

OIL AND GAS DEVELOPMENT COMPANY LIMITED
CONDENSED 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 | 2,718,813 | 2,667,064 | Property, plant and equipment | 5 | 24,253,626 | 23,225,763 |
| Unappropriated profit | 67,565,608 | 63,695,077 | Development and production assets- intangible | 6 | 39,468,541 | 36,808,041 |
| | <u>113,293,705</u> | <u>109,371,425</u> | Exploration and evaluation assets | 7 | 7,252,827 | 7,672,444 |
| | | | | | 70,974,994 | 67,706,248 |
| | | | Long term investments | | 3,027,747 | 3,175,054 |
| | | | Long term loans and receivables | | 1,280,599 | 1,324,059 |
| | | | Long term prepayments | | 89,049 | 108,937 |
| | | | | | <u>75,372,389</u> | <u>72,314,298</u> |
| NON CURRENT LIABILITIES | | | CURRENT ASSETS | | | |
| Deferred taxation | 13,647,318 | 12,370,448 | Stores, spare parts and loose tools | | 16,622,204 | 16,274,079 |
| Deferred employee benefits | 1,584,903 | 1,528,444 | Stock in trade | | 153,716 | 151,782 |
| Provision for decommissioning cost | 6,286,784 | 6,066,716 | Trade debts | 8 | 52,746,202 | 40,626,931 |
| | 21,519,005 | 19,965,608 | Loans and advances | | 2,154,116 | 2,339,037 |
| | | | Deposits and short term prepayments | | 345,934 | 678,789 |
| | | | Interest accrued | | 198,625 | 158,863 |
| CURRENT LIABILITIES | | | Other receivables | | 952,570 | 1,102,044 |
| Trade and other payables | 21,609,097 | 17,088,050 | Other financial assets | 9 | 12,165,426 | 10,207,516 |
| Provision for taxation | 6,598,837 | 4,143,304 | Cash and bank balances | | 2,309,462 | 6,715,048 |
| | 28,207,934 | 21,231,354 | | | 87,648,255 | 78,254,089 |
| CONTINGENCIES AND COMMITMENTS | | | | | <u>87,648,255</u> | <u>78,254,089</u> |
| | | | | | <u>163,020,644</u> | <u>150,568,387</u> |
| | <u>163,020,644</u> | <u>150,568,387</u> | | | <u>163,020,644</u> | <u>150,568,387</u> |

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

Chairman

Chief Executive

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

| | | Quarter ended 30 September | |
|---|-------------|-----------------------------------|-------------|
| | | 2008 | 2007 |
| | Note | (Rupees '000) | |
| Sales - net | 10 | 41,282,439 | 27,768,732 |
| Royalty | | (4,950,694) | (4,066,155) |
| Operating expenses | | (4,962,969) | (3,757,893) |
| Transportation charges | | (467,970) | (302,362) |
| | | (10,381,633) | (8,126,410) |
| Gross profit | | 30,900,806 | 19,642,322 |
| Other income | | 2,146,755 | 638,945 |
| Exploration and prospecting expenditure | | (2,319,985) | (1,728,087) |
| General and administration expenses | | (267,596) | (313,559) |
| Finance cost | | (155,702) | (139,065) |
| Workers' profit participation fund | | (1,515,214) | (905,028) |
| PROFIT BEFORE TAXATION | | 28,789,064 | 17,195,528 |
| Taxation | | (9,813,535) | (4,858,668) |
| PROFIT FOR THE QUARTER | | 18,975,529 | 12,336,860 |
| Earnings per share - basic and diluted (Rupees) | 11 | 4.41 | 2.87 |

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

Chairman

Chief Executive

OIL AND GAS DEVELOPMENT COMPANY LIMITED
CONDENSED 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 | 28,789,064 | 17,195,528 |
| Adjustments for: | | |
| Depreciation | 801,201 | 692,003 |
| Amortization of development and production assets | 1,379,897 | 973,031 |
| Royalty | 4,950,694 | 4,066,155 |
| Workers' profit participation fund | 1,515,214 | 905,028 |
| Provision for employee benefits | 326,010 | 90,074 |
| Unwinding of discount on provision for decommissioning cost | 146,248 | 137,453 |
| Interest income | (573,433) | (554,134) |
| Unrealized loss on investments at fair value through profit or loss | 86,266 | 28,604 |
| Dividend income | (36,862) | (35,632) |
| Loss/(gain) on disposal of property, plant and equipment | - | (303) |
| | 37,384,299 | 23,497,807 |
| Working capital changes | | |
| (Increase)/decrease in current assets: | | |
| Stores, spare parts and loose tools | (348,125) | (286,036) |
| Stock in trade | (1,934) | (66,958) |
| Trade debts | (12,119,271) | (1,938,661) |
| Deposits and short term prepayments | 332,855 | 15,743 |
| Loans, advances and other receivables | 377,855 | 117,613 |
| Decrease in current liabilities: | | |
| Trade and other payables | (333,469) | (36,075) |
| Cash generated from operations | 25,292,210 | 21,303,433 |
| Royalty paid | (7,024,683) | (3,299,282) |
| Employee benefits paid | (269,551) | (109,268) |
| Paid to workers' profit participation fund | (187,411) | - |
| Income taxes paid | (6,081,132) | (4,741,200) |
| | (13,562,777) | (8,149,750) |
| Net cash from operating activities | 11,729,433 | 13,153,683 |
| Cash flows from investing activities | | |
| Capital expenditure | (5,377,146) | (2,945,756) |
| Interest received | 649,131 | 600,818 |
| Dividends received | 36,862 | 35,632 |
| 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 | (4,638,296) | (2,523,930) |
| Cash flows from financing activities | | |
| Dividend 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 | (2,361,411) | 8,536,466 |
| Cash and cash equivalents at beginning of the quarter | 16,684,880 | 17,994,342 |
| Cash and cash equivalents at end of the quarter | 14,323,469 | 26,530,808 |

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

Chairman

Chief Executive

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

| | <u>Share capital</u> | <u>Capital reserve</u> | <u>Unappropriated profit</u> | <u>Total equity</u> |
|---|--------------------------|----------------------------|----------------------------------|-------------------------|
| | (Rupees '000) | | | |
| Balance at 01 July 2007 | 43,009,284 | 2,438,228 | 55,169,140 | 100,616,652 |
| 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 | - | - | 12,336,860 | 12,336,860 |
| Total recognized income for the quarter | - | - | 12,336,860 | 12,336,860 |
| Balance at 30 September 2007 | <u>43,009,284</u> | <u>2,512,082</u> | <u>52,378,897</u> | <u>97,900,263</u> |
| Balance at 01 July 2008 | 43,009,284 | 2,667,064 | 63,695,077 | 109,371,425 |
| 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 | - | - | 18,975,529 | 18,975,529 |
| Total recognized income for the quarter | - | - | 18,975,529 | 18,975,529 |
| Balance at 30 September 2008 | <u>43,009,284</u> | <u>2,718,813</u> | <u>67,565,608</u> | <u>113,293,705</u> |

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

Chairman

Chief Executive

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

1 LEGAL STATUS AND OPERATIONS

Oil and Gas Development Company Limited (OGDCL), "the Company", was incorporated on 23 October 1997 under the Companies Ordinance, 1984. The registered office of the Company is located at OGDCL House, Plot No. 3, F-6/G-6, Blue Area, Islamabad, Pakistan. The 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 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 Company is listed on all the three stock exchanges of Pakistan and its Global Depository Shares (1GDS = 10 Ordinary shares of the Company) are listed on the London Stock Exchange.

Government of Pakistan owns 85.02% (30 June 2008: 85.02%) of the Ordinary shares of the Company as of 30 September 2008.

2 BASIS OF PREPARATION

This condensed 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 interim financial information is unaudited and is being submitted to shareholders as required by Section 245 of the Companies Ordinance, 1984.

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

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

| | Note | 30 September 2008 | 30 June 2008 |
|------------------------------------|-------------|------------------------------|-------------------------|
| | | (Rupees '000) | |
| 3 TRADE AND OTHER PAYABLES | | | |
| Creditors | | 422,107 | 345,588 |
| Accrued liabilities | | 5,163,330 | 5,375,810 |
| Royalty | | 4,533,002 | 6,606,991 |
| Excise duty | | 108,953 | 103,819 |
| General sales tax | | 840,632 | 580,774 |
| Payable to joint venture partners | | 1,215,380 | 1,369,547 |
| Retention money | | 268,298 | 278,088 |
| Trade deposits | | 98,281 | 98,281 |
| Workers' profit participation fund | | 1,515,214 | 187,411 |
| Un-paid dividend | 3.1 | 7,054,465 | 1,450,691 |
| Un-claimed dividend | | 99,715 | 102,788 |
| Advances from customers | | 192,361 | 174,341 |
| Other payables | | 97,359 | 413,921 |
| | | <u>21,609,097</u> | <u>17,088,050</u> |

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

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

4 CONTINGENCIES AND COMMITMENTS

- 4.1** Claims against the 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, OGDCL 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 OGDCL 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 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 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 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 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 financial statements for the year ended 30 June 2008.

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

| | | Quarter ended 30 September | |
|---|-------------|-----------------------------------|--------------------------|
| | | 2008 | 2007 |
| | Note | (Rupees '000) | |
| 5 PROPERTY, PLANT AND EQUIPMENT | | | |
| Carrying amount at beginning of the quarter | | 20,861,883 | 19,794,799 |
| Additions during the quarter | 5.1 | 1,691,826 | 502,405 |
| Book value of disposals | 5.2 | (1,122) | (1,161) |
| Depreciation charge for the quarter | | (912,902) | (783,106) |
| Closing book value | | <u>21,639,685</u> | <u>19,512,937</u> |
| Capital work in progress | | 2,613,941 | 1,931,188 |
| Carrying amount at end of the quarter | | <u><u>24,253,626</u></u> | <u><u>21,444,125</u></u> |
| 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 | | 1,065,887 | 456,652 |
| Rigs | | 56,145 | 31,887 |
| Pipelines | | 20,242 | 18,908 |
| Vehicles | | 269,621 | 39,994 |
| Office and domestic equipment | | 25,689 | 3,545 |
| Office and technical data computers | | 9,708 | 4,518 |
| Furniture and fixture | | 2,345 | 2,265 |
| Stores held for capital expenditure (net) | | 237,344 | (89,655) |
| | | <u>1,691,826</u> | <u>502,405</u> |
| 5.2 Book value of disposals during the quarter | | | |
| Rigs | | 1 | - |
| Vehicles | | 1,121 | 1,161 |
| | | <u>1,122</u> | <u>1,161</u> |
| 6 DEVELOPMENT AND PRODUCTION ASSETS - INTANGIBLE | | | |
| Carrying amount at beginning of the quarter | | 31,748,208 | 26,650,320 |
| Additions during the quarter | | 3,475,067 | 830,572 |
| Amortization charge for the quarter | | (1,379,897) | (973,031) |
| Closing book value | | <u>33,843,378</u> | <u>26,507,861</u> |
| Wells in progress | | 5,625,163 | 2,899,003 |
| Carrying amount at end of the quarter | | <u><u>39,468,541</u></u> | <u><u>29,406,864</u></u> |
| 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) |
| | | <u>(2,210,671)</u> | <u>(1,367,946)</u> |
| | | 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 | | <u><u>7,252,827</u></u> | <u><u>7,181,658</u></u> |

OIL AND GAS DEVELOPMENT COMPANY LIMITED
NOTES TO THE CONDENSED 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 | 52,746,202 | 40,628,376 |
| Un-secured, considered doubtful | 4,325,082 | 4,325,082 |
| | <u>57,071,284</u> | <u>44,953,458</u> |
| Provision for doubtful debts | (4,325,082) | (4,325,082) |
| Trade debts written off | - | (1,445) |
| | <u>52,746,202</u> | <u>40,626,931</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.

| | 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 | 12,014,007 | 9,969,832 |
| | <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**
(Rupees '000)

10 SALES - net

Gross sales

| | | |
|-------------------------|-------------------|-------------------|
| Crude oil | 25,317,713 | 15,861,640 |
| Gas | 17,246,457 | 13,995,559 |
| 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>44,135,225</u> | <u>32,286,862</u> |

Government levies

| | | |
|-----------------------|--------------------|--------------------|
| Excise duty | (361,330) | (368,855) |
| Development surcharge | (8,062) | (19,972) |
| General sales tax | (2,483,394) | (4,129,303) |
| | <u>(2,852,786)</u> | <u>(4,518,130)</u> |
| | <u>41,282,439</u> | <u>27,768,732</u> |

11 EARNINGS PER SHARE - BASIC AND DILUTED

| | | |
|--|-------------|-------------|
| Profit for the quarter (Rupees '000) | 18,975,529 | 12,336,860 |
| 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>2.87</u> |

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

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

12 RELATED PARTIES TRANSACTIONS

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

| | Quarter ended 30 September | |
|--|-----------------------------------|-------------|
| | 2008 | 2007 |
| | (Rupees '000) | |
| Subsidiary | | |
| Gas processing charges | 46,907 | 48,521 |
| Technical support provided | 22,610 | 32,760 |
| Reimbursement of payroll expense | 39,641 | 24,622 |
| Stores and supplies transferred | 21,947 | 23,868 |
| Receivable as at 30 September | 247,011 | 41,065 |
| 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 | 8,391,497 | 8,602,221 |
| 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 | 667,629 | 402,029 |
| 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 |

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

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

TRANSACTIONS WITH RELATED PARTIES - Continued

Water and Power Development Authority

| | | |
|---------------------------------|--------|---------|
| Sale of natural gas | 22,347 | 47,169 |
| Receipts against long term loan | - | 266,700 |
| Receivable as at 30 September | 25,762 | 33,536 |

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, except in rare circumstances for some of the transactions with the wholly owned subsidiary, where, subject to the approval of the Board of Directors, it is in the interest of the Company to do so. 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 financial statements for the year ended 30 June 2008.

14 NON ADJUSTING EVENT AFTER BALANCE SHEET DATE

14.1 The Board of Directors proposed interim dividend at the rate of Rs _____ per share in its meeting held on 27 October 2008.

14.2 This condensed interim financial information was authorized for issue on 27 October 2008 by the Board of Directors of the Company.

15 GENERAL

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