

OIL AND GAS DEVELOPMENT COMPANY LIMITED
CONDENSED INTERIM BALANCE SHEET [UNAUDITED]
AS AT 31 DECEMBER 2009

| | Unaudited 31 December 2009 | Audited 30 June 2009 | | Unaudited 31 December 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 reserves | 3,759,128 | 3,658,318 | Property, plant and equipment | 7 | 30,135,468 |
| Unappropriated profit | 92,843,193 | 79,503,794 | Development and production assets - intangible | 8 | 51,192,008 |
| | <u>139,611,605</u> | <u>126,171,396</u> | Exploration and evaluation assets | 9 | 9,114,229 |
| | | | | | 90,441,705 |
| | | | Long term investments | | 3,059,199 |
| | | | Long term loans and receivable | | 1,657,137 |
| | | | Long term prepayments | | 87,352 |
| | | | | | <u>95,245,393</u> |
| | | | | | 86,319,659 |
| | | | | | 2,903,133 |
| | | | | | 1,849,707 |
| | | | | | 85,357 |
| | | | | | <u>91,157,856</u> |
| NON CURRENT LIABILITIES | | | CURRENT ASSETS | | |
| Deferred taxation | 18,385,344 | 17,710,497 | Stores, spare parts and loose tools | | 16,580,129 |
| Deferred employee benefits | 2,279,283 | 2,008,499 | Stock in trade | | 113,811 |
| Provision for decommissioning cost | 11,604,878 | 10,814,506 | Trade debts | 10 | 77,436,735 |
| | 32,269,505 | 30,533,502 | Loans and advances | | 4,212,697 |
| | | | Deposits and short term prepayments | | 387,022 |
| | | | Interest accrued | | 34,731 |
| | | | Other receivables | | 541,044 |
| | | | Other financial assets | 11 | 10,491,909 |
| | | | Cash and bank balances | | 7,334,858 |
| | | | | | 117,132,936 |
| | | | | | 86,834,540 |
| | | | | | <u>212,378,329</u> |
| | | | | | <u>177,992,396</u> |
| | | | | | <u>212,378,329</u> |
| | | | | | <u>177,992,396</u> |
| CONTINGENCIES AND COMMITMENTS | | | | | |
| | 6 | | | | |

The annexed notes 1 to 17 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/STATEMENT OF COMPREHENSIVE INCOME [UNAUDITED]
FOR SIX MONTHS ENDED 31 DECEMBER 2009

| | Note | Three months ended 31 December | | Six months ended 31 December | |
|--|------|--------------------------------|--------------------|------------------------------|---------------------|
| | | 2009 | 2008 | 2009 | 2008 |
| (Rupees '000) | | | | | |
| Sales - net | 12 | 40,807,879 | 30,556,776 | 72,633,402 | 71,940,363 |
| Royalty | | (4,787,501) | (3,283,447) | (8,402,351) | (8,246,784) |
| Operating expenses | | (5,570,824) | (5,592,240) | (10,792,978) | (10,656,091) |
| Transportation charges | | (389,792) | (314,101) | (837,300) | (782,071) |
| | | <u>(10,748,117)</u> | <u>(9,189,788)</u> | <u>(20,032,629)</u> | <u>(19,684,946)</u> |
| Gross profit | | 30,059,762 | 21,366,988 | 52,600,773 | 52,255,417 |
| Other income | | 407,970 | 892,420 | 1,206,675 | 3,082,453 |
| Exploration and prospecting expenditure | | (3,495,352) | (1,182,112) | (4,721,629) | (3,502,097) |
| General and administration expenses | | (353,575) | (279,615) | (705,633) | (548,339) |
| Finance cost | | (308,392) | (170,258) | (598,909) | (341,933) |
| Workers' profit participation fund | | (1,316,498) | (1,031,371) | (2,390,577) | (2,547,642) |
| Share of profit in associate - net of taxation | | 19,548 | 15,809 | 30,261 | 30,209 |
| | | <u>25,013,463</u> | <u>19,611,861</u> | <u>45,420,961</u> | <u>48,428,068</u> |
| Profit before taxation | | 25,013,463 | 19,611,861 | 45,420,961 | 48,428,068 |
| Taxation | | (8,585,577) | (6,810,312) | (16,927,503) | (16,646,868) |
| | | <u>16,427,886</u> | <u>12,801,549</u> | <u>28,493,458</u> | <u>31,781,200</u> |
| Profit for the period | | 16,427,886 | 12,801,549 | 28,493,458 | 31,781,200 |
| Other comprehensive income | | - | - | - | - |
| | | <u>16,427,886</u> | <u>12,801,549</u> | <u>28,493,458</u> | <u>31,781,200</u> |
| Total comprehensive income for the period | | 16,427,886 | 12,801,549 | 28,493,458 | 31,781,200 |
| Earnings per share - basic and diluted (Rupees) | 13 | <u>3.82</u> | <u>2.98</u> | <u>6.62</u> | <u>7.39</u> |

The annexed notes 1 to 17 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 SIX MONTHS ENDED 31 DECEMBER 2009

| | Six months ended 31 December | |
|---|-------------------------------------|--------------|
| | 2009 | 2008 |
| | (Rupees '000) | |
| Cash flows from operating activities | | |
| Profit before taxation | 45,420,961 | 48,428,068 |
| Adjustments for: | | |
| Depreciation | 1,617,273 | 1,643,440 |
| Amortization of development and production assets | 3,104,213 | 2,715,530 |
| Royalty | 8,402,351 | 8,246,784 |
| Workers' profit participation fund | 2,390,577 | 2,547,642 |
| Provision for employee benefits | 805,728 | 718,992 |
| Un-winding of discount on provision for decommissioning cost | 594,276 | 330,243 |
| Interest income | (546,155) | (1,151,537) |
| Un-realized (gain)/loss on investments at fair value through profit or loss | (15,437) | 131,669 |
| Dividend income | (14,756) | (29,512) |
| Gain on disposal of property, plant and equipment | (33,797) | (10,462) |
| Interest income on long term receivables | (14,266) | (19,786) |
| Share of profit in associated company | (30,261) | (30,209) |
| Stores inventory written off | 8,379 | - |
| Provision for doubtful debts | - | (3,173) |
| | 61,689,086 | 63,517,689 |
| Working capital changes | | |
| (Increase)/decrease in current assets: | | |
| Stores, spare parts and loose tools | 875,843 | (535,425) |
| Stock in trade | (5,510) | 61,306 |
| Trade debts | (21,296,643) | (21,088,648) |
| Deposits and short term prepayments | 32,599 | 247,030 |
| Advances and other receivables | (1,402,422) | 116,666 |
| (Decrease)/increase in current liabilities: | | |
| Trade and other payables | 162,701 | 2,063,923 |
| Cash generated from operations | 40,055,654 | 44,382,541 |
| Royalty paid | (510,436) | (10,566,530) |
| Employee benefits paid | (444,944) | (584,827) |
| Received from/(paid to) workers' profit participation fund - net | 490,636 | (174,911) |
| Income taxes paid | (7,967,189) | (9,605,307) |
| | (8,431,933) | (20,931,575) |
| Net cash from operating activities | 31,623,721 | 23,450,966 |
| Cash flows from investing activities | | |
| Capital expenditure | (8,650,111) | (13,353,203) |
| Interest received | 539,395 | 1,317,075 |
| Dividend received | 22,106 | 36,862 |
| Purchase of investments | (133,969) | - |
| Proceeds from encashment of investments | - | 683,347 |
| Proceeds from disposal of property, plant and equipment | 36,473 | 14,854 |
| Long term prepayments | (1,995) | 25,389 |
| Net cash used in investing activities | (8,188,101) | (11,275,676) |
| Cash flows from financing activities | | |
| Dividends paid | (14,686,025) | (19,998,209) |
| Net cash used in financing activities | (14,686,025) | (19,998,209) |
| Net increase/(decrease) in cash and cash equivalents | 8,749,595 | (7,822,919) |
| Cash and cash equivalents at beginning of the period | 8,939,828 | 18,276,380 |
| Cash and cash equivalents at end of the period | 17,689,423 | 10,453,461 |

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

Chief Executive

Chairman

OIL AND GAS DEVELOPMENT COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY [UNAUDITED]
FOR SIX MONTHS ENDED 31 DECEMBER 2009

| | Share capital | Capital reserve | | Unappropriated profit | Total equity |
|--|-------------------|-----------------|------------------|-----------------------|--------------------|
| | | Bonus share | Self insurance | | |
| (Rupees '000) | | | | | |
| Balance as at 01 July 2008 | 43,009,284 | 836,000 | 2,667,064 | 63,902,995 | 110,415,343 |
| Transfer to capital reserve | - | - | 102,574 | (102,574) | - |
| Total comprehensive income for the period | - | - | - | 31,781,200 | 31,781,200 |
| Transactions with owners, recorded directly in equity | | | | | |
| 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) |
| Total contributions by and distributions to owners | - | - | - | (23,655,106) | (23,655,106) |
| Balance as 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> |
| Balance as at 01 July 2009 | 43,009,284 | 836,000 | 2,822,318 | 79,503,794 | 126,171,396 |
| Transfer to capital reserve | - | - | 100,810 | (100,810) | - |
| Total comprehensive income for the period | - | - | - | 28,493,458 | 28,493,458 |
| Transactions with owners, recorded directly in equity | | | | | |
| Final dividend 2009: Rs 2.50 per share | - | - | - | (10,752,321) | (10,752,321) |
| First interim dividend 2010: Rs 1.00 per share | - | - | - | (4,300,928) | (4,300,928) |
| Total contributions by and distributions to owners | - | - | - | (15,053,249) | (15,053,249) |
| Balance as at 31 December 2009 | <u>43,009,284</u> | <u>836,000</u> | <u>2,923,128</u> | <u>92,843,193</u> | <u>139,611,605</u> |

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

Chief Executive

Chairman

OIL AND GAS DEVELOPMENT COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR SIX MONTHS ENDED 31 DECEMBER 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 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) launched Benazir Employees Stock Option Scheme (BESOS) whereby the GoP transferred 438,815,774 shares to OGDCL Employees Empowerment Trust ("the Trust") without any consideration subject to transfer back of these shares to the President of Pakistan as provided in the Trust Deed. Accordingly, the GoP's shareholding in the Company is reduced to 74.82% from 85.02% effective 14 August 2009. As per the Trust Deed such shares will be allocated through Unit Certificates to eligible employees in proportion to their entitlement on the basis of length of service. The Trust is entitled to receive dividends declared on or after 14 August 2009 and 50% of such dividends will be distributed among employees on the basis of units held while the balance 50% will be transferred to the Privatization Commission of Pakistan.

2 BASIS OF PREPARATION

This condensed interim financial information is unaudited and is being submitted to the shareholders in accordance with the requirements of Section 245 of the Companies Ordinance, 1984 and has been presented in accordance with the requirements of International Accounting Standard 34: Interim Financial Reporting. This does not include all of the information required for full annual financial statements, and should be read in conjunction with the financial statements of the Company as at and for the year ended 30 June 2009. Comparative figures of the balance sheet are extracted from the annual financial statements for the year ended 30 June 2009 whereas comparative profit and loss account/statement of comprehensive income, statement of changes in equity and cash flow statement are stated from unaudited condensed interim financial information for the six months ended 31 December 2008.

3 ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

Except as described below, 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.

Change in accounting policy

The Company has applied revised IAS-1; "Presentation of financial Statements (2007)", which became effective for annual period beginning on or after 01 January 2009. Accordingly all changes in owners equity are presented in the statement of changes in equity, whereas all non-owner changes in equity are presented in the statement of comprehensive income. This presentation has been applied in this condensed interim financial information as of and for the six months ended 31 December 2009. Comparative information has been re-presented in conformity with the revised standard. The change in accounting policy impacts presentation only without any impact on earnings per share.

4 TRADE AND OTHER PAYABLES

| | 31 December 2009 | 30 June 2009 |
|------------------------------------|-----------------------------|-------------------------|
| | (Rupees '000) | |
| Creditors | 189,936 | 814,714 |
| Accrued liabilities | 5,587,751 | 6,952,534 |
| Royalty | 12,201,825 | 4,309,910 |
| Excise duty | 109,348 | 114,614 |
| General sales tax | 2,206,396 | 805,044 |
| Payable to joint venture partners | 3,587,025 | 3,152,520 |
| Retention money | 386,350 | 266,371 |
| Trade deposits | 134,481 | 134,481 |
| Employees' pension trust | 90,000 | - |
| Workers' profit participation fund | 2,390,577 | - |
| Un-paid dividend | 2,182,002 | 1,816,304 |
| Un-claimed dividend | 116,118 | 114,592 |
| Advances from customers | 186,808 | 184,559 |
| Other payables | 302,965 | 81,685 |
| | <u>29,671,582</u> | <u>18,747,328</u> |

OIL AND GAS DEVELOPMENT COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR SIX MONTHS ENDED 31 DECEMBER 2009

| | 31 December 2009 | 30 June 2009 |
|--|-----------------------------|-------------------------|
| | (Rupees '000) | |
| 5 PROVISION FOR TAXATION | | |
| Tax payable at beginning of the period/year | 2,540,170 | 4,223,048 |
| Income tax paid during the period/year | (7,967,189) | (21,492,595) |
| Provision for current taxation - for the period/year | 14,293,520 | 16,799,082 |
| Provision for taxation - prior years | 1,959,136 | 3,010,635 |
| Tax payable at end of the period/year | <u>10,825,637</u> | <u>2,540,170</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 Company as well as the Federal Board of Revenue (FBR) mainly on the issues of decommissioning cost and depletion allowance.

6 CONTINGENCIES AND COMMITMENTS

Contingencies

There is no material change in the contingent liabilities as reported in the annual audited financial statements for the year ended 30 June 2009, except for a claim by Additional Collector (LTPU) against the Company of Rs 3,031.339 million in respect of short payment of sales tax in relation to Uch Gas Field. The management do not expect the outcome of the case to have an adverse material effect on the Company's financial position.

Commitments

There is no material change in the amount of commitments as reported in the annual audited financial statements for the year ended 30 June 2009.

OIL AND GAS DEVELOPMENT COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR SIX MONTHS ENDED 31 DECEMBER 2009

| | Note | Six months ended 31 December | |
|--|------|------------------------------|-------------------|
| | | 2009 | 2008 |
| | | (Rupees '000) | |
| 7 PROPERTY, PLANT AND EQUIPMENT | | | |
| Carrying amount at beginning of the period | | 28,482,194 | 23,229,631 |
| Additions during the period | 7.1 | 3,590,648 | 5,288,985 |
| Book value of disposals | 7.2 | (2,676) | (1,166) |
| Depreciation charge for the period | | (1,934,698) | (1,867,653) |
| Carrying amount at end of the period | | <u>30,135,468</u> | <u>26,649,797</u> |

7.1 Additions during the period

| | | |
|---|------------------|------------------|
| Freehold land | 1,907 | 424 |
| Leasehold land | - | 1,935 |
| Buildings, offices and roads on freehold land | 4,784 | 44,897 |
| Plant and machinery | 1,489,380 | 3,898,148 |
| Rigs | 114,297 | 81,049 |
| Pipelines | 4,088 | 78,093 |
| Vehicles | 200,443 | 499,035 |
| Office and domestic equipment | 7,386 | 74,859 |
| Office and technical data computers | 8,191 | 26,421 |
| Furniture and fixture | 33,666 | 4,671 |
| Stores held for capital expenditure (net) | 545,573 | 63,730 |
| Decommissioning cost | 10,391 | 30,198 |
| Capital work in progress (net) | 1,170,542 | 485,525 |
| | <u>3,590,648</u> | <u>5,288,985</u> |

7.2 During the six months ended 31 December 2009, property, plant and equipment with a carrying amount of Rs 2.676 million (2008: Rs 1.166) million were disposed of, resulting in a gain on disposal of Rs 33.797 million (2008: Rs 10.462 million), which is included in other income.

| | Six months ended 31 December | |
|---|------------------------------|-------------------|
| | 2009 | 2008 |
| | | (Rupees '000) |
| 8 DEVELOPMENT AND PRODUCTION ASSETS - INTANGIBLE | | |
| Carrying amount at beginning of the period | 49,057,766 | 36,808,041 |
| Additions during the period | 5,238,455 | 7,961,107 |
| Amortization charge for the period | (3,104,213) | (2,715,530) |
| Carrying amount at end of the period | <u>51,192,008</u> | <u>42,053,618</u> |

9 EXPLORATION AND EVALUATION ASSETS

| | | |
|--|------------------|------------------|
| Balance at beginning of the period | 4,942,575 | 2,823,295 |
| Additions during the period | 4,008,225 | 3,813,099 |
| | 8,950,800 | 6,636,394 |
| Cost of dry and abandoned wells during the period | (3,518,732) | (2,382,683) |
| Cost of wells transferred to development and production assets during the period | (1,228,889) | (593,297) |
| | (4,747,621) | (2,975,980) |
| | 4,203,179 | 3,660,414 |
| Stores held for exploration and evaluation activities | 4,911,050 | 4,500,764 |
| Balance at end of the period | <u>9,114,229</u> | <u>8,161,178</u> |

OIL AND GAS DEVELOPMENT COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR SIX MONTHS ENDED 31 DECEMBER 2009

| | 31 December 2009 | 30 June 2009 |
|---------------------------------|-----------------------------|--------------------------|
| | (Rupees '000) | |
| 10 TRADE DEBTS | | |
| Un-secured, considered good | 77,436,735 | 56,140,092 |
| Un-secured, considered doubtful | 113,309 | 4,328,255 |
| | <u>77,550,044</u> | <u>60,468,347</u> |
| Provision for doubtful debts | (113,309) | (113,309) |
| Trade debts written off | - | (4,214,946) |
| | <u><u>77,436,735</u></u> | <u><u>56,140,092</u></u> |

10.1 Trade debts include overdue amount of Rs 42,215 million (30 June 2009: Rs 28,183 million) receivable from oil refineries and gas companies. Settlement of these debts remained slow during the period due to circular debt issue. A committee under the chairmanship of Secretary Finance GoP has been formed to review and settle the circular debt. The Company received Rs 17,000 million and Rs 8,547 million in June and September 2009 respectively. The Ministry of Finance has confirmed to the Company in writing that the entire circular debt is good and fully recoverable. Therefore, no provision has been made in this condensed interim financial information.

| | Note | 31 December 2009 | 30 June 2009 |
|--|-------------|-----------------------------|-------------------------|
| | | (Rupees '000) | |
| 11 OTHER FINANCIAL ASSETS | | | |
| Investments: | | | |
| At fair value through profit or loss - NIT units | | 137,344 | 121,907 |
| Available for sale | 11.1 | <u>10,354,565</u> | <u>4,966,010</u> |
| | | <u><u>10,491,909</u></u> | <u><u>5,087,917</u></u> |

11.1 These include foreign currency Term Deposits Receipts (TDRs) amounting to USD 100.50 million (30 June 2009: USD 61 million) and carry interest rate of 2.25% to 3.00% (30 June 2009: 2.00% to 4.28%) per annum. PKR TDRs carry interest rate of 13.25% per annum.

| | Three months ended 31 December | | Six months ended 31 December | |
|--------------------------|---------------------------------------|--------------------------|-------------------------------------|--------------------------|
| | 2009 | 2008 | 2009 | 2008 |
| | (Rupees '000) | | | |
| 12 SALES - net | | | | |
| Gross sales | | | | |
| Crude oil | 17,606,684 | 14,171,504 | 34,040,976 | 39,489,217 |
| Gas | 25,876,480 | 18,057,830 | 42,841,585 | 35,427,881 |
| Gasoline | 4,304 | 65,165 | 4,304 | 178,808 |
| Kerosene oil | 20,302 | 43,938 | 64,920 | 83,998 |
| High speed diesel oil | - | 2,662 | - | 2,662 |
| Solvent oil | - | - | - | 4,537 |
| Naphtha | 100,395 | 79,149 | 195,286 | 401,184 |
| Liquefied petroleum gas | 1,127,662 | 930,810 | 2,087,399 | 1,925,758 |
| Sulphur | 42,403 | 144,801 | 111,118 | 232,402 |
| Other operating revenue | 11,043 | 8,555 | 20,611 | 16,786 |
| | <u>44,789,273</u> | <u>33,504,414</u> | <u>79,366,199</u> | <u>77,763,233</u> |
| Government levies | | | | |
| Excise duty | (360,634) | (367,375) | (729,722) | (734,104) |
| Development surcharge | (4,009) | (11,700) | (12,961) | (19,762) |
| General sales tax | (3,616,751) | (2,568,563) | (5,990,114) | (5,069,004) |
| | <u>(3,981,394)</u> | <u>(2,947,638)</u> | <u>(6,732,797)</u> | <u>(5,822,870)</u> |
| | <u><u>40,807,879</u></u> | <u><u>30,556,776</u></u> | <u><u>72,633,402</u></u> | <u><u>71,940,363</u></u> |

OIL AND GAS DEVELOPMENT COMPANY LIMITED**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)****FOR SIX MONTHS ENDED 31 DECEMBER 2009**

- 12.1** 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 said level the parties will negotiate the discount for higher HSFO prices. During price notification period of July-December 2005, the HSFO prices started exceeding US\$ 200/M.Ton. The matter was taken up with the GoP in August 2005. 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 proposed. The Company, on behalf of JV partners, conveyed acceptance of this discount table to GoP vide letter dated 27 March 2009. Formal notification of revised discount table, by GoP, is still awaited.

Meanwhile, the GoP issued a provisional discount table for HSFO prices upto US\$ 320/M.Ton and provisional price notification for the period from 01 July 2006 to 31 December 2007 was issued by Oil and Gas Regulatory Authority (OGRA). As no further notification was issued, the Company continued to raise invoices until 31 December 2009 under above referred notification. Subsequent to the period end, on 18 January 2010, OGRA has issued provisional price notification for the period from 01 January 2008 to 31 December 2009. Based on said notification, additional revenue of Rs 8,684 million has been accounted for in this condensed interim financial information. Adjustment in revenue from July 2005 to December 2009 may be required upon final notification of the discount table and the wellhead prices, impact of which can not be determined at this stage.

| | Three months ended 31 December | | Six months ended 31 December | |
|---|---------------------------------------|-------------|-------------------------------------|-------------|
| | 2009 | 2008 | 2009 | 2008 |
| | (Rupees '000) | | | |
| 13 EARNINGS PER SHARE - BASIC AND DILUTED | | | | |
| Profit for the period (Rupees '000) | 16,427,886 | 12,801,549 | 28,493,458 | 31,781,200 |
| 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>3.82</u> | <u>2.98</u> | <u>6.62</u> | <u>7.39</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 SIX MONTHS ENDED 31 DECEMBER 2009

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 Company with related parties and balances outstanding at the period 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:

| | Six months ended 31 December | |
|--|-------------------------------------|-------------|
| | 2009 | 2008 |
| | (Rupees '000) | |
| Associated company | | |
| Share of profit in associate - net of taxation | 30,261 | 30,209 |
| Major shareholder | | |
| Government of Pakistan | | |
| Dividend paid | 11,789,068 | 16,298,737 |
| Related parties by virtue of common directorship and GoP holdings | | |
| Attock Refinery Limited | | |
| Sale of crude oil | 20,319,269 | 23,796,841 |
| Desalting charges paid | 7,464 | 13,543 |
| Receivable as at 31 December | 18,389,833 | 16,352,852 |
| Pakistan Refinery Limited | | |
| Sale of crude oil | 3,621,421 | - |
| Receivable as at 31 December | 5,767,662 | - |
| Government Holdings (Private) Limited | | |
| GHPL share (various fields) | 52,959 | 103,540 |
| Pak Arab Refinery Company Limited | | |
| Sale of crude oil | 2,858,442 | 2,852,981 |
| Receivable as at 31 December | 1,468,141 | 4,138,444 |
| Sui Northern Gas Pipelines Limited | | |
| Sale of natural gas | 27,609,483 | 16,900,296 |
| Purchase of high BTU value gas | 1,013,308 | 1,039,446 |
| Receivable as at 31 December | 21,963,326 | 7,844,785 |
| Sui Southern Gas Company Limited | | |
| Sale of natural gas | 10,109,008 | 14,245,073 |
| Pipeline rental charges | 20,232 | 20,232 |
| Receivable as at 31 December | 13,566,014 | 16,718,490 |
| Pakistan State Oil Company Limited | | |
| Sale of refined petroleum products | 64,920 | 60,877 |
| Sale of liquefied petroleum gas | 18,287 | 7,467 |
| Purchase of petroleum, oil and lubricants | 1,158,576 | 1,576,837 |
| Receivable as at 31 December | 13,164 | 12,248 |

OIL AND GAS DEVELOPMENT COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR SIX MONTHS ENDED 31 DECEMBER 2009

| | Six months ended 31 December | |
|--|-------------------------------------|-------------|
| | 2009 | 2008 |
| | (Rupees '000) | |
| RELATED PARTY TRANSACTIONS- Continued | | |
| Packages Limited | | |
| Sale of sulphur | 2,808 | 20,859 |
| National Insurance Company Limited | | |
| Insurance premium paid | 265,056 | 279,261 |
| National Logistic Cell | | |
| Crude transportation charges paid | 590,278 | 684,097 |
| Heavy Mechanical Complex | | |
| Purchase of stores and spares | 21,267 | 15,827 |
| Water and Power Development Authority | | |
| Sale of natural gas | 23,309 | 41,093 |
| Receipts against long term loan | - | 93,375 |
| Receivable as at 31 December | 31,250 | 28,561 |
| Enar Petrotech Services Limited | | |
| Consultancy services | 22,972 | 24,390 |
| Sale of crude oil | 812,937 | 1,055,487 |
| Receivable/(payable) as at 31 December | 48,360 | (8,003) |
| Other related parties | | |
| Contribution to staff benefit funds | 805,728 | 718,992 |
| Remuneration including benefits and perquisites of key management personnel and executives | 1,596,474 | 1,450,292 |

- 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.

15 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.

16 NON ADJUSTING EVENT AFTER BALANCE SHEET DATE

16.1 The Board of Directors approved interim dividend at the rate of Rs 1.50 per share in its meeting held on 24 February 2010.

16.2 This condensed interim financial information was authorized for issue on 24 February 2010 by the Board of Directors of the Company.

17 GENERAL

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