

Interim Report and Financial Information

Nine Months Ended 31 March 2012



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. Babar Yaqoob Fateh Muhammad
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

Chief Financial Officer

Mr. Aftab Ahmad

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

The Board of Directors of Oil & Gas Development Company Limited (OGDCL) has pleasure in presenting the un-audited condensed financial statements together with a concise review of Company's operational and financial performance for the third quarter and nine months ended 31 March 2012.

During the period under review (July 2011-March 2012), the Company witnessed improved financial and operating performance. Financial results of the Company for the nine months ended are in line with the expectations with higher price realizations and increase in sales volume of crude oil & gas resulting in 16.2% and 40.8% increase in Sales revenue and Profit after Taxation (PAT) respectively over the corresponding period (July 2010-March 2011). These financial results would have improved further, had there been no production losses due to torrential rains / floods in the Southern region of the Country during the month of September 2011 and unfavorable security situation in some of the Company's operational areas during the period.

On the operational front, the Company's relentless efforts to locate new hydrocarbon reserves yielded two (02) new significant oil and gas discoveries at Nashpa-2 exploratory well {Nashpa Exploration Licence (E.L)} in District Karak and at Zin X-1 exploratory well (Zin E.L) in District Dera Bugti, Balochistan. Out of these discoveries Nashpa-2 has already been put on production and, as expected, a considerable increase in the crude oil production has been witnessed from Nashpa field in the third quarter of the current financial year. In addition, completion of Phase-I of the Kunnar Pasahki Deep-Tando Allah Yar (KPD-TAY) development project also contributed to production enhancement during the period under review.

Board of Directors

During the period under review, composition of the Board has changed due to resignation of Mr. Raashid Bashir Mazari and Mr. Ahmad Baksh Lehri. The Board appreciates the services rendered by the outgoing Directors and welcomes Mr. Babar Yaqoob Fateh Muhammad as new Director on the Board .

The Board presently comprises of the following Directors:

■ Mr. Muhammad Ejaz Chaudhry	Chairman, OGDCL Board
■ Mr. Basharat A. Mirza	MD/CEO
■ Senator Mir Wali Muhammad Badini	Director
■ Syed Amir Ali Shah	Director
■ Mr. Babar Yaqoob Fateh Muhammad	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

Financial Results

Financial results of the Company during the period under review depicted improved figures both on account of revenue and the profitability. The Company's Sales revenue and Profit after Taxation (PAT) grew by 16.2% and 40.8% to Rs 142.035 billion and Rs 69.245 billion respectively translating into Earnings per Share (EPS) of Rs 16.10 compared with Rs 11.44 of the same period of preceding year. These results are primarily attributable to higher realized prices of crude oil, gas and LPG which averaged at US\$ 84.46/barrel, Rs 222.44/Mcf, and Rs 77,467/M.Ton against US\$ 67.47/barrel, Rs 215.22/Mcf, and Rs 63,510/M.Ton respectively of corresponding period of last year. In addition, increase in sales volume of crude oil & gas, decrease in exploration and prospecting expenditure and increase in other income on account of interest income on bank deposits were other contributing factors leading to surge in PAT.

Net Cash flow from operating activities for the period was Rs 44.362 billion after payment of income tax of Rs 22.898 billion and royalty of Rs 16.375 billion, showing an increase of Rs 13.965 billion over the same period

last year. After investing and financing activities of Rs 38.512 billion (cash outflow) and Rs 4.596 billion (cash inflow) respectively, the Company's cash and cash equivalents increased by Rs 10.447 billion with the ending balance of Rs 62.588 billion as on 31 March 2012.

However, the prevailing issue of inter-corporate circular debt is negatively impacting OGDCL as its trade debts as of 31 March 2012 stood at Rs 118.088 billion, which included an overdue amount of Rs 76.460 billion. An early resolution of this issue is necessary for ensuring the smooth running of the Company's exploration, production and development activities along with timely discharge of the statutory obligations including payment of taxes / duties, royalty, dividend etc. In this connection, Management of the Company has consistently been taking the matter up with the Government of Pakistan (GoP).

Dividend

The Board of Directors has recommended a third interim cash dividend of Rs 1.50 per share (15%). This is in addition to the first and second cumulative interim cash dividend of Rs 3.00 per share (30%) already declared during the year. This gives a total of Rs 4.50 per share (45%) for the year ending 30 June 2012.

Exploration and Development Activities

As of 31 March 2012, the Company held the largest exploration acreage in the Country which includes thirty four (34) owned and operated joint venture (JV) exploration licenses {twenty two (22) blocks including three (03) offshore blocks with 100% interest and twelve (12) blocks as operated joint ventures} covering an area of 61,084 Sq.kms. In addition to this, OGDCL have working interest ownership in seven (07) blocks operated by other E&P companies.

During the period under review, the seismic crew of the Company acquired 1,785 L.kms of 2D seismic data in exploration blocks namely Mari East, Soghri, Fateh Jang, Rachna, Multan North, Mianwali, Thal and Qadirpur and 477 Sq.kms of 3D seismic data in Sinjhor, Tando Allah Yar and Chanda-Mela blocks. Further, 2,798 L.kms of 2D seismic data was processed / reprocessed utilizing in-house expertise.

The Company, however, could not commence operations in eleven (11) exploration blocks namely Latamber, Wali, Jandran, Saruna, Shahana, Samadar, Shaan, Kohlu, Kulchas, Lakhi Rud and Jandran West due to security reasons. The area of these exploration blocks constitutes 33.65% of the total awarded acreage. In this context, OGDCL is in close liaison with Government of respective provinces and Ministry of Petroleum & Natural Resources (MP&NR) for early resumption of exploration activities in the said blocks.

During July 2011-March 2012, the Company marked twenty three (23) well locations and spudded ten (10) new wells including one (01) exploratory well namely Uch Deep-1B, two (02) appraisal wells Dhacharapur-2 & Zin-2 and seven (07) development wells namely Rajjan-6, Uch-19, 32, 27, Qadirpur-43 & 44 Extended Reach Wells (ERW) and Pasakhi-8. In addition, drilling / testing of eleven (11) ongoing wells from previous financial year also continued during the current financial year.

During the period, Prospectivity Evaluation reports of sixteen (16) exploration blocks have been prepared. The Geological report of six exploration blocks namely Zorgarh, Peshawar, Kot Addu, Killah Saifullah, Baska North, Karak North and Block-28 North is also completed. Further, the Geological field party is engaged in Geological field work in Mianwali E.L area and has completed 165 L.kms of structural traverses

Development Projects

The current projects being under taken by the Company include Kunnar Pasakhi Deep-Tando Allah Yar (KPD-TAY), Sinjhor, Uch-II, Dakhni Expansion, Jhal Magsi and Nashpa / Mela development projects. The development work is being carried out at vigorous pace for completion of the said projects which will lead to a substantial enhancement in crude oil, gas and LPG production in the near future.

OGDCL has planned to complete the KPD-TAY development project by itself in two phases. In this regard, the Phase-I of the project has been successfully completed and currently OGDCL is supplying around 100 MMcf/d dehydrated gas to M/s Sui Southern Gas Company Limited (SSGCL) and about a 1,000 bpd of condensate from seven (07) Kunnar wells. Regarding Phase-II of the project, OGDCL is in a process of procuring the plant / equipment on its own including other facilities comprising mainly of gas dehydration, amine sweetening, LPG plant, well head facilities, front-end and sale gas compression and laying of flow lines, etc. Currently, the Company is looking into options to engage a contractor for sweetening of sour gas and LPG/NGL extraction on rental basis till such time the Phase-II of KPD-TAY development project is brought on stream.

The Company's Management has approved to execute Sinjhoru development project on its own and the project will also be completed in two phases. Construction activities and civil foundation work on Sinjhoru development project are currently in progress.

Under Uch-II development project, the drilling / completion of development wells of Uch-II project continued during the period. Five (05) additional development wells namely Uch-19, 27, 28, 32 and 33 were successfully drilled and completed, resulting in completion of the drilling phase of fifteen (15) planned wells for the project. Engineering consultant for design and engineering work has been engaged and contracts of amine & dehydration plants have been awarded.

Most of the equipments / packages have been installed under Dakhni Expansion Project and production from the field has been increased to 52 MMcf of gas per day. Sulphur Recovery Unit (SRU) and solidification unit have been acquired and installation work at site has started.

The Jhal Magsi Development project is under implementation for which press tender in connection with the processing facilities have been issued. Technical evaluation of said facilities is in progress.

The Naspha / Mela development project is under engineering phase for installation of LPG plant and compression facilities. In this connection, engineering consultant for both the projects has been engaged.

Production

OGDCL is constantly endeavoring to maintain production level by applying latest Enhanced Oil Recovery (EOR) techniques in order to keep natural decline from the producing fields to a minimum and enhance production by expediting connectivity of the new exploratory & development wells to our system.

During the period, the Company's net gas production increased significantly by 6.7% owing to startup of gas production from KPD phase-I coupled with increase in gas production mainly from Bahu, Pirkoh, Uch, Mela, Nashpa, Norai Jagir / Bhulan Shah and Qadirpur fields and increase in share of gas from non-operated JV fields. Similarly the Company's net crude oil production also increased slightly despite the fact that the Company's production activities at Tando Alam Complex (TOC), Bobi Oil Complex (BOC) and Sinjhoru field were badly affected due to torrential rains which continued intermittently during the first half of September 2011.

The crude oil transportation from BOC to refineries remained suspended from 9th to 29th September 2011 due to deteriorated road conditions resulting from floods. Further, strike of crude oil transporters at Chanda, Mela and Naspha fields, Annual Turn Around (ATA) of plants installed at Dakhni, Chanda, Bahu, Uch and Qadirpur fields, and natural decline in some of mature crude oil producing fields also lead to production curtailment.

OGDCL is currently producing oil & gas from forty five (45) Development and Production Leases (D&PLs) which includes production from both owned and operated joint ventures (JVs) fields. The average daily net production for the period including share in both operated and non-operated JV fields is as under:

Products	Unit of Measurement (UOM)	Nine Months 2011-12	Nine Months 2010-11
Crude oil	Barrels per day	37,334	37,302
Gas	MMcf per day	1,064	1,001
LPG	M.Tons per day	183	197
Sulphur	M.Tons per day	66	71
Average daily production has been worked out at 366 days / year for FY 2011-12 and 365 days / year for FY 2010-11.			

During the period under review, performance test of fourteen (14) compressors were undertaken during ATA at Qadirpur. In addition, workover jobs on ten (10) wells were also carried out during the period.

During July 2011-March 2012, pressure survey campaign was conducted at different wells located at Chanda, Mela and Rajian oil fields. Acid stimulation / nitrogen kick-off / surface well testing along with Mechanical Plug Back Tool (MPBT) / perforation of sakessar and chorgali formation was carried out at Dakhni wells. Additionally, the Company carried out acid stimulation jobs at Qadirpur wells 21, 32-A, 41, 42, 43, Maru-2 and Maru South-1 leading to increase in gas production.


The Company is constantly striving to further augment its oil and gas reserves and production base. In this regard, the Company brought several wells on production including significant ones namely Naspha-2 and Rajian-6. Moreover, during the period, the supply of low BTU gas from Nandpur / Punjpir / Bahu gas field to M/s Fauji Kabirwala Power Company Limited (FKPCL) was successfully enhanced from 47 to 54 MMcf per day after laying of permanent 10" pipe line over river Chenab and injection of Bahu-4. In addition, Dhodak Deep-2A has also been successfully injected into the gas gathering system.

It is pertinent to highlight here that Company's endeavor to enhance production led to a significant increase in crude oil and gas net production which averaged 40,411 barrels per day and 1,208 MMcf per day respectively during the month of March 2012. OGDCL expects that this rising trend in production will continue in the near future as the Company is making utmost efforts to explore new fields, develop already discovered fields and complete all its ongoing development projects on fast track basis.

Acknowledgement

On behalf of the Board of Directors, I am thankful for the support and guidance received from Ministry of Petroleum and Natural Resources (MP&NR), Directorate General of Petroleum Concessions (DGPC) and other Federal and Provincial Departments. The Directors acknowledge with thanks to the Company's stakeholders for their faith and confidence reposed in the Company. The Directors also wish to place on record their appreciation for growth achieved through the competence, hard work, cooperation and support of employees at all levels and looks forward for their continued efforts for further success of the Company.

On behalf of the Board



(Muhammad Ejaz Chaudhry)
Chairman

27 April 2012

CONDENSED INTERIM FINANCIAL INFORMATION

For Nine Months Ended 31 March 2012



**OIL & GAS DEVELOPMENT
COMPANY LIMITED**

Condensed Interim Balance Sheet [unaudited] As at 31 March 2012

	Note	Unaudited 31 March 2012	Audited 30 June 2011
		(Rupees '000)	
SHARE CAPITAL AND RESERVES			
Share capital		43,009,284	43,009,284
Capital reserves		4,693,500	4,059,138
Unappropriated profit		<u>199,452,246</u>	<u>154,497,155</u>
		247,155,030	201,565,577
NON CURRENT LIABILITIES			
Deferred taxation		21,469,796	20,786,195
Deferred employee benefits		3,699,102	3,301,169
Provision for decommissioning cost		15,849,521	14,348,981
		41,018,419	38,436,345
CURRENT LIABILITIES			
Trade and other payables	4	23,786,610	16,794,297
Provision for taxation	5	10,256,726	4,981,309
		34,043,336	21,775,606
		<u>322,216,785</u>	<u>261,777,528</u>

CONTINGENCIES AND COMMITMENTS

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The annexed notes 1 to 20 form an integral part of this condensed interim financial information.



Chief Executive

		Unaudited 31 March 2012	Audited 30 June 2011
	Note	(Rupees '000)	
NON CURRENT ASSETS			
Fixed assets			
Property, plant and equipment	7	39,361,162	39,146,582
Development and production assets - intangibles	8	64,135,992	58,926,897
Exploration and evaluation assets	9	8,912,415	7,961,197
		112,409,569	106,034,676
Long term investments		3,899,997	3,568,930
Long term loans and receivable		3,138,238	2,410,907
Long term prepayments		336,427	159,550
		119,784,231	112,174,063
CURRENT ASSETS			
Stores, spare parts and loose tools		13,406,977	13,979,854
Stock in trade		285,547	261,835
Trade debts	10	118,087,991	77,911,312
Loans and advances	11	5,095,071	2,738,873
Deposits and short term prepayments		1,131,602	640,229
Interest accrued		961,916	324,845
Other receivables	12	739,075	1,459,073
Other financial assets	13	52,298,240	38,445,555
Cash and bank balances		10,426,135	13,841,889
		202,432,554	149,603,465
		322,216,785	261,777,528


Director

**Condensed Interim Profit and Loss Account [unaudited]
For Nine Months ended 31 March 2012**

	Note	Three Months ended 31 March		Nine Months ended 31 March	
		2012	2011	2012	2011
(Rupees '000)					
Sales - net	14	53,354,723	41,175,614	142,035,125	122,266,109
Royalty		(6,068,511)	(5,135,322)	(16,219,590)	(14,432,485)
Operating expenses		(7,262,404)	(7,308,283)	(22,689,819)	(19,710,443)
Transportation charges		(297,626)	(427,377)	(1,273,065)	(1,406,016)
		(13,628,541)	(12,870,982)	(40,182,474)	(35,548,944)
Gross profit		39,726,182	28,304,632	101,852,651	86,717,165
Other income		2,160,011	599,761	6,782,075	1,518,928
Exploration and prospecting expenditure		(843,800)	(669,276)	(2,624,711)	(4,205,450)
General and administration expenses		(546,113)	(413,396)	(1,540,556)	(1,670,636)
Finance cost		(438,482)	(375,724)	(1,268,869)	(1,091,244)
Workers' profit participation fund		(2,004,011)	(1,373,254)	(5,163,258)	(4,066,449)
Share of profit in associate - net of taxation		22,428	19,083	64,579	60,224
Profit before taxation		38,076,215	26,091,826	98,101,911	77,262,538
Taxation		(10,404,648)	(8,505,447)	(28,857,351)	(28,077,712)
Profit for the period		27,671,567	17,586,379	69,244,560	49,184,826
Earnings per share - basic and diluted (Rupees)	15	6.43	4.09	16.10	11.44

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.


Chief Executive


Director

Condensed Interim Statement of Comprehensive Income [unaudited] For Nine Months ended 31 March 2012

	Three Months ended 31 March		Nine Months ended 31 March	
	2012	2011	2012	2011
	(Rupees '000)			
Profit for the period	27,671,567	17,586,379	69,244,560	49,184,826
Other comprehensive income - net of taxation	-	-	-	-
Total comprehensive income for the period	<u>27,671,567</u>	<u>17,586,379</u>	<u>69,244,560</u>	<u>49,184,826</u>

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.


Chief Executive


Director

Condensed Interim Cash Flow Statement [unaudited] For Nine Months ended 31 March 2012

	Nine Months ended 31 March 2012	2011
	(Rupees '000)	
Cash flows from operating activities		
Profit before taxation	98,101,911	77,262,538
Adjustments for:		
Depreciation	2,572,217	2,699,399
Amortization of development and production assets	6,632,071	5,534,682
Royalty	16,219,590	14,432,485
Workers' profit participation fund	5,163,258	4,066,449
Provision for employee benefits	1,904,073	1,425,043
Un-winding of discount on provision for decommissioning cost	1,260,778	1,084,692
Interest income	(5,134,652)	(1,568,145)
Un-realized loss/(gain) on investments at fair value through profit or loss	9,671	(15,573)
Dividend income	(18,161)	(10,216)
Gain on disposal of property, plant and equipment	(31,904)	(14,473)
Effect of fair value adjustment of long term receivable	(1,672)	(11,334)
Reversal of provision for doubtful debts	(24,515)	-
Share of profit in associate	(64,579)	(60,224)
Stores inventory written off	-	1,188
	126,588,086	104,826,511
Working capital changes		
(Increase)/decrease in current assets:		
Stores, spare parts and loose tools	572,877	107,903
Stock in trade	(23,712)	4,275
Trade debts	(40,152,164)	(44,310,222)
Deposits and short term prepayments	(491,373)	(305,334)
Advances and other receivables	(3,073,322)	54,814
Increase in current liabilities:		
Trade and other payables	2,098,105	2,481,656
Cash generated from operations	85,518,497	62,859,603
Royalty paid	(16,375,177)	(13,985,139)
Employee benefits paid	(2,593,955)	(1,803,573)
Received from workers' profit participation fund	711,463	289,329
Income taxes paid	(22,898,333)	(16,962,968)
	(41,156,002)	(32,462,351)
Net cash from operating activities	44,362,495	30,397,252
Cash flows from investing activities		
Capital expenditure	(14,500,750)	(13,131,289)
Interest received	4,497,581	1,562,739
Dividend received	61,673	10,216
Purchase of investments	(310,000)	(260,000)
Proceeds from disposal of property, plant and equipment	36,983	17,246
Long term prepayments	(176,877)	(27,035)
Net cash used in investing activities	(10,391,390)	(11,828,123)
Cash flows from financing activities		
Dividends paid	(23,524,503)	(13,815,268)
Net cash used in financing activities	(23,524,503)	(13,815,268)
Net increase in cash and cash equivalents	10,446,602	4,753,861
Cash and cash equivalents at beginning of the period	52,141,519	18,836,743
Cash and cash equivalents at end of the period	62,588,121	23,590,604

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.



Chief Executive



Director

Condensed Interim Statement of Changes in Equity [unaudited] For Nine Months ended 31 March 2012

	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	-	-	149,367	(149,367)	-
Total comprehensive income for the period					
Profit for the Period	-	-	-	49,184,826	49,184,826
Total comprehensive income for the period	-	-	-	49,184,826	49,184,826
Transactions with owners, recorded directly in equity					
Final dividend 2010: Rs 1.50 per share	-	-	-	(6,451,393)	(6,451,393)
First interim dividend 2011: Rs 1.50 per share	-	-	-	(6,451,393)	(6,451,393)
Total distributions to owners	-	-	-	(12,902,786)	(12,902,786)
Balance at 31 March 2011	43,009,284	836,000	3,173,049	146,656,193	193,674,526
Balance at 01 July 2011	43,009,284	836,000	3,223,138	154,497,155	201,565,577
Transfer to self insurance reserve	-	-	634,362	(634,362)	-
Total comprehensive income for the period					
Profit for the period	-	-	-	69,244,560	69,244,560
Total comprehensive income for the period	-	-	-	69,244,560	69,244,560
Transactions with owners, recorded directly in equity					
Final dividend 2011: Rs 2.50 per share	-	-	-	(10,752,321)	(10,752,321)
First interim dividend 2012: Rs 1.50 per share	-	-	-	(6,451,393)	(6,451,393)
Second interim dividend 2012: Rs 1.50 per share	-	-	-	(6,451,393)	(6,451,393)
Total distributions to owners	-	-	-	(23,655,107)	(23,655,107)
Balance at 31 March 2012	43,009,284	836,000	3,857,500	199,452,246	247,155,030

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.



Chief Executive



Director

Notes to the Condensed Interim Financial Information [unaudited]

For Nine Months ended 31 March 2012

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 this 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 nine months ended 31 March 2011.

This 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

The accounting policies and the methods of computation adopted in preparation of this condensed interim financial information are the same as those applied in preparation of financial statements for the year ended 30 June 2011. The following approved standards, amendments and interpretations of approved accounting standards become effective during the period are either not relevant to the Company's current operations or are not expected to have significant impact on the Company's condensed interim financial information other than certain additional disclosures:

Amendments to IFRS 7 - Financial Instruments: Disclosures (effective 01 July 2011)

	Unaudited 31 March 2012	Audited 30 June 2011
	(Rupees '000)	
4 TRADE AND OTHER PAYABLES		
Creditors	45,144	14,549
Accrued liabilities	6,885,927	6,657,548
Royalty payable	3,703,491	3,859,078
Excise duty payable	244,800	198,147
General sales tax payable	1,330,408	679,887
Payable to joint venture partners	2,878,289	2,245,848
Retention money	382,760	387,424
Trade deposits	110,523	137,981
Employee's pension trust	97,121	341,186
Workers' profit participation fund	5,163,258	-
Un-paid dividend	1,812,878	1,693,996
Un-claimed dividend	128,651	116,930
Advances from customers	779,366	367,290
Other payables	223,994	94,433
	<u>23,786,610</u>	<u>16,794,297</u>
5 PROVISION FOR TAXATION		
Tax payable at beginning of the period/year	4,981,309	6,216,639
Income tax paid during the period/year	(22,898,333)	(29,403,253)
Provision for current taxation - for the period/year	28,173,750	26,167,923
Provision for taxation - prior years	-	2,000,000
Tax payable at end of the period/year	<u>10,256,726</u>	<u>4,981,309</u>

Notes to the Condensed Interim Financial Information [unaudited] For Nine Months ended 31 March 2012

- 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.

6 CONTINGENCIES AND COMMITMENTS

6.1 Contingencies

- 6.1.1 Claims against the Company not acknowledged as debts amounted to Rs 1,959.447 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 2.996 million (30 June 2011 : Rs 106.133 million).
- 6.1.3 The Company's share of associate contingencies based on the financial information of associate for the period ended 31 March 2012 (2011: 31 March 2011) 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 (31 March 2011: Rs 2.838 million).

6.2 Commitments

- 6.2.1 Commitments outstanding at period end amounted to Rs 12,360.610 million (year end 30 June 2011: Rs 12,271.159 million). These include amounts aggregating to Rs 3,928.650 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 3,818.119 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 information of associate for the period ended 31 March 2012 (2011: 31 March 2011) are as follows;

	2012	2011
	(Rupees '000)	
Capital expenditure:		
Share in joint ventures	474,734	182,323
Others	109,171	49,106
	583,905	231,429
Operating lease rentals due:		
Less than one year	5,766	2,926
More than one year but less than five years	13,444	4,680
	19,209	7,606
	603,114	239,035

	Note	2012	2011
		(Rupees '000)	
7 PROPERTY, PLANT AND EQUIPMENT			
Carrying amount at beginning of the period		39,146,582	34,998,898
Additions during the period	7.1	3,346,244	5,692,914
Book value of disposals		(9,508)	(2,773)
Depreciation charge for the period		(3,122,156)	(3,203,194)
Carrying amount at end of the period		39,361,162	37,485,845

Notes to the Condensed Interim Financial Information [unaudited] For Nine Months ended 31 March 2012

	Nine Months ended 31 March	
	2012	2011
	(Rupees '000)	
7.1 Additions during the period		
Freehold land	11,700	47,554
Leasehold land	66,356	-
Buildings, offices and roads on freehold land	665,117	83,015
Buildings, offices and roads on leasehold land	149,135	48,639
Plant and machinery	1,732,290	2,222,802
Rigs	78,502	170,212
Pipelines	290,193	205,738
Office and domestic equipment	28,154	18,097
Office and technical data computers	43,328	17,898
Furniture and fixture	3,595	2,229
Vehicles	227,378	144,083
Decommissioning cost	16,192	11,479
Capital work in progress (net)	55,218	2,768,286
Stores held for capital expenditure (net)	(20,914)	(47,118)
	3,346,244	5,692,914

- 7.2** During the period ended 31 March 2012, property, plant and equipment with a carrying amount of Rs 5.079 million (31 March 2011: Rs 2.773 million) were disposed off, resulting in gain on disposal of Rs 31.904 million (31 March 2011: Rs 14.473 million).

	Nine Months ended 31 March	
	2012	2011
	(Rupees '000)	
8 DEVELOPMENT AND PRODUCTION ASSETS - INTANGIBLES		
Carrying amount at beginning of the period	58,926,897	58,630,857
Additions during the period	9,290,493	8,308,397
Transfer from exploration and evaluation assets during the period	2,550,673	189,739
Amortization charge for the period	(6,632,071)	(5,534,682)
Carrying amount at end of the period	64,135,992	61,594,311
9 EXPLORATION AND EVALUATION ASSETS		
Balance at beginning of the period	4,177,087	4,899,241
Additions during the period	4,289,982	3,699,229
	8,467,069	8,598,470
Cost of dry and abandoned wells during the period	(11,335)	(2,504,729)
Cost of wells transferred to development and production assets during the period	(2,550,673)	(189,739)
	(2,562,008)	(2,694,468)
	5,905,061	5,904,002
Stores held for exploration and evaluation activities	3,007,354	3,948,863
Balance at end of the period	8,912,415	9,852,865

Notes to the Condensed Interim Financial Information [unaudited] For Nine Months ended 31 March 2012

		Unaudited 31 March 2012	Audited 30 June 2011
		(Rupees '000)	
10	TRADE DEBTS		
	Un-secured, considered good	118,087,991	77,911,312
	Un-secured, considered doubtful	<u>113,925</u>	<u>138,440</u>
		118,201,916	78,049,752
	Provision for doubtful debts	<u>(113,925)</u>	<u>(138,440)</u>
		<u>118,087,991</u>	<u>77,911,312</u>
10.1	Trade debts include overdue amount of Rs 76,460 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.		
11	This includes Rs 3,180 million on account of sales tax on fixed components of invoices of Uch Gas field. The Company believes that sales tax is payable only on the components that are directly linked with actual volume of gas being supplied to customer. However, Inland Revenue Authority demanded payment on all components of invoices. The Company explained its position on various forums and the issue went to the honorable Supreme Court of Pakistan which also upheld the view point of Inland Revenue Authorities. The Company has filed a review petition before the honorable Supreme Court of Pakistan and has paid the amount demanded under protest. The amount paid by the Company on account of sales tax is a pass through item and will be recovered from the customer after obtaining time condonation from Federal Board of Revenue in case the review petition is decided against the Company.		
12	This includes an overdue amount of Rs 607 million receivable from Karachi Electric Supply Company Limited (KESC), on account of installments receivable under inter corporate debt adjustment approved by the Government of Pakistan in February, 1999 as decided by Economic Coordination Committee of Cabinet (ECC) in February, 1999. KESC has not paid any installment due since December 2008 due to prevailing 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.		
		Unaudited 31 March 2012	Audited 30 June 2011
		(Rupees '000)	
13	OTHER FINANCIAL ASSETS		
	Investments:		
	At fair value through profit or loss - NIT units	136,254	145,925
	Held to maturity	<u>52,161,986</u>	<u>38,299,630</u>
		<u>52,298,240</u>	<u>38,445,555</u>
13.1	This represents foreign currency TDRs amounting to USD 237.111 million (30 June 2011: USD 188.005 million), carrying interest rate ranging from 1.55% to 3.70% (30 June 2011: 2.00% to 3.54%) per annum and local currency TDRs amounting to Rs 30,656 million (30 June 2011: Rs 22,150 million), carrying interest rate of 11.30% to 13.10% (30 June 2011: 13.03% to 13.85%) per annum.		

Notes to the Condensed Interim Financial Information [unaudited] For Nine Months ended 31 March 2012

	Three Months ended 31 March		Nine Months ended 31 March	
	2012	2011	2012	2011
	(Rupees '000)			
14 SALES - net				
Gross sales				
Crude oil	28,765,692	20,014,108	75,469,404	57,041,969
Gas	27,074,722	23,683,901	74,099,232	73,361,974
Gasoline	-	-	172,820	-
Kerosene oil	-	-	48,697	47,045
High speed diesel oil	-	-	-	1,823
Naphtha	-	20,436	-	151,162
Liquefied petroleum gas	2,033,859	1,522,413	4,491,719	3,950,399
Sulphur	194,504	203,862	396,393	668,202
Other operating revenue	2,824	15,422	78,260	36,829
	58,071,601	45,460,142	154,756,525	135,259,403
Government levies				
Excise duty	(824,665)	(747,338)	(2,257,947)	(2,199,916)
Development surcharge	(19,985)	-	(34,725)	(7,330)
General sales tax	(3,872,228)	(3,537,190)	(10,428,099)	(10,695,839)
Discount on crude oil price	-	-	(629)	(90,209)
	(4,716,878)	(4,284,528)	(12,721,400)	(12,993,294)
	53,354,723	41,175,614	142,035,125	122,266,109

14.1 Kunnar crude oil price was provisionally fixed by the Ministry of Petroleum and Natural Resources (MPNR) vide letter no. PL-NPA(4)2000-Kun dated 17 June 2002 on the basis of pricing formula of Badin-II (Revised) concession having no price discounts, subject to retrospective adjustment on finalization of Kunnar Crude Oil Sale Purchase Agreement ("the COSA"). As advised by the MPNR vide letter No.PL-Misc(6)/2005/Bobi dated 30 October 2008 the Kunnar COSA was submitted on the basis of aforementioned pricing formula. Later on, the MPNR advised that the Kunnar COSA may be resubmitted on the basis of Badin-I pricing formula which contains discounts and the Company was also advised vide MPNR letter No. PL-NPA(4)2009-Kunnar dated 30 April 2011, to revise invoices for the period starting January 2007. The Company is pursuing the matter with the concerned authorities to get the price without discount, however, being prudent the Company has already made an adjustment of Rs 15,239 million upto 30 June 2011. Further, the difference between initial and discounted price from July to March 2012 amounts to Rs 4,016 million which has not been recognised in the revenue.

14.2 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 March 2012 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.

Notes to the Condensed Interim Financial Information [unaudited] For Nine Months ended 31 March 2012

15 EARNINGS PER SHARE - BASIC AND DILUTED	Three Months ended March		Nine Months ended 31 March	
	2012	2011	2012	2011
	(Rupees '000)			
Profit for the period (Rupees '000)	<u>27,671,567</u>	17,586,379	<u>69,244,560</u>	49,184,826
Average number of shares outstanding during the period ('000)	<u>4,300,928</u>	4,300,928	<u>4,300,928</u>	4,300,928
Earnings per share - basic (Rupees)	<u>6.43</u>	4.09	<u>16.10</u>	11.44

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

16 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:

	Nine Months ended 31 March	
	2012	2011
	(Rupees '000)	
Associated company		
Share of profit in associate - net of taxation	64,579	60,224
Major shareholders		
Government of Pakistan		
Dividend paid	17,734,976	9,653,744
OGDCL Employee's Empowerment Trust (OEET)		
Dividend paid	2,258,534	1,269,358
Related parties by virtue of common directorship and GoP holdings		
Government Holdings (Private) Limited (GHPL)		
GHPL share (various fields)	-	45,917
Payable as at 31 March	1,059	1,059
Pak Arab Refinery Company Limited		
Sale of crude oil	9,900,671	5,512,594
Trade debts as at 31 March	10,458,015	6,698,074
Sui Northern Gas Pipelines Limited		
Sale of natural gas	38,502,810	37,672,149
Purchase of high BTU value gas	1,856,914	1,744,435
Trade debts as at 31 March	11,792,561	17,796,195
Payable as at 31 March	25,025	25
Sui Southern Gas Company Limited		
Sale of natural gas	25,852,712	27,495,735
Pipeline rental charges	21,066	26,100
Trade debts as at 31 March	33,491,757	32,625,692
Pakistan State Oil Company Limited		
Sale of refined petroleum products	48,697	48,868
Sale of liquified petroleum gas	2,574	-
Purchase of petroleum, oil and lubricants	2,633,788	2,088,058
Trade debts as at 31 March	48,849	49,020

Notes to the Condensed Interim Financial Information [unaudited] For Nine Months ended 31 March 2012

	Nine Months ended 31 March	
	2012	2011
	(Rupees '000)	
RELATED PARTY TRANSACTIONS- Continued		
National Insurance Company Limited		
Insurance premium paid	531,098	493,589
Payable as at 31 March	63	168,337
National Logistic Cell		
Crude transportation charges paid	1,083,769	1,096,644
Payable as at 31 March	641,868	345,115
Heavy Mechanical Complex		
Purchase of stores and spares	-	60,214
Water and Power Development Authority		
Sale of natural gas	-	10,655
Receivable as at 31 March	4,023	3,331
Enar Petrotech Services Limited		
Consultancy services	94,023	330,798
Sale of crude oil	2,014,013	1,272,602
Trade debts as at 31 March	240,160	74,547
Payable as at 31 March	5,438	30,345
Other related parties		
Contribution to staff benefit fund	1,762,726	1,395,060
Remuneration including benefits and perquisites of key management personnel and executives	3,715,403	2,447,509

- 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.

17 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

18 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 April 2012.

19 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information were authorized for issue on 27 April 2012 by the Board of Directors of the Company.

20 GENERAL

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



Chief Executive



Director



Oil & Gas Development Company Limited

OGDCL House, Jinnah Avenue,
F-6/G-6, Islamabad - Pakistan
www.ogdcl.com