

OIL AND GAS DEVELOPMENT COMPANY LIMITED
CONDENSED CONSOLIDATED INTERIM BALANCE SHEET [UNAUDITED]
AS AT 30 SEPTEMBER 2008

	Unaudited 30 September 2008	Audited 30 June 2008		Unaudited 30 September 2008	Audited 30 June 2008
Note	(Rupees '000)		Note	(Rupees '000)	
SHARE CAPITAL AND RESERVES			NON CURRENT ASSETS		
Share capital	43,009,284	43,009,284	Fixed assets		
Capital reserve	3,554,813	3,503,064	Property, plant and equipment	5	24,257,229
Unappropriated profit	67,777,648	63,902,995	Development and production assets - intangible	6	39,468,541
	<u>114,341,745</u>	<u>110,415,343</u>	Exploration and evaluation assets	7	7,252,827
					70,978,597
			Long term investments		67,710,116
			Long term loans and receivables		2,719,875
			Long term prepayments		1,680,010
					89,049
					<u>75,467,531</u>
					<u>72,485,805</u>
NON CURRENT LIABILITIES			CURRENT ASSETS		
Deferred taxation	13,418,239	12,131,932	Stores, spare parts and loose tools		16,944,444
Deferred employee benefits	1,584,903	1,528,444	Stock in trade		153,716
Provision for decommissioning cost	7,031,182	6,795,141	Trade debts	8	52,841,600
	<u>22,034,324</u>	<u>20,455,517</u>	Loans and advances		2,154,116
			Deposits and short term prepayments		349,712
			Interest accrued		215,397
			Other receivables		909,604
			Other financial assets	9	12,165,426
			Cash and bank balances		3,336,924
					89,070,939
					<u>79,823,658</u>
CONTINGENCIES AND COMMITMENTS					<u>164,538,470</u>
					<u>152,309,463</u>
					<u>164,538,470</u>
					<u>152,309,463</u>

The annexed notes 1 to 15 form an integral part of this condensed consolidated interim financial information.

Chairman

Chief Executive

OIL AND GAS DEVELOPMENT COMPANY LIMITED
CONDENSED CONSOLIDATED INTERIM PROFIT AND LOSS ACCOUNT [UNAUDITED]
FOR THE QUARTER ENDED 30 SEPTEMBER 2008

	Note	Quarter ended 30 September	
		2008	2007
		(Rupees '000)	
Sales - net	10	41,383,587	27,926,861
Royalty		(4,963,337)	(4,085,921)
Operating expenses		(5,063,851)	(3,942,423)
Transportation charges		(467,970)	(302,362)
		<u>(10,495,158)</u>	<u>(8,330,706)</u>
Gross profit		30,888,429	19,596,155
Other income		2,190,033	793,866
Exploration and prospecting expenditure		(2,319,985)	(1,728,087)
General and administration expenses		(268,724)	(314,820)
Finance costs		(171,675)	(159,202)
Workers' profit participation fund		(1,516,272)	(909,770)
Share of profit in associated company		14,400	7,871
PROFIT BEFORE TAXATION		28,816,207	17,286,013
Taxation		<u>(9,836,556)</u>	<u>(4,886,529)</u>
PROFIT FOR THE QUARTER		<u>18,979,651</u>	<u>12,399,484</u>
Earnings per share - basic and diluted (Rupees)	11	<u>4.41</u>	<u>2.88</u>

The annexed notes 1 to 15 form an integral part of this condensed consolidated interim financial information.

Chairman

Chief Executive

OIL AND GAS DEVELOPMENT COMPANY LIMITED
CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT [UNAUDITED]
FOR THE QUARTER ENDED 30 SEPTEMBER 2008

	Quarter ended 30 September	
	2008	2007
	(Rupees '000)	
Cash flows from operating activities		
Profit before taxation	28,816,207	17,286,013
Adjustments for:		
Depreciation	804,311	743,856
Amortization of development and production assets	1,379,897	1,003,598
Royalty	4,963,337	4,085,921
Workers' profit participation fund	1,516,272	909,770
Provision for employee benefits	338,880	94,859
Unwinding of discount on provision for decommissioning cost	162,221	157,589
Interest income	(612,243)	(700,014)
Unrealized loss on investments at fair value through profit or loss	86,266	28,604
Dividend income	(29,512)	(35,632)
Gain on disposal of property, plant and equipment	-	(303)
Interest income on long term receivables	(10,226)	(16,495)
Share of profit in associated company	(14,400)	(7,871)
	37,401,009	23,549,895
Working capital changes		
(Increase)/decrease in current assets:		
Stores, spare parts and loose tools	(329,349)	(287,379)
Stock in trade	(1,934)	(66,958)
Trade debts	(12,136,301)	(1,920,292)
Deposits and short term prepayments	329,453	15,913
Loans, advances and other receivables	51,074	208,218
(Decrease)/increase in current liabilities:		
Trade and other payables	(394,142)	4,703
Cash generated from operations	24,919,810	21,504,100
Royalty paid	(7,082,022)	(3,358,260)
Employee benefits paid	(282,421)	(114,053)
(Paid to)/received from workers' profit participation fund	(174,911)	16,000
Income taxes paid	(6,255,683)	(4,756,785)
	(13,795,037)	(8,213,098)
Net cash from operating activities	11,124,773	13,291,002
Cash flows from investing activities		
Capital expenditure	(5,379,994)	(2,945,436)
Interest received	692,601	755,335
Dividends received	36,862	43,114
Purchase of investments	-	(200,000)
Proceeds from encashment of investments	31,847	6,791
Proceeds from disposal of property, plant and equipment	1,122	1,464
Long term prepayments	19,888	(22,879)
Net cash used in investing activities	(4,597,674)	(2,361,611)
Cash flow from financing activities		
Dividends paid	(9,452,548)	(2,093,287)
Net cash used in financing activities	(9,452,548)	(2,093,287)
Net (decrease)/increase in cash and cash equivalents	(2,925,449)	8,836,104
Cash and cash equivalents at beginning of the quarter	18,276,380	23,737,736
Cash and cash equivalents at end of the quarter	15,350,931	32,573,840

The annexed notes 1 to 15 form an integral part of this condensed consolidated interim financial information.

Chairman

Chief Executive

OIL AND GAS DEVELOPMENT COMPANY LIMITED
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY [UNAUDITED]
FOR THE QUARTER ENDED 30 SEPTEMBER 2008

	Share capital	Capital reserve Bonus shares	Specific	Unappropriated profit	Total equity
	(Rupees '000)				
Balance at 01 July 2007	43,009,284	836,000	2,438,228	60,652,540	106,936,052
Final dividend 2007: Rs 3.50 per share	-	-	-	(15,053,249)	(15,053,249)
Transfer to capital reserve	-	-	73,854	(73,854)	-
Profit for the quarter	-	-	-	12,399,484	12,399,484
Total recognized income for the quarter	-	-	-	12,399,484	12,399,484
Balance at 30 September 2007	<u>43,009,284</u>	<u>836,000</u>	<u>2,512,082</u>	<u>57,924,921</u>	<u>104,282,287</u>
Balance at 01 July 2008	43,009,284	836,000	2,667,064	63,902,995	110,415,343
Final dividend 2008: Rs 3.50 per share	-	-	-	(15,053,249)	(15,053,249)
Transfer to capital reserve	-	-	51,749	(51,749)	-
Profit for the quarter	-	-	-	18,979,651	18,979,651
Total recognized income for the quarter	-	-	-	18,979,651	18,979,651
Balance at 30 September 2008	<u>43,009,284</u>	<u>836,000</u>	<u>2,718,813</u>	<u>67,777,648</u>	<u>114,341,745</u>

The annexed notes 1 to 15 form an integral part of this condensed consolidated interim financial information.

Chairman

Chief Executive

OIL AND GAS DEVELOPMENT COMPANY LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION [UNAUDITED]
FOR THE QUARTER ENDED 30 SEPTEMBER 2008

1 LEGAL STATUS AND OPERATIONS

Oil and Gas Development Company Limited (OGDCL), "the Parent Company", was incorporated on 23 October 1997 under the Companies Ordinance, 1984. The registered offices of both the Parent and the Subsidiary Companies, together constituting "the Group" are located at OGDCL House, Plot No. 3, F-6/G-6, Blue Area, Islamabad, Pakistan. The Parent Company is deemed to own all the properties, rights, assets, obligations and liabilities of Oil and Gas Development Corporation (OGDC) as on that date. The Parent Company is engaged in the exploration and development of oil and gas resources, including production and sale of oil and gas and related activities. The Parent Company is listed on all the three stock exchanges of Pakistan and its Global Depository Shares (IGDS = 10 ordinary shares of the Parent Company) are listed on the London Stock Exchange.

Government of Pakistan (GoP) owns 85.02% (2008: 85.02%) of the ordinary shares of the Parent Company as of 30 September 2008.

The Parent Company has a wholly owned subsidiary namely Pirkoh Gas Company (Private) Limited ("the Subsidiary Company"). The Subsidiary Company was incorporated in 1982 as a private limited company under the repealed Companies Act, 1913. It is engaged in the exploration and development of natural gas resources, including production and sale of natural gas and related activities.

The Board of Directors of the Subsidiary Company in consultation with the Privatization Commission of Pakistan has approved the merger of the Subsidiary Company with its Parent Company and therefore, the Subsidiary Company is not a going concern. The assets and liabilities of the Subsidiary Company have not been stated at its realizable and expected settlement values as these would be merged in Parent Company's books at book values as both the entities are under common control.

2 BASIS OF PREPARATION

This condensed consolidated interim financial information has been prepared in accordance with the requirements of the International Accounting Standard 34 "Interim Financial Reporting" as applicable in Pakistan. This condensed consolidated interim financial information is unaudited and is being submitted to shareholders as required by Section 245 of the Companies Ordinance, 1984.

This condensed consolidated interim financial information should be read in conjunction with annual audited consolidated financial statements for the year ended 30 June 2008. Comparative balance sheet is extracted from annual audited consolidated financial statements for the year ended 30 June 2008 whereas comparative consolidated profit and loss account, comparative consolidated statement of changes in equity and comparative consolidated cash flow statement are stated from unaudited condensed consolidated interim financial information for the quarter ended on 30 September 2007.

Accounting policies, related judgments, estimates and assumptions adopted for preparation of this condensed consolidated interim financial information are the same as those applied in preparation of the annual audited consolidated financial statements for the year ended 30 June 2008.

	30 September 2008	30 June 2008
Note	(Rupees '000)	
3 TRADE AND OTHER PAYABLES		
Creditors	422,107	345,588
Accrued liabilities	5,174,677	5,451,929
Royalty	4,545,645	6,664,330
Excise duty	111,197	105,357
General sales tax	848,134	584,886
Payable to joint venture partners	1,215,380	1,369,547
Retention money	268,298	278,088
Trade deposits	99,262	99,262
Workers' profit participation fund	1,516,188	174,827
Unpaid dividend	3.1 7,054,465	1,450,691
Unclaimed dividend	99,715	102,788
Advances from customers	192,361	174,341
Other payables	97,360	413,921
	<u>21,644,789</u>	<u>17,215,555</u>

3.1 This represents final dividend for the year 2007-08 declared by the Board of Directors of the Parent Company on 20 August 2008. The due date of payment is 13 November 2008.

OIL AND GAS DEVELOPMENT COMPANY LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION [UNAUDITED]
FOR THE QUARTER ENDED 30 SEPTEMBER 2008

4 CONTINGENCIES AND COMMITMENTS

- 4.1** Claims against the Parent Company not acknowledged as debts amounted to Rs 229.420 million at quarter end (30 June 2008 : Rs 229.420 million).
- 4.2** At present Qadirpur Gas Price is being notified by Oil & Gas Regulatory Authority (OGRA) on the basis of a provisional discount table for High Sulphur Fuel Oil (HSFO) price upto the maximum limit of US\$ 200 per metric ton notified by Ministry of Petroleum and Natural Resources, Government of Pakistan (GoP). In terms of article 4.1(b) of Qadirpur Gas Pricing Agreement, the Parent Company has taken up the matter with GoP for notification of step discounts to be used in the calculation of gas price at HSFO prices exceeding US\$ 200 per metric ton. To date no agreement has been reached on said step discounts between the Parent Company and GoP. After settlement of discount issue which can not be quantified at this stage, gas prices will be adjusted with retrospective effect i.e, July 2005. Since the gas prices during the year 2005-06 were notified on the basis of existing table, therefore, there may be some adjustment pertaining to that year whenever the discount levels are finalized.
- 4.3** Commitments outstanding against the Parent Company as on 30 September 2008 amounted to Rs 22,032.575 million (30 June 2008 : Rs 18,909.109 million). These included amounts aggregating to Rs 3,907.211 million (30 June 2008 : Rs 967.227 million) representing the Parent Company's share in the minimum work commitments related to operated/non-operated concessions.
- 4.4** Letters of credit issued by various banks on behalf of the Parent Company in ordinary course of the business, outstanding at the quarter end amounted to Rs 7,359.005 million (30 June 2008 : Rs 6,504.968 million).
- 4.5** Certain banks have issued guarantees on behalf of the Parent Company in ordinary course of business aggregating Rs 140.986 million (30 June 2008 : Rs 444.844 million).
- 4.6** Status of pending tax assessments/re-assessments is the same as disclosed in the audited consolidated financial statements for the year ended 30 June 2008.

OIL AND GAS DEVELOPMENT COMPANY LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION [UNAUDITED]
FOR THE QUARTER ENDED 30 SEPTEMBER 2008

	Note	Quarter ended 30 September	
		2008	2007
		(Rupees '000)	
5 PROPERTY, PLANT AND EQUIPMENT			
Carrying amount at beginning of the quarter		20,865,751	20,005,480
Additions during the quarter	5.1	1,694,674	502,832
Book value of disposals	5.2	(1,125)	(2,147)
Depreciation charge for the quarter		(916,012)	(834,959)
Closing book value		21,643,288	19,671,206
Capital works in progress		2,613,941	1,931,427
Carrying amount at end of the quarter		24,257,229	21,602,633
5.1 Additions during the quarter			
Freehold land		-	5
Leasehold land		1,909	-
Buildings, offices and roads on freehold land		2,936	30,525
Buildings, offices and roads on leasehold land		-	3,761
Plant and machinery		1,066,020	457,079
Rigs		56,145	31,887
Pipelines		20,242	18,908
Vehicles		272,301	39,994
Office and domestic equipment		25,689	3,545
Office and technical data computers		9,743	4,518
Furniture and fixture		2,345	2,265
Stores held for capital expenditure (net)		237,344	(89,655)
		1,694,674	502,832
5.2 Book value of disposals during the quarter			
Plant and machinery		3	986
Rigs		1	-
Vehicles		1,121	1,161
		1,125	2,147
6 DEVELOPMENT AND PRODUCTION ASSETS - INTANGIBLE			
Carrying amount at beginning of the quarter		31,748,208	27,211,898
Additions during the quarter		3,475,067	830,572
Amortization charge for the quarter		(1,379,897)	(1,003,598)
Closing book value		33,843,378	27,038,872
Wells in progress		5,625,163	2,899,003
Carrying amount at end of the quarter		39,468,541	29,937,875
7 EXPLORATION AND EVALUATION ASSETS			
Balance at beginning of the quarter		2,823,295	1,875,370
Additions during the quarter		2,069,050	2,475,758
		4,892,345	4,351,128
Cost of dry and abandoned wells during the quarter		(1,718,607)	(1,202,893)
Cost of wells transferred to development and production assets during the quarter		(492,064)	(165,053)
		(2,210,671)	(1,367,946)
		2,681,674	2,983,182
Stores held for exploration and evaluation activities (net)		4,571,153	4,198,476
Balance at end of the quarter		7,252,827	7,181,658

OIL AND GAS DEVELOPMENT COMPANY LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION [UNAUDITED]
FOR THE QUARTER ENDED 30 SEPTEMBER 2008

	30 September 2008	30 June 2008
	(Rupees '000)	
8 TRADE DEBTS		
Un-secured, considered good	52,841,600	40,706,744
Un-secured, considered doubtful	4,325,082	4,325,082
	<u>57,166,682</u>	<u>45,031,826</u>
Provision for doubtful debts	(4,325,082)	(4,325,082)
Trade debts written off	-	(1,445)
	<u>52,841,600</u>	<u>40,705,299</u>

8.1 Trade debts include an amount of Rs 4,436 million (30 June 2008: Rs 4,436 million) withheld by Uch Power (Private) Limited (UPL) against claims for damages related to minimum supply of gas. The GoP had constituted a committee to resolve this matter and on the advice of the committee, a settlement proposal has been finalized. Management has principally agreed to the proposal.

8.2 Trade debts also include an amount of Rs 5,619 million (30 June 2008: Rs 3,649 million) which has been withheld by the refineries under the previous directive of Ministry of Petroleum and Natural Resources and represents revenue on crude oil in excess of US\$ 50 per barrel. On 4 December 2007, Ministry of Petroleum and Natural Resources issued another directive whereby discount on crude oil and condensate in excess of US\$ 50 per barrel was settled. According to the said directive, in case the net prices exceed the present ceiling limits mentioned in the respective agreements, the excess will be equally shared between the Government and Exploration and Production (E&P) Companies both for crude oil and condensate. The effect of this has been incorporated in these financial statements. Further, the matter has been taken up with oil refineries for release of withheld amounts.

8.3 Also included in trade debts is an amount of Rs 4,911 million (30 June 2008: Rs 3,954 million) withheld by refineries on the direction of Directorate General of Petroleum Concessions (DGPC) pending finalization of crude oil sale agreements. Management considers this amount to be fully recoverable.

	Note	30 September 2008	30 June 2008
		(Rupees '000)	
9 OTHER FINANCIAL ASSETS			
Investments:			
At fair value through profit or loss - NIT units		151,419	237,684
Available for sale	9.1	<u>12,014,007</u>	<u>9,969,832</u>
		<u>12,165,426</u>	<u>10,207,516</u>

9.1 These represent investments in TDRs maturing in the short term and carry interest rate of 4.00% to 14.00% (30 June 2008: 5.00% to 10.70%) per annum. Included in these investments are foreign currency TDRs amounting to USD 86 million (30 June 2008: USD 73 million).

	Quarter ended 30 September 2008	2007
10 SALES - net		
Gross sales		
Crude oil	25,317,713	15,861,640
Gas	17,370,051	14,188,485
Gasoline	113,643	-
Kerosene oil	40,060	115,702
High speed diesel oil	-	101,976
Solvent oil	4,537	7,782
Naphtha	322,035	814,903
Liquefied petroleum gas	994,948	1,312,087
Sulphur	87,601	67,222
Other operating revenue	8,231	9,991
	<u>44,258,819</u>	<u>32,479,788</u>
Government levies		
Excise duty	(366,729)	(378,488)
Development surcharge	(8,062)	(19,972)
General sales tax	(2,500,441)	(4,154,467)
	<u>(2,875,232)</u>	<u>(4,552,927)</u>
	<u>41,383,587</u>	<u>27,926,861</u>

11 EARNINGS PER SHARE - BASIC AND DILUTED

Profit for the quarter (Rupees '000)	18,979,651	12,399,484
Average number of shares outstanding during the quarter ('000)	4,300,928	4,300,928
Earnings per share - basic (Rupees)	<u>4.41</u>	<u>2.88</u>

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

OIL AND GAS DEVELOPMENT COMPANY LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION [UNAUDITED]
FOR THE QUARTER ENDED 30 SEPTEMBER 2008

12 RELATED PARTIES TRANSACTIONS

Related parties comprise associated company, profit oriented state controlled entities, major shareholders, directors, companies with common directorship, key management personnel and employees pension trust. Transactions of the Group with related parties and balance outstanding at the quarter end are as follows:

	Quarter ended 30 September	
	2008	2007
	(Rupees '000)	
Associated company		
Dividend income received	7,350	7,482
 Related parties by virtue of common directorship and GoP holdings		
Attock Refinery Limited		
Sale of crude oil	18,748,692	9,274,873
Desalting charges paid	3,923	12,209
Receivable as at 30 September	18,507,766	10,750,131
Government Holdings (Private) Limited		
Payable as at 30 September	60,945	-
Pak Arab Refinery Company Limited		
Sale of crude oil	1,748,922	1,254,130
Receivable as at 30 September	3,034,792	1,534,291
Sui Northern Gas Pipelines Limited		
Sale of natural gas	8,515,091	8,795,147
Purchase of high BTU value gas	555,101	427,328
Receivable as at 30 September	5,198,923	5,088,568
Sui Southern Gas Company Limited		
Sale of natural gas	6,633,763	3,873,703
Pipeline rental charges	9,816	9,642
Receivable as at 30 September	11,112,406	4,250,901
Pakistan State Oil Company Limited		
Sale of refined petroleum products	24,419	162,225
Sale of liquefied petroleum gas	2,028	788
Purchase of petroleum, oil and lubricants	673,485	405,990
Receivable as at 30 September	9,956	418,423
Packages Limited		
Sale of sulphur	20,859	9,258
National Insurance Company Limited		
Insurance premium paid	158,078	115,661
National Logistic Cell		
Crude transportation charges paid	395,076	308,863
Heavy Mechanical Complex (Private) Limited		
Purchase of stores and spares	15,827	4,533
Water and Power Development Authority		
Sale of natural gas	22,347	47,169
Receipts against long term loan	93,375	377,488
Receivable as at 30 September	25,762	33,536

OIL AND GAS DEVELOPMENT COMPANY LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION [UNAUDITED]
FOR THE QUARTER ENDED 30 SEPTEMBER 2008

Quarter ended 30 September
2008 **2007**
(Rupees '000)

TRANSACTIONS WITH RELATED PARTIES - Continued

Enar Petrotech Services (Private) Limited

Consultancy services	16,001	11,238
Sale of crude oil	670,797	411,278
Receivable as at 30 September	234,298	283,089
Government of Pakistan		
Dividend paid	8,000,182	813,460
Other related parties		
Contribution to staff benefit funds	326,010	90,074
Remuneration including benefits and perquisites of chief executives	8,367	4,098
Remuneration including benefits and perquisites of executives	792,771	449,750

Transactions involving related parties arising in the normal course of business are conducted at arm's length at normal commercial rates on the same terms and conditions as third party transactions using valuations modes as admissible. Sale of crude oil to related parties is at a price determined in accordance with the agreed pricing formula as approved by GoP under respective agreement. Sale of natural gas to related parties is at price notified by the GoP whereas sale of Liquefied Petroleum Gas and Refined Petroleum Products is made at prices notified by Oil Companies Advisory Committee/Oil and Gas Regulatory Authority (OGRA).

13 FINANCIAL RISK MANAGEMENT

Financial risk management objectives and policies are consistent with that disclosed in the annual audited consolidated financial statements for the year ended 30 June 2008.

14 NON ADJUSTING EVENT AFTER BALANCE SHEET DATE

- 14.1** The Board of Directors of the Parent Company proposed interim dividend at the rate of Rs _____ per share in its meeting held on 27 October 2008.
- 14.2** This condensed consolidated interim financial information was authorized for issue on 27 October 2008 by the Board of Directors of the Parent Company.

15 GENERAL

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

Chairman

Chief Executive