

OIL AND GAS DEVELOPMENT COMPANY LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT [UNAUDITED]
FOR SIX MONTHS ENDED 31 DECEMBER 2010

	Note	Three months ended 31 December		Six months ended 31 December	
		2010	2009	2010	2009
(Rupees '000)					
Sales - net	12	41,638,861	40,807,879	81,090,495	72,633,402
Royalty		(4,773,826)	(4,787,501)	(9,297,163)	(8,402,351)
Operating expenses		(6,437,452)	(5,570,824)	(12,792,215)	(10,816,984)
Transportation charges		(581,247)	(389,792)	(978,639)	(837,300)
		<u>(11,792,525)</u>	<u>(10,748,117)</u>	<u>(23,068,017)</u>	<u>(20,056,635)</u>
Gross profit		29,846,336	30,059,762	58,022,478	52,576,767
Other income		312,381	407,970	919,167	1,206,675
Exploration and prospecting expenditure		(1,004,261)	(3,495,352)	(3,536,174)	(4,721,629)
General and administration expenses		(358,925)	(353,575)	(867,185)	(681,627)
Finance cost		(360,454)	(308,392)	(715,520)	(598,909)
Workers' profit participation fund		(1,422,804)	(1,316,498)	(2,693,195)	(2,390,577)
Share of profit in associate - net of taxation		21,019	19,548	41,141	30,261
		<u>27,033,292</u>	<u>25,013,463</u>	<u>51,170,712</u>	<u>45,420,961</u>
Taxation		<u>(12,144,721)</u>	<u>(8,585,577)</u>	<u>(19,572,265)</u>	<u>(16,927,503)</u>
Profit for the period		<u>14,888,571</u>	<u>16,427,886</u>	<u>31,598,447</u>	<u>28,493,458</u>
Earnings per share - basic and diluted (Rupees)	13	<u>3.46</u>	<u>3.82</u>	<u>7.35</u>	<u>6.62</u>

The annexed selected notes 1 to 18 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 SIX MONTHS ENDED 31 DECEMBER 2010

	Three months ended 31 December		Six months ended 31 December	
	2010	2009	2010	2009
	(Rupees '000)			
Profit for the period	14,888,571	16,427,886	31,598,447	28,493,458
Other comprehensive income - net of taxation	-	-	-	-
Total comprehensive income for the period	<u>14,888,571</u>	<u>16,427,886</u>	<u>31,598,447</u>	<u>28,493,458</u>

The annexed selected notes 1 to 18 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 2010

	Six months ended 31 December	
	2010	2009
	(Rupees '000)	
Cash flows from operating activities		
Profit before taxation	51,170,712	45,420,961
Adjustments for:		
Depreciation	1,763,856	1,617,273
Amortization of development and production assets	3,170,524	3,104,213
Royalty	9,297,163	8,402,351
Workers' profit participation fund	2,693,195	2,390,577
Provision for employee benefits	947,810	805,728
Un-winding of discount on provision for decommissioning cost	711,515	594,276
Interest income	(927,339)	(546,155)
Un-realized gain on investments at fair value through profit or loss	(14,756)	(15,437)
Dividend income	(10,216)	(14,756)
Gain on disposal of property, plant and equipment	(14,473)	(33,797)
Effect of fair value adjustment of long term receivable	(8,334)	(14,266)
Share of profit in associated company	(41,141)	(30,261)
Stores inventory written off	1,188	8,379
	68,739,704	61,689,086
Working capital changes		
(Increase)/decrease in current assets:		
Stores, spare parts and loose tools	(150,788)	875,843
Stock in trade	(5,367)	(5,510)
Trade debts	(24,930,433)	(21,296,643)
Deposits and short term prepayments	98,687	32,599
Advances and other receivables	(701,933)	(1,402,422)
Increase/(decrease) in current liabilities:		
Trade and other payables	114,822	162,701
Cash generated from operations	43,164,692	40,055,654
Royalty paid	(11,104,298)	(510,436)
Employee benefits paid	(1,017,636)	(444,944)
Received from workers' profit participation fund	289,329	490,636
Income taxes paid	(10,898,196)	(7,967,189)
	(22,730,801)	(8,431,933)
Net cash from operating activities	20,433,891	31,623,721
Cash flows from investing activities		
Capital expenditure	(8,669,909)	(8,650,111)
Interest received	932,220	539,395
Dividends received	10,216	22,106
Purchase of investments	(160,000)	(133,969)
Proceeds from disposal of property, plant and equipment	16,101	36,473
Long term prepayments	(3,068)	(1,995)
Net cash used in investing activities	(7,874,440)	(8,188,101)
Cash flows from financing activities		
Dividends paid	(7,390,549)	(14,686,025)
Net cash used in financing activities	(7,390,549)	(14,686,025)
Net increase in cash and cash equivalents	5,168,902	8,749,595
Cash and cash equivalents at beginning of the period	18,836,743	8,939,828
Cash and cash equivalents at end of the period	24,005,645	17,689,423

The annexed selected notes 1 to 18 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 2010

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.

2. BASIS OF PREPARATION

This condensed interim financial information has been prepared in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. The disclosures in the condensed interim financial information do not include the information reported for full annual financial statements and should therefore be read in conjunction with the financial statements for the year ended 30 June 2010. Comparative balance sheet is extracted from annual financial statements as of 30 June 2010 whereas comparative profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity are stated from unaudited condensed interim financial information for the six months period ended 31 December 2009.

The condensed interim financial information is unaudited and is being submitted to the members as required under Section 245 of the Companies Ordinance, 1984.

3. ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

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 2010.

3.1 APPLICATION OF IFRS 2

Amendments to IFRS 2 Share-based Payment – Group Cash-settled Share-based Payment Transactions became effective from 01 July 2010 which requires an entity receiving goods or services (receiving entity) in either an equity-settled or a cash-settled share-based payment transaction to account for the transaction in its separate or individual financial statements.

On 14 August 2009, the Government of Pakistan launched a scheme called Benazir Employees' Stock Option Scheme ('BESOS') for the employees of state owned entities including Oil and Gas Development Company Limited (OGDCL). Under the scheme a Trust was formed and 12 % of the shares held by the Ministry of Petroleum & Natural Resources were transferred to the Trust during year ended 30 June 2010. The eligible employees have been allotted units of the trust, based on the length of the service till 14 August 2009. On cessation of the employment each employee will be required to surrender the units for cash payment from the fund equivalent to market value of the shares. Under the scheme eligible employees will not be entitled to get the benefit unless they have served five more years from the date of enforcement of BESOS except for certain exceptional reasons for early separation from the Company as mentioned in the Trust deed. The eligible employees will be entitled to 50% of the dividend and the remaining 50% dividend will be transferred to Central Revolving Fund of the Privatization Commission who would settle the surrendered units of the Trust on behalf of GoP.

The Company has referred the matter to Institute of Chartered Accountants of Pakistan (ICAP) and Securities and Exchange Commission of Pakistan (SECP) for exemption from applicability of International Financial Reporting Standard - 2 Share Based Payments (IFRS-2). At present the matter is pending before ICAP and SECP and management is confident that applicability of IFRS-2 will be exempted by SECP. Accordingly, the above mentioned scheme has not been accounted for under the requirements of IFRS-2 in the condensed interim financial information of the Company for six month period ended 31 December 2010.

OIL AND GAS DEVELOPMENT COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION [UNAUDITED]
FOR SIX MONTHS ENDED 31 DECEMBER 2010

	Unaudited 31 December 2010	Audited 30 June 2010
	(Rupees '000)	
4. TRADE AND OTHER PAYABLES		
Creditors	220,017	206,904
Accrued liabilities	6,151,712	6,500,721
Royalty payable	14,211,786	16,018,921
Excise duty payable	221,082	92,490
General sales tax payable	1,223,553	888,994
Payable to joint venture partners	2,832,052	2,891,948
Retention money	422,047	374,746
Trade deposits	137,981	137,981
Employees' pension trust	155,007	-
Workers' profit participation fund - net	2,693,195	-
Un-paid dividend	6,505,408	997,631
Un-claimed dividend	123,757	119,297
Advances from customers	265,426	186,955
Other payables	129,308	207,616
	<u>35,292,331</u>	<u>28,624,204</u>

5. PROVISION FOR TAXATION

Tax payable at beginning of the period/year	6,216,639	2,540,170
Income tax paid during the period/year	(10,898,196)	(21,910,472)
Provision for current taxation - for the period/year	15,619,342	23,127,095
Provision for taxation - prior years	-	2,459,846
Tax payable at end of the period/year	<u>10,937,785</u>	<u>6,216,639</u>

5.1 TAX STATUS

There is no change in the tax status of the Company as reported in the annual audited financial statements for the year ended 30 June 2010.

6. CONTINGENCIES AND COMMITMENTS

6.1 Contingencies

6.1.1 Claims against the Company not acknowledged as debts amounted to Rs 3,312.078 million at period end (30 June 2010: Rs 3,246.112 million).

6.1.2 Certain banks have issued guarantees on behalf of the Company in ordinary course of business aggregating Rs 106.133 million (30 June 2010 : Rs 106.133 million).

6.1.3 The Company's share of associate contingencies based on the financial statements of associate for the period ended 30 September 2010 (2009: 30 September 2009) are as follows;

- Indemnity bonds given to Collector of Customs against duty concessions on import of equipment and materials amounted to Rs 2.838 million (30 September 2009: Rs 10.518 million).

OIL AND GAS DEVELOPMENT COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION [UNAUDITED]
FOR SIX MONTHS ENDED 31 DECEMBER 2010

6.2 Commitments

6.2.1 Commitments outstanding at period end amounted to Rs 10,508.108 million (30 June 2010: Rs 11,164.797 million). These included amounts aggregating to Rs 6,825.536 million (30 June 2010: Rs 5,673.692 million) representing the Company's share in the minimum work commitments related to operated/non-operated concessions.

6.2.2 Letters of credit issued by various banks on behalf of the Company in ordinary course of the business, outstanding at the period end amounted to Rs 2,241.559 million (30 June 2010: Rs 3,662.399 million).

6.2.3 The Company's share of associate commitments based on the financial statements of associate for the period ended 30 September 2010 (2009: 30 September 2009) are as follows;

	2010	2009
	(Rupees '000)	
Capital expenditure:		
Share in joint ventures	662,154	743,584
Others	43,198	95,472
	<u>705,352</u>	<u>839,056</u>
Operating lease rentals due:		
Less than one year	3,573	3,925
More than one year but less than five years	5,694	8,540
	<u>9,267</u>	<u>12,465</u>
	<u><u>714,619</u></u>	<u><u>851,521</u></u>

	Six months ended 31 December	
	2010	2009
	(Rupees '000)	
Note		

7. PROPERTY, PLANT AND EQUIPMENT

Carrying amount at beginning of the period		34,998,898	28,482,194
Additions during the period	7.1	3,986,316	3,590,648
Book value of disposals	7.2	(1,628)	(2,676)
Depreciation charge for the period		(2,098,552)	(1,934,698)
Carrying amount at end of the period		<u><u>36,885,034</u></u>	<u><u>30,135,468</u></u>

OIL AND GAS DEVELOPMENT COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION [UNAUDITED]
FOR SIX MONTHS ENDED 31 DECEMBER 2010

	Six months ended 31 December	
	2010	2009
	(Rupees '000)	
7.1 Additions during the period		
Freehold land	47,554	1,907
Buildings, offices and roads on freehold land	4,944	4,784
Buildings, offices and roads on leasehold land	44,373	-
Plant and machinery	1,571,945	1,489,380
Rigs	28,625	114,297
Pipelines	190,095	4,088
Office and domestic equipment	13,572	7,386
Office and technical data computers	8,621	8,191
Furniture and fixture	496	33,666
Vehicles	114,452	200,443
Decommissioning cost	7,261	10,391
Capital work in progress (net)	2,007,233	1,170,542
Stores held for capital expenditure (net)	(52,855)	545,573
	3,986,316	3,590,648

7.2 During the period ended 31 December 2010, property, plant and equipment with a carrying amount of Rs 1.628 million (31 December 2009: Rs 2.676 million) were disposed off, resulting in gain on disposal of Rs 14.473 million (31 December 2009: Rs 33.797 million).

	Six months ended 31 December	
	2010	2009
	(Rupees '000)	
8. DEVELOPMENT AND PRODUCTION ASSETS - INTANGIBLE		
Carrying amount at beginning of the period	58,630,857	49,057,766
Additions during the period	6,003,848	5,238,455
Amortization charge for the period	(3,170,524)	(3,104,213)
Carrying amount at end of the period	61,464,181	51,192,008

	Six months ended 31 December	
	2010	2009
	(Rupees '000)	
9. EXPLORATION AND EVALUATION ASSETS		
Balance at beginning of the period	4,899,241	4,942,575
Additions during the period	2,592,106	4,008,225
	7,491,347	8,950,800
Cost of dry and abandoned wells during the period	(2,498,229)	(3,518,732)
Cost of wells transferred to development and production assets during the period	(93,909)	(1,228,889)
	(2,592,138)	(4,747,621)
	4,899,209	4,203,179
Stores held for exploration and evaluation activities	4,196,832	4,911,050
Balance at end of the period	9,096,041	9,114,229

OIL AND GAS DEVELOPMENT COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION [UNAUDITED]
FOR SIX MONTHS ENDED 31 DECEMBER 2010

	Unaudited 31 December 2010	Audited 30 June 2010
10. TRADE DEBTS	(Rupees '000)	
Un-secured, considered good	107,922,724	82,992,291
Un-secured, considered doubtful	138,440	196,117
	<u>108,061,164</u>	<u>83,188,408</u>
Provision for doubtful debts	(138,440)	(196,117)
	<u><u>107,922,724</u></u>	<u><u>82,992,291</u></u>

10.1 Trade debts include overdue amount of Rs 76,241 million (30 June 2010: Rs 58,159 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 issue. The GoP has confirmed to the Company in writing that steps are being taken to resolve the issue of circular debt under a policy on priority. Management considers this amount to be fully recoverable. Therefore, no provision has been made in this condensed interim financial information on account of circular debts outstanding.

	Note	Unaudited 31 December 2010	Audited 30 June 2010
11. OTHER FINANCIAL ASSETS		(Rupees '000)	
Investments:			
At fair value through profit or loss - NIT units		142,656	127,900
Held to maturity	11.1	14,196,428	10,992,923
		<u>14,339,084</u>	<u>11,120,823</u>

11.1 31 December 2010 balance represents foreign currency TDRs amounting to USD 156.307 million, carrying interest rate of 2.25% to 2.99% per annum and local currency TDRs amounting to Rs 1,026 million, carrying interest rate of 12.85%, while balance as of 30 June 2010 represents foreign currency TDRs amounting to USD 128.437 million that carried interest rate of 1.50% to 1.90% per annum.

	Three months ended 31 December		Six months ended 31 December	
	2010	2009	2010	2009
12. SALES - net	(Rupees '000)			
Gross sales				
Crude oil	20,141,460	17,606,684	37,027,861	34,040,976
Gas	23,968,047	25,876,480	49,678,073	42,841,585
Gasoline	-	4,304	-	4,304
Kerosene oil	30,622	20,302	47,045	64,920
High speed diesel oil	1,823	-	1,823	-
Naphtha	81,796	100,395	130,726	195,286
Liquefied petroleum gas	1,421,456	1,127,662	2,427,986	2,087,399
Sulphur	455,490	42,403	464,340	111,118
Other operating revenue	10,554	11,043	21,407	20,611
	<u>46,111,248</u>	<u>44,789,273</u>	<u>89,799,261</u>	<u>79,366,199</u>
Government levies				
Excise duty	(764,713)	(360,634)	(1,452,578)	(729,722)
Development surcharge	(3,567)	(4,009)	(7,330)	(12,961)
General sales tax	(3,613,898)	(3,616,751)	(7,158,649)	(5,990,114)
Discount on crude oil price	(90,209)	-	(90,209)	-
	<u>(4,472,387)</u>	<u>(3,981,394)</u>	<u>(8,708,766)</u>	<u>(6,732,797)</u>
	<u><u>41,638,861</u></u>	<u><u>40,807,879</u></u>	<u><u>81,090,495</u></u>	<u><u>72,633,402</u></u>

12.1 The status of the gas price notification in relation to Qadirpur Gas Field is the same as disclosed in the annual audited financial statements for the year ended 30 June 2010.

OIL AND GAS DEVELOPMENT COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION [UNAUDITED]
FOR SIX MONTHS ENDED 31 DECEMBER 2010

	Three months ended 31 December		Six months ended 31 December	
	2010	2009	2010	2009
13. EARNINGS PER SHARE - BASIC AND DILUTED				
Profit for the period (Rupees '000)	14,888,571	16,427,886	31,598,447	28,493,458
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)	3.46	3.82	7.35	6.62

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

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	
	2010	2009
	(Rupees '000)	
Associated company		
Share of profit in associate - net of taxation	41,141	30,261
Major shareholder		
Government of Pakistan		
Dividend paid	4,826,872	11,789,068
Related parties by virtue of common directorship and GoP holdings		
Attock Refinery Limited		
Sale of crude oil	23,768,864	20,319,269
Desalting charges paid	-	7,464
Receivable as at 31 December	31,997,197	18,389,833
Payable as at 31 December	86,495	29,248
Pakistan Refinery Limited		
Sale of crude oil	4,823,732	3,621,421
Receivable as at 31 December	6,735,963	5,767,662
Government Holdings (Private) Limited (GHPL)		
GHPL share (various fields)	67,053	65,931
Payable as at 31 December	1,059	70,620
Pak Arab Refinery Company Limited		
Sale of crude oil	1,795,983	2,858,442
Receivable as at 31 December	2,989,228	1,468,141
Sui Northern Gas Pipelines Limited		
Sale of natural gas	24,412,788	27,609,483
Purchase of high BTU value gas	1,223,156	1,013,308
Receivable as at 31 December	15,644,290	21,963,326

OIL AND GAS DEVELOPMENT COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION [UNAUDITED]
FOR SIX MONTHS ENDED 31 DECEMBER 2010

Six months ended 31 December
2010 **2009**
(Rupees '000)

RELATED PARTY TRANSACTIONS- Continued

Sui Southern Gas Company Limited

Sale of natural gas	19,766,477	10,109,008
Pipeline rental charges	17,400	20,232
Receivable as at 31 December	29,264,622	13,566,014

Pakistan State Oil Company Limited

Sale of refined petroleum products	48,868	64,920
Sale of liquefied petroleum gas	-	18,287
Purchase of petroleum, oil and lubricants	1,421,350	1,158,576
Receivable as at 31 December	49,020	13,164

Packages Limited

Sale of sulphur	-	2,808
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National Insurance Company Limited

Insurance premium paid	156,482	265,056
Payable as at 31 December	7,775	63

National Logistic Cell

Crude transportation charges paid	711,606	590,278
Payable as at 31 December	348,616	205,544

Heavy Mechanical Complex

Purchase of stores and spares	60,214	21,267
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Water and Power Development Authority

Sale of natural gas	10,655	23,309
Receivable as at 31 December	5,037	31,250

Enar Petrotech Services Limited

Consultancy services	267,352	22,972
Sale of crude oil	836,845	812,937
Receivable as at 31 December	77,649	48,360
Payable as at 31 December	383	-

Other related parties

Contribution to staff benefit funds	1,385,087	805,728
Remuneration including benefits and perquisites of key management personnel and executives	1,471,673	1,601,847

- 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 2010: 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 2010.

OIL AND GAS DEVELOPMENT COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION [UNAUDITED]
FOR SIX MONTHS ENDED 31 DECEMBER 2010

16 NON ADJUSTING EVENT AFTER BALANCE SHEET DATE

The Board of Directors approved interim dividend at the rate of Rs ____ per share in its meeting held on 24 February 2011.

17 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on 24 February 2011 by the Board of Directors of the Company.

18 GENERAL

Figures in the condensed interim financial information have been rounded off to the thousand of rupee, unless otherwise stated.

Chief Executive

Chairman