Khan, Sindh	United Energy Pakistan Limited	24.00	24.00
Sara	Ghotki, Sindh	Spud Energy Pty Limited	40.00	40.00
Suri	Ghotki, Sindh	Spud Energy Pty Limited	40.00	40.00
Tolang	Kohat, KPK	MOL Pakistan Oil and Gas B.V.	27.76	27.76
Tolang West	Kohat, KPK	MOL Pakistan Oil and Gas B.V.	27.76	27.76
Zaur	Badin, Sindh	United Energy Pakistan Limited	49.00	49.00

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48.2 Geographical locations of regional offices

Office	Address	Location
Kohat	Bungalow # 22, CMH Road	Kohat, KPK
Quetta	House # 148/112-B, Jinnah Town	Quetta, Balochistan
Sukkur	Bungalow # A-25, Shikarpur Road	Sukkur, Sindh
Karachi	Bungalow # 20, Block A, SMCHS	Karachi, Sindh
Hyderabad	Muslim Housing Society	Hyderabad, Sindh
Multan	Piraan Ghaib Road	Multan, Punjab

49 NON ADJUSTING EVENT AFTER REPORTING DATE

- 49.1** The Board of Directors recommended final cash dividend for the year ended 30 June 2026 at the rate of Rs. 6/- per share amounting to Rs 25,806 million in its meeting held on September 04, 2026.

50 GENERAL

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

51 DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue on September 04, 2026 by the Board of Directors of the Parent Company.



Chief Financial Officer

Chief Executive

Director