

Interim Report and Financial Information

Quarter Ended 30 September 2011



Oil & Gas Development Company Limited

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Corporate Information

Board of Directors

Mr. Muhammad Ejaz Chaudhry
Mr. Basharat A. Mirza
Senator Mir Wali Muhammad Badini
Syed Amir Ali Shah
Mr. Ahmad Bakhsh Lehri
Mr. Raashid Bashir Mazari
Mr. Abid Saeed
Dr. Kaiser Bengali
Mr. Wasim A. Zuberi
Mr. Tariq Faruque
Syed Masieh-ul-Islam
Mr. Fahd Shaikh

Chairman
Managing Director / CEO
Director
Director
Director
Director
Director
Director
Director
Director
Director
Director

Chief Financial Officer

Mr. Muhammad Rafi

Company Secretary

Mrs. Eram Ali Aziz

Auditors

M/s KPMG Taseer Hadi & Co., Chartered Accountants
M/s M. Yousuf Adil Saleem & Co., Chartered Accountants

Legal Advisor

M/s Khokhar Law Chambers

Tax Advisors

M/s A.F. Ferguson & Co., Chartered Accountants

Registered Office

OGDCL House, Plot No 3, F-6/G-6, Blue Area, Jinnah Avenue, Islamabad.
Phone: (PABX) (051) 9209811-8
Fax: (051) 9209804-6, 9209708
Web Site: www.ogdcl.com
Email: csec@ogdcl.com

Registrar Office

Noble Computer Services (Pvt.) Limited, First Floor,
House of Habib Building (Siddiqsons Tower), 3-Jinnah Cooperative Housing Society,
Main Shahrah-e-Faisal, Karachi-75350
Phone: +92 21 34325482-87
Fax: +92 21 34325442
Website: www.noble-computers.com
Email: ncsl@noble-computers.com

Directors' Interim Review

It is indeed my privilege to present, on behalf of the Board of Directors of the Company, the un-audited financial statements along with concise review of operational and financial performance of the Company for the first quarter ended 30 September 2011.

During the period under review, OGDCL maintained a rising trend of profitability. Profit after Taxation during the period increased by 31.2% to Rs 21.915 billion translating into Earnings per Share (EPS) of Rs 5.10 compared to Rs 3.89 during the corresponding quarter of last year.

Board of Directors

During the first quarter, 14th Annual General Meeting (AGM) of the Company was held on 28 September 2011 in which twelve (12) Directors were elected as approved by the members for a period of three years in place of previous board members (11 in number), who stood retired at the close of AGM.

The current Board comprises the following Directors:

● Mr. Muhammad Ejaz Chaudhry	Chairman
● Mr. Basharat A. Mirza	Managing Director / CEO
● Senator Mir Wali Muhammad Badini	Director
● Syed Amir Ali Shah	Director
● Mr. Ahmad Bakhsh Lehri	Director
● Mr. Raashid Bashir Mazari	Director
● Mr. Abid Saeed	Director
● Dr. Kaiser Bengali	Director
● Mr. Wasim A. Zuberi	Director
● Mr. Tariq Faruque	Director
● Syed Masieh-ul-Islam	Director
● Mr. Fahd Shaikh	Director

Auditors

During the 14th Annual General Meeting, members of the Company reappointed M/s KPMG Taseer Hadi & Co., Chartered Accountants and M/s Yousuf Adil Saleem & Co., Chartered Accountants as joint statutory auditors for the year 2011-12.

Financial Results

Despite torrential rains / floods in the Southern region of the Country affecting Company's oil and gas production, natural decline of crude oil production in some of the producing fields and unfavorable security situation in a few of our operational areas, OGDCL has been able to deliver stable operating performance and completed the July-September 2011 quarter with improved financial results.

The Company registered 13.3% growth in sales revenue to Rs 44.686 billion over the corresponding period of last year primarily due to higher realized prices of crude oil, gas and LPG. Higher sales volume of crude oil, gas and white petroleum products also contributed positively towards increased sales revenue. During the first quarter, net realized prices of crude oil, gas and LPG averaged at US\$ 82.78/BBL, Rs 218.32/Mcf and Rs 72,453/M.Ton compared to US\$ 61.92/BBL, Rs 216.50/Mcf and Rs 48,706/M.Ton respectively during the same period of 2010-11.

Profit before Taxation for the quarter was Rs 31.098 billion compared to Rs 24.137 billion during the same period of previous year reflecting 28.8% increase in the Company's earning performance. Profit before Taxation is relatively higher because of higher figures of other income which increased by Rs 1.697 billion and decrease in exploration & prospecting expenditure and general & administration expenses. Profit after Taxation increased by

31.2% to Rs 21.915 billion compared to Rs 16.710 billion translating into Earnings per Share (EPS) of Rs 5.10 compared to Rs 3.89 in the corresponding quarter of previous year.

Cash flow from operations for the period after working capital changes and payment of income tax of Rs 1.589 billion and royalty of Rs 4.842 billion was Rs 15.322 billion, showing an increase of Rs 9.325 billion over the same period last year. After investment and financing activities of Rs 13.735 billion (cash outflow) and Rs 1.426 billion (cash inflow) respectively, the Company's cash and cash equivalent increased by Rs 33.921 billion with the ending balance of Rs 55.155 billion as on 30 September 2011.

The prevailing inter-corporate debt issue in the industry is negatively impacting OGDCL as its receivables as of 30 September 2011 have mounted to Rs 93.238 billion, which includes overdue amount of Rs 57.742 billion. An early resolution of this issue is pivotal for ensuring the smooth running of exploration, drilling, development and production activities along with timely discharge of statutory obligations including payment of royalty, taxes and dividends etc.

Dividend

The Board of Directors is pleased to announce first interim cash dividend of Rs 1.50 per share (15%) for the year ending 30 June 2012.

Exploration and Development Activities

OGDCL presently holds largest acreage in Pakistan covering an area of 61,084 sq. kms. As of 30 September 2011, the Company was operating thirty four (34) exploration blocks, twenty two (22) blocks including three (3) offshore blocks with 100% interest and twelve (12) blocks as operated joint ventures. In addition to this, OGDCL also has interest in seven (7) blocks operated by other companies.

Techno Economic Evaluation of Offshore Indus-R and Eastern Offshore Indus-A is in progress. In Offshore Indus-G block application has been submitted to Directorate General of Petroleum Concessions (DGPC) for grant of 25% share each to OGDCL, M/s PPL, M/s ENI and M/s BPXA with the transfer of operatorship to M/s ENI.

The seismic crew of the Company during July-September 2011 acquired 376 L. kms of 2-D seismic data in Mari East, Soghri and Mianwali blocks and 191 sq. kms of 3-D seismic data in Sinjhora and Tando Allah Yar blocks. Further, OGDCL also processed 458 L. kms of 2-D using in-house expertise along with processing of 315 sq. kms of 3-D through outsourcing.

On the drilling front, OGDCL carried out its drilling operations on fourteen (14) exploratory/appraisal and development wells including drilling / testing of eleven (11) ongoing wells from previous fiscal year. During the first quarter, nine (9) new well locations were marked on the ground out of which two (2) development wells namely Rajian-6 and Uch-19 were spudded. Subsequently, Qadirpur-43 Extended Reach Well (ERW) and Uch-32 development wells were also spudded during the month of October 2011 making a total of four (4) wells during the current financial year.

The Company, however, could not start operations in ten (10) blocks due to non-availability of security clearance / cover from concerned authorities which constitute 30.26% of the total awarded acreage. In this context, OGDCL has taken-up the matter with the Government of Balochistan and Ministry of Petroleum & Natural Resources (MP&NR) for early resumption of exploration activities in said blocks.

Overseas exploration evaluation is in progress to obtain exploration blocks. Technical report on six (6) exploration blocks in Gabbon including two (2) offshore (shallow water) and four (4) onshore blocks with 25% working interest offered by M/s ENI is being prepared. Report on hydrocarbon potential of Myanmar (Burma) has also been prepared.

Development Projects

The Company is actively working on completion of development projects including Kunnar Pasahki Deep-Tando Allah Yar (KPD-TAY), Sinjhoru, Uch-II, Qadirpur Compression, Dakhni Expansion, Nashpa/Mela and Jhal Magsi development project. Substantial enhancement of oil, gas and LPG production is expected upon completion of these projects in the near future.

Under Phase-I of KPD-TAY project, 100 MMcfd of dehydrated gas and 1,000 barrels per day of condensate is ready to be supplied into Sui Southern Gas Company Limited (SSGCL) network. OGDCL is also developing total facilities during the second phase in parallel to fully process the 312 MMcfd of raw gas including LPG extraction and supply the fully processed gas to M/s SSGCL. Production of 284 MMcfd of gas, 4,400 barrels per day of crude oil (bopd), 387 M.Tons per day of LPG and 400 barrels per day of NGL is expected upon completion of the project by December 2013. The Company is currently in the process of engaging a consultant for the project.

Sinjhoru project will be completed in two phases. First phase will be completed by June 2012 and will enhance production flow by 1,400 bopd, 16 MMcfd of gas and 50 M.Tons per day of LPG. Second phase of the project will be completed by December 2012 for a cumulative production flow to 3000-3500 bopd, 30 MMcfd of gas and 120-140 M.Tons per day of LPG.

Under Uch-II development project, the Company has so far drilled twelve (12) wells out of fifteen (15) planned wells in Uch field. After completion, OGDCL will be able to supply additional 160 MMcfd of gas to Uch II Power Limited (UPL). At Dakhni, most of the equipment / packages have been received and installed for completion of Dakhni Expansion Project in February 2012. OGDCL has also successfully installed fourteen (14) reciprocating compressors at Qadirpur gas field to maintain the production plateau of 550-600 MMcfd of gas.

Further, OGDCL has also planned to undertake another development project namely Naspha/Mela project where the Company intends to install two (2) LPG plants at Nashpa and Mela fields. The project, to be completed by December 2013, will produce 200 M. Tons per day of LPG in addition to oil and gas production. The Company is currently in the process of engaging a consultant for the project.

Reserves

Based on recently concluded reserve evaluation study carried out by M/s Tracs International, UK OGDCL's total proved, probable and possible remaining recoverable reserves as of 30 September 2011 stood at 214 million barrels of oil and 10,660 billion cubic feet of gas.

Production

During the quarter, the Company's production was adversely effected due to torrential rains / floods in the Southern region particularly affecting production activities of Bobi, Lashari, Sono, Missan and Moolan-North fields and Tando Alam Oil Complex (TOC) & Bobi Oil Complex (BOC). The crude oil transportation from BOC to refineries remained suspended from 9th to 29th September 2011 due to deteriorated road conditions resulting from floods. The wells Chak Dim-5 South and Mithrao-01 located close to Sanghar city and contributing about 1000-1200 barrels per day of crude oil and 11 MMcfd of gas were also shut-in since 13 September 2011. Apart from above, the production was also effected due to natural decline in Kunnar and Pakhro fields, carrying out of scheduled Annual turnaround (ATA) at Qadirpur and Dakhni fields and work-over on Qadirpur-21 and 32 wells. In spite of mentioned facts, OGDCL took all necessary measures to keep the natural decline at minimal level with application of rig-less techniques and through planned workovers which resulted in net increase in gas production.

The development of Sinjhoru (Phase-1) and Kunnar Pasahki Deep (Phase-1) is being undertaken using in-house resources to substantially augment existing production level. During the period under review, OGDCL conducted BHP surveys at Dakhni wells during ATA. Additionally, the Company also carried out the performance test of

compressors installed at Qadirpur field which is underway along with bringing Qadirpur well-42 on production supplying 32 MMcfd of gas. It may also be added that the gas supply to M/s Fauji Kabir Wala Power Company Limited (FKPCL) from Nandpur / Punjpir gas fields has increased from 47 to 54 MMcfd after injection of Bahu well-4.

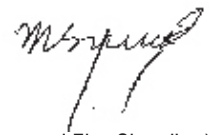
The Company is presently operating a total of forty five (45) Development and Production Leases (D&PLs) including both owned and operated JVs. The average daily net production for the period under review including share in both operated and non-operated JV fields is as under:

Products	Unit of Measurement	1st Quarter 2011-12	1st Quarter 2010-11
Crude oil	Barrels/day	36,092	36,182
Gas	MMcf/day	1,023	949
LPG	M.Tons/day	174	191
Sulphur	M.Tons/day	77	68
Average daily production has been worked out at 366 days / year for FY 2011-12 and 365 days / year for FY 2010-11.			

Acknowledgment

On behalf of the Board of Directors, I am highly grateful for all the help, guidance and support received from the Ministry of Petroleum & Natural Resources, Directorate General of Petroleum Concessions and other Federal and Provincial Government Departments. The Directors acknowledge with thanks to all shareholders, business partners and other stakeholders for their faith, trust and confidence reposed in the Company. The Board of Directors also wish to place on record their sincere appreciation for the untiring efforts and dedicated contributions put in by the employees towards consistent growth of the Company.

On behalf of the Board



(Muhammad Ejaz Chaudhry)
Chairman

27 October 2011

**INTERIM REPORT
AND
FINANCIAL INFORMATION**

For the Quarter ended 30 September 2011



**OIL & GAS DEVELOPMENT
COMPANY LIMITED**

**Condensed Interim Balance Sheet [unaudited]
As at 30 September 2011**

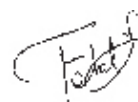
		Unaudited 30 September 2011	Audited 30 June 2011
	Note	(Rupees '000)	
SHARE CAPITAL AND RESERVES			
Share capital		43,009,284	43,009,284
Capital reserves		4,109,060	4,059,138
Unappropriated profit		<u>165,610,118</u>	<u>154,497,155</u>
		212,728,462	201,565,577
NON CURRENT LIABILITIES			
Deferred taxation		21,145,543	20,786,195
Deferred employee benefits		3,441,566	3,301,169
Provision for decommissioning cost		14,845,554	14,348,981
		39,432,663	38,436,345
CURRENT LIABILITIES			
Trade and other payables	4	18,646,991	16,794,297
Provision for taxation	5	12,216,174	4,981,309
		30,863,165	21,775,606
		<u>283,024,290</u>	<u>261,777,528</u>
CONTINGENCIES AND COMMITMENTS			
	6		

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.



Chief Executive

		Unaudited 30 September 2011	Audited 30 June 2011
	Note	(Rupees '000)	
NON CURRENT ASSETS			
Fixed assets			
Property, plant and equipment	7	38,889,513	39,146,582
Development and production assets - intangibles	8	59,745,128	58,926,897
Exploration and evaluation assets	9	8,550,242	7,961,197
		107,184,883	106,034,676
Long term investments		3,689,573	3,568,930
Long term loans and receivable		2,358,860	2,410,907
Long term prepayments		277,670	159,550
		113,510,986	112,174,063
CURRENT ASSETS			
Stores, spare parts and loose tools		14,064,472	13,979,854
Stock in trade		186,860	261,835
Trade debts	10	93,238,296	77,911,312
Loans and advances		4,797,234	2,738,873
Deposits and short term prepayments		539,003	640,229
Interest accrued		681,366	324,845
Other receivables		724,912	1,459,073
Other financial assets	11	50,178,196	38,445,555
Cash and bank balances		5,102,965	13,841,889
		169,513,304	149,603,465
		283,024,290	261,777,528



Director

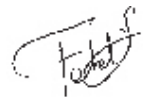
**Condensed Interim Profit and Loss Account [unaudited]
For the Quarter ended 30 September 2011**

	Note	Quarter ended 30 September	
		2011	2010
		(Rupees '000)	
Sales - net	12	44,686,212	39,451,634
Royalty		(5,115,224)	(4,523,337)
Operating expenses		(7,230,389)	(5,985,785)
Transportation charges		(435,928)	(397,392)
		(12,781,541)	(10,906,514)
Gross profit		31,904,671	28,545,120
Other income		2,303,861	606,786
Exploration and prospecting expenditure		(665,278)	(2,531,913)
General and administration expenses		(417,763)	(877,238)
Finance cost		(407,448)	(355,066)
Workers' profit participation fund		(1,636,734)	(1,270,391)
Share of profit in associate - net of taxation		16,643	20,122
Profit before taxation		31,097,952	24,137,420
Taxation		(9,182,746)	(7,427,544)
Profit for the quarter		21,915,206	16,709,876
Earnings per share - basic and diluted (Rupees)	13	5.10	3.89

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.



Chief Executive



Director

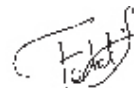
Condensed Interim Statement of Comprehensive Income [unaudited] For the Quarter ended 30 September 2011

	Quarter ended 30 September	
	2011	2010
	(Rupees '000)	
Profit for the quarter	21,915,206	16,709,876
Other comprehensive income - net of taxation	-	-
Total comprehensive income for the quarter	<u>21,915,206</u>	<u>16,709,876</u>

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.



Chief Executive



Director

Condensed Interim Cash Flow Statment [unaudited]

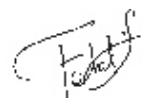
For the Quarter ended 30 September 2011

	Quarter ended 30 September 2011	Quarter ended 30 September 2010
	(Rupees '000)	
Cash flows from operating activities		
Profit before taxation	31,097,952	24,137,420
Adjustments for:		
Depreciation	898,000	852,549
Amortization of development and production assets	2,188,522	1,536,646
Royalty	5,115,224	4,523,337
Workers' profit participation fund	1,636,734	1,270,391
Provision for employee benefits	603,636	472,713
Un-winding of discount on provision for decommissioning cost	405,768	352,803
Interest income	(1,761,416)	(421,245)
Un-realized loss on investments at fair value through profit or loss	19,523	8,899
Dividend income	(18,161)	(10,216)
Gain on disposal of property, plant and equipment	(2,191)	(6,858)
Effect of fair value adjustment of long term receivable	(1,392)	(4,551)
Share of profit in associate	(16,643)	(20,122)
	40,165,556	32,691,766
Working capital changes		
(Increase)/decrease in current assets:		
Stores, spare parts and loose tools	(84,618)	(228,030)
Stock in trade	74,975	14,496
Trade debts	(15,326,984)	(12,786,022)
Deposits and short term prepayments	101,226	61,386
Advances and other receivables	(1,982,224)	(196,611)
(Decrease)/increase in current liabilities:		
Trade and other payables	(110,714)	544,332
Cash generated from operations	22,837,217	20,101,317
Royalty paid	(4,842,220)	(8,436,230)
Employee benefits paid	(1,084,357)	(589,693)
Income taxes paid	(1,588,533)	(5,077,989)
	(7,515,110)	(14,103,912)
Net cash from operating activities	15,322,107	5,997,405
Cash flows from investing activities		
Capital expenditure	(3,866,703)	(2,991,846)
Interest received	1,404,895	390,540
Dividend received	18,161	10,216
Purchase of investments	(104,000)	(35,000)
Proceeds from disposal of property, plant and equipment	2,902	7,809
Long term prepayments	(118,120)	(19,396)
Net cash used in investing activities	(2,662,865)	(2,637,677)
Cash flows from financing activities		
Dividends paid	(9,646,002)	(963,021)
Net cash used in financing activities	(9,646,002)	(963,021)
Net increase in cash and cash equivalents	3,013,240	2,396,707
Cash and cash equivalents at beginning of the quarter	52,141,519	18,836,743
Cash and cash equivalents at end of the quarter	55,154,759	21,233,450

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.



Chief Executive



Director

Condensed Interim Statement of Changes in Equity [unaudited]

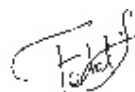
For the Quarter ended 30 September 2011

	Share capital	Capital reserves		Unappropriated profit	Total equity
		Capital reserve	Self insurance		
(Rupees '000)					
Balance at 01 July 2010	43,009,284	836,000	3,023,682	110,523,520	157,392,486
Transfer to self insurance reserve	-	-	49,936	(49,936)	-
Total comprehensive income for the quarter					
Profit for the quarter	-	-	-	16,709,876	16,709,876
Total comprehensive income for the quarter	-	-	-	16,709,876	16,709,876
Transactions with owners, recorded directly in equity					
Final dividend 2010: Rs 1.50 per share	-	-	-	(6,451,393)	(6,451,393)
Total distributions to owners	-	-	-	(6,451,393)	(6,451,393)
Balance at 30 September 2010	43,009,284	836,000	3,073,618	120,732,067	167,650,969
Balance at 01 July 2011	43,009,284	836,000	3,223,138	154,497,155	201,565,577
Transfer to self insurance reserve	-	-	49,922	(49,922)	-
Total comprehensive income for the quarter					
Profit for the quarter	-	-	-	21,915,206	21,915,206
Total comprehensive income for the quarter	-	-	-	21,915,206	21,915,206
Transactions with owners, recorded directly in equity					
Final dividend 2011: Rs 2.50 per share	-	-	-	(10,752,321)	(10,752,321)
Total distributions to owners	-	-	-	(10,752,321)	(10,752,321)
Balance at 30 September 2011	43,009,284	836,000	3,273,060	165,610,118	212,728,462

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.



Chief Executive



Director

Notes to the Condensed Interim Financial Information [unaudited]

For the Quarter ended 30 September 2011

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 (1GDS = 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 2011. Comparative balance sheet is extracted from annual financial statements as of 30 June 2011 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 quarter ended 30 September 2010.

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 2011.

	Unaudited 30 September 2011	Audited 30 June 2011
	(Rupees '000)	
4 TRADE AND OTHER PAYABLES		
Creditors	45,185	14,549
Accrued liabilities	5,775,069	6,657,548
Royalty payable	4,132,082	3,859,078
Excise duty payable	177,686	198,147
General sales tax payable	1,040,137	679,887
Payable to joint venture partners	2,568,749	2,245,848
Retention money	380,228	387,424
Trade deposits	108,523	137,981
Employee's pension trust	-	341,186
Workers' profit participation fund - net	925,271	-
Un-paid dividend	2,796,270	1,693,996
Un-claimed dividend	120,975	116,930
Advances from customers	416,661	367,290
Other payables	160,155	94,433
	<u>18,646,991</u>	<u>16,794,297</u>
5 PROVISION FOR TAXATION		
Tax payable at beginning of the quarter/year	4,981,309	6,216,639
Income tax paid during the quarter/year	(1,588,533)	(29,403,253)
Provision for current taxation - for the quarter/year	8,823,398	26,167,923
Provision for taxation - prior years	-	2,000,000
Tax payable at end of the quarter/year	<u>12,216,174</u>	<u>4,981,309</u>

- 5.1 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 2011.

Notes to the Condensed Interim Financial Information [unaudited]

For the Quarter ended 30 September 2011

6 CONTINGENCIES AND COMMITMENTS

6.1 Contingencies

6.1.1 Claims against the Company not acknowledged as debts amounted to Rs 2,786.062 million at period end (year end 30 June 2011: Rs 2,786.062 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 2011 : Rs 106.133 million).

6.1.3 The Company's share of associate contingencies based on the financial statements of associate for the year ended 30 June 2011 (2010: 30 June 2010) 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 (year ended 30 June 2010: Rs 6.492 million).

6.2 Commitments

6.2.1 Commitments outstanding at period end amounted to Rs 15,575.319 million (year end 30 June 2011: Rs 12,271.159 million). These include amounts aggregating to Rs 7,669.671 million (year ended 30 June 2011 : Rs 7,869.703 million) representing the Company's share in the minimum work commitments under Petroleum Concession Agreements.

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 2,118.831 million (year end 30 June 2011 : Rs 2,437.309 million).

6.2.3 The Company's share of associate commitments based on the financial statements of associate for the year ended 30 June 2011 (2010: 30 June 2010) are as follows;

	2011	2010
	(Rupees '000)	
Capital expenditure:		
Share in joint ventures	86,925	687,465
Others	65,676	54,362
	152,601	741,827
Operating lease rentals due:		
Less than one year	2,703	3,929
More than one year but less than five years	4,483	6,300
	7,186	10,229
	159,787	752,056

	Note	Quarter ended 30 September 2011	Quarter ended 30 September 2010
		(Rupees '000)	
7 PROPERTY, PLANT AND EQUIPMENT			
Carrying amount at beginning of the quarter		39,146,582	34,998,898
Additions during the quarter	7.1	832,131	1,560,691
Book value of disposals		(1,481)	(951)
Depreciation charge for the quarter		(1,087,719)	(1,020,501)
Carrying amount at end of the quarter		38,889,513	35,538,137

**Notes to the Condensed Interim Financial Information [unaudited]
For the Quarter ended 30 September 2011**

	Quarter ended 30 September 2011 2010 (Rupees '000)	
7.1 Additions during the period		
Freehold land	-	40,082
Leasehold land	53,537	-
Buildings, offices and roads on freehold land	444,753	26
Buildings, offices and roads on leasehold land	105,342	23,714
Plant and machinery	453,644	664,202
Rigs	6,152	13,940
Pipelines	130,528	24,711
Office and domestic equipment	15,576	5,843
Office and technical data computers	4,034	2,427
Furniture and fixture	989	340
Vehicles	84,586	34,362
Decommissioning cost	-	11,699
Capital work in progress (net)	(156,399)	412,691
Stores held for capital expenditure (net)	(310,611)	326,654
	832,131	1,560,691

- 7.2** During the quarter 30 September 2011, property, plant and equipment with a carrying amount of Rs 1.481 million (30 September 2010: Rs 0.951 million) were disposed off, resulting in gain on disposal of Rs 2.191 million (30 September 2010: Rs 6.858 million).

	Quarter ended 30 September 2011 2010 (Rupees '000)	
8 DEVELOPMENT AND PRODUCTION ASSETS - INTANGIBLE		
Carrying amount at beginning of the quarter	58,926,897	58,630,857
Additions during the quarter	2,920,072	2,567,801
Transfer from exploration and evaluation assets during the quarter	86,681	12,883
Amortization charge for the quarter	(2,188,522)	(1,536,646)
Carrying amount at end of the quarter	59,745,128	59,674,895
9 EXPLORATION AND EVALUATION ASSETS		
Balance at beginning of the quarter	4,177,087	4,899,241
Additions during the quarter	988,941	1,513,402
	5,166,028	6,412,643
Cost of dry and abandoned wells during the quarter	(10,719)	(1,950,958)
Cost of wells transferred to development and production assets during the quarter	(86,681)	(12,883)
	(97,400)	(1,963,841)
	5,068,628	4,448,802
Stores held for exploration and evaluation activities	3,481,614	4,364,098
Balance at end of the quarter	8,550,242	8,812,900

Notes to the Condensed Interim Financial Information [unaudited]

For the Quarter ended 30 September 2011

	Unaudited 30 September 2011	Audited 30 June 2011
	(Rupees '000)	
10 TRADE DEBTS		
Un-secured, considered good	93,238,296	77,911,312
Un-secured, considered doubtful	138,440	138,440
	<u>93,376,736</u>	<u>78,049,752</u>
Provision for doubtful debts	(138,440)	(138,440)
	<u>93,238,296</u>	<u>77,911,312</u>

10.1 Trade debts include overdue amount of Rs 57,742 million (30 June 2011: Rs 45,072 million) receivable from oil refineries and gas companies. Considering slow settlement of these debts 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 mechanism 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.

		Unaudited 30 September 2011	Audited 30 June 2011
	Note	(Rupees '000)	
11 OTHER FINANCIAL ASSETS			
Investments:			
At fair value through profit or loss - NIT units		126,402	145,925
Held to maturity	11.1	<u>50,051,794</u>	<u>38,299,630</u>
		<u>50,178,196</u>	<u>38,445,555</u>

11.1 This represents foreign currency TDRs amounting to USD 200.810 million (30 June 2011: USD 188.005 million), carrying interest rate ranging from 2.60% to 5.20% (30 June 2011: 2.00% to 3.54%) per annum and local currency TDRs amounting to Rs 32,501 million (30 June 2011: Rs 22,150 million), carrying interest rate of 12.70% to 13.36% (30 June 2011: 13.03% to 13.85%).

	Quarter ended 30 September 2011		2010	
	(Rupees '000)			
12 SALES - net				
Gross sales				
Crude oil	23,740,353	16,886,401		
Gas	23,344,228	25,710,026		
Gasoline	172,820	-		
Kerosene oil	48,697	16,423		
Naphtha	-	48,930		
Liquefied petroleum gas	1,339,455	1,006,530		
Sulphur	-	8,850		
Other operating revenue	38,097	10,853		
	<u>48,683,650</u>	43,688,013		
Government levies				
Excise duty	(715,082)	(687,865)		
Development surcharge	(12,160)	(3,763)		
General sales tax	(3,270,196)	(3,544,751)		
	<u>(3,997,438)</u>	(4,236,379)		
	<u>44,686,212</u>	39,451,634		

Notes to the Condensed Interim Financial Information [unaudited]

For the Quarter ended 30 September 2011

- 12.1 Qadirpur gas price is linked with High Sulphur Fuel Oil (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 agreed in March 2009. Formal notification of revised discount table by the Government is still awaited.

Meanwhile, the Government issued a provisional discount table for HSFO prices upto US\$ 320/M.Ton. The Qadirpur wellhead gas prices are being notified by Oil and Gas Regulatory Authority (OGRA) on the basis of provisional discount table from July 2006 onwards. Adjustment in revenue from July 2005 to September 2011 may be required upon approval of the discount table by the GoP and formal wellhead gas prices notification by OGRA, impact of which cannot be determined at this stage.

	Quarter ended 30 September	
	2011	2010
13 EARNINGS PER SHARE - BASIC AND DILUTED		
Profit for the quarter (Rupees '000)	<u>21,915,206</u>	<u>16,709,876</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>5.10</u>	<u>3.89</u>
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 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	
	2011	2010
	(Rupees '000)	
Associated company		
Share of profit in associate - net of taxation	16,643	20,122
Major shareholder		
Government of Pakistan		
Dividend paid	8,061,353	-
OGDCL Employee's Empowerment Trust (OEET)		
Dividend paid	622,663	-
Related parties by virtue of common directorship and GoP holdings		
Government Holdings (Private) Limited (GHPL)		
GHPL share (various fields)	27,789	-
Payable as at 30 September	1,059	46,976
Pak Arab Refinery Company Limited		
Sale of crude oil	3,683,777	373,788
Trade debts as at 30 September	9,018,713	2,939,394
Sui Northern Gas Pipelines Limited		
Sale of natural gas	11,982,706	11,077,083
Purchase of high BTU value gas	474,036	644,580
Trade debts as at 30 September	7,916,838	11,203,331
Payable as at 30 September	83,896	489

Notes to the Condensed Interim Financial Information [unaudited]

For the Quarter ended 30 September 2011

	Quarter ended 30 September	
	2011	2010
	(Rupees '000)	
RELATED PARTY TRANSACTIONS- Continued		
Sui Southern Gas Company Limited		
Sale of natural gas	7,762,738	11,723,509
Pipeline rental charges	14,528	8,700
Trade debts as at 30 September	32,120,161	22,671,579
Pakistan State Oil Company Limited		
Sale of refined petroleum products	48,697	16,423
Purchase of petroleum, oil and lubricants	988,794	579,129
Trade debts as at 30 September	97,718	65,420
National Insurance Company Limited		
Insurance premium paid	81,601	79,002
Payable as at 30 September	63	4,748
National Logistic Cell		
Crude transportation charges paid	375,950	252,992
Payable as at 30 September	592,054	319,581
Heavy Mechanical Complex		
Purchase of stores and spares	-	40,589
Water and Power Development Authority		
Sale of natural gas	-	8,344
Receivable as at 30 September	4,023	10,928
Enar Petrotech Services Limited		
Consultancy services	31,198	100,824
Sale of crude oil	647,319	390,892
Trade debts as at 30 September	207,493	23,730
Payable as at 30 September	11,227	383
Other related parties		
Contribution to staff benefit fund	555,202	465,020
Remuneration including benefits and perquisites of key management personnel and executives	1,053,344	790,341

- 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 2011: Rs 500,000) per year.

Notes to the Condensed Interim Financial Information [unaudited] For the Quarter ended 30 September 2011

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 2011.

16 NON ADJUSTING EVENT AFTER BALANCE SHEET DATE

The Board of Directors approved interim dividend at the rate of Rs 1.50 per share in its meeting held on 27 October 2011.

17 DATE OF AUTHORIZATION FOR ISSUE

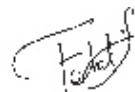
This condensed interim financial information was authorized for issue on 27 October 2011 by the Board of Directors of the Company.

18 GENERAL

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



Chief Executive



Director



Oil & Gas Development Company Limited

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