

Auditors' Report to the Members

of Oil and Gas Development Company Limited

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of Oil and Gas Development Company Limited ("the Company") as at 30 June 2008 and the related consolidated profit and loss account, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinion on the financial statements of Oil and Gas Development Company Limited. The financial statements of subsidiary company were audited by M/s KPMG Taseer Hadi & Co., Chartered Accountants as sole auditors, whose report was forwarded to M/s M. Yousuf Adil Saleem & Co., Chartered Accountants and their opinion insofar as it relates to the amounts included for such company is based solely on the report of M/s KPMG Taseer Hadi & Co., Chartered Accountants. These financial statements are responsibility of the Company's management. Our responsibility is to express our opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements present fairly the financial position of the Company as at 30 June 2008 and the results of its operations, its cash flows and changes in equity for the year then ended in accordance with the approved accounting standards as applicable in Pakistan.

Without qualifying our opinion we draw attention to paragraph 4 of note 1 to the consolidated financial statements. The Board of Directors has approved in principle the subsidiary company's merger with the Company and hence the subsidiary company is not considered to be a going concern. However, the assets and liabilities of the subsidiary company have not been stated at their expected realisable and settlement values as these would be merged in Company at book values as both the companies are under common control.



KPMG TASEER HADI & Co.

Chartered Accountants

Islamabad

August 20, 2008



M. YOUSUF ADIL SALEEM & Co.

Chartered Accountants

Islamabad

August 20, 2008