

OIL AND GAS DEVELOPMENT COMPANY LIMITED
CONDENSED CONSOLIDATED INTERIM BALANCE SHEET [UNAUDITED]
AS AT 31 DECEMBER 2008

	Unaudited 31 December 2008	Audited 30 June 2008		Unaudited 31 December 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	3,605,638	3,503,064	Property, plant and equipment	7	26,649,797
Unappropriated profit	71,926,515	63,902,995	Development and production assets - intangible	8	42,053,618
	<u>118,541,437</u>	<u>110,415,343</u>	Exploration and evaluation assets	9	8,161,178
					76,864,593
			Long term investments		2,079,373
			Long term loans and receivables		1,651,798
			Long term prepayments		83,548
					<u>80,679,312</u>
					<u>72,485,805</u>
NON CURRENT LIABILITIES			CURRENT ASSETS		
Deferred taxation	13,596,091	12,131,932	Stores, spare parts and loose tools		17,150,520
Deferred employee benefits	1,662,609	1,528,444	Stock in trade		90,476
Provision for decommissioning cost	7,290,023	6,795,141	Trade debts	10	61,797,120
	<u>22,548,723</u>	<u>20,455,517</u>	Loans and advances		2,157,212
			Deposits and short term prepayments		432,135
			Interest accrued		135,028
			Other receivables		878,688
			Other financial assets	11	7,506,541
			Cash and bank balances		3,052,936
					<u>93,200,656</u>
					<u>79,823,658</u>
CONTINGENCIES AND COMMITMENTS	<u><u>173,879,968</u></u>	<u><u>152,309,463</u></u>			<u><u>173,879,968</u></u>
					<u><u>152,309,463</u></u>

The annexed selected notes 1 to 17 form an integral part of this condensed consolidated interim financial information.

Chief Executive

Director

OIL AND GAS DEVELOPMENT COMPANY LIMITED
CONDENSED CONSOLIDATED INTERIM PROFIT AND LOSS ACCOUNT [UNAUDITED]
FOR SIX MONTHS ENDED 31 DECEMBER 2008

	Note	Three months ended 31 December		Six months ended 31 December	
		2008	2007	2008	2007
(Rupees '000)					
Sales - net	12	30,556,776	28,895,429	71,940,363	56,822,290
Royalty		(3,283,447)	(3,291,376)	(8,246,784)	(7,377,297)
Operating expenses		(5,592,240)	(4,695,014)	(10,656,091)	(8,637,437)
Transportation charges		(314,101)	(277,812)	(782,071)	(580,174)
		<u>(9,189,788)</u>	<u>(8,264,202)</u>	<u>(19,684,946)</u>	<u>(16,594,908)</u>
Gross profit		21,366,988	20,631,227	52,255,417	40,227,382
Other income		892,420	708,613	3,082,453	1,502,479
Exploration and prospecting expenditure		(1,182,112)	(2,354,694)	(3,502,097)	(4,082,781)
General and administration expenses		(279,615)	(331,758)	(548,339)	(646,578)
Finance cost		(170,258)	(138,919)	(341,933)	(298,121)
Workers' profit participation fund		(1,031,371)	(925,724)	(2,547,642)	(1,835,494)
Share of profit in associated company		<u>15,809</u>	<u>12,906</u>	<u>30,209</u>	<u>20,777</u>
PROFIT BEFORE TAXATION		19,611,861	17,601,651	48,428,068	34,887,664
Taxation		<u>(6,810,312)</u>	<u>(5,908,102)</u>	<u>(16,646,868)</u>	<u>(10,794,631)</u>
PROFIT FOR THE PERIOD		<u><u>12,801,549</u></u>	<u><u>11,693,549</u></u>	<u><u>31,781,200</u></u>	<u><u>24,093,033</u></u>
Earnings per share - basic and diluted (Rupees)	13	<u><u>2.98</u></u>	<u><u>2.72</u></u>	<u><u>7.39</u></u>	<u><u>5.60</u></u>

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Chief Executive

Director

OIL AND GAS DEVELOPMENT COMPANY LIMITED
CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT [UNAUDITED]
FOR SIX MONTHS ENDED 31 DECEMBER 2008

	Six months ended 31 December	
	2008	2007
	(Rupees '000)	
Cash flows from operating activities		
Profit before taxation	48,428,068	34,887,664
Adjustments for:		
Depreciation	1,643,440	1,511,037
Amortization of development and production assets	2,715,530	2,078,156
Royalty	8,246,784	7,377,297
Workers' profit participation fund	2,547,642	1,835,494
Provision for employee benefits	718,992	336,183
Unwinding of discount on provision for decommissioning cost	330,243	293,543
Interest income	(1,151,537)	(1,272,494)
Unrealized loss on investments at fair value through profit or loss	131,669	8,173
Dividend income	(29,512)	(28,150)
Gain on disposal of property, plant and equipment	(10,462)	(303)
Interest income on long term receivables	(19,786)	(29,747)
Share of profit in associated company	(30,209)	(20,777)
Provision for doubtful debts	(3,173)	-
Provision for doubtful advances	-	(9,864)
	63,517,689	46,966,212
Working capital changes		
(Increase)/decrease in current assets:		
Stores, spare parts and loose tools	(535,425)	(1,161,600)
Stock in trade	61,306	(28,992)
Trade debts	(21,088,648)	(8,084,623)
Deposits and short term prepayments	247,030	(119,006)
Loans, advances and other receivables	116,666	143,765
Increase/(decrease) in current liabilities:		
Trade and other payables	2,063,923	(1,398,137)
Cash generated from operations	44,382,541	36,317,619
Royalty paid	(10,566,530)	(5,802,625)
Employee benefits paid	(584,827)	(395,889)
(Paid to)/received from workers' profit participation fund	(174,911)	16,000
Income taxes paid	(9,605,307)	(6,953,627)
	(20,931,575)	(13,136,141)
Net cash generated from operating activities	23,450,966	23,181,478
Cash flows from investing activities		
Capital expenditure	(13,353,203)	(6,272,692)
Interest received	1,317,075	1,377,360
Dividends received	36,862	35,632
Purchase of investments	-	(200,000)
Proceeds from encashment of investments	683,347	16,583
Proceeds from disposal of property, plant and equipment	14,854	1,616
Long term prepayments	25,389	(47,251)
Net cash used in investing activities	(11,275,676)	(5,088,752)
Cash flows from financing activities		
Dividend paid	(19,998,209)	(17,121,135)
Net cash used in financing activities	(19,998,209)	(17,121,135)
Net (decrease)/increase in cash and cash equivalents	(7,822,919)	971,591
Cash and cash equivalents at beginning of the period	18,276,380	23,737,736
Cash and cash equivalents at end of the period	10,453,461	24,709,327

The annexed selected notes 1 to 17 form an integral part of this condensed consolidated interim financial information.

Chief Executive

Director

OIL AND GAS DEVELOPMENT COMPANY LIMITED
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY [UNAUDITED]
FOR SIX MONTHS ENDED 31 DECEMBER 2008

	Share capital	Capital reserve		Unappropriated profit	Total equity
		Bonus shares	Specific		
	(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)
First interim dividend 2008: Rs 1.75 per share	-	-	-	(7,526,625)	(7,526,625)
Transfer to capital reserve	-	-	126,714	(126,714)	-
Profit for six months	-	-	-	24,093,033	24,093,033
Total recognized income for the period	-	-	-	24,093,033	24,093,033
Balance at 31 December 2007	<u>43,009,284</u>	<u>836,000</u>	<u>2,564,942</u>	<u>62,038,985</u>	<u>108,449,211</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)
First interim dividend 2009: Rs 2.00 per share	-	-	-	(8,601,857)	(8,601,857)
Transfer to capital reserve	-	-	102,574	(102,574)	-
Profit for six months	-	-	-	31,781,200	31,781,200
Total recognized income for the period	-	-	-	31,781,200	31,781,200
Balance at 31 December 2008	<u>43,009,284</u>	<u>836,000</u>	<u>2,769,638</u>	<u>71,926,515</u>	<u>118,541,437</u>

The annexed selected notes 1 to 17 form an integral part of this condensed consolidated interim financial information.

Chief Executive

Director

OIL AND GAS DEVELOPMENT COMPANY LIMITED
SELECTED NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION [UNAUDITED]
FOR SIX MONTHS ENDED 31 DECEMBER 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% (30 June 2008: 85.02%) of the ordinary shares of the Parent Company as of 31 December 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.

Board of Directors of the Parent Company and the subsidiary in their meeting of 20 August 2008 and 19 August 2008 respectively have approved merger of the subsidiary with the Parent Company with effect from 01 July 2008. Consequently on directions of the Honorable Islamabad High Court, meetings of the members of both the companies were held on 24 December 2008 under chairmanship of the Registrar of Companies to consider and approve the scheme of merger. The members of both the companies approved the scheme of merger subject to sanction by the Honorable Islamabad High Court. On 28 January 2009, the Honorable Islamabad High Court approved the scheme of merger effective from 01 January 2009.

2 BASIS OF PREPARATION

This condensed consolidated interim financial information has been prepared in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. 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 six months ended on 31 December 2007.

3 ACCOUNTING POLICIES

3.1 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.

3.2 Taxes on income in the interim period are accrued using the tax rates that would be applicable to expected to total annual earnings.

3.3 New accounting standards and IFRIC interpretations that are not yet effective

The following standards, amendments and interpretations of approved accounting standards, effective for accounting periods beginning as mentioned there against are either not relevant to the Group's current operations or are not expected to have significant impact on the Group's financial statements other than certain additional disclosures:

Revised IAS 1 - Presentation of financial statements (effective 1 January 2009)

Revised IAS 23 - Borrowing costs (effective 1 January 2009)

Amended IAS 27 - Consolidated and Separate Financial Statements (effective 1 July 2009)

IAS 29 - Financial Reporting in Hyperinflationary Economies (effective 28 April 2008)

Amendments to IAS 32 - Financial instruments (effective 1 January 2009)

Amendments to IAS 39 - Financial Instruments: Recognition and Measurement (effective 1 July 2009)

Amendment to IFRS 2 - Share-based Payment (effective 1 January 2009)

Revised IFRS 3 - Business Combinations (effective 1 July 2009)

IFRS 7 - Financial Instruments: Presentation (effective 28 April 2008)

IFRS 8 - Operating Segments (effective 01 January 2009)

IFRIC 13 - Customer Loyalty Programmes (effective 01 July 2008)

IFRIC 15 - Agreement for the Construction of Real Estate (effective 01 January 2008)

IFRIC 16 - Hedge of Net Investment in a Foreign Operation (effective 1 October 2008)

IFRIC 17 - Distribution of Non-Cash Assets to Owners (effective 1 July 2009)

IFRIC 18 - Transfers of Assets from Customers (effective 1 July 2009)

The International Accounting Standards Board's annual improvements project published in May 2008, contains a number of amendments which would generally be applicable for financial periods beginning on or after 1 January 2009. These amendments extend to 35 standards and include changes in terminology and accounting requirements.

OIL AND GAS DEVELOPMENT COMPANY LIMITED
SELECTED NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION [UNAUDITED]
FOR SIX MONTHS ENDED 31 DECEMBER 2008

	31 December 2008	30 June 2008
	(Rupees '000)	
4 TRADE AND OTHER PAYABLES		
Creditors	284,471	345,588
Accrued liabilities	5,498,094	5,451,929
Royalty	4,344,584	6,664,330
Excise duty	119,342	105,357
Development surcharge	3,455	-
General sales tax	795,363	584,886
Payable to joint venture partners	3,532,915	1,369,547
Retention money	265,356	278,088
Trade deposits	137,462	99,262
Workers' profit participation fund	2,547,558	174,827
Unpaid dividend	5,103,311	1,450,691
Unclaimed dividend	107,065	102,788
Advances from customers	168,839	174,341
Other payables	81,544	413,921
	<u>22,989,359</u>	<u>17,215,555</u>
5 PROVISION FOR TAXATION		
Tax payable/(advance tax) at beginning of the period/year	4,223,047	(5,700,810)
Income tax paid during the period/year	(9,605,307)	(22,992,422)
Provision for taxation - current	12,602,277	21,039,758
Provision for taxation - prior years	2,580,432	11,876,522
Tax payable at end of the period/year	<u>9,800,449</u>	<u>4,223,048</u>

5.1 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 Parent Company as well as the Federal Board of Revenue (FBR) mainly on the issues of decommissioning cost, depletion allowance and employee benefits.

6 CONTINGENCIES AND COMMITMENTS

6.1 Claims against the Parent Company as on 31 December 2008, not acknowledged as debts amounted to Rs 210.737 million (30 June 2008 : Rs 229.420 million) since in the opinion of the management, there is a fairly reasonable chance that these will be decided in favour of the Parent Company.

6.2 At present Qadirpur Gas Price is being notified by Oil and Gas Regulatory Authority (OGRA) on the basis of a provisional discount table for High Sulphur Fuel Oil (HSFO) price upto the maximum limit of USD 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 USD 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.

6.3 Commitments outstanding against the Parent Company as on 31 December 2008 amounted to Rs 7,279.226 million (30 June 2008 : Rs 18,909.109 million). These included amounts aggregating to Rs 3,533.958 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.

6.4 Letters of credit issued by various banks on behalf of the Parent Company in ordinary course of the business, outstanding at the period end amounted to Rs 7,710.764 million (30 June 2008 : Rs 6,504.968 million).

6.5 Certain banks have issued guarantees on behalf of the Parent Company in ordinary course of business aggregating Rs 104.844 million (30 June 2008 : Rs 444.844 million).

OIL AND GAS DEVELOPMENT COMPANY LIMITED
SELECTED NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION [UNAUDITED]
FOR SIX MONTHS ENDED 31 DECEMBER 2008

6.6 Contingencies relating to tax

Subsidiary Company

Assessment year 1995-96

The Subsidiary Company is in appeal before Lahore High Court , Rawalpindi Bench against an order of Income Tax Appellate Tribunal (ITAT) relating to assessment year 1995-96. By virtue of the said appellate order , the Subsidiary Company's taxability has been confirmed at the rate applicable to a private limited company resulting in a net tax exposure of Rs 178.20 million. The legal counsel of the Subsidiary Company is of the view that keeping in view assessed history of the Subsidiary Company the case is likely to be decided in Subsidiary Company's favour.

Assessment year 2001-02

The tax authorities in framing re-assessment for assessment year 2001-02 has again calculated the depletion allowance on the basis of net receipts instead of gross receipts as claimed by the Subsidiary Company resulting in net tax exposure of Rs 66.212 million. The Honourable ITAT has decided the issue of excess perquisites in favor of the Subsidiary Company while on the issue of depletion allowance decision is in favor of tax department and appeal is now being filed with High court.

Assessment year 2002-03

While framing assessment for the year 2002-03 the tax authorities disallowed decommissioning cost, provision for slow moving and obsolete items and recalculated depletion allowance on the basis of net receipts instead of gross receipts as claimed by the Subsidiary Company. The net tax effect of said adjustment is Rs 315.178 million which has been adjusted against determined refunds of the Subsidiary Company. The Subsidiary Company as well as department filed appeal before Honourable ITAT against the order of CIT(A). ITAT has decided the issue of obsolete stores and WWF in favor of the Subsidiary Company while the issue of depletion allowance and decommissioning costs have been decided in favor of tax department and appeal is being filed before High Court.

Assessment year 1998-99, 2001-02 and 2002-03

In response to the application filed by the Subsidiary Company to FBR for resolution of the issue of decommissioning cost and depletion allowance through Alternate Dispute Resolution Committee (ADRC) for the assessment year 1998-99, 2001-02 & 2002-03, an order on ADRC recommendation has been issued by the FBR thereby deciding not to intervene. The issues involved will be settled at appellate forums accordingly.

Pending the outcome of these appeals and ADRC order no provision has been made in this condensed consolidated interim financial information for the demand , since there is a reasonably fair chance that the appeal will be decided in favour of the Subsidiary Company.

Tax years 2003 to 2007

For the tax years 2003 to 2006, the Additional Commissioner amended the deemed assessments u/s 120 thereby creating a demand of Rs 178.38 million after adjusting the refund of Rs 7.588 million for tax year 2005. While the amount was paid by the Subsidiary Company, appeals before CIT(A) were filed against the impugned orders. The CIT(A) while disposing off the appeals has rejected the Subsidiary Company's claim on the issue of depletion allowance while directed that decommissioning cost issue may be re examined by the department and may be allowed on a fair and reliable estimate. The Subsidiary Company has decided to file appeal before ITAT against CIT(A) orders.

Further for tax year 2006, an order u/s 221 was issued by Taxation Officer rectifying the amount of determined refunds brought forward from the past years and raised a demand of Rs 161.579 million which has been paid by the Subsidiary Company. The Subsidiary Company has filed an appeal before CIT (A). CIT (A) while disposing off the appeal has directed that the issues may be re-examined by the department.

For tax year 2007, the Taxation Officer while initiating proceedings under section 221(2), rectified the assessment by re-trenching the claim of refund of Rs 481.904 million relating to tax year 2006 thereby creating a tax demand of Rs 146.424 million which has been paid by the Subsidiary Company. The Subsidiary Company has decided not to file appeal against the said order since an appeal against the order issued for tax year 2006 has already been filed. In case that appeal is decided in favour of the Subsidiary Company, a rectification application would be filed for order passed for tax year 2007.

The aggregate amount of above comes to Rs 1,509.556 million out of which the Subsidiary Company has provided for Rs 326.323 million.

Subsequently the Additional Commissioner issued orders on the issue of decommissioning and amortization of decommissioning cost for tax year 2004 to 2006 creating demand of Rs.5,125,000, Rs.97,583,100 and Rs.29,339,500 for which appeals were filed before the CIT(A) who decided the issue against the Subsidiary Company and appeals are now being filed with ITAT.

OIL AND GAS DEVELOPMENT COMPANY LIMITED
SELECTED NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION [UNAUDITED]
FOR SIX MONTHS ENDED 31 DECEMBER 2008

		Six months ended 31 December	
		2008	2007
	Note	(Rupees '000)	
7 PROPERTY, PLANT AND EQUIPMENT			
Carrying amount at beginning of the period		20,865,751	20,005,480
Additions during the period	7.1	4,803,460	1,547,975
Book value of disposals	7.2	(1,166)	(1,313)
Depreciation charge for the period		<u>(1,867,653)</u>	<u>(1,711,831)</u>
Closing book value		23,800,392	19,840,311
Capital works in progress		<u>2,849,405</u>	<u>2,334,594</u>
Carrying amount at end of the period		<u><u>26,649,797</u></u>	<u><u>22,174,905</u></u>
7.1 Additions during the period			
Freehold land		424	1,238
Leasehold land		1,935	-
Buildings, offices and roads on freehold land		44,897	44,241
Buildings, offices and roads on leasehold land		-	3,761
Plant and machinery		3,898,148	1,150,454
Rigs		81,049	77,893
Pipelines		78,093	94,107
Vehicles		499,035	139,336
Office and domestic equipment		74,859	22,245
Office and technical data computers		26,421	10,517
Furniture and fixture		4,671	1,428
Stores held for capital expenditure (net)		63,730	2,755
Decommissioning cost		30,198	-
		<u>4,803,460</u>	<u>1,547,975</u>
7.2 Book value of disposals during the period			
Rigs		1	-
Vehicles		1,165	1,313
		<u>1,166</u>	<u>1,313</u>
8 DEVELOPMENT AND PRODUCTION ASSETS - INTANGIBLE			
Carrying amount at beginning of the period		31,748,208	27,211,898
Additions during the period		6,270,793	2,142,846
Amortization charge for the period		<u>(2,715,530)</u>	<u>(2,078,156)</u>
Closing book value		35,303,471	27,276,588
Wells in progress		<u>6,750,147</u>	<u>3,983,624</u>
Carrying amount at end of the period		<u><u>42,053,618</u></u>	<u><u>31,260,212</u></u>
9 EXPLORATION AND EVALUATION ASSETS			
Balance at beginning of the period		2,823,295	1,875,370
Additions during the period		3,813,099	4,695,176
		6,636,394	6,570,546
Cost of dry and abandoned wells during the period		<u>(2,382,683)</u>	<u>(3,069,697)</u>
Cost of wells transferred to development and production assets during the period		<u>(593,297)</u>	<u>(487,812)</u>
		<u>(2,975,980)</u>	<u>(3,557,509)</u>
		3,660,414	3,013,037
Stores held for exploration and evaluation activities (net)		4,500,764	3,818,368
Balance at end of the period		<u><u>8,161,178</u></u>	<u><u>6,831,405</u></u>

OIL AND GAS DEVELOPMENT COMPANY LIMITED
SELECTED NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION [UNAUDITED]
FOR SIX MONTHS ENDED 31 DECEMBER 2008

	31 December 2008	30 June 2008
	(Rupees '000)	
10 TRADE DEBTS		
Un-secured, considered good	61,797,120	40,706,744
Un-secured, considered doubtful	4,328,255	4,325,082
	<u>66,125,375</u>	<u>45,031,826</u>
Provision for doubtful debts	(4,328,255)	(4,325,082)
Trade debts written off	-	(1,445)
	<u>61,797,120</u>	<u>40,705,299</u>

10.1 Trade debts include an amount of Rs 4,453 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 and a provision amounting to Rs 4,271 million (30 June 2008: Rs 4,268 million) has been made.

10.2 Trade debts also include an amount of Rs 6,909 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 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 consolidated 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.

10.3 Also included in trade debts is an amount of Rs 5,745 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.

10.4 Trade debts also include an overdue amount of Rs 28,635 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 receivables/payables. Management considers this amount to be fully recoverable and hence, no provision has been made for these debts in this condensed consolidated interim financial information.

	Note	31 December 2008	30 June 2008
		(Rupees '000)	
11 OTHER FINANCIAL ASSETS			
Investments:			
At fair value through profit or loss - NIT units		106,016	237,684
Available for sale	11.1	7,400,525	9,969,832
		<u>7,506,541</u>	<u>10,207,516</u>

11.1 These represent investments in TDRs maturing in the short term and carry interest rate of 6.80% to 19.00% (30 June 2008: 5.00% to 10.70%) per annum. Included in these investments are foreign currency TDRs amounting to USD 93.50 million (30 June 2008: USD 73 million).

	Three months ended 31 December 2008	2007	Six months ended 31 December 2008	2007
	(Rupees '000)			
12 SALES - net				
Gross sales				
Crude oil	14,171,504	15,943,042	39,489,217	31,804,682
Gas	18,057,830	14,007,209	35,427,881	28,195,694
Gasoline	65,165	4,740	178,808	4,740
Kerosene oil	43,938	102,728	83,998	218,430
High speed diesel oil	2,662	98,566	2,662	200,542
Solvent oil	-	6,931	4,537	14,713
Naphtha	79,149	810,802	401,184	1,625,705
Liquefied petroleum gas	930,810	1,580,951	1,925,758	2,893,038
Sulphur	144,801	239,895	232,402	307,117
Other operating revenue	8,555	21,956	16,786	31,947
	<u>33,504,414</u>	<u>32,816,820</u>	<u>77,763,233</u>	<u>65,296,608</u>
Government levies				
Excise duty	(367,375)	(366,527)	(734,104)	(745,015)
Development surcharge	(11,700)	(20,780)	(19,762)	(40,752)
General sales tax	(2,568,563)	(3,534,084)	(5,069,004)	(7,688,551)
	<u>(2,947,638)</u>	<u>(3,921,391)</u>	<u>(5,822,870)</u>	<u>(8,474,318)</u>
	<u>30,556,776</u>	<u>28,895,429</u>	<u>71,940,363</u>	<u>56,822,290</u>
13 EARNINGS PER SHARE - BASIC AND DILUTED				
Profit for the period (Rupees '000)	12,801,549	11,693,549	31,781,200	24,093,033
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)	<u>2.98</u>	<u>2.72</u>	<u>7.39</u>	<u>5.60</u>

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

OIL AND GAS DEVELOPMENT COMPANY LIMITED**SELECTED NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**

[UNAUDITED]

FOR SIX MONTHS ENDED 31 DECEMBER 2008

14 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 period end are as follows:

	Six months ended 31 December	
	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	23,796,841	16,781,148
Desalting charges paid	13,543	20,132
Receivable as at 31 December	16,352,852	12,009,096
National Refinery Limited		
Sale of crude oil	4,853,296	5,444,538
Sale of naphtha	322,035	1,409,907
Naphtha handling and storage charges	7,683	44,690
Receivable as at 31 December	-	6,084,802
Government Holdings (Private) Limited		
Payable as at 31 December	103,540	18,606
Pak Arab Refinery Company Limited		
Sale of crude oil	2,852,981	2,145,004
Receivable as at 31 December	4,138,444	2,240,328
Sui Northern Gas Pipelines Limited		
Sale of natural gas	16,900,296	14,476,340
Purchase of high BTU value gas	1,039,446	1,102,287
Receivable as at 31 December	7,844,785	5,460,665
Sui Southern Gas Company Limited		
Sale of natural gas	14,245,073	6,402,612
Pipeline rental charges	20,232	7,865
Receivable as at 31 December	16,718,490	6,824,827
Pakistan State Oil Company Limited		
Sale of refined petroleum products	60,877	239,654
Sale of liquefied petroleum gas	7,467	2,683
Purchase of petroleum, oil and lubricants	1,576,837	968,824
Receivable as at 31 December	12,248	393,662
Packages Limited		
Sale of sulphur	20,859	23,466
National Insurance Company Limited		
Insurance premium paid	279,261	215,355
National Logistic Cell		
Crude transportation charges paid	684,097	555,838
Heavy Mechanical Complex (Private) Limited		
Purchase of stores and spares	15,827	13,577
Water and Power Development Authority		
Sale of natural gas	41,093	36,020
Receipts against long term loan	93,375	424,175
Receivable as at 31 December	28,561	30,069

OIL AND GAS DEVELOPMENT COMPANY LIMITED
SELECTED NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
[UNAUDITED]
FOR SIX MONTHS ENDED 31 DECEMBER 2008

	Six months ended 31 December	
	2008	2007
	(Rupees '000)	
TRANSACTIONS WITH RELATED PARTIES - Continued		
Enar Petrotech Services (Private) Limited		
Consultancy services	24,390	18,506
Sale of crude oil	1,055,487	654,144
(Payable)/receivable as at 31 December	(8,003)	204,839
Government of Pakistan		
Dividend paid	16,298,737	13,612,016
Other related parties		
Contribution to staff benefit funds	703,374	324,436
Remuneration including benefits and perquisites of chief executives	10,625	6,675
Remuneration including benefits and perquisites of executives	1,439,667	829,972

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).

15 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.

16 NON ADJUSTING EVENT AFTER BALANCE SHEET DATE

- 16.1** The Board of Directors of the Parent Company proposed interim dividend at the rate of Rs ____ per share in its meeting held on 26 February 2009.
- 16.2** This condensed consolidated interim financial information was authorized for issue on 26 February 2009 by the Board of Directors of the Parent Company.

17 GENERAL

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

Chief Executive

Director