

OIL AND GAS DEVELOPMENT COMPANY LIMITED
CONDENSED INTERIM BALANCE SHEET [UNAUDITED]
AS AT 30 SEPTEMBER 2009

	Unaudited 30 September 2009	Audited 30 June 2009		Unaudited 30 September 2009	Audited 30 June 2009
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	3,708,784	3,658,318	Property, plant and equipment	6	28,177,913
Unappropriated profit	80,766,579	79,503,794	Development and production assets - intangible	7	50,486,659
	<u>127,484,647</u>	<u>126,171,396</u>	Exploration and evaluation assets	8	9,421,980
					88,086,552
			Long term investments		3,045,590
			Long term loans and receivables		1,752,884
			Long term prepayments		77,257
					<u>92,962,283</u>
					91,157,856
NON CURRENT LIABILITIES			CURRENT ASSETS		
Deferred taxation	17,821,285	17,710,497	Stores, spare parts and loose tools		18,487,907
Deferred employee benefits	2,131,442	2,008,499	Stock in trade		108,119
Provision for decommissioning cost	11,196,114	10,814,506	Trade debts	9	58,948,596
	31,148,841	30,533,502	Loans and advances		3,232,858
			Deposits and short term prepayments		347,509
			Interest accrued		20,331
			Other receivables		505,964
			Other financial assets	10	8,915,652
			Cash and bank balances		4,563,291
					95,130,227
					86,834,540
					<u>188,092,510</u>
					<u>177,992,396</u>

CONTINGENCIES AND COMMITMEN 5

The annexed selected notes 1 to 16 form an integral part of this condensed interim financial information.

Chief Executive

Chairman

OIL AND GAS DEVELOPMENT COMPANY LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT [UNAUDITED]
FOR THE QUARTER ENDED 30 SEPTEMBER 2009

	Note	Quarter ended 30 September	
		2009	2008
		(Rupees '000)	
Sales - net	11	31,825,523	41,383,587
Royalty		(3,614,850)	(4,963,337)
Operating expenses		(5,222,154)	(5,063,851)
Transportation charges		(447,508)	(467,970)
		<u>(9,284,512)</u>	<u>(10,495,158)</u>
Gross profit		22,541,011	30,888,429
Other income		798,705	2,190,033
Exploration and prospecting expenditure		(1,226,277)	(2,319,985)
General and administration expenses		(352,058)	(268,724)
Finance cost		(290,517)	(171,675)
Workers' profit participation fund		(1,074,079)	(1,516,271)
Share of profit in associate - net of taxation		<u>10,713</u>	<u>14,400</u>
Profit before taxation		20,407,498	28,816,207
Taxation		<u>(8,341,926)</u>	<u>(9,836,556)</u>
Profit for the quarter		<u><u>12,065,572</u></u>	<u><u>18,979,651</u></u>
Earnings per share - basic and diluted (Rupees)	12	<u><u>2.81</u></u>	<u><u>4.41</u></u>

The annexed selected notes 1 to 16 form an integral part of this condensed interim financial information.

Chief Executive

Chairman

OIL AND GAS DEVELOPMENT COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME [UNAUDITED]
FOR THE QUARTER ENDED 30 SEPTEMBER 2009

	Quarter ended 30 September	
	2009	2008
	(Rupees '000)	
Profit for the quarter	12,065,572	18,979,651
Other comprehensive income - net of taxation	-	-
Total comprehensive income for the quarter	<u>12,065,572</u>	<u>18,979,651</u>

The annexed selected notes 1 to 16 form an integral part of this condensed interim financial information.

Chief Executive

Chairman

OIL AND GAS DEVELOPMENT COMPANY LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT [UNAUDITED]
FOR THE QUARTER ENDED 30 SEPTEMBER 2009

	Quarter ended 30 September	
	2009	2008
	(Rupees '000)	
Cash flows from operating activities		
Profit before taxation	20,407,498	28,816,207
Adjustments for:		
Depreciation	806,167	804,311
Amortization of development and production assets	1,542,480	1,379,897
Royalty	3,614,850	4,963,337
Workers' profit participation fund	1,074,079	1,516,271
Provision for employee benefits	338,380	338,880
Un-winding of discount on provision for decommissioning cost	286,464	162,221
Interest income	(239,970)	(612,243)
Un-realized (gain)/loss on investments at fair value through profit or loss	(16,345)	86,266
Dividend income	(14,756)	(29,512)
Gain on disposal of property, plant and equipment	(2,343)	-
Interest income on long term receivables	(7,491)	(10,226)
Share of profit in associated company	(10,713)	(14,400)
Stores inventory written off	8,360	-
	27,786,660	37,401,009
Working capital changes		
(Increase)/decrease in current assets:		
Stores, spare parts and loose tools	(1,031,916)	(329,349)
Stock in trade	182	(1,934)
Trade debts	(2,808,504)	(12,136,301)
Deposits and short term prepayments	72,112	329,453
Advances and other receivables	(490,025)	51,074
Decrease in current liabilities:		
Trade and other payables	(1,565,183)	(394,142)
Cash generated from operations	21,963,326	24,919,810
Royalty paid	(308,872)	(7,082,022)
Employee benefits paid	(215,437)	(282,421)
Received from/(paid to) workers' profit participation fund - net	468,801	(174,911)
Income taxes paid	(4,489,805)	(6,255,683)
	(4,545,313)	(13,795,037)
Net cash from operating activities	17,418,013	11,124,773
Cash flows from investing activities		
Capital expenditure	(4,020,765)	(5,379,994)
Interest received	243,171	692,601
Dividends received	22,106	36,862
Purchase of investments	(135,469)	-
Proceeds from encashment of investments	-	31,847
Proceeds from disposal of property, plant and equipment	2,713	1,122
Long term prepayments	8,100	19,888
Net cash used in investing activities	(3,880,144)	(4,597,674)
Cash flows from financing activities		
Dividends paid	(9,137,006)	(9,452,548)
Net cash used in financing activities	(9,137,006)	(9,452,548)
Net increase/(decrease) in cash and cash equivalents	4,400,863	(2,925,449)
Cash and cash equivalents at beginning of the quarter	8,939,828	18,276,380
Cash and cash equivalents at end of the quarter	13,340,691	15,350,931

The annexed selected notes 1 to 16 form an integral part of this condensed interim financial information.

Chief Executive

Chairman

OIL AND GAS DEVELOPMENT COMPANY LIMITED
SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION [UNAUDITED]
FOR THE QUARTER ENDED 30 SEPTEMBER 2009

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

On 14 August 2009, the Government of Pakistan (GoP) implemented Benazir Employees Stock Option Scheme (BESOS) whereby the GoP allocated 12% of its shareholding for the employees of the Company. Currently, GoP owns 74.82% (30 June 2009: 85.02%) of the ordinary shares of the Company.

2 ACCOUNTING POLICIES AND BASIS OF PREPARATION

- 2.1** This condensed interim financial information has been prepared in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. This interim financial information is unaudited and is being submitted to shareholders as required by Section 245 of the Companies Ordinance, 1984.
- 2.2** This condensed interim financial information should be read in conjunction with annual audited financial statements for the year ended 30 June 2009. Comparative balance sheet is extracted from annual audited financial statements for the year ended 30 June 2009 whereas comparative profit and loss account, comparative statement of changes in equity and comparative cash flow statement are stated from unaudited condensed consolidated interim financial information for the quarter ended 30 September 2008.
- 2.3** Except as described below, the 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 2009.
- 2.4** The Company applied revised IAS 1 "Presentation of Financial Statements" which became effective for annual periods beginning on or after 01 January 2009. This standard requires separate disclosure of non-owner and owner changes in equity. The Company has chosen to show other comprehensive income in a separate statement from the profit and loss account, however, implementation of the standard has not affected the measurement of reported profit or equity.

3 TRADE AND OTHER PAYABLES

	30 September 2009	30 June 2009
	(Rupees '000)	
Creditors	422,188	814,714
Accrued liabilities	6,916,137	6,952,534
Royalty	7,615,888	4,309,910
Excise duty	103,004	114,614
General sales tax	785,450	805,044
Payable to joint venture partners	1,960,369	3,152,520
Retention money	284,482	266,371
Trade deposits	134,481	134,481
Workers' profit participation fund	1,074,079	-
Un-paid dividend	3,433,269	1,816,304
Un-claimed dividend	112,942	114,592
Advances from customers	234,790	184,559
Other payables	100,440	81,685
	<u>23,177,519</u>	<u>18,747,328</u>

4 PROVISION FOR TAXATION

Tax payable at beginning of the quarter/year	2,540,170	4,223,048
Income tax paid during the quarter/year	(4,489,805)	(21,492,595)
Provision for current taxation - for the quarter/year	6,272,002	16,799,082
Provision for taxation - prior years	1,959,136	3,010,635
Tax payable at end of the quarter/year	<u>6,281,503</u>	<u>2,540,170</u>

OIL AND GAS DEVELOPMENT COMPANY LIMITED
SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION [UNAUDITED]
FOR THE QUARTER ENDED 30 SEPTEMBER 2009

4.1 TAX STATUS

Various appeals in respect of assessment years 1992-93 to 2002-03, tax years 2003 to 2008 are pending at different appellate forums in the light of the order of the Commissioner of Income Tax (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 and depletion allowance.

5 CONTINGENCIES AND COMMITMENTS

5.1 Contingencies

5.1.1 Claims against the Company not acknowledged as debts amounted to Rs 3,246.112 million at quarter end (30 June 2009: Rs 210.553 million).

5.1.2 Certain banks have issued guarantees on behalf of the Company in ordinary course of business aggregating Rs 106.133 million (30 June 2009 : Rs 106.133 million).

5.1.3 The Company's share of associate contingencies based on the financial statements of associate for the year ended 30 June 2009 (2008: 30 June 2008) are as follows:

- Indemnity bonds given to Collector of Customs against duty concessions on import of equipment and materials amounted to Rs 11 million (2008: Rs 28 million).

5.2 Commitments

5.2.1 Commitments outstanding at quarter end amounted to Rs 6,033.096 million (30 June 2009: Rs 7,263.576 million). These included amounts aggregating to Rs 3,785.944 million (30 June 2009 : Rs 3,337.170 million) representing the Company's share in the minimum work commitments related to operated/non-operated concessions.

5.2.2 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 4,078.147 million (30 June 2009 : Rs 5,342.996 million).

5.2.3 The Company's share of associate commitments based on the financial statements of associate for the year ended 30 June 2009 (2008: 30 June 2008) are as follows:

	2009	2008
	(Rupees '000)	
Capital expenditure:		
Share in joint ventures	711,081	590,435
Others	112,350	276,988
	823,431	867,423
Operating lease rentals due:		
Less than one year	3,873	1,874
More than one year but less than five years	9,101	3,335
	12,974	5,209
	<u>836,405</u>	<u>872,632</u>

OIL AND GAS DEVELOPMENT COMPANY LIMITED
SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION [UNAUDITED]
FOR THE QUARTER ENDED 30 SEPTEMBER 2009

		Quarter ended 30 September	
		2009	2008
	Note	(Rupees '000)	
6 PROPERTY, PLANT AND EQUIPMENT			
Carrying amount at beginning of the quarter		24,483,190	20,865,751
Additions during the quarter	6.1	518,741	1,694,674
Book value of disposals	6.2	(370)	(1,125)
Depreciation charge for the quarter		(970,766)	(916,012)
Closing book value		<u>24,030,795</u>	<u>21,643,288</u>
Capital works in progress		4,147,118	2,613,941
Carrying amount at end of the quarter		<u><u>28,177,913</u></u>	<u><u>24,257,229</u></u>
6.1 Additions during the quarter			
Freehold land		1,749	-
Leasehold land		-	1,909
Buildings, offices and roads on freehold land		4,723	2,936
Plant and machinery		564,919	1,066,020
Rigs		7,441	56,145
Pipelines		3,354	20,242
Vehicles		98,832	272,301
Office and domestic equipment		12,418	25,689
Office and technical data computers		1,091	9,743
Furniture and fixture		1,192	2,345
Stores held for capital expenditure (net)		(187,369)	237,344
Decommissioning cost		10,391	-
		<u>518,741</u>	<u>1,694,674</u>
6.2 Book value of disposals during the quarter			
Plant and machinery		-	3
Rigs		-	1
Vehicles		370	1,121
		<u>370</u>	<u>1,125</u>
7 DEVELOPMENT AND PRODUCTION ASSETS - INTANGIBLE			
Carrying amount at beginning of the quarter		43,235,742	31,748,208
Additions during the quarter		1,988,454	3,475,067
Amortization charge for the quarter		(1,542,480)	(1,379,897)
Closing book value		<u>43,681,716</u>	<u>33,843,378</u>
Wells in progress		6,804,943	5,625,163
Carrying amount at end of the quarter		<u><u>50,486,659</u></u>	<u><u>39,468,541</u></u>
8 EXPLORATION AND EVALUATION ASSETS			
Balance at beginning of the quarter		4,942,575	2,823,295
Additions during the quarter		1,658,034	2,069,050
		6,600,609	4,892,345
Cost of dry and abandoned wells during the quarter		(694,379)	(1,718,607)
Cost of wells transferred to development and production assets during the quarter		(1,294,138)	(492,064)
		<u>(1,988,517)</u>	<u>(2,210,671)</u>
		4,612,092	2,681,674
Stores held for exploration and evaluation activities		4,809,888	4,571,153
Balance at end of the quarter		<u><u>9,421,980</u></u>	<u><u>7,252,827</u></u>

OIL AND GAS DEVELOPMENT COMPANY LIMITED
SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION [UNAUDITED]
FOR THE QUARTER ENDED 30 SEPTEMBER 2009

	30 September 2009	30 June 2009
	(Rupees '000)	
9 TRADE DEBTS		
Un-secured, considered good	58,948,596	56,140,092
Un-secured, considered doubtful	113,309	4,328,255
	<u>59,061,905</u>	<u>60,468,347</u>
Provision for doubtful debts	(113,309)	(113,309)
Trade debts written off	-	(4,214,946)
	<u>58,948,596</u>	<u>56,140,092</u>

9.1 Trade debts include an amount of Rs 112.883 million (30 June 2009: Rs 112.883 million) withheld by Uch Power (Private) Limited (UPL) against claims for damages related to minimum supply of gas.

9.2 Trade debts also include an amount of Rs 3,360 million (30 June 2009: Rs 4,636 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 USD 50 per barrel. On 04 December 2007, Ministry of Petroleum and Natural Resources issued another directive whereby discount on crude oil and condensate in excess of USD 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 this condensed interim financial information. Further, the matter has been taken up with oil refineries for release of withheld amounts. Management considers this amount to be fully recoverable. Therefore, no provision has been made in this condensed interim financial information.

9.3 Also included in trade debts is an amount of Rs 180 million (30 June 2009: Rs 823 million) withheld by refineries on the direction of Directorate General of Petroleum Concessions (DGPC) pending finalization of crude oil sale agreements. On 02 April 2009, Directorate General (Oil), Ministry of Petroleum and Natural Resources GoP, has advised refineries to release 100% of the withheld amount. Management considers this amount to be fully recoverable. Therefore, no provision has been made in this condensed interim financial information.

9.4 Trade debts also include an overdue amount of Rs 32,701 million (30 June 2009: Rs 28,183 million) withheld by refineries and gas companies due to inter-corporate debts. A committee, under the chairmanship of Secretary Finance GoP, has been formed to review and settle inter-corporate debts. In the first phase on inter-corporate debt settlement the Company received Rs 17,000 million in last week of June 2009. In the second round of settlement, the Company received a sum of Rs 8,547 million during the last week of September 2009. Management considers the overdue amount to be fully recoverable, hence, no provision has been made for these debts in this condensed interim financial information.

	30 September 2009	30 June 2009
Note	(Rupees '000)	

10 OTHER FINANCIAL ASSETS

Investments:

At fair value through profit or loss - NIT units

Available for sale

	138,252	121,907
10.1	<u>8,777,400</u>	<u>4,966,010</u>
	<u>8,915,652</u>	<u>5,087,917</u>

10.1 These represent foreign currency TDRs amounting to USD 105.50 million (30 June 2009: USD 61 million) and carry interest rate of 1.75% to 2.05% (30 June 2009: 2% to 4.28%) per annum.

OIL AND GAS DEVELOPMENT COMPANY LIMITED
SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION [UNAUDITED]
FOR THE QUARTER ENDED 30 SEPTEMBER 2009

Quarter ended 30 September
2009 2008
(Rupees '000)

11 SALES - net

Gross sales

Crude oil	16,434,292	25,317,713
Gas	16,965,105	17,370,051
Gasoline	-	113,643
Kerosene oil	44,618	40,060
Solvent oil	-	4,537
Naphtha	94,891	322,035
Liquefied petroleum gas	959,737	994,948
Sulphur	68,715	87,601
Other operating revenue	9,568	8,231
	<u>34,576,926</u>	<u>44,258,819</u>

Government levies

Excise duty	(369,088)	(366,729)
Development surcharge	(8,952)	(8,062)
General sales tax	(2,373,363)	(2,500,441)
	<u>(2,751,403)</u>	<u>(2,875,232)</u>
	<u>31,825,523</u>	<u>41,383,587</u>

- 11.1** Qadirpur gas price is linked with HSFO prices in the international market. Qadirpur Gas Pricing Agreement contained discount levels defined upto HSFO price of US\$ 200/M.Ton. It also states that in case HSFO price exceeds this level then the parties will negotiate discount levels for higher HSFO prices. During July-December 2005 price notification period the HSFO prices exceeded this level. The matter was taken up with the Government in August 2005. Meanwhile, the Government issued a provisional discount table for HSFO prices upto US\$ 320/M.Ton. As a result of negotiation with the Government, a discount table for HSFO prices above US\$ 200/M.Ton and upto US\$ 400/M.Ton was agreed. The Company on behalf of JV partners conveyed the acceptance of this discount table to the Government vide letter dated March 27, 2009. Formal notification of extension in discount table by the Government is awaited. As the inflow of economic benefit associated with the final gas pricing is probable but not virtually certain, the Company has not recognized the revenue.

OIL AND GAS DEVELOPMENT COMPANY LIMITED
SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION [UNAUDITED]
FOR THE QUARTER ENDED 30 SEPTEMBER 2009

	Quarter ended 30 September	
	2009	2008
	(Rupees '000)	
12 EARNINGS PER SHARE - BASIC AND DILUTED		
Profit for the quarter (Rupees '000)	<u>12,065,572</u>	<u>18,979,651</u>
Average number of shares outstanding during the quarter ('000)	<u>4,300,928</u>	<u>4,300,928</u>
Earnings per share - basic (Rupees)	<u>2.81</u>	<u>4.41</u>

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

13 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 Company with related parties and balances outstanding at the quarter end, except for transactions with few state-controlled entities which are not material, hence not disclosed in this condensed interim financial information, are as follows:

	Quarter ended 30 September	
	2009	2008
	(Rupees '000)	
Associated company		
Share of profit in associate - net of taxation	10,713	14,400
Major shareholder		
Government of Pakistan		
Dividend paid	7,847,198	8,000,182
Related parties by virtue of common directorship and GoP holdings		
Attock Refinery Limited		
Sale of crude oil	9,671,859	18,748,692
Desalting charges paid	3,450	3,923
Receivable as at 30 September	15,509,688	18,507,766
Pakistan Refinery Limited		
Sale of crude oil	1,900,915	-
Receivable as at 30 September	5,308,624	-
Government Holdings (Private) Limited		
Payable as at 30 September	30,419	60,945
Pak Arab Refinery Company Limited		
Sale of crude oil	1,444,859	1,748,922
Receivable as at 30 September	754,858	3,034,792
Sui Northern Gas Pipelines Limited		
Sale of natural gas	8,626,137	8,515,091
Purchase of high BTU value gas	541,119	555,101
Receivable as at 30 September	10,154,679	5,198,923

OIL AND GAS DEVELOPMENT COMPANY LIMITED
SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION [UNAUDITED]
FOR THE QUARTER ENDED 30 SEPTEMBER 2009

	Quarter ended 30 September	
	2009	2008
	(Rupees '000)	
RELATED PARTY TRANSACTIONS- Continued		
Sui Southern Gas Company Limited		
Sale of natural gas	5,581,120	6,633,763
Pipeline rental charges	9,816	9,816
Receivable as at 30 September	12,580,407	11,112,406
Pakistan State Oil Company Limited		
Sale of refined petroleum products	44,618	24,419
Sale of liquefied petroleum gas	5,980	2,028
Purchase of petroleum, oil and lubricants	605,262	673,485
Receivable as at 30 September	46,105	9,956
Packages Limited		
Sale of sulphur	2,808	20,859
National Insurance Company Limited		
Insurance premium paid	60,266	158,078
National Logistic Cell		
Crude transportation charges paid	232,125	395,076
Heavy Mechanical Complex		
Purchase of stores and spares	-	15,827
Water and Power Development Authority		
Sale of natural gas	12,148	22,347
Receipts against long term loan	-	93,375
Receivable as at 30 September	25,323	25,762
Enar Petrotech Services Limited		
Consultancy services	4,519	16,001
Sale of crude oil	394,722	670,797
Receivable as at 30 September	91,135	234,298
Other related parties		
Contribution to staff benefit funds	338,380	338,880
Remuneration including benefits and perquisites of key management personnel and executives	535,042	801,138

- Key management personnel comprises chief executive, executive directors and general managers of the Company.

- Executive means any employee whose basic salary exceeds Rs 500,000 (30 June 2009: Rs 500,000) per year.

OIL AND GAS DEVELOPMENT COMPANY LIMITED
SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION [UNAUDITED]
FOR THE QUARTER ENDED 30 SEPTEMBER 2009

14 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 2009.

15 NON ADJUSTING EVENT AFTER BALANCE SHEET DATE

The Board of Directors proposed interim dividend at the rate of Rs _____ per share in its meeting held on 29 October 2009.

16 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on 29 October 2009 by the Board of Directors of the Company.

Chief Executive

Chairman