

OIL AND GAS DEVELOPMENT COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION [UNAUDITED]
AS AT 31 MARCH 2023

		Unaudited 31 March 2023	Audited 30 June 2022
	Note	------(Rupees '000)-----	
SHARE CAPITAL AND RESERVES			
Share capital		43,009,284	43,009,284
Reserves	4	22,804,096	20,874,189
Unappropriated profit		942,104,462	811,509,093
		1,007,917,842	875,392,566
NON CURRENT LIABILITIES			
Deferred taxation		48,776,519	39,364,380
Deferred employee benefits		33,588,496	33,039,060
Provision for decommissioning cost	5	46,816,092	43,121,524
		129,181,107	115,524,964
CURRENT LIABILITIES			
Trade and other payables	6	111,975,501	105,121,439
Unpaid dividend	7	36,692,506	33,736,527
Unclaimed dividend		206,246	207,557
		148,874,253	139,065,523
TOTAL LIABILITIES		278,055,360	254,590,487
		1,285,973,202	1,129,983,053

CONTINGENCIES AND COMMITMENTS

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The annexed notes 1 to 29 form an integral part of these interim financial statements.

Chief Financial Officer

Annexure II
CS-04-08(PSX/LSE/SECP)
Date: April 27, 2023

		Unaudited 31 March 2023	Audited 30 June 2022
	Note	------(Rupees '000)-----	
NON CURRENT ASSETS			
Property, plant and equipment	9	86,367,126	92,685,118
Development and production assets	10	121,058,468	118,283,976
Exploration and evaluation assets	11	9,231,271	13,239,465
		216,656,865	224,208,559
Long term investments	12	85,189,396	41,938,930
Deposit with the Government of Pakistan for equity stake in Reko Diq project		-	34,462,500
Long term loans		9,583,108	9,811,981
Long term prepayments		1,181,832	908,609
Lease receivables	13	52,128,815	40,114,848
		364,740,016	351,445,427
CURRENT ASSETS			
Stores, spare parts and loose tools		21,734,136	19,958,215
Stock in trade		805,612	560,679
Trade debts	14	570,104,947	456,594,833
Loans and advances	15	12,163,908	16,603,490
Deposits and short term prepayments		1,893,054	1,207,668
Other receivables		956,994	1,009,932
Income tax- advance	16	32,969,325	31,914,172
Current portion of long term investments		150,687,336	140,694,637
Current portion of lease receivables	13	34,661,004	29,822,984
Other financial assets	17	83,821,956	48,539,965
Cash and bank balances		11,434,914	31,631,051
		921,233,186	778,537,626
		1,285,973,202	1,129,983,053

Chief Executive

Director

OIL AND GAS DEVELOPMENT COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME [UNAUDITED]
FOR NINE MONTHS ENDED 31 MARCH 2023

	Three months ended 31 March		Nine months ended 31 March	
	2023	2022	2023	2022
	----- (Rupees '000) -----			
Profit for the period	64,627,233	43,161,237	159,638,904	112,044,029
Other comprehensive (loss)/ income:				
Other comprehensive income:	-	-	-	-
Items that will be subsequently reclassified to profit or loss:				
Effects of translation of investment in a foreign associate	564,578	-	794,276	-
Share of effect of translation of investment in foreign associated company of the associate	-	-	48,131	-
	564,578	-	842,407	-
Other comprehensive income for the period	564,578	-	842,407	-
Total comprehensive income for the period	<u>65,191,811</u>	<u>43,161,237</u>	<u>160,481,311</u>	<u>112,044,029</u>

The annexed notes 1 to 29 form an integral part of these interim financial statements.

Chief Financial Officer

Chief Executive

Director

OIL AND GAS DEVELOPMENT COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY [UNAUDITED]
FOR NINE MONTHS ENDED 31 MARCH 2023

FOR NINE MONTHS ENDED 31 MARCH 2023

Share capital	Reserves					Unappropriated profit	Total equity	
	Capital reserves				Other reserves			
	Capital reserve	Self insurance reserve	Share of capital redemption reserve fund in associated company	Share of self insurance reserve in associated company	Foreign translation currency reserve			
------(Rupees '000)-----								
Balance as at 1 July 2021	43,009,284	836,000	14,950,000	2,118,000	920,000	-	707,810,761	769,644,045
Total comprehensive income for the period								
Profit for the period	-	-	-	-	-	-	112,044,029	112,044,029
Other comprehensive income for the period	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-	112,044,029	112,044,029
Transfer to self insurance reserve	-	-	1,088,672	-	-	-	(1,088,672)	-
Charge to self insurance reserve	-	-	(1,172)	-	-	-	1,172	-
Transactions with owners of the Company								
Distributions								
Final dividend 2021: Rs 1.50 per share	-	-	-	-	-	-	(6,451,393)	(6,451,393)
First interim dividend 2022: Rs 1.75 per share	-	-	-	-	-	-	(7,526,625)	(7,526,625)
Third interim dividend 2022: Rs 2.00 per share	-	-	-	-	-	-	(8,601,857)	(8,601,857)
Total distributions to owners of the Company	-	-	-	-	-	-	(22,579,875)	(22,579,875)
Balance as at 31 March 2022	<u>43,009,284</u>	<u>836,000</u>	<u>16,037,500</u>	<u>2,118,000</u>	<u>920,000</u>	<u>-</u>	<u>796,187,415</u>	<u>859,108,199</u>
Balance as at 1 July 2022	43,009,284	836,000	16,400,000	2,118,000	920,000	600,189	811,509,093	875,392,566
Total comprehensive income for the period								
Profit for the period	-	-	-	-	-	-	159,638,904	159,638,904
Other comprehensive income for the period	-	-	-	-	-	842,407	-	842,407
Total comprehensive income for the period	-	-	-	-	-	842,407	159,638,904	160,481,311
Transfer to self insurance reserve	-	-	1,088,138	-	-	-	(1,088,138)	-
Charge to self insurance reserve	-	-	(638)	-	-	-	638	-
Transactions with owners of the Company								
Distributions								
Final dividend 2022: Rs 2.50 per share	-	-	-	-	-	-	(10,752,321)	(10,752,321)
First interim dividend 2023: Rs 1.75 per share	-	-	-	-	-	-	(7,526,625)	(7,526,625)
Second interim dividend 2023: Rs 2.25 per share	-	-	-	-	-	-	(9,677,089)	(9,677,089)
Total distributions to owners of the Company	-	-	-	-	-	-	(27,956,035)	(27,956,035)
Balance as at 31 March 2023	<u>43,009,284</u>	<u>836,000</u>	<u>17,487,500</u>	<u>2,118,000</u>	<u>920,000</u>	<u>1,442,596</u>	<u>942,104,462</u>	<u>1,007,917,842</u>

The annexed notes 1 to 29 form an integral part of these interim financial statements.

Chief Financial Officer

Chief Executive

Director

OIL AND GAS DEVELOPMENT COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS [UNAUDITED]
FOR NINE MONTHS ENDED 31 MARCH 2023

		Nine months ended 31 March	
		2023	2022
Note		------(Rupees '000)-----	
Cash flows from operating activities			
	Profit before taxation	252,619,792	169,950,576
Adjustments for:			
	Depreciation	7,433,439	7,218,544
	Amortization of development and production assets	12,222,520	10,630,810
	Royalty	36,128,837	27,092,158
	Workers' profit participation fund	13,295,779	8,944,767
	Provision for employee benefits	5,262,382	3,889,592
	Charge of provision for decommissioning cost	-	446,880
	Unwinding of discount on provision for decommissioning cost	3,480,614	1,730,472
19	Interest income on investments and bank deposits	(19,897,886)	(7,870,048)
19	Interest income on lease	(5,892,793)	(5,232,658)
19	Un-realized loss on investments at fair value through profit or loss	60,159	28,649
	Exchange gain on lease	(16,632,096)	(5,103,880)
	Exchange gain on foreign currency investment and deposit accounts	(23,600,783)	(10,877,450)
19	Dividend income from NIT units	(11,078)	(7,310)
	Gain on disposal of property, plant and equipment	(23,366)	(2,429)
	Share of profit in associate	(6,932,282)	(3,037,881)
	Stores inventory written off	7,834	99,780
		<u>257,521,072</u>	<u>197,900,572</u>
Changes in:			
	Stores, spare parts and loose tools	(1,783,755)	(784,726)
	Stock in trade	(244,933)	(114,369)
	Trade debts	(113,510,114)	(82,951,315)
	Deposits and short term prepayments	(685,386)	(277,470)
	Loan and advances and other receivables	4,706,220	(1,386,874)
	Trade and other payables	(1,328,711)	1,391,985
		<u>144,674,393</u>	<u>113,777,803</u>
Cash generated from operations			
	Royalty paid	(30,312,760)	(17,495,163)
	Employee benefits paid	(5,559,007)	(3,246,696)
	Long term prepayments	(273,223)	(60,185)
	Decommissioning cost paid	(87,608)	(816,078)
	Payment to workers' profit participation fund-net	(12,237,966)	(6,788,755)
16	Income taxes paid	(84,623,902)	(49,259,819)
		<u>(133,094,466)</u>	<u>(77,666,696)</u>
	Net cash generated from operating activities	<u>11,579,926</u>	<u>36,111,107</u>
Cash flows from investing activities			
	Capital expenditure	(9,641,474)	(15,594,583)
	Interest received	12,469,172	4,435,153
	Lease payments received	2,057,957	1,358,663
	Dividends received	4,006,260	3,632,078
	Deposit with the Government of Pakistan for equity stake in Reko Diq project	-	(34,462,500)
	Investment in associated company	(3,957,502)	(4,176,250)
	Proceeds from disposal of property, plant and equipment	32,258	13,881
	Net cash generated from/ (used) in investing activities	<u>4,966,671</u>	<u>(44,793,558)</u>
Cash flows from financing activities			
	Dividends paid	(25,001,367)	(20,600,208)
	Net cash used in financing activities	<u>(25,001,367)</u>	<u>(20,600,208)</u>
Net increase/(decrease) in cash and cash equivalents		<u>(8,454,770)</u>	<u>(29,282,659)</u>
	Cash and cash equivalents at beginning of the period	79,875,942	63,460,344
	Effect of movements in exchange rate on cash and cash equivalents	23,600,783	10,877,450
	Cash and cash equivalents at end of the period	<u>95,021,955</u>	<u>45,055,135</u>

The annexed notes 1 to 29 form an integral part of these interim financial statements.

Chief Financial Officer

Chief Executive

Director

OIL AND GAS DEVELOPMENT COMPANY LIMITED
NOTES TO THE INTEIM FINANCIAL STATEMENTS [UNAUDITED]
FOR NINE MONTHS ENDED 31 MARCH 2023

1 LEGAL STATUS AND OPERATIONS

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

2 BASIS OF PREPARATION

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

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

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

The disclosures in these interim financial statements do not include those reported for full annual audited financial statements and should therefore be read in conjunction with the annual audited financial statements for the year ended 30 June 2022. Comparative statement of financial position is extracted from the annual audited financial statements as of 30 June 2022, whereas comparative statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows are stated from unaudited interim financial statements for the nine months period ended 31 March 2022.

These interim financial statements are unaudited and are being submitted to the members as required under Section 237 of Companies Act, 2017.

3 ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

The accounting policies, significant judgments made in the application of accounting policies, key sources of estimations, the methods of computation adopted in preparation of these interim financial statements and financial risk management policies are the same as those applied in preparation of annual audited financial statements for the year ended 30 June 2022.

3.1 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO APPROVED ACCOUNTING AND REPORTING STANDARDS THAT ARE NOT YET EFFECTIVE

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 January 2023:

	Effective dates
Amendments to IAS-1 Classification of liabilities as current or non-current	01 January 2024
Amendments to IAS-1 Non Current Liabilites with Covenants	01 January 2024
Amendments to IAS-1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies	01 January 2023
Amendments to IAS-12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction	01 January 2023
Amendments to IAS-8 Defination of Accounting Estimates.	01 January 2023
Amendments to IFRS-16 'Leases' on sale and lease back	01 January 2024
Amendments to IFRS-10 and IAS-28 - Sale or Contribution of Assets between an investor and its Associate or Joint Venture.	01 January 2023

The above amendments are not likely to have an impact on the Company's interim financial statements.

Furthermore, because of reasons as disclosed in note 2.5.3 to the annual audited financial statements for the year ended 30 June 2022, the Securities and Exchange Commission of Pakistan (SECP) has notified that the requirements contained in IFRS 9 with respect to application of Expected Credit Loss (ECL) method shall not be applicable till 30 June 2023 in respect of companies holding financial assets due from the Government of Pakistan (GoP), including those that are directly due from GoP and that are ultimately due from GoP in consequence of the circular debt issue. During the period, SECP through S.R.O67(I)/2023 dated 20 January 2023 extended the exemption till the financial year ending on or before 31 December 2024. 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. ECL method on financial assets as mentioned above will be applicable on 01 July 2024.

OIL AND GAS DEVELOPMENT COMPANY LIMITED
NOTES TO THE INTEIM FINANCIAL STATEMENTS [UNAUDITED]
FOR NINE MONTHS ENDED 31 MARCH 2023

		Unaudited 31 March 2023	Audited 30 June 2022
	Note	------(Rupees '000)-----	
4 RESERVES			
Capital reserves:			
Capital reserve	4.1	836,000	836,000
Self insurance reserve	4.2	17,487,500	16,400,000
Capital redemption reserve fund- associated company	4.3	2,118,000	2,118,000
Self insurance reserve- associated company	4.4	920,000	920,000
		<u>21,361,500</u>	<u>20,274,000</u>
Other reserves:			
Foreign currency translation reserve	4.5	1,290,068	495,792
Foreign currency translation reserve- associated company	4.6	152,528	104,397
		<u>1,442,596</u>	<u>600,189</u>
		<u>22,804,096</u>	<u>20,874,189</u>
4.1	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.		
4.2	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 12.4 for investments against this reserve. Accordingly, this reserve is not available for distribution to shareholders.		
4.3	This represents statutory reserve created by the associated company for redemption of redeemable preference shares in the form of cash to the preference shareholders.		
4.4	This represents a specific capital reserve set aside by the associated company for self insurance of assets which have not been insured, for uninsured risks and for deductibles against insurance claims.		
4.5	This represents accumulated balance of translation effect of a foreign operation in Rupees as per the Company's accounting policy.		
4.6	This represents accumulated balance of translation effect of a foreign operation in Rupees of associated Company.		
		Unaudited 31 March 2023	Audited 30 June 2022
		------(Rupees '000)-----	
5 PROVISION FOR DECOMMISSIONING COST			
Balance at beginning of the period/ year		43,121,524	28,992,057
Provision during the period/ year		301,562	639,149
Decommissioning cost incurred during the period/ year		(87,608)	(522,688)
Charge of provision for decommissioning cost		-	123,179
		<u>43,335,478</u>	<u>29,231,697</u>
Revision due to change in estimates		-	11,554,345
Unwinding of discount on provision for decommissioning cost		3,480,614	2,335,482
Balance at end of the period/ year		<u>46,816,092</u>	<u>43,121,524</u>

OIL AND GAS DEVELOPMENT COMPANY LIMITED
NOTES TO THE INTEIM FINANCIAL STATEMENTS [UNAUDITED]
FOR NINE MONTHS ENDED 31 MARCH 2023

	Unaudited 31 March 2023	Audited 30 June 2022
	------(Rupees '000)-----	
6 TRADE AND OTHER PAYABLES		
Creditors	550,439	20,642
Accrued liabilities	10,653,845	17,242,403
Payable to partners of joint operations	9,238,573	10,452,940
Retention money payable	9,085,181	6,726,124
Royalty payable to the Government of Pakistan	35,057,480	29,241,403
Excise duty payable	173,300	197,717
General sales tax payable	2,762,920	2,261,587
Petroleum levy payable	147,224	164,113
Withholding tax payable	897,418	198,716
Trade deposits	164,227	154,227
Workers' profit participation fund- net	13,295,779	12,237,966
Employees' pension trust	13,451,374	12,161,071
Gratuity fund	18,580	-
Advances from customers- unsecured	6,848,984	5,177,779
Other payables	9,630,177	8,884,751
	<u>111,975,501</u>	<u>105,121,439</u>

- 6.1** Gas Infrastructure Development Cess (GIDC) amounting to Rs 2,255 million (30 June 2022: Rs 2,255 million) is recoverable from customers and payable to the GoP. These interim 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 period 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.

7 UNPAID DIVIDEND

This includes an amount of Rs 36,268 million (30 June 2022: Rs 33,459 million) on account of shares held by OGDCL Employees' Empowerment Trust (OEET) under the Benazir Employees' Stock Option Scheme (BESOS) since the GoP was considering to revamp BESOS as was communicated to the Company by Privatization Commission of Pakistan (PCP). PCP vide letter no. F. No. 13(4)12/PC/BESOS/OGDCL dated 15 May 2018 informed that the matter of BESOS, as a scheme, was pending adjudication before the Honorable Supreme Court of Pakistan, hence status quo may be maintained till final decision of Honorable Supreme Court of Pakistan. The PCP vide letter no D.O. No. 1(2)PC/BESOS(Wind-up)2019 dated 30 December 2020 informed that the fund maintained by PCP has been closed since December 2020, therefore, the amounts retained on account of Employees Empowerment Fund be directly deposited in the Federal Consolidated Fund maintained by Finance Division.

During the year ended 30 June 2022, the Honourable Supreme Court of Pakistan has issued detailed judgement and declared the BESOS scheme to be ultra vires and that any benefits arising out of this scheme are illegal and unprotected. The Ministry of Energy, GoP vide letter dated 16 April 2022 required that the matter of transfer of all the accrued BESOS principal amount along with interest earned thereon be placed before the Board of Trustees of Employee Empowerment Trusts (EETs). In pursuance of which OEET through Board of Trustees resolution dated 25 April 2022 approved and transferred to the Company Rs 2,316 million representing dividends previously received from OGDCL and Rs 1,484 million representing interest earned thereon for onward settlement by the Company with the GoP. The Finance Division vide letter no F.No.8(6)AO-CF/2021-22 dated 09 May 2022 directed the Company to deposit the balance in the Federal Consolidated Fund within seven days as it was agreed with SOEs that the amount will be settled through cash deposit or non-cash adjustment. The Company requested vide its letter dated 16 May 2022 that BESOS amount should be settled as a non cash adjustment against the Company's circular debt. Management is currently under discussion with the GoP for settlement of these amounts.

OIL AND GAS DEVELOPMENT COMPANY LIMITED
NOTES TO THE INTEIM FINANCIAL STATEMENTS [UNAUDITED]
FOR NINE MONTHS ENDED 31 MARCH 2023

8 CONTINGENCIES AND COMMITMENTS

8.1 Contingencies

- 8.1.1** Claims against the Company not acknowledged as debts amounted to Rs 220 million at period end (30 June 2022: Rs 224 million).
- 8.1.2** 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 (30 June 2022: 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 (30 June 2022: 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.
- 8.1.3** Oil and Gas Regulatory Authority (OGRA) vide its decision dated 22 June 2018 decided that LPG producers, in public or private sector, cannot charge signature bonus in compliance with LPG Policy 2016. The Company has challenged this decision in Islamabad High Court on 23 July 2018. Signature bonus recognized as income by the Company after decision of OGRA amounts to Rs 2,741 million (30 June 2022: Rs 1,918 million). The Company believes that the matter will be decided in favour of the Company. Also refer note 19.1.
- 8.1.4** 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 have filed writ petitions before Islamabad High Court challenging issuance of above notices dated 05 October 2021 where stay has been granted to the Company till the date of next hearing. The Company is confident that the matter will be decided in its favor.
- 8.1.5** Certain banks have issued guarantees on behalf of the Company in ordinary course of business aggregating Rs 1.281 million (30 June 2022: Rs 1.281 million).
- 8.1.6** For contingencies related to income tax matters, refer note 16.1 to 16.4, 20.1 and 20.2.
- 8.1.7** For contingencies related to sales tax and federal excise duty, refer note 15.1 and 15.2.
- 8.1.8** For matter relating to conversion of certain blocks to Petroleum Policy 2012, refer note 18.1.
- 8.1.9** 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 31 March 2022 amounts to US\$ 195 million; Rs: 55,386 million (30 June 2022: US\$ 225 million; Rs: 46,050 million).

8.2 Commitments

- 8.2.1** Commitments outstanding at the quarter end amounted to Rs 87,121 million (30 June 2022: Rs 48,663 million). These include amounts aggregating to Rs 42,109 million (30 June 2022: Rs 31,906 million) representing the Company's share in the minimum work commitments under Petroleum Concession Agreements (PCAs). The Company has given corporate guarantees to GoP under various PCAs for the performance of obligations.
- 8.2.2** Letters of credit issued by various banks on behalf of the Company in ordinary course of the business, outstanding at period end amounted to Rs 2,255 million (30 June 2022: Rs 2,207 million).
- 8.2.3** The Company's share of associate commitments for capital expenditure, minimum work commitment under various Petroleum Concession Agreements (PCAs) and other investment as at 31 December 2022 amounted to Rs 10,944 million (30 June 2022: Rs 4,830 million)
- 8.2.4** 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 out of which US\$ 35 million has been invested till 31 March 2023. The remaining amount of US\$ 65 million (Rs 18,462 million) will be invested in subsequent years.
- 8.2.5** As per the Agreement, for reconstitution of the Reko Diq project referred in note 12.3, the Company has committed US\$ 398 million (Rs: 113,044 million) to fund its contributing interest of all cost and expenses of the project. The Company has also provided a corporate guarantee in this respect.

OIL AND GAS DEVELOPMENT COMPANY LIMITED
NOTES TO THE INTEIM FINANCIAL STATEMENTS [UNAUDITED]
FOR NINE MONTHS ENDED 31 MARCH 2023

		Unaudited 31 March 2023	Audited 30 June 2022
	Note	------(Rupees '000)-----	
9	PROPERTY, PLANT AND EQUIPMENT		
Carrying amount at beginning of the period /year		92,685,118	95,745,594
Additions/adjustments during the period /year	9.1	1,841,710	6,914,686
Book value of disposals		(8,892)	(13,247)
Depreciation charge for the period /year		(8,150,810)	(10,692,016)
Revision in estimate of decommissioning cost during the period /year		-	730,101
Carrying amount at end of the period /year	9.2	<u>86,367,126</u>	<u>92,685,118</u>
9.1	Additions/adjustments during the period /year		
Buildings, offices and roads on freehold land		41,071	224,318
Buildings, offices and roads on leasehold land		85,683	582,638
Plant and machinery		1,772,546	6,354,157
Rigs		10,312	55,937
Pipelines		38,301	1,271,173
Office and domestic equipment		36,368	287,742
Office and technical data computers		52,230	232,353
Furniture and fixture		7,171	5,392
Vehicles		341	66,519
Decommissioning cost		-	36,134
Capital work in progress (net movement)		(154,553)	(557,726)
Stores held for capital expenditure (net movement)		(47,760)	(1,643,951)
		<u>1,841,710</u>	<u>6,914,686</u>
9.2	Property, plant and equipment comprises:		
Operating fixed assets		79,366,278	85,481,957
Capital work in progress		1,452,104	1,606,657
Stores held for capital expenditure		5,548,744	5,596,504
		<u>86,367,126</u>	<u>92,685,118</u>
9.3	During September 2022, a fire incident occurred at a warehouse located in the company's partner operated field - Tal Block. Based on detailed assessment of the damaged items by the operator of the field, operating assets and stores amounting to Rs 25 million and Rs 842 million respectively, have been written off during the period.		
		Unaudited 31 March 2023	Audited 30 June 2022
		------(Rupees '000)-----	
10	DEVELOPMENT AND PRODUCTION ASSETS		
Carrying amount at beginning of the period/ year		118,283,976	100,415,134
Additions during the period/ year		10,749,117	12,280,808
Transferred from exploration and evaluation assets during the period/ year		5,456,278	12,233,483
Stores held for development and production activities (net movement)		(1,208,383)	1,315,660
Amortization charge for the period /year		(12,222,520)	(17,621,765)
Impairment charge for the period /year		-	(713,826)
Revision in estimates of decommissioning cost during the period /year		-	10,374,482
Carrying amount at end of the period /year		<u>121,058,468</u>	<u>118,283,976</u>

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		Unaudited 31 March 2023	Audited 30 June 2022
	Note	------(Rupees '000)-----	
11 EXPLORATION AND EVALUATION ASSETS			
Balance at beginning of the period/ year		12,780,350	16,495,762
Additions during the period/ year		3,985,212	16,174,730
		<u>16,765,562</u>	<u>32,670,492</u>
Cost of dry and abandoned wells during the period/ year		(3,036,167)	(7,656,659)
Cost of wells transferred to development and production assets during the period/ year		(5,456,278)	(12,233,483)
		<u>(8,492,445)</u>	<u>(19,890,142)</u>
		8,273,117	12,780,350
Stores held for exploration and evaluation activities		958,154	459,115
Balance at end of the period/ year		<u>9,231,271</u>	<u>13,239,465</u>
12 LONG TERM INVESTMENTS			
Investment in related party- associate, quoted			
Mari Petroleum Company Limited	12.1	29,433,437	26,221,901
Investment in related party- associate, unquoted			
Pakistan International Oil Limited	12.2	4,964,531	2,169,062
Pakistan Minerals (Private) Limited	12.3	36,192,502	-
Investments at amortised cost			
Term Deposit Receipts (TDRs)	12.4	14,598,926	13,547,967
Term Finance Certificates (TFCs)	12.5	150,687,336	140,694,637
		165,286,262	154,242,604
Less: Current portion shown under current assets		(150,687,336)	(140,694,637)
		14,598,926	13,547,967
		<u>85,189,396</u>	<u>41,938,930</u>

12.1 Mari Petroleum Company Limited (MPCL) is a listed company incorporated in Pakistan and is principally engaged in exploration, production and sale of hydrocarbons. The Company has 20% (30 June 2022: 20%) holding in the associate.

Previously, gas price mechanism for Mari field of MPCL was governed by Mari Gas Wellhead Price Agreement ("the Agreement") dated 22 December 1985, between the President of Islamic Republic of Pakistan and MPCL. Effective 01 July 2014, the agreement was replaced with revised Agreement dated 29 July 2015 ("Revised Agreement 2015") in line with the Economic Coordination Committee (ECC) decision, whereby the wellhead gas pricing formula was replaced with a crude oil price linked formula, which provides the discounted wellhead gas price. The Revised Agreement 2015 provided dividend distribution to be continued for ten (10) years upto 30 June 2024 in line with the previous cost plus formula, according to which the shareholders were entitled to a minimum return of 30% per annum, net of all taxes, on shareholders' funds, to be escalated in the event of increase in the MPCL's gas or equivalent oil production beyond the level of 425 MMSCFD at the rate of 1%, net of all taxes, on shareholders' funds for each additional 20 MMSCFD of gas or equivalent oil produced, prorated for part thereof on an annual basis, subject to a maximum of 45% per annum.

Effective 01 July 2020, dividend distribution cap has been removed vide ECC decision in the meeting held on 03 February 2021, which has also been ratified by the Federal Cabinet on 09 February 2021. Accordingly, the Company is allowed to distribute dividend in accordance with the provisions of the Companies Act, 2017 and rules made thereunder, without any lower or upper limit as mentioned above. Subsequently, an amendment agreement to Revised Agreement 2015 has been executed between the Government of Pakistan and MPCL on 17 April 2021, giving effect to ECC decision.

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- 12.2** Pakistan International Oil Limited (PIOL) is a company engaged in the business of extraction of oil and natural gas 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 OGDCL, Mari Petroleum Company limited (MPCL), Pakistan Petroleum Company Limited (PPL) and Government Holdings (Private) Limited (GHPL) have a 25% equity stake in PIOL. During the period, the Company subscribed to a further 1 million ordinary shares of PIOL, by paying further USD 10 million (Rs 2,228 million).
- 12.3** Further to the information disclosed in note 16.1 in the annual audited financial statements for the year ended 30 June 2022, all the conditions precedent as set out in the Framework Agreement, including but not limited to, the signing of the definitive agreements and judicial validation were completed as on 15 December 2022. The Company has invested in the project company, i.e. Reko Diq Mining Company (Private) Limited (RDML) through Pakistan Minerals (Private) Limited (PMPL), an entity incorporated in Pakistan in accordance with the agreements for collective representation of the Company, PPL and GHPL, together called the State Owned Enterprises (SOEs). RDML is engaged in the mineral exploration activities in Pakistan. PMPL holds an indirect working interest of 25% (8.33% of each SOE) in the RDML through offshore holding companies namely Reko Diq Holdings Limited and Reko Diq Investments Limited (herein after referred to as "Holdcos"). RDML is incorporated in Pakistan and Holdcos are incorporated in Jersey. The Company's equity interest in PMPL is 33.33% with an effective interest of 8.33% in RDML. The SOEs have representation on the Boards of Holdcos and RDML through PMPL.

The investment in PMPL by the Company has been accounted for as an associate with the carrying amount of investment based on the total purchase consideration paid by the company in the form of initial entry fee and the interest payments thereon till 15 December 2022. 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. The Company has conducted its initial assessment for identification and valuation of assets and liabilities of the investee, and as a result of this assessment has not identified any goodwill or bargain purchase gain in the aforesaid acquisition. Under the provisions of the approved accounting and reporting standards as applicable, the Company can adjust the amounts recognized for identified assets and liabilities determined in its initial assessment within the measurement period which should not exceed 12 months from the acquisition date.

Further, the Company has made subsequent investment in PMPL amounting to Rs 133.373 million which has increased the total equity investment of the Company in the associate to Rs 36,193 million.

- 12.4** This represents investments in local currency TDRs and includes interest amounting to Rs 4,598 million (30 June 2022: Rs 3,547 million) carrying effective interest rate of 14% (30 June 2022: 14%) per annum and have maturities of five (5) years. These investments are earmarked against self insurance reserve as explained in note 4.2 to the interim financial statements.
- 12.5** This represents 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 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 are 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.

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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. PHL requested the Company to prepare revised term sheet for onward submission to Finance division of the GoP for approval. During the year ended 30 June 2020, the Board of Directors resolved that the management may take further steps for the extension of investor agreement with PHL for a further period of three (3) years. However, the revised term sheet has not yet been signed with PHL. Currently, management is in discussion with Ministry of Energy and Ministry of Finance for settlement of outstanding principal and interest.

As per the revised terms, principal repayment amounting to Rs 82,000 million (30 June 2022: Rs 71,750 million) was past due as at 31 March 2023. Further, interest due as of 31 March 2023 was Rs 68,687 million (30 June 2022: Rs 58,695 million) of which Rs 67,595 million (30 June 2022: Rs 55,577 million) was past due. The Company considers the principal and interest to be fully recoverable as these are backed by Sovereign Guarantee of the GoP. Adjustments, if any, will be made after the execution of extension in the investor agreement. As disclosed in note 3.1, SECP has deferred the applicability of ECL model till financial year ending on or before 31 December 2024 on financial assets due directly/ ultimately from the GoP in consequence of the circular debt.

13 LEASE RECEIVABLES

Net investment in lease has been recognized on gas sale agreements with power companies i.e. Uch Power (Private) Limited (UPL) and Uch-II Power (Private) Limited (Uch-II) as follows:

		Unaudited 31 March 2023	Audited 30 June 2022
	Note	------(Rupees '000)-----	
Net investment in lease		86,789,819	69,937,832
Less: Current portion of net investment in lease	13.1	(34,661,004)	(29,822,984)
		<u>52,128,815</u>	<u>40,114,848</u>

- 13.1** Current portion of net investment in lease includes amounts billed to customers of Rs 28,076 million (30 June 2022: Rs 21,532 million) out of which Rs 26,022 million (30 June 2022: Rs 19,907 million) is overdue on account of inter-corporate circular debt. As disclosed in note 3.1, SECP has deferred the applicability of ECL model till financial year ending on or before 31 December 2024 on debts due directly/ 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.

- 13.2** Income relating to variable lease payments as a result of change in index during the period amounts to Rs 5,960 million (31 March 2022: Rs: 4,421 million) has been recorded as revenue for the period.

	Unaudited 31 March 2023	Audited 30 June 2022
	------(Rupees '000)-----	
Un-secured- considered good	570,104,947	456,594,833
Un-secured- considered doubtful	100,363	100,363
	<u>570,205,310</u>	<u>456,695,196</u>
Provision for doubtful trade debts	(100,363)	(100,363)
	<u>570,104,947</u>	<u>456,594,833</u>

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- 14.1** Trade debts include overdue amount of Rs 497,727 million (30 June 2022: Rs 393,170 million) on account of Inter-corporate circular debt, receivable from oil refineries, gas companies gas companies and power producers out of which Rs 200,547 million (30 June 2022: Rs 167,949 million) and Rs 190,188 million (30 June 2022: Rs 146,101 million) are overdue from related parties, Sui Southern Gas Company Limited and Sui Northern Gas Pipeline Limited respectively. The Government of Pakistan (GoP) is committed, hence continuously pursuing for satisfactory settlement of Inter-corporate circular debt issue, however, the progress is slower than expected resulting in accumulation of Company's trade debts. The Company considers this amount to be fully recoverable because the Government of Pakistan has been assuming the responsibility to settle the Inter-corporate circular debt in the energy sector. The Company recognizes interest/ surcharge, if any, on delayed payments from customers when the interest/ surcharge on delayed payments is received by the Company. As disclosed in note 3.1, SECP has deferred the applicability of ECL model till financial year ending on or before 31 December 2024 on financial assets due directly/ ultimately from the GoP in consequence of the circular debt.

15 LOANS AND ADVANCES

- 15.1** This includes an amount of Rs 3,180 million (30 June 2022: 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 to the Company by FBR before Islamabad High Court. On 27 December 2013, the Honorable Court decided the matter in favor of the Company. In light of the Islamabad High Court decision, the Company has applied to FBR for obtaining condonation of time limit for issuing debit notes to UPL/ revision of sales tax returns for the remaining amount of Rs 3,180 million for the period July 2004 to March 2011 and currently the matter is pending with FBR.

UPL filed an intra court appeal against the decision of the Islamabad High Court (IHC). IHC through its order dated 17 November 2016 dismissed the intra court appeal in favour of the Company. In January 2017, UPL filed Civil Petition for Leave to Appeal (CPLA) against the Company and others, before the Honorable Supreme Court of Pakistan against the decision of IHC. During the period, CPLA has been dismissed as infructuous. Management is awaiting detailed judgement of Honorable Supreme Court of Pakistan. FBR has linked the disposal of OGDCL's condonation request with the outcome of UPL's CPLA. The Company and its legal advisors are confident that required condonations will be obtained and the amount will be recovered from UPL. Accordingly, no provision in this respect has been made in these interim financial statements.

- 15.2** This also includes recoveries of Rs 317 million (30 June 2022: 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 6,708 million (30 June 2022: Rs 6,708 million) relating to periods July 2012 to June 2014. The Honourable 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. These demands were raised by tax authorities due to difference between computation of sales/ production reported by the Company in its sales tax returns and sales/ production based on other sources of data. During the year ended 30 June 2021, additional demand of Rs 9,668 million relating to periods 2017-18 and 2018-19 were raised on the same issue by the tax department, against which the Company filed appeals before Commissioner Inland Revenue (Appeals) CIRA on 29 June 2021. During the period, CIRA remanded back the case to DCIR. The Company has filed appeal before ATIR which is pending. The Company believes that these demands were raised without legal validity and will be decided by IHC and CIRA in favor of the Company as previously decided by ATIR in favour of the Company.

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		Unaudited 31 March 2023	Audited 30 June 2022
	Note	------(Rupees '000)-----	
16 INCOME TAX- ADVANCE			
Income tax- advance at beginning of the period/ year		31,914,172	45,751,659
Income tax paid during the period/ year		84,623,902	70,473,738
Provision for current taxation- profit or loss	20	(83,568,749)	(87,041,170)
Tax credit related to remeasurement loss on employee retirement benefit plans- other comprehensive income		-	2,729,945
Income tax- advance at end of the period/ year	16.1 to 16.4	<u>32,969,325</u>	<u>31,914,172</u>

16.1 This includes amount of Rs 29,727 million (30 June 2022: Rs 29,727 million) paid to tax authorities on account of disallowance of actuarial loss amounting to Rs 58,744 million (30 June 2022: Rs 58,744 million) which the Company claimed in its return for the tax years 2014 to 2018 and 2020. 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 disallowed 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 and remanded back the matter for tax year 2020. Being aggrieved, the Company has 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. The management, based on opinion of its tax consultant, believes that the actuarial loss is an admissible expense under the tax laws and there is reasonable probability that the matter will be decided in favor of the Company by appellate forums available under the law.

16.2 During the year ended 30 June 2014, tax authorities raised demands of Rs 13,370 million (30 June 2022: 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 (30 June 2022: Rs 5,372 million) from the Company upto 30 June 2022. 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. The case is currently pending before ATIR. Further, IHC vide order dated 14 January 2019 directed ATIR to decide the appeal expeditiously and until seven days after the decision on the Company's appeal, the tax department is restrained from adopting coercive measures for the recovery of the disputed tax liability in the event the appeal is dismissed. Management and its legal advisor are of the view that the price discount is not the income of the Company and hence not liable to tax. Accordingly, management is confident that the matter will be 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.

16.3 Income tax advance includes Rs 1,259 million (30 June 2022: 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 interim financial statements.

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- 16.4** Tax authorities have raised demand of Rs 3,264 million (30 June 2022: Rs 3,264 million) for tax year 2016, on account of GIDC payable and certain other expenditures due to alleged non deduction of withholding taxes and Rs 14,678 million (30 June 2022 Rs: 14,678 million) for tax year 2020 and 2021, on account of alleged production differences and 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. In respect of above mentioned demands Rs 16,520 million (30 June 2022: Rs 11,926 million) has been paid/ adjusted against Company's refunds. Appeals were filed by the Company for tax year 2016, 2020 and 2021 before CIRA on 26 March 2021, 19 April 2021 and 15 April 2022 respectively. During the period, CIRA vide order dated 28 November 2022 for tax year 2020 and order dated 29 November 2022 for tax year 2021, has remanded back the matters, against which the Company and tax department has filed appeals with ATIR on 20 January 2023 which are currently pending. 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 this respect in these interim financial statements.

During the period, ACIR raised demand of Rs 10,732 million for tax year 2022 on account of actuarial losses, WPPF, post retirement medical benefits, compensated absences, exploration & development expenses and prospecting expenses. The Company has paid Rs 3,000 million against the above mentioned demand and filed an appeal before CIRA on 27 March 2023, which is currently pending.

		Unaudited	Audited
		31 March	30 June
		2023	2022
	Note	----- (Rupees '000) -----	
17 OTHER FINANCIAL ASSETS			
Investment in Term Deposit Receipts (TDRs)- at amortised cost	17.1	83,587,041	48,244,891
Investment at fair value through profit or loss- NIT units		234,915	295,074
		<u>83,821,956</u>	<u>48,539,965</u>
17.1 This represents foreign currency TDRs amounting to USD 284 million; Rs 80,633 million (30 June 2022: USD 236 million; Rs 48,302 million), and accrued interest amounting to USD 10.418 million; Rs 2,954 million (30 June 2022: USD 0.619 million; Rs 127 million), carrying interest rate ranging from 10.43% to 12.67% (30 June 2022: 5.83% to 11.20%) per annum, having maturities up to six months (30 June 2022: six months).			

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	Three months ended 31 March		Nine months ended 31 March	
	2023	2022	2023	2022
	------(Rupees '000)-----			
18 SALES- NET				
Gross sales				
Crude oil	52,489,088	46,121,292	156,138,438	130,861,868
Gas	51,791,121	41,282,934	149,909,854	116,125,220
Liquefied petroleum gas	13,119,113	12,240,385	35,692,693	32,820,451
Sulphur	76,818	-	76,818	345,604
Gas processing	-	-	-	8,119
	<u>117,476,140</u>	<u>99,644,611</u>	<u>341,817,803</u>	<u>280,161,262</u>
Government levies				
General sales tax	(10,731,695)	(9,583,375)	(30,069,782)	(37,029,402)
Petroleum levy	(297,034)	(359,256)	(920,805)	(1,051,042)
Excise duty	(534,535)	(597,926)	(1,678,827)	(1,813,507)
	<u>(11,563,264)</u>	<u>(10,540,557)</u>	<u>(32,669,414)</u>	<u>(39,893,951)</u>
	<u>105,912,876</u>	<u>89,104,054</u>	<u>309,148,389</u>	<u>240,267,311</u>

- 18.1** 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) 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 28,546 million (30 June 2022: Rs 22,426 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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18.2 Gas Sale Agreement (GSA) in respect of Kunnar Pasakhi Deep (KPD) fields between the Company and Sui Southern Gas Company Limited is being finalized and adjustments, if any, will be accounted for in the financial statements after execution of GSA.

18.3 Gas sales include sales from Nur-Bagla field invoiced on provisional prices. There may be adjustment in revenue upon issuance of final wellhead prices notification by Ministry of Energy (Petroleum Division), impact of which cannot be determined at this stage.

		Three months ended 31 March		Nine months ended 31 March		
		2023	2022	2023	2022	
Note		----- (Rupees '000) -----				
19	FINANCE AND OTHER INCOME					
	Income from financial assets					
	Interest income on:					
	Investments and bank deposits	7,422,909	2,896,072	19,897,886	7,870,048	
	Finance income- lease	1,969,528	1,801,937	5,892,793	5,232,658	
	Dividend income from NIT units	-	-	11,078	7,310	
	Un-realized loss on investments at fair value through profit or loss	(27,605)	(1,997)	(60,159)	(28,649)	
	Exchange gain- net	27,709,954	3,461,917	37,032,567	15,420,008	
	Signature bonus/ contract renewal fee	19.1	220,671	209,351	1,579,502	456,011
	Income on account of liquidated damages/ penalty imposed on suppliers		29,217	(373,104)	153,988	(238,187)
	Others		121,344	356,334	676,183	868,239
			37,446,018	8,350,510	65,183,838	29,587,438

19.1 This represents income recognized on account of signature bonus/ contract renewal fee in respect of allocation of LPG quota. For contingency related to this matter refer note 8.1.3. This further includes an amount of Rs 756 million received from joint operation partner in consideration for the transfer of assigned interest.

		Three months ended 31 March		Nine months ended 31 March	
		2023	2022	2023	2022
		------(Rupees '000)-----			
20	TAXATION				
	Current tax- charge for the period	27,224,684	21,015,676	83,568,749	56,160,104
	Deferred tax- charge for the period	7,920,276	601,922	9,412,139	1,746,443
		<u>35,144,960</u>	<u>21,617,598</u>	<u>92,980,888</u>	<u>57,906,547</u>

20.1 Various appeals in respect of assessment years 1992-93 to 2002-03, tax years 2003 to 2021 are pending at different appellate forums in the light of the order of the Commissioner of Inland Revenue (Appeals) and decision of the Adjudicator, appointed by both the Company as well as the Federal Board of Revenue (FBR) mainly on the issues of decommissioning cost, depletion allowance, prospecting, exploration and development expenditure, tax rate, 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 2021 amounts to Rs 148,663 million which has been paid to tax authorities and has also been provided for in these interim financial statements. Prospecting, exploration and development expenditure and unrealized exchange gain/ loss are timing differences, hence, the relevant impacts are also taken in deferred tax.

20.2 During the year ended 30 June 2021, tax authorities have raised demand of Rs 1,047 million for tax year 2013 (30 June 2022: Rs 1,047 million for tax year 2013) on account of alleged issue of not offering consideration of sale of working interest in a block for tax. Appeal has been filed by the Company before CIRA on 30 June 2021, which is currently pending adjudication. Management is confident that the above demand does not hold any merit under the applicable tax laws. Accordingly, no provision has been made in respect of these in the interim financial statements.

		Three months ended		Nine months ended	
		31 March		31 March	
		2023	2022	2023	2022
21	EARNINGS PER SHARE- BASIC AND DILUTED				
	Profit for the period (Rupees '000)	64,627,233	43,161,237	159,638,904	112,044,029
	Average number of shares outstanding during the period ('000)	4,300,928	4,300,928	4,300,928	4,300,928
	Earnings per share- basic (Rupees)	15.03	10.04	37.12	26.05

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

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		Nine months ended 31 March	
		2023	2022
		------(Rupees '000)-----	
22 CASH AND CASH EQUIVALENTS			
Cash and bank balances		11,434,914	10,021,075
Investment in Term Deposit Receipts		83,587,041	35,034,060
		<u>95,021,955</u>	<u>45,055,135</u>

23 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
Financial assets measured at fair value			
Other financial assets- NIT units			
31 March 2023	234,915	-	-
30 June 2022	295,074	-	-

24 RELATED PARTIES TRANSACTIONS

Government of Pakistan owns 74.97% (30 June 2022: 74.97%) shares of the Company. Pursuant to the decision of the Supreme Court of Pakistan as explained in note 10, the shares currently held by OGDCL Employees' Empowerment Trust (OEET) 10.05% (30 June 2022: 10.05%) will be transferred back to the GoP and accordingly, the GoP holding will be increased. Therefore, all entities owned and controlled by the Government of Pakistan are related parties of the Company. Other related parties comprise associated companies, major shareholders, directors, companies with common directorship, key management personnel, OGDCL 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 the interim financial statements. Transactions with related parties other than disclosed below are disclosed in relevant notes to these interim financial statements. Transactions of the Company with related parties and balances outstanding at period end are as follows:

	Nine months ended	
	31 March	
	2023	2022
	------(Rupees '000)-----	
MPCL- Associated company- 20% share holding of the Company and common directorship		
Share of profit in associate- net of taxation	7,158,588	5,491,858
Dividend received	3,995,182	3,624,768
Share of other comprehensive income	48,131	-
Expenditure charged (by)/ to joint operations partner- net	(178,077)	1,235,527
Cash calls received from joint operations partner- net	897,595	1,111,601
Share (various fields) payable as at 31 March	1,328,938	1,395,933
Share (various fields) receivable as at 31 March	-	1,309,774
PIOL- Associated company- 25% share holding of the Company and common directorship		
Cost of investment made during the period	2,227,500	4,176,250
Share of loss in associate	(226,306)	(2,453,977)
Share of other comprehensive income	794,276	-

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	Nine months ended 31 March	
	2023	2022
	------(Rupees '000)-----	
RELATED PARTIES TRANSACTIONS- continued		
PMPL- Associated company- 33.33% share holding of the Company and common directorship		
Cost of investment	36,192,502	-
Major shareholders		
Government of Pakistan (74.97% share holding)		
Dividend paid	18,864,520	15,235,921
Dividend paid- Privatization Commission of Pakistan	2,095,995	1,692,920
Deposit against Reko Diq project	-	34,462,500
OGDCL Employees' Empowerment Trust (10.05% share holding)- note 10		
Dividend withheld	36,268,068	30,710,359
Related parties by virtue of the GoP holdings and/ or common directorship		
Sui Northern Gas Pipelines Limited		
Sale of natural gas	65,975,830	47,553,762
Trade debts as at 31 March	205,333,017	153,767,252
Pakistan State Oil Company Limited		
Sale of liquefied petroleum gas	858,887	1,303,705
Purchase of petroleum, oil and lubricants	85,031	33,422
Payable as at 31 March	17,600	8,342
Advance against sale of LPG as at 31 March	385,014	88,042
Pakistan Petroleum Limited		
Payable as at 31 March	84,835	1,015
Expenditure charged (by)/ to joint operations partner- net	(1,087,482)	1,509,939
Cash calls (paid to)/ received from joint operations partner- net	(663,812)	3,291,075
Share (various fields) receivable as at 31 March	1,774,347	2,412,892
Share (various fields) payable as at 31 March	2,404,525	1,297,508
Pak Arab Refinery Company Limited		
Sale of crude oil	18,677,291	24,310,162
Trade debts as at 31 March	7,024,796	8,030,924
PARCO Pearl Gas (Private) Limited		
Sale of liquefied petroleum gas	858,016	618,935
Advance against sale of LPG as at 31 March	33,822	134,010
Pakistan Refinery Limited		
Sale of crude oil	9,088,672	7,331,634
Trade debts as at 31 March	5,832,308	5,342,739
Khyber Pakhtunkhwa Oil & Gas Company (KPOGCL)		
Expenditure charged to joint operations partner	13,296	82,343
Cash calls received from joint operations partner	27,033	88,332
KPOGCL share (various fields) receivable as at 31 March	5,598	41,039
Signature bonus received	755,798	-
Sindh Energy Holding Company Limited (SEHCL)		
Expenditure charged to joint operations partner	593	26,230
Cash calls received from joint operations partner	30,541	76,043
SEHCL share (various fields) receivable as at 31 March	-	19,537
SEHCL share (various fields) Payable as at 31 March	2,121	-

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	Nine months ended 31 March	
	2023	2022
	------(Rupees '000)-----	
RELATED PARTIES TRANSACTIONS- continued		
Sui Southern Gas Company Limited		
Sale of natural gas	39,498,493	31,636,337
Sale of liquefied petroleum gas	987,395	785,311
Pipeline rental charges	-	27,495
Trade debts as at 31 March	209,229,361	171,551,421
Advance against sale of LPG as at 31 March	24,184	32,817
Sui Southern Gas Company LPG (Pvt) Limited		
Sale of liquefied petroleum gas	675,971	403,468
Advance against sale of LPG as at 31 March	60,367	28,680
Government Holdings (Private) Limited (GHPL)		
Expenditure charged to joint operations partner	2,513,064	3,230,398
Cash calls received from joint operations partner	3,743,228	2,232,049
GHPL share (various fields) receivable as at 31 March	1,712,817	3,211,494
GHPL share (various fields) payable as at 31 March	2,824,810	3,391,605
National Investment Trust		
Investment as at 31 March	234,915	313,371
Dividend received	11,078	7,310
National Bank of Pakistan		
Balance at bank as at 31 March	4,060,994	2,265,618
Balance of investment in TDRs as at 31 March	32,374,000	14,521,032
Interest earned	1,719,919	283,771
Power Holding Limited (PHL)		
Mark-up earned	9,992,700	5,469,018
Balance of investment in TFCs not yet due as at 31 March	-	10,250,000
Balance of past due principal repayment of TFCs as at 31 March	82,000,000	71,750,000
Balance of mark-up receivable on TFCs not yet due as at 31 March	-	606,935
Balance of past due mark-up receivable on TFCs as at 31 March	68,687,336	55,577,199
National Insurance Company Limited		
Insurance premium paid	661,188	745,103
Payable as at 31 March	4,323	164
National Logistic Cell		
Crude transportation charges paid	847,406	1,683,324
Payable as at 31 March	540,280	677,192
Enar Petrotech Services Limited		
Consultancy services	26,692	29,850
Payable as at 31 March	-	2,577
Enar Petroleum Refining Facility		
Sale of crude oil	20,698,226	17,215,927
Trade debts as at 31 March	6,394,797	3,188,949
Other related parties		
Contribution to pension fund	2,000,000	500,000
Contribution to gratuity fund	133,470	330,825
Remuneration including benefits and perquisites of key management personnel	518,351	461,590

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25 DISCLOSURE REQUIREMENTS FOR ALL SHARES ISLAMIC INDEX

Following information has been disclosed as required under para 10 of Part-I of the Fourth Schedule to the Companies Act, 2017.

Description	Explanation	Rupees '000
i) Bank balances as at 31 March 2023	Placed under Shariah permissible arrangement	154,713
ii) Return on bank deposits for the period ended 31 March 2023	Placed under Shariah permissible arrangement	339,187
iii) Revenue earned for the period ended 31 March 2023	Earned from Shariah compliant business	309,148,389
iv) Relationship with banks having Islamic windows	Meezan Bank Limited, Dubai Islamic Bank & Faysal Bank Limited	

Disclosures other than above are not applicable to the Company.

26 RISK MANAGEMENT

Financial risk management objectives and policies are consistent with that disclosed in the annual audited financial statements for the year ended 30 June 2022.

27 NON ADJUSTING EVENT AFTER REPORTING DATE

The Board of Directors approved interim cash dividend at the rate of Rs 1.80 per share amounting to Rs 7,742 million in its meeting held on 27 April 2023.

28 GENERAL

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

29 DATE OF AUTHORIZATION FOR ISSUE

These interim financial statements were authorized for issue on 27 April 2023 by the Board of Directors of the Company.

Chief Financial Officer

Chief Executive

Director