OIL & GAS DEVELOPMENT COMPANY LIMITED

OGDCL

MOVING FORWARD

ANNUAL REPORT 2013

MOVING FORWARD

Oil & Gas Development Company Limited (OGDCL) is the largest oil & gas exploration and production company of Pakistan. It was established in 1961 as a public sector corporation and later converted to a public limited company in October 1997. The Company was listed on all three stock exchanges of the Country in October 2003 and its Global Depository Shares started trading on the London Stock Exchange in December 2006. Government of Pakistan is the majority shareholder and owns 74.97% shares of the Company as at 30 June 2013.

OGDCL holds the largest exploration acreage in Pakistan covering 21% of the total exploration acreage awarded as of 30 June 2013. The Company also enjoys the largest recoverable hydrocarbon reserves in the Country holding 37% of oil and 30% of natural gas reserves as at 31 December 2012. During fiscal year 2012-13, the Company contributed 54% of Pakistan's total oil production and 26% of its total natural gas production.

In line with the Company's strategic vision for enhancing its reserves and production base, OGDCL acquired 29 more Exploration Licences in March 2013, potentially augmenting its hydrocarbon asset portfolio. Furthermore, while **moving forward** on a well thought out plan, the Company is committed towards fast track completion of its major development projects leading to significant boost in its existing production volumes.

Contents

Seismic Party-5 acquiring 3D seismic data in Nashpa Exploration License.

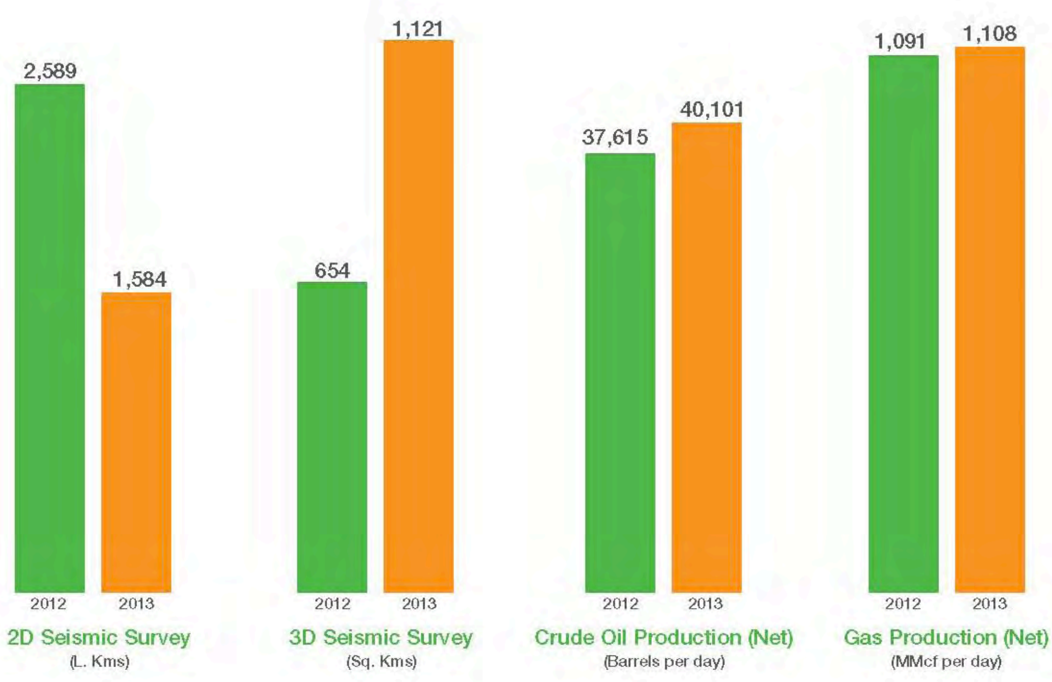
MOVING FORWARD
EXPLORING MORE

- Focus on exploration-led growth strategy based on building a balanced Exploration License (EL) portfolio.
- Holds thirty three (33) owned and operated joint venture ELs along with working interest ownership in six (06) non-operated ELs.
- Acquired twenty nine (29) new exploration blocks during the year. These blocks are spread across all four provinces of the Country.
- Utilize latest state-of-the-art technology having blade cluster architecture for Seismic Data Processing.

Highlights of the Year

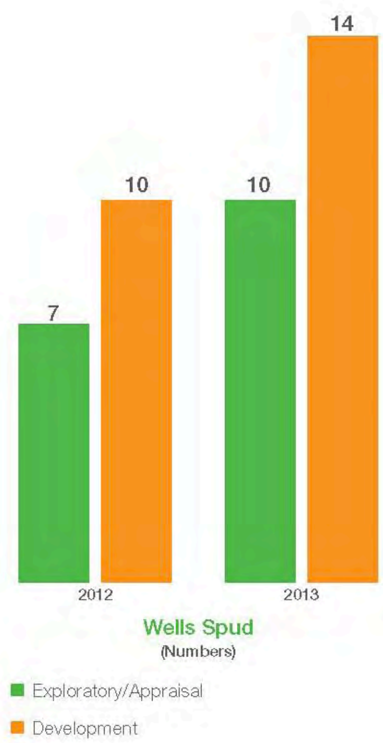
Operational Highlights

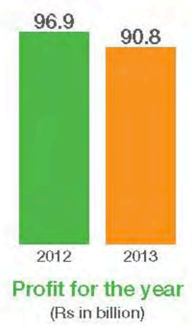
- Three (3) crude oil/condensate and gas discoveries: Nashpa-3, Suleman-1 and Zin SML-1
- Crude oil/condensate production on working interest basis averaged 40,101 barrels per day
- Gas production on working interest basis averaged 1,108 MMcf per day
- Seismic data acquisition of 1,584 L. Kms of 2D and 1,121 Sq. Kms of 3D
- Twenty four (24) new wells were spud during the year including ten (10) exploratory/appraisal wells and fourteen (14) development wells
- Commencement of production from:
  - Nashpa-3 well; daily production of 3,300 barrels of crude oil and 11 MMcf of gas
  - Sinjhoro & Nur-Bagla fields; daily production of 1,400 barrels of condensate and 21 MMcf of gas



Financial Highlights

- Sales revenue increased by 12.9% to Rs 223.4 billion (2011-12: Rs 197.8 billion)
- Net realized prices of crude oil and gas averaged US$ 83.40/bbl and Rs 265.88/Mcf respectively (2011-12: US$ 84.91/bbl and Rs 228.56/Mcf)
- Profit before taxation rose by 9.6% to Rs 145.8 billion (2011-12: Rs 133.1 billion)
- Profit for the year was Rs 90.8 billion (2011-12: Rs 96.9 billion)
- Earnings per share for the year was Rs 21.11 (2011-12: Rs 22.53)
- Total cumulative dividends declared Rs 8.25 per share (2011-12: Rs 7.25 per share)
- Total assets increased to Rs 414.0 billion from Rs 338.3 billion
- Contribution to national exchequer Rs 129.1 billion (2011-12: Rs 100.6 billion)





Notice of Annual General Meeting

Notice is hereby given that the 16th Annual General Meeting being 26th meeting of the members of Oil and Gas Development Company Limited will Insha-Allah be held at registered office of the Company, OGDCL House, Plot No: 3, F-6/G-6, Blue Area, Jinnah Avenue, Islamabad on Wednesday, 25 September 2013 at 10.00 a.m. to transact the following business:

ORDINARY BUSINESS

1) To confirm the minutes of the 15th Annual General Meeting held on 04 October 2012.

2) To receive, consider and adopt the audited accounts of the Company for the year ended 30 June 2013 together with the Directors' and Auditors' Reports thereon.

3) To approve the final cash dividend @ 27.5% i.e. Rupees 2.75 per share for the year ended 30 June 2013 as recommended by the Board of Directors. This is in addition to three interim cash dividends totaling to 55% i.e. Rs 5.50 per share already paid during the year.

4) To appoint Auditors for the year 2013-14 and fix their remuneration. The present auditors M/s KPMG Taseer Hadi & Co., Chartered Accountants and M/s M. Yousuf Adil Saleem & Co., Chartered Accountants will stand retired on the conclusion of this meeting.

5) To transact any other business with the permission of the Chair.

By order of the Board

06 August 2013
Islamabad

(Ahmed Hayat Lak)
Company Secretary

NOTES:

1 Participation in the Annual General Meeting

A member entitled to attend and vote at this meeting is entitled to appoint another person as his/her proxy to attend and vote. Proxies, in order to be effective, must also be received at the Registered Office of the Company duly stamped and signed not less than 48 hours before the meeting.

2 CDC Account holders will further have to follow the under mentioned guidelines as laid down in Circular 1 dated 26 January 2000 issued by the Securities and Exchange Commission of Pakistan:

a. For attending the meeting

In case of individuals, the account holder or sub-account holder and/or the person whose securities are in a group account and their registration details are uploaded as per regulations, shall authenticate his/her identity by showing his/her original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting. In the case of corporate entities, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

b. For appointing proxies

i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per regulations, shall submit the proxy form as per the above requirement.

ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

iii) Attested copies for CNIC or the passport of the beneficial owners and of the proxy shall be furnished with the proxy form.

iv) The proxy shall produce his/her original CNIC or original passport at the time of the meeting.

v) In case of a corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the person nominated to represent and vote on behalf of the corporate entity shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

3 Closure of Share Transfer Books

The share transfer books of the company will remain closed and no transfer of shares will be accepted for registration from 18 September 2013 to 25 September 2013 (both days inclusive). Transfers received in order at the Share Registrar's office by the close of business on 17 September 2013 will be treated in time for the purpose of payment of the final cash dividend, if approved by the Shareholders.

4 Change in Address

Members are requested to promptly notify any change in their address.

Vision

To be a leading multinational Exploration and Production company.

Mission

To become the leading provider of oil and gas to the country by increasing exploration and production both domestically and internationally, utilizing all options including strategic alliances;

To continuously realign ourselves to meet the expectations of our stakeholders through best management practices, the use of latest technology, and innovation for sustainable growth, while being socially responsible.

Core Values

Merit	Teamwork	Dedication	Integrity	Safety	Innovation

Goals

Financial

- Build strategic reserves for future growth/ expansion
- Growth and superior returns to all stakeholders
- Double the value of the Company in the next five years
- Make investment decisions by ranking projects on the basis of best economic indicators
- Maximize profit by investing surplus funds in profitable avenues
- Reduce cost and time overruns to improve performance results

Learning and Growth

- Motivate our workforce, and enhance their technical, managerial and business skills through modern HR practices
- Acquire, learn and apply state-of-the-art technology
- Emphasize organizational learning and research through effective use of knowledge management systems
- Fill the competency gap within the organization by attracting and retaining best professionals
- Attain full autonomy in financial and decision making matters

Customer

- Continuously improve quality of service and responsiveness to maintain a satisfied customer base
- Improve reliability and efficiency of supply to the customer
- Be a responsible corporate citizen

Internal Process

- Evolve consensus through consultative process interlinking activities of all departments
- Excel in exploration, development and commercialization
- Be transparent in all business transactions
- Synergize through effective business practices and teamwork
- Have well-defined SOPs with specific ownerships and accountabilities
- Improve internal controls
- Improve internal business decision making and strategic planning through state-of-the-art MIS
- Periodic business process reengineering

Qadirpur Gas plant, district Ghotki, Sindh.

MOVING FORWARD
PRODUCING MORE

- Bringing new oil & gas discoveries to production along with stepping up exploration efforts, hence creating a foundation for long-term growth.

- Enhancing production by fast track completion of on-going development projects.

- Boosting oil & gas production from existing mature fields, reviving dormant fields, and applying Improved Oil Recovery (IOR)/ Enhanced Oil Recovery (EOR) techniques to maximize hydrocarbon recovery.

Code of Conduct

1. OBJECTIVE

To ensure that Oil & Gas Development Company Limited ("the Company") conducts and is seen to conduct its operations in accordance with highest business ethical consideration complying with all statutory regulations and universally accepted standards of a good corporate citizen. The Company's core values are Merit, Teamwork, Dedication, Integrity, Safety and Innovation. It is towards this end of fostering the core values in the corporate culture of the Company that the Company has adopted this Code of Conduct ("the Code").

2. APPLICATION

In compliance with the requirements of Clause No. v (a) of the Code of Corporate Governance, this Code applies to all directors and employees of the Company.

3. IMPLEMENTATION

The Code implies as follows:

Use of Company's assets/record keeping

3.1 The directors and employees of the Company seek to protect the Company's assets and to ensure that the Company's assets and services are used solely for legitimate business purposes of the Company. The use of Company's funds for political contributions to any organization or to any candidate for public office is prohibited.

3.2 The Company must make and keep books and records that accurately and fairly reflect the Company's transactions and the disposition of its assets in accordance with Generally Accepted Accounting Principles (GAAP) and applicable laws & regulations.

3.3 Any accounting adjustments that materially depart from GAAP must be reported to the Audit Committee of the Board, Board of Directors and the Company's statutory auditors. In addition, any off-balance-sheet transactions, arrangements and obligations, contingent or otherwise, and other relationships of the Company with unconsolidated entities or other persons that may have material current or future effects on the financial condition, changes in financial condition, results of operations, liquidity, capital expenditures, capital resources or significant components or revenues or expenses must also be disclosed to the Audit Committee of the Board, Board of Directors and the Company's statutory auditors.

Legal Compliance & Conflict of Interest

3.4 The directors and employees adhere in letter and spirit to all laws and conform to the accepted standards of good corporate governance and avoid conflict of interest. The conflict of interest, if any, real or perceived including potential conflicts must be notified to the Company in writing immediately. (A conflict of interest may arise when a director or an employee is in a position to influence a decision or situation that may result in personal gain for such employee or the employee's family or friends at the expense of the Company or its customers).

3.5 The directors and employees shall not place themselves in a position where their loyalty to the Company becomes divided for any reason including their direct or indirect financial interest in a competitor, supplier, consultant or customer.

3.6 The Company respects the interests of all the stakeholders and enters into transparent and fairly negotiated contracts. It will do business with customers and suppliers of sound business character and reputation only. All business dealings by the Company with third parties shall be on an arm's length and commercial basis.

Corruption

3.7 The directors and employees reject corruption in all forms – direct, indirect, public or private and do not directly or indirectly engage in bribery, kick-backs, payoffs, or any other corrupt business practices. No employee of the Company shall accept any funds, loans, favours or other assets (including those provided as preferential treatment) to obtain business from the Company or that might tend to influence an employee's business decisions. Acceptance of any gift will be subject to the Company's Policy.

3.8 In the course of their normal business duties, employees may be offered entertainment such as lunch, dinner, theatre, a sporting event and the like. Accepting these offers is appropriate if those are reasonable and occur in the course of a meeting or on an occasion the purpose of which is to hold bona fide business discussions or to foster better business relations. Employees should not accept tickets or invitations to entertainment when the prospective host will not be present at the event with the employee.

3.9 Employees may offer tips or hospitality of a customary amount or value for routine services or exchange of customary reciprocal courtesies to promote general business goodwill provided it does not influence business decisions or dealings of the Company.

Confidentiality

3.10 The Company respects the privacy of data relating to individual persons (whether employees or third parties) which it may hold or handle as part of its information processing activities or otherwise. Employees maintain confidentiality of the Company's and its customers' confidential information which is disclosed to them.

3.11 The directors and employees may not take advantage of the Company's information or property, or their position with the Company, to develop inappropriate personal gains or opportunities.

General

3.12 The Company is an equal opportunity employer and does not discriminate on the basis of sex, colour, religion or creed.

3.13 Employees may offer tips, gratuity or hospitality of a customary amount or value for routine services or courtesies received as per Company policy.

3.14 If an employee becomes aware that another employee has violated this Code, he or she is obligated to report that violation to the Company.

4. RESPONSIBILITY FOR ENFORCEMENT/INTERPRETATION

4.1 All directors and employees of the Company and its subsidiary/subsidiaries are responsible for the continuing enforcement and compliance of this Code. If any employee has any question about any part of this Code, he or she should direct such question to his or her immediate supervisor or to the Executive Director (Human Resources) or to the Company Secretary. Non-compliance with this Code will result in disciplinary action as per rules of the Company.

4.2 Good faith reports of the violations will be promptly and thoroughly investigated. All employees must cooperate in the investigation of reported violations.

4.3 The Investigating Officer will not, to the extent practical and appropriate under the circumstances, disclose the identity of anyone who reports a suspected violation or who participates in the investigation.

4.4 The Company does not permit retaliation against an employee who in good faith seeks advice or reports misconduct. Retaliation in any form against an individual, who in good faith reports a violation of this Code or the law, even if the report is mistaken, or who assists in the investigation of a reported violation, is itself a serious violation of this Code. Anyone who engages in retaliation will be subject to disciplinary action, including termination from the service of the Company.

- National Oil Company (NOC) of Pakistan, leading the Exploration and Production sector; highest market share in acreage, reserves and production, taking on the responsibility of meeting growing energy demands of the Country.
- Committed to high standards of corporate governance and international best practices.
- Achieved significant success on operational front while delivering steady financial performance.

Corporate Information

Board of Directors

Ch. M. Shafi Arshad	Chairman
Mr. Muhammad Riaz Khan	MD & CEO
Mr. Babar Yaqoob Fateh Muhammad	Director
Mr. Abid Saeed	Director
Syed Masieh-ul-Islam	Director
Mr. Fahd Shaikh	Director
Mr. Iskander Mohammed Khan	Director
Mr. Mohamed Anver Ali Rajpar	Director
Mr. Sheraz Hashmi	Director
Mr. Razaullah Khan	Director

Chief Financial Officer
Mr. Muhammad Rafi

Company Secretary
Mr. Ahmed Hayat Lak

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

Bankers
Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
Bank Al Habib Limited
Barclays Bank PLC
Citibank
Deutsche Bank
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
HSBC Bank of Middle East
MCB Bank Limited
National Bank of Pakistan
NIB Bank Limited
Soneri Bank Limited
Standard Chartered Bank
United Bank Limited

Registered Office
OGDCL House, Plot No 3, F-6/G-6, Blue Area,
Jinnah Avenue, Islamabad.
Phone: (PABX) +92 51 9209811-8
Fax: +92 51 9209804-6, 9209708
Website: www.ogdcl.com
Email: csec@ogdcl.com

Registrar Office
Central Depository Company of Pakistan Limited,
CDC House, 99-B, Block-B, S.M.C.H.S.,
Main Shahrah-e-Faisal, Karachi-74400.
Phone: +92 21 111 111 500
Fax: +92 21 34326053
Website: www.cdcpakistan.com
Email: info@cdcpak.com

Board of Directors

Ch. M. Shafi Arshad, Chairman

Ch. M. Shafi Arshad, Chairman OGDCL is a banker by profession. He graduated from Govt. College Lahore. He is also Fellow of Institute of Bankers in Pakistan.

He has varied experience in the financial sector of both public and private sector corporate bodies spread over a period of 39 years.

He started his career in Habib Bank Ltd in 1960. He held all important assignments like Circle Executive, General Manager (UK/ Europe) based in London, Member Executive Board of the bank and after successfully discharging various responsibilities on global basis, he became President and Chief Executive of Habib Bank Ltd. (The Largest Commercial Bank of Pakistan) in 1993.

He was appointed as President and Chief Executive of United Bank Ltd. in 1996 by the State Bank of Pakistan (Central Bank) to undertake its structural reforms and improve functioning before its privatization.

He was sent on deputation as Chairman and Chief Executive of the The Bank of Punjab, Lahore by the State Bank of Pakistan in 1997.

He is a pioneer Director on the Board of Punjab Municipal Development Fund Company (PMDFC), an independent entity and a vibrant civil society organization established in 1998, under the Companies Ordinance 1984, with the Technical and Financial Assistance of the World Bank. He remained on its Board from 1998 to 2009. He was re-elected in May 2012 for another tenure of three years.

He has extensively travelled abroad in connection with his official assignments.

Mr. Muhammad Riaz Khan, MD & CEO

Mr. Riaz Khan has been appointed as Managing Director/CEO of Oil & Gas Development Company Limited (OGDCL). Previously, he was serving as Executive Director (Joint Ventures). He graduated from UET, Lahore in Petroleum and Gas Engineering.

He has over 30 years diversified and rich experience in E & P sector specially in leadership/managerial skills, petroleum engineering, production, joint ventures, EOR/ IOR projects and has supervised execution of several critical oil & gas field development projects. He has attended extensive advance courses on Management, Production, Project Development and Petroleum Economics from USA, Canada and Oxford, UK. He is a Director on the Board of Mari Petroleum Company Limited and has also served as Director on PGCL Board.

He has authored/co-authored and presented several technical papers. He is an active member of Pakistan Engineering Council (PEC), Petroleum Institute of Paksitan (PIP) and Society of Petroleum Engineers (SPE) USA.

Mr. Babar Yaqoob Fateh Muhammad, Director

Mr. Babar Yaqoob Fateh Muhammad is presently serving Government of Balochistan as Chief Secretary. He has rich experience at his credit and has served on various civil service positions at Federal and provincial levels.

He holds M.A. English degree from Punjab University, Lahore and M.A. (Dev Adm) from Birmingham University, UK.

He also obtained professional training from Kennedy School, Harvard University, USA and has attended courses from National Management College and National Institute of Public Administration (NIPA).

Mr. Abid Saeed, Director

Mr. Abid Saeed, Secretary, Federal Ministry of Petroleum and Natural Resources, is a career civil servant. After doing his Master's in Economics from Government College, Lahore, he joined the Civil Service of Pakistan. He also holds M.A. (Administrative Sciences) degree from George Washington University, USA.

Mr. Saeed has vast experience of Public Administration. He served as Assistant Commissioner, Khairpur, Jacobabad and Moro, Government of Sindh and as Deputy Commissioner Bhakhar, Lodhran, Kasur and Faisalabad Districts. He served in various capacities in the Government of Punjab i.e. Secretary, Punjab Literacy & Non-Formal Basic Education Department, Forestry, Wildlife, Fisheries and Tourism Department, Special Secretary, Local Government and Rural Department, Chief Executive Officer, Punjab Rural Support Programme etc. He was transferred as Additional Secretary, Ministry of Food and Agriculture and subsequently posted in the Ministry of Petroleum & Natural Resources.

Syed Masieh-ul-Islam, Director

Syed Masieh-ul-Islam has been educated at Cadet College, Hassan Abdal; Government College, Lahore; Punjab University, Lahore; and Northwestern School of Law of Lewis & Clarks College, Portland (OR), USA.

He holds Masters (Honors) degree in Mathematics, LLB degree and postgraduate certificate in Environmental & Water Laws.

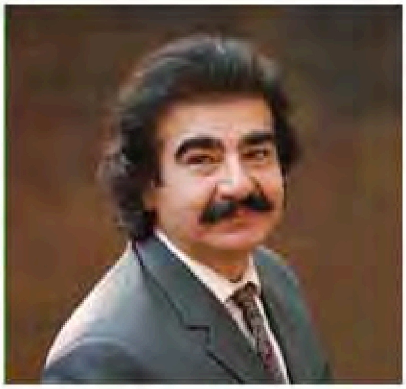
He has worked in Sui Northern Gas Pipelines Limited (SNGPL) in various capacities and as General Manager and Senior General Manager. He has also worked with Public Procurement Regulatory Authority (PPRA) as Consultant.

He has attended various management programs in the country & abroad including those conducted by the Universities of Colorado and Michigan, USA. He has become Pakistan Institute of Corporate Governance's (PICG) certified director in line with SECP Code of Corporate Governance 2012. He has been a member of the American Management Association (AMA) and has extensively traveled overseas in connection with official work missions.

Mr. Fahd Shaikh, Director

Mr. Fahd Shaikh, Director OGDCL Board is also a Director of National Institute of Facilitation Technologies (NIFT) which is a joint venture between six banks and the private sector. It is responsible for the establishment and management of automated clearing house facilities all over Pakistan. NIFT is proactively involved in the modernization of payment systems in Pakistan.

Mr. Fahd is also partner of Vision Security established in 2009, a company specializing in security, defense and telecommunications and has distribution agreements for Pakistan with leading international companies. Mr. Fahd has also vast experience in working for multinational banks and equity brokerage firms in Pakistan and holds a bachelors degree in institutional management from Johnson and Wales University, Providence, USA.



Mr. Iskander Mohammed Khan, Director

Mr. Iskander Mohammed Khan is a Law Graduate and Chartered Accountant. He is a businessman and Director of Premier Group of Companies including Premier Sugar Mills & Distillery Company Limited, Frontier Sugar Mills & Distillery Limited, Chashma Sugar Mills Limited, Arpak International Investments Limited and other non listed subsidiaries of the Group.

He remained Chairman, All Pakistan Sugar Mills Association for the year 2000-2004, Chairman, Pakistan Polypropylene Woven Sack Manufacturers Association, Chairman, All Pakistan Sugar Mills Association, Khyber Pakhtunkhwa for the year 2005-2006, Director of Islamabad Stock Exchange for the year 2005 and Member, Managing Committee, Federation of Pakistan Chambers of Commerce and Industry for the year 2005-2006.

Mr. Mohamed Anver Ali Rajpar, Director

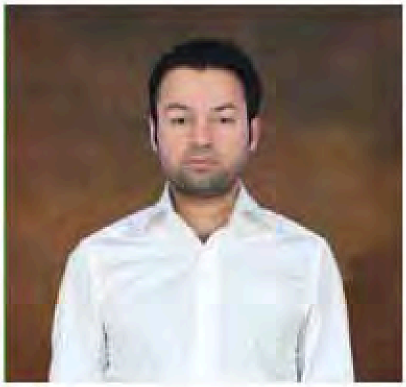
Mr. Mohamed Anver Ali Rajpar belongs to Ports and Shipping sector and is the Managing Director of General Shipping Agencies (Pvt) Limited since 1992. He completed his Master of Philosophy (Economics & Politics) from Cambridge University, UK in 1992 and Bachelor of Science (Business Administration) from Bucknell University, Pennsylvania, U.S.A. in 1989.

He is Trustee of Karachi Port Trust; Board Member of Port Qasim Authority and Board Member of Karachi Dock Labour Board.

He remained Chairman of Pakistan Ship's Agents Association for several terms and is currently an Executive Committee Member. He is also the Advisor of Karachi Chamber of Commerce & Industry (KCCI) Diplomatic Affairs Sub-Committee and Vice President of Pakistan Belgium Business Forum.

He is the President of the Oxford and Cambridge Society, Karachi; Chairman of British Overseas School, Karachi and Board Member of Al-Murtaza School, Karachi.

Due to his excellent relations in the Shipping and Logistics community he worked closely with concerned Government entities, NGOs, etc. in arranging carriage of relief consignments free of sea freight and arranged empty containers to set-up relief camps during 2005 earthquake and 2010/2011 floods.



Mr. Sheraz Hashmi, Director

Mr. Sheraz Hashmi is a graduate of University of Buckingham, UK from where he received his LLB (Hons). He is currently a Partner at Syed Sharif Uddin Pirzada and Company, a premier Pakistani law firm and has a keen interest in the reforms of the corporate regulatory environment of Pakistan. Mr. Hashmi has also worked on various high-profile consultancy assignments on big-ticket transactions including acting as a Consultant to the Attorney General of Pakistan.

Mr. Sheraz Hashmi has the privilege to serve as the member of the Board of Directors of National Volunteer Movement, an initiative launched to respond to the massive relief and reconstruction effort in quake-devastated areas of Pakistan. He was the only member from the civil sector and in this capacity, he contributed towards shaping the policies that led to the success of numerous initiatives of the organization.

Mr. Razaullah Khan, Director

Mr. Razaullah Khan is the Chief Executive Shalozan Marbles (Pvt) Limited since 1991 and Chief Executive Shalozan Mine & Minerals Processing Company.

He is also a Member of Khyber Pakhtunkhwa Chamber of Commerce & Industries, Peshawar.

He remained District Naib Nazim, City District Government, Peshawar from 2005 to 2009 and Nazim Union Council Chaghar Matti Peshawar from 2001 to 2005. He holds Bachelor of Arts degree.

Committees of the Board

Human Resource and Remuneration Committee

1.	Syed Masieh-ul-Islam	Chairman
2.	Mr. Masood Siddiqui (Resigned on 23 July 2013)	Member
3.	Mr. Abid Saeed	Member
4.	Mr. Mohamed Anver Ali Rajpar	Member
5.	Mr. Razaullah Khan	Member
	Executive Director (HR)	Secretary

Meetings of the Committee

S.No.	Name of the Directors	Total No. of Meetings*	Meetings Attended
1	Syed Masieh-ul-Islam	11	11
2	Ch. M. Shafi Arshad	11	1
3	Mr. Masood Siddiqui	11	8
4	Mr. Muhammad Riaz Khan	3	3
5	Senator Mir Wali Muhammad Badini	4	3
6	Mr. Abid Saeed	11	9
7	Mr. Mohamed Anver Ali Rajpar	11	3
8	Mr. Razaullah Khan	11	9

* Meetings held during the period concerned Directors were on the Committee.

Terms of Reference

- Approval of appointments/promotions to EG-VI & EG-VII,
- Recommendations for appointments/promotions beyond EG-VIII,
- Guidance/recommendations for CBA agreements,
- Restructuring of the organization,
- Review of compensation package,
- Review of HR policies including the policies required under the Code of Corporate Governance; and
- Consider any other issue or matter as may be assigned by the Board of Directors.

Operations & Finance Committee

1.	Mr. Iskander Mohammed Khan	Chairman
2.	Mr. Masood Siddiqui (Resigned on 23 July 2013)	Member
3.	Mr. Babar Yaqoob Fateh Muhammad	Member
4.	Mr. Abid Saeed	Member
5.	Syed Masieh-ul-Islam	Member
6.	Mr. Fahd Shaikh	Member
7.	Mr. Razaullah Khan	Member
8.	Mr. Mohamed Anver Ali Rajpar	Member
9.	Mr. Sheraz Hashmi	Member
	Executive Director (Finance)/CFO	Secretary

Meetings of the Committee

S.No.	Name of the Directors	Total No. of Meetings*	Meetings Attended
1	Mr. Iskander Mohammed Khan	7	6
2	Mr. Masood Siddiqui	7	6
3	Mr. Muhammad Riaz Khan	1	1
4	Mr. Babar Yaqoob Fateh Muhammad	7	2
5	Mr. Abid Saeed	7	6
6	Syed Masieh-ul-Islam	7	7
7	Mr. Fahd Shaikh	7	5
8	Mr. Razaullah Khan	7	1
9	Mr. Mohamed Anver Ali Rajpar	7	0
10	Mr. Sheraz Hashmi	7	1

* Meetings held during the period concerned Directors were on the Committee.

Terms of Reference

- Approval of Exploration Licenses and related work programmes within budgetary provision,
- Recommendations for Farm-in and Farm-out in Concessions,
- Recommendations for participation in offshore and overseas opportunities,
- Recommend/Review the physical targets,
- Formulation of Technical Policies required under the Code of Corporate Governance, and to recommend and review:
  - Financial targets,
  - Annual and quarterly budgets,
  - Analysis of variances with the budget,
  - Procurement of plant machinery and store items etc. exceeding the powers delegated to MD & CEO,
  - Award of contracts for civil works, development of fields, etc. exceeding the powers delegated to MD & CEO,
  - Investment of surplus funds of the Company,
  - Request for borrowing of money; and
  - Financial policies and controls including the policies required under the Code of Corporate Governance,
- Consider any other issue or matter as may be assigned by the Board of Directors.

Audit Committee

1. Mr. Fahd Shaikh	Chairman
2. Mr. Abid Saeed	Member
3. Syed Masieh-ul-Islam	Member
4. Mr. Iskander Mohammed Khan	Member
5. Mr. Razaullah Khan	Member
General Manager (Internal Audit)	Secretary

Meetings of the Committee

S.No.	Name of the Directors	Total No. of Meetings*	Meetings Attended
1	Mr. Fahd Shaikh	7	5
2	Mr. Abid Saeed	7	7
3	Syed Masieh-ul-Islam	7	7
4	Mr. Iskander Mohammed Khan	7	6
5	Mr. Razaullah Khan	7	7
6	Senator Mir Wali Muhammad Badini	2	2

* Meetings held during the period concerned Directors were on the Committee.

Terms of Reference

- Recommend appointment of external auditors to the Board of Directors and consider any questions of resignation or removal of external auditors, audit fees, etc.,
- Recommend appointment of financial consultant for any service to the Company in addition to audit of its financial statements,
- Determine appropriate measures to safeguard the Public Sector Company's assets,
- Review of financial results,
- Review preliminary announcements of financial results prior to publication,
- Review quarterly, half-yearly and annual financial statements of the Public Sector Company, prior to their approval by the Board of Directors, focusing on:
  - major judgmental areas,
  - significant adjustments resulting from the audit,
  - the going concern assumption,
  - any changes in accounting policies and practices, and
  - compliance with applicable accounting standards,
- Facilitate the external audit and discuss with external auditors major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary),
- Review Management letter issued by external auditors and Management's response thereto,
- Ensure coordination between the internal and external auditors of the Public Sector Company,

- Review the scope and extent of internal audit and ensure that the internal audit function has adequate resources and is appropriately placed within the Public Sector Company,
- Consider major findings of internal investigations and Management's response thereto,
- Ascertain that the internal control system including financial and operational controls, accounting system and reporting structure are adequate and effective,
- Review the Public Sector Company's statement on internal control system prior to endorsement by the Board,
- Recommend or approve the hiring or removal of the chief internal auditor,
- Institute special projects, value for money studies or other investigations on any matter specified by the Board, in consultation with the Chief Executive and consider remittance of any matter to the external auditors or to any other external body,
- Determine compliance with relevant statutory requirements,
- Monitor compliance with the best practices of corporate governance and identification of significant violations thereof,
- Oversee whistle-blowing policy and protection mechanism, and
- Consider any other issue or matter as may be assigned by the Board of Directors.

Corporate Social Responsibility (CSR) Committee

1. Mr. Abid Saeed	Chairman
2. Mr. Masood Siddiqui (Resigned on 23 July 2013)	Member
3. Mr. Babar Yaqoob Fateh Muhammad	Member
4. Syed Masieh-ul-Islam	Member
5. Mr. Razaullah Khan	Member
A/Executive Director (Services)	Secretary

Meetings of the Committee

S.No.	Name of the Directors	Total No. of Meetings*	Meetings Attended
1	Mr. Abid Saeed	1	1
2	Mr. Masood Siddiqui	1	1
3	Mr. Babar Yaqoob Fateh Muhammad	1	1
4	Syed Masieh-ul-Islam	1	1
5	Mr. Razaullah Khan	1	1
6	Senator Mir Wali Muhammad Badini	1	1

* Meetings held during the period concerned Directors were on the Committee.

Terms of Reference

- To recommend the annual budget (along with a detailed list of all CSR related initiatives, presented in line with CSR Policy) at the beginning of each financial year,
- To recommend changes in the CSR Policy as and when needed,
- To review and monitor the progress of ongoing CSR projects on a quarterly basis for which detailed report to be provided to CSR Committee, and
- To ensure that all activities carried out under the head CSR are audited by an external auditor (each financial year) and the audit report circulated to the Board of Directors.

Sitting from Left to Right
Mr. Masood Nabi, Mr. Muhammad Rafi, Mr. Muhammad Riaz Khan, Mr. Shamim Iftikhar Zaidi, Mr. Zahid Imran Farani

Standing from Left to Right
Capt. (Retd.) Muhammad Ajmal Khan, Mr. Tahir Shaukat, Mr. Muhammad Aslam Khan Niazi, Dr. Muhammad Saeed Khan Jadoon, Mr. Ahmad Hayat Lak

Core Management Team

Mr. Muhammad Riaz Khan
Managing Director & CEO

Mr. Muhammad Rafi
Executive Director
(Finance)/CFO

Mr. Masood Nabi
Executive Director
(Human Resource)

Mr. Zahid Imran Farani
Executive Director
(Exploration)

Mr. Shamim Iftikhar Zaidi
Executive Director
(Petroserv)

Mr. Muhammad Aslam Khan Niazi
Acting Executive Director
(Production)

Capt. (Retd.) Muhammad Ajmal Khan
Acting Executive Director
(Services)

Mr. Tahir Shaukat
Acting Executive Director
(Special Assistant to MD & CEO)

Dr. Muhammad Saeed Khan Jadoon
Acting Director
(OIST)

Mr. Ahmed Hayat Lak
Company Secretary

Exploration Licenses

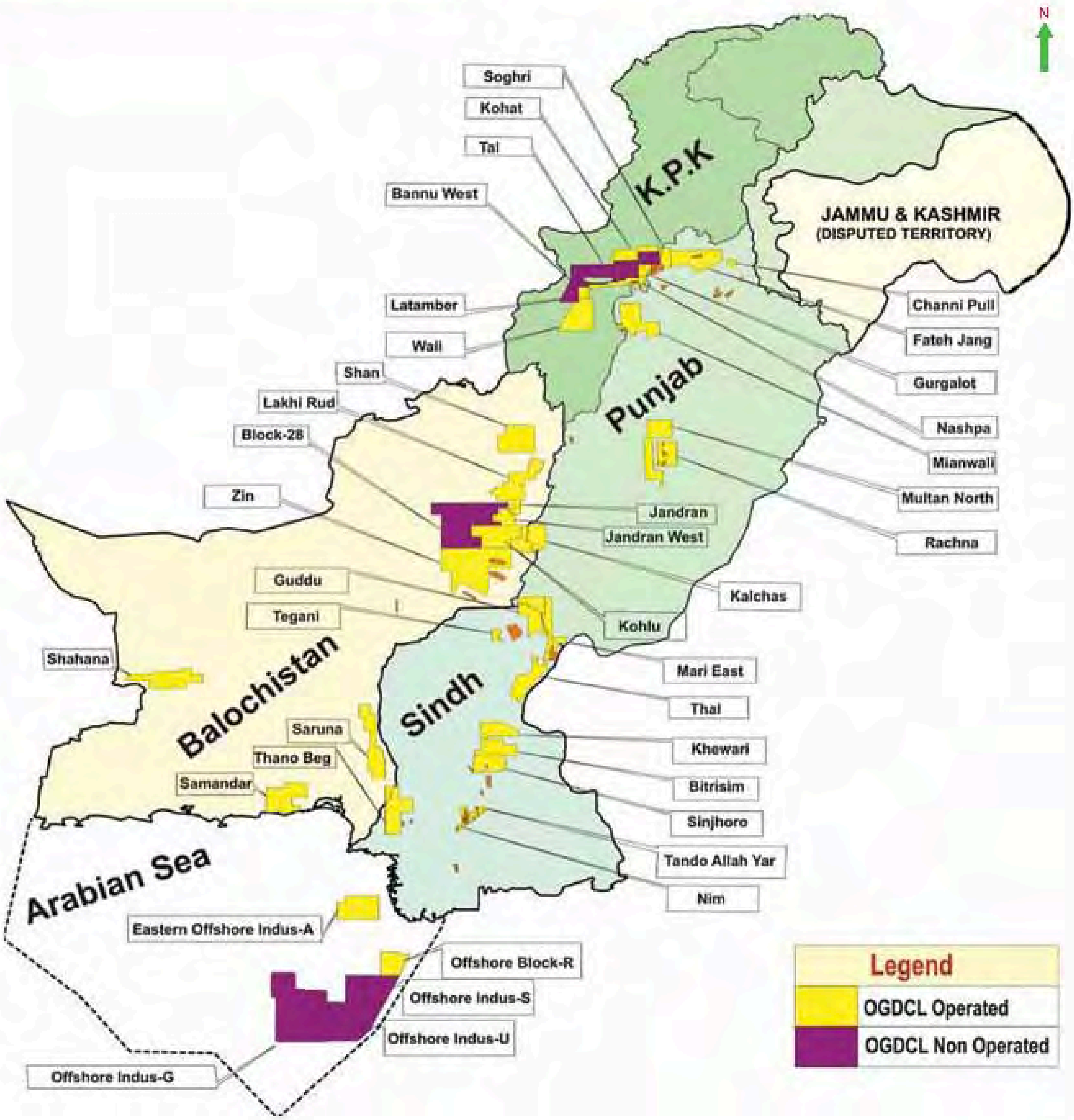
Held by OGDCL as on 30 June 2013

Sr. No.	Blocks	Districts/Province	Area (Sq. Kms)	Date of Grant	Working Interest
OGDCL's 100% OWNED CONCESSIONS					
1	Fateh Jang	Islamabad, Rawalpindi & Attock, Punjab	1,080.43	05-11-02	OGDCL 100%
2	Jandran	Loralai, Barkhan & Kohlu, Balochistan	408.00	20-09-89	OGDCL 100%
3	Rachna	Lieah, Jhang, Toba Tek Singh, Khanewal & Muzaffar Garh, Punjab	1,189.55	08-11-03	OGDCL 100%
4	Saruna	Khuzdar & Lasbella, Balochistan	2,431.62	17-02-04	OGDCL 100%
5	Shahana	Kharan & Panjgur, Balochistan	2,445.06	29-12-04	OGDCL 100%
6	Multan North	Lieah, Jhang, Khanewal, Multan & Muzaffar Garh, Punjab	1,749.28	11-02-05	OGDCL 100%
7	Samandar	Awaran & Uthal, Balochistan	2,495.33	06-07-05	OGDCL 100%
8	Latamber	Bannu & North Waziristan Agency, KPK	331.47	24-10-05	OGDCL 100%
9	Tigani	Shikarpur, Jacobabad & Sukkur, Sindh	270.60	13-02-06	OGDCL 100%
10	Thano Beg	Lasbela, Dadu & Karachi, Sindh	2,404.73	13-02-06	OGDCL 100%
11	Thal	Khairpur, Sukkur & Ghotki, Sindh	1,622.67	13-02-06	OGDCL 100%
12	Wali	Bannu, Laki Marwat & South Waziristan Agency, KPK	2,179.26	31-05-06	OGDCL 100%
13	Mianwali	Mianwali, Chakwal, Khushab & Laki Marwat, Punjab/KPK	2,280.91	31-05-06	OGDCL 100%
14	Soghri	Kohat & Attock, KPK/Punjab	588.09	31-05-06	OGDCL 100%
15	Shaan	Qila Saifullah, Zob & Musa Khel Bazar, Balochistan	2,489.80	13-07-07	OGDCL 100%
16	Mari East	Ghotki, R.Y.Khan & Rajanpur, Sindh/Punjab	1,399.44	21-01-10	OGDCL 100%
17	Lakhi Rud	Musa Khel, Barkhan, Loralai & Kohlu Agency, Balochistan	2,488.78	21-01-10	OGDCL 100%
18	Channi Pull	Rawalpindi & Islamabad, Punjab	148.02	16-02-10	OGDCL 100%
19	Jandran West	Kohlu & Barkhan, Balochistan	759.46	16-02-10	OGDCL 100%
20	Eastern Offshore Indus-A	Offshore Area	2,500.00	05-07-07	OGDCL 100%
21	Offshore Indus-R	Offshore Area	1,492.23	19-04-07	OGDCL 100%
		Sub Total	32,754.73		
OGDCL's OPERATED JOINT VENTURE CONCESSIONS (with GHPL)					
1	Bitrisim	Nawabshah, Khairpur & Sanghar, Sindh	1,445.11	27-09-97	OGDCL 95%, GHPL 5%
2	Khewari	Nawabshah & Khairpur, Sindh	1,276.40	29-12-99	OGDCL 95%, GHPL 5%
3	Nim	Hyderabad, Sindh	229.58	29-12-99	OGDCL 95%, GHPL 5%
4	Tando Allah Yar	Hyderabad, Sindh	403.34	27-09-97	OGDCL 95%, GHPL 5%
5	Zin	Dera Bugti, Kohlu & Nasirabad, Balochistan	5,559.74	15-08-96	OGDCL 95%, GHPL 5%
		Sub Total	8,914.17		
OGDCL's OPERATED JOINT VENTURE CONCESSIONS (with other E & P Companies)					
1	Gurgalot	Kohat & Attock, KPK/Punjab	347.84	28-06-00	OGDCL 75%, POL 20%, GHPL 5%
2	Nashpa	Kohat, Karak, North Waziristan Agency & Mianwali, Punjab/KPK	778.94	16-04-02	OGDCL 65%, PPL 30%, GHPL 5%
3	Kohat	Kohat, Nowshera, Orakzai Agency & Dara Adam Khel, KPK	1,107.21	30-02-09	OGDCL 30%, Tullow 40%, MPCL 20%, Saif Energy 10%
4	Sinjhoro	Sanghar & Khairpur, Sindh	1,283.43	29-12-99	OGDCL 76%, OPL 19%, GHPL 5%
5	Kalchas	Kohlu, Dera Bugti & Rajanpur, Balochistan/Punjab	2,068.32	29-12-04	OGDCL 50%, MGCL 20%, Tullow 30%
6	Kohlu	Kohlu, Dera Bugti & Barkhan, Balochistan	2,459.11	29-12-04	OGDCL 40%, MGCL 30%,Tullow 30%
7	Guddu	Rajanpur, Rahim Yar Khan, Sukkur & Jacobabad, Punjab/Sindh	2,093.40	04-12-06	OGDCL 70%, IPRTOC 11.5%, SEPL 13.5%, GHPL 5%
		Sub Total	10,138.25		
		Total Operated	51,807.15		
OGDCL's NON-OPERATED JOINT VENTURE CONCESSIONS					
1	Block-28	Sibbi, Kohlu & Loralai, Balochistan	6,200.00	14-01-91	Tullow 95%, OGDCL 5%
2	Bunnu West	Bannu & North Waziristan, KPK & Tribal Areas	1,229.57	27-04-05	Tullow 40%, OGDCL 40%, MPCL 10%, SEL 10%
3	Tal Block	Kohat, Karak & Bannu, KPK & Tribal Areas	3,305.86	11-02-99	MOL 10%, OGDCL 30%, PPL 30%, POL 25%, GHPL 5%
4	Offshore Indus-U	Offshore Area	6,294.28	21-07-06	UEPL 72.5%, OGDCL 27.5%
5	Offshore Indus-S	Offshore Area	2,129.91	22-03-07	UEPL 50%, OGDCL 50%
6	Offshore Indus-G	Offshore Area	7,466.00	12-12-12	ENI 25%, OGDCL 25%, PPL 25%, UEPL 25%
		Total Non-Operated	41,272.82		

Concession Portfolio (Exploration Licenses)

As at 30 June 2013

Summary of Exploration Licenses		
Province/Area	Operated	Non-Operated
Punjab	06	-
Sindh	09	-
Balochistan	10	01
KPK	06	02
Offshore	02	03
Total	33	06



Development & Production/Mining Leases

Held by OGDCL as on 30 June 2013

OGDCL's 100% OWNED LEASES

Sr. No.	Lease	Districts/Province	Area (Sq. Kms)	Date of Grant	Working Interest
1	Fimkassar	Chakwal, Punjab	27.98	19-12-92	OGDCL 100%
2	Bhal Syedan	Attock, Punjab	16.41	11-04-94	OGDCL 100%
3	Dakhni (ML)	Attock, Punjab	267.83	23-04-84	OGDCL 100%
4	Kal	Chakwal, Punjab	41.96	13-08-96	OGDCL 100%
5	Missakeswal	Rawalpindi, Punjab	23.43	11-04-94	OGDCL 100%
6	Rajian	Chakwal & Jehlum, Punjab	39.09	28-02-96	OGDCL 100%
7	Sadkal	Attock, Punjab	26.77	24-01-94	OGDCL 100%
8	Toot (ML)	Attock, Punjab	67.97	02-11-68	OGDCL 100%
9	Dhodak	Dera Gazi Khan, Punjab	41.92	01-02-95	OGDCL 100%
10	Loti (ML)	Dera Bugti Agency, Balochistan	204.11	14-11-86	OGDCL 100%
11	Nandpur	Multan & Jhang, Punjab	45.05	12-03-96	OGDCL 100%
12	Punjpir	Multan & Jhang, Punjab	45.18	12-03-96	OGDCL 100%
13	Pirkoh ML (Additional)	Dera Bugti Agency, Balochistan	13.57	14-07-88	OGDCL 100%
14	Pirkoh	Sibi (Bugti Tribal Territory), Balochistan	141.69	08-08-77	OGDCL 100%
15	Bahu	Jhang, Punjab	11.22	19-05-08	OGDCL 100%
16	Sara West	Ghotki, Sindh	168.41	08-06-01	OGDCL 100%
17	Uch	Dera Bugti Agency, Balochistan	121.00	01-07-96	OGDCL 100%
18	Bagla	Thatta & Badin, Sindh	29.70	27-02-95	OGDCL 100%
19	Bobi/Dhamarkhi (ML)	Sanghar, Sindh	128.93	23-01-90	OGDCL 100%
20	Buzdar	Hyderabad, Sindh	6.58	13-12-99	OGDCL 100%
21	Chak 5 Dim South	Sanghar, Sindh	15.92	18-03-96	OGDCL 100%
22	Daru	Thatta, Sindh	10.26	07-04-90	OGDCL 100%
23	Hundi	Dadu & Hyderabad, Sindh	15.04	21-09-02	OGDCL 100%
24	Kunnar Deep (ML)	Hyderabad, Sindh	16.07	17-05-08	OGDCL 100%
25	Kunnar West (ML)	Hyderabad, Sindh	3.13	17-05-08	OGDCL 100%
26	Kunnar (ML)	Hyderabad, Sindh	34.21	23-01-90	OGDCL 100%
27	Lashari Centre & South	Hyderabad, Sindh	23.15	25-06-89	OGDCL 100%
28	Missan	Hyderabad, Sindh	2.50	12-07-99	OGDCL 100%
29	Nur	Thatta & Badin, Sindh	30.64	27-02-95	OGDCL 100%
30	Pali	Sanghar, Sindh	16.43	17-11-01	OGDCL 100%
31	Pasahki Deep	Hyderabad, Sindh	18.08	17-05-08	OGDCL 100%
32	Pasahki & Pasahki North	Hyderabad, Sindh	27.95	27-01-90	OGDCL 100%
33	Sari Sing (ML)	Dadu, Sindh	25.89	30-07-08	OGDCL 100%
34	Sono	Hyderabad, Sindh	25.08	23-07-89	OGDCL 100%
35	Tando Alam (ML)	Hyderabad, Sindh	38.62	30-07-85	OGDCL 100%
36	Thora/Thora East & Thora Additional (ML)	Hyderabad, Sindh	15.20	23-01-90	OGDCL 100%

OGDCL's OPERATED JOINT VENTURE LEASES

Sr. No.	Lease	Districts/Province	Area (Sq. Kms)	Date of Grant	Working Interest
1	Chak Naurang (ML)	Chakwal, Punjab	72.70	14-11-88	OGDCL 85%, POL 15%
2	Dars	Hyderabad, Sindh	6.02	24-01-05	OGDCL 77.5%, GHPL 22.5%
3	Dars West	Hyderabad, Sindh	5.20	24-01-05	OGDCL 77.5%, GHPL 22.5%
4	Jakhro	Sanghar, Sindh	35.05	13-02-02	OGDCL 77.5%, GHPL 22.5%
5	Nooral Jagir	Hyderabad, Sindh	2.43	16-08-08	OGDCL 77.5%, GHPL 22.5%
6	Tando Allah Yar	Hyderabad, Sindh	3.35	24-01-05	OGDCL 77.5%, GHPL 22.5%
7	Qadirpur	Ghotki & Kashmore, Sindh	389.16	18-08-92	OGDCL 75%, KUFPEC 8.5%, PPL 7%, PKP 4.75%, PKP-II 4.75%
8	Chanda	Kohat, KPK	32.32	01-06-02	OGDCL 72%, GHPL 17.5%, ZPCL 10.5%
9	Jhal Magsi South	Jhal Magsi, Balochistan	16.10	24-07-09	OGDCL 56%, POL 24%, GHPL 20%
10	Nim West	Hyderabad, Sindh	3.25	21-05-12	OGDCL 77.5%, GHPL 22.5%
11	Mela	Kohat, KPK	77.57	02-04-13	OGDCL 57.24%, PPL 27.76%, GHPL 15%
12	Nashpa	Kohat, KPK	170.21	19-06-13	OGDCL 57.24%, PPL 27.76%, GHPL 15%
13	Reti	Ghotki, Sindh	8.60	25-06-13	OGDCL 57.76%, SEPL 10.66%, IPRTOC 9.08%, GHPL 22.5%
14	Maru South	Ghotki, Sindh	6.64	18-06-13	OGDCL 57.76%, SEPL 10.66%, IPRTOC 9.08%, GHPL 22.5%
15	Maru	Ghotki, Sindh	15.41	28-06-13	OGDCL 57.76%, SEPL 10.66%, IPRTOC 9.08%, GHPL 22.5%
16	Nim	Hyderabad, Sindh	2.14	01-01-13	OGDCL 77.5%, GHPL 22.5%
17	Chak-63	Sanghar, Sindh	50.95	06-05-13	OGDCL 62.5%, OPL 15%, GHPL 22.5%
18	Resham	Sanghar, Sindh	9.37	23-05-13	OGDCL 62.5%, OPL 15%, GHPL 22.5%
19	Lala Jamali	Sanghar, Sindh	13.57	23-05-13	OGDCL 62.5%, OPL 15%, GHPL 22.5%
20	Chak-7 A	Sanghar, Sindh	6.12	05-12-12	OGDCL 62.5%, OPL 15%, GHPL 22.5%
21	Chak-63 South East	Sanghar, Sindh	9.60	23-05-13	OGDCL 62.5%, OPL 15%, GHPL 22.5%

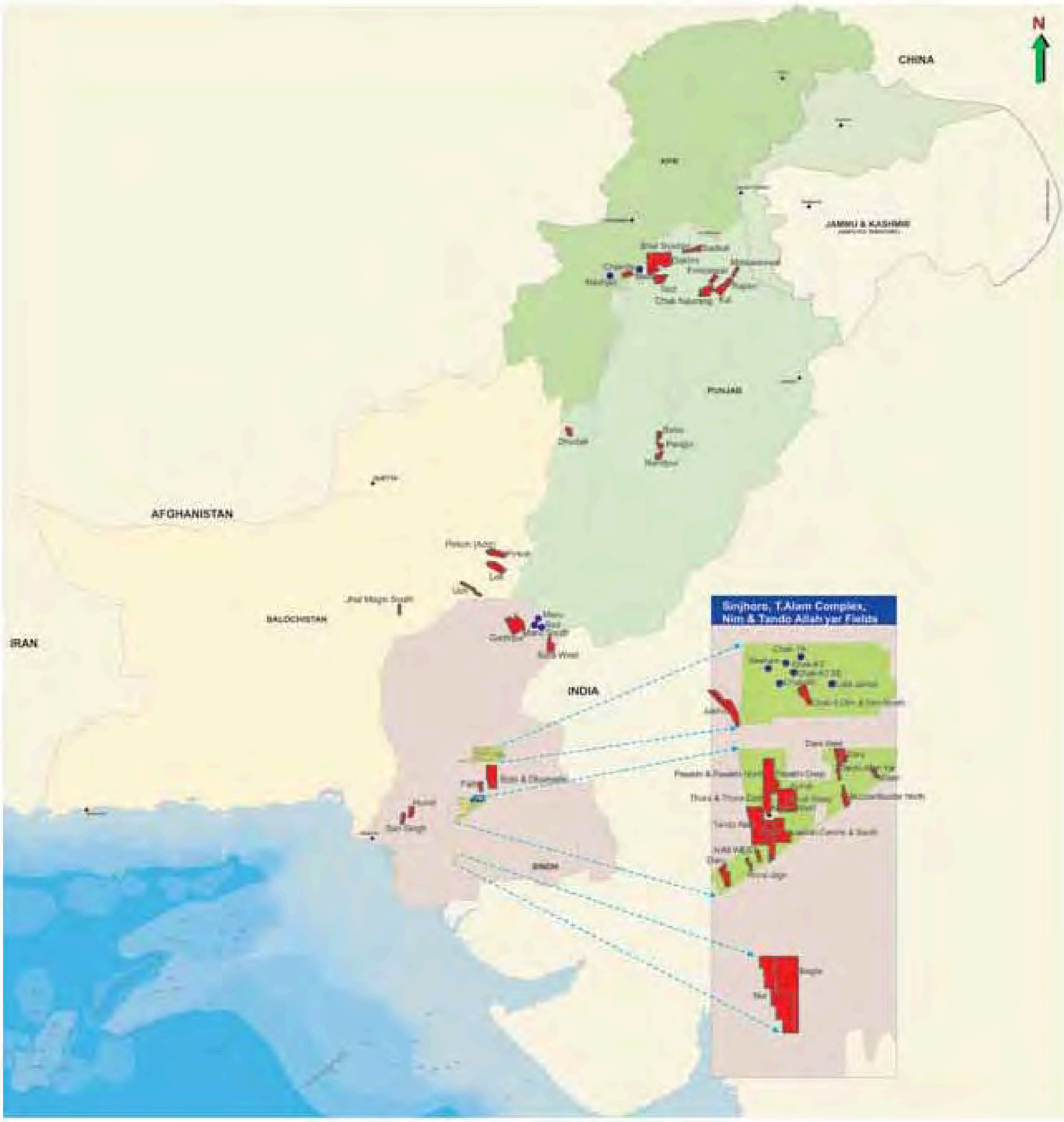
OGDCL's NON-OPERATED JOINT VENTURE LEASES

Sr. No.	Lease	Districts/Province	Area (Sq. Kms)	Operator	Working Interest
1	Badin-II	Tando Muhammad Khan, Thatta & Badin, Sindh	186.050	UEPL 51%	OGDCL 49%
2	Badin-II Rev	Hyderabad & Badin, Sindh	29.680	UEPL 76%	OGDCL 24%
3	Badin-III	Thatta & Badin, Sindh	35.630	UEPL 60%	OGDCL 15%, GHPL 25%
4	Manzalai	Karak, Kohat & Bannu, KPK	382.890	MOL 8.42%	OGDCL 27.765%, PPL 27.765%, GHPL 15%, POL 21.05%
5	Makori	Karak, KPK	50.700	MOL 8.42%	OGDCL 27.765%, PPL 27.765%, GHPL 15%, POL 21.05%
6	Adhi	Rawalpindi & Jehlum, Punjab	199.880	PPL 39%	OGDCL 50%, POL 11%
7	Ratana	Attock, Punjab	214.500	OPL 65.91%	OGDCL 25%, AOC 4.545%, POL 4.545%
8	Dhurnal	Attock, Punjab	24.760	OPL 70%	OGDCL 20%, AOC 5%, POL 5%
9	Bhangali	Gujjar Khan, Punjab	45.300	OPL 40%	OGDCL 50%, AOC 3%, POL 7%
10	Bhit	Dadu, Sindh	250.080	ENI 40%	OGDCL 20%, PKP KPBV 28%, PKP KIR B.V 6%, PKP-KIR-II B.V 6%
11	Badhra	Dadu, Sindh	36.720	ENI 40%	OGDCL 20%, PKP KPBV 28%, PKP KIR B.V 6%, PKP-KIR-II B.V 6%
12	Kadanwari	Khairpur, Sindh	457.820	ENI 18.42%	OGDCL 50%, PKP-Kad Ltd 15.79%, PKP-Kad-II Ltd 15.79%
13	Miano	Sukkur, Sindh	814.020	OMV 17.68%	OGDCL 52%, PPL 15.16%, ENI 15.16%
14	Pindori	Chakwal, Punjab	86.580	POL 35%	OGDCL 50%, AOC 15%
15	Badar	Kashmor, Sukkur & Ghotki, Sindh	122.000	PEL 26.32%	OGDCL 50%, SHERRITT 15.79%, SEPL 7.89%
16	Sara & Suri	Ghotki, Sindh	106.540	SEPL 60%	OGDCL 40%

Lease Map

As at 30 June 2013

Summary of Leases		
Province	Operated	Non-Operated
Punjab	13	05
Sindh	36	09
Balochistan	05	-
KPK	03	02
Total	57	16



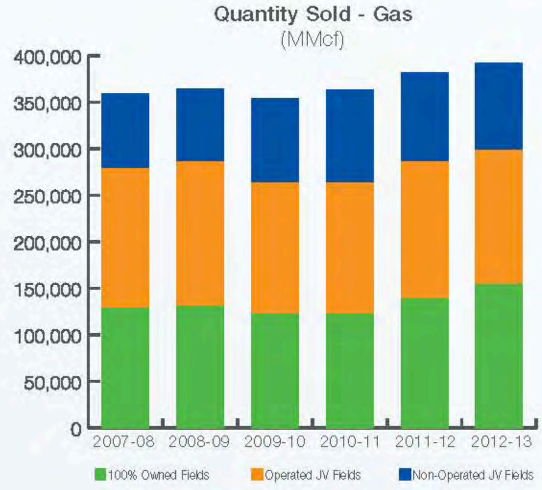
Six Years Performance

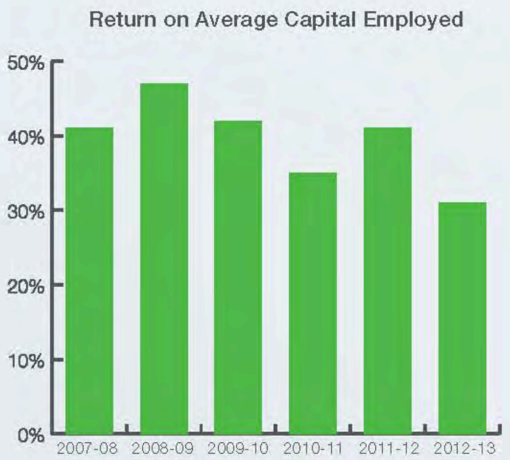
		2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Operational Performance							
Seismic Survey - 2D	L. Kms	2,889	5,129	2,493	1,500	2,589	1,584
- 3D	Sq. Kms	1,067	1,128	290	660	654	1,121
Wells Drilled	Numbers	31	30	26	21	17	24
Oil & Gas Discoveries	Numbers	5	2	6	2	2	3
Quantity Sold							
Crude Oil	Thousand BBL	15,037	14,438	13,343	13,224	13,713	14,183
Gas	MMcf	358,868	364,036	354,327	362,924	381,863	392,513
LPG	Tons	125,482	79,145	73,881	71,061	75,005	41,003
Sulphur	Tons	29,065	24,673	20,018	34,400	21,400	14,493
White Petroleum Products	Thousand BBL	547	148	64	30	19	-
Financial Results							
Net Sales	Rs in billion	125.91	130.83	142.57	155.63	197.84	223.37
Other Revenues	Rs in billion	3.91	3.43	3.36	3.38	9.75	15.80
Profit before Taxation	Rs in billion	78.31	80.93	88.55	90.98	133.08	145.82
Profit after Taxation	Rs in billion	44.34	55.54	59.18	63.53	96.91	90.78
Balance Sheet							
Share Capital	Rs in billion	43.01	43.01	43.01	43.01	43.01	43.01
Capital Reserve and Unappropriated Profit	Rs in billion	67.41	83.16	114.38	158.56	225.36	280.65
Non-Current Liabilities	Rs in billion	20.46	30.53	36.63	38.44	45.36	51.61
Current Liabilities	Rs in billion	21.44	21.29	34.84	21.78	24.59	38.74
Total Equity & Liabilities	Rs in billion	152.31	177.99	228.87	261.78	338.32	414.01
Fixed Assets	Rs in billion	67.71	87.69	103.18	106.03	116.04	134.53
Long Term Investments, Loans, Rec. & Prepayments	Rs in billion	4.78	4.84	5.25	6.14	7.40	145.15
Current Assets	Rs in billion	79.82	85.46	120.43	149.60	214.88	134.33
Total Assets	Rs in billion	152.31	177.99	228.87	261.78	338.32	414.01
Cash Flow Summary							
Net Cash from Operating Activities	Rs in billion	51.60	52.98	61.51	67.88	48.58	185.68
Net Cash used in Investing Activities	Rs in billion	(15.59)	(22.91)	(22.84)	(15.92)	(14.66)	(164.80)
Net Cash used in Financing Activities	Rs in billion	(41.47)	(39.41)	(28.77)	(18.66)	(30.61)	(33.92)
Increase/(Decrease) in Cash and Cash Equivalents	Rs in billion	(5.46)	(9.34)	9.90	33.30	3.31	(13.04)
Cash and Cash Equivalents at beginning of the Year	Rs in billion	23.74	18.28	8.94	18.84	52.14	55.45
Cash and Cash Equivalents at end of the Year	Rs in billion	18.28	8.94	18.84	52.14	55.45	42.41
Key Indicators							
Profitability Ratios							
Gross Profit Margin	%	69%	70%	71%	66%	70%	71%
Net Profit Margin	%	35%	42%	42%	41%	49%	41%
EBITDA Margin to Sales	%	69%	70%	71%	71%	74%	69%
Return on Average Capital Employed	%	41%	47%	42%	35%	41%	31%
Liquidity Ratios							
Current Ratio	Times	3.72	4.01	3.46	6.87	8.74	3.47
Acid Test/Quick Ratio	Times	2.94	3.25	3.03	6.22	8.21	3.03
Cash to Current Liabilities	Times	0.86	0.43	0.54	2.40	2.26	1.10
Cash Flow from Operations to Sales	%	73%	75%	66%	87%	59%	124%
Activity/Turnover Ratios							
Debtor Turnover in Days (1)	No. of days	100	135	178	189	200	158
Total Assets Turnover Ratio	%	87%	79%	70%	63%	66%	59%
Investment/Market Ratios							
Earnings per Share	Rupees	10.31	12.91	13.76	14.77	22.53	21.11
Price Earning Ratio	Times	12.06	6.09	10.32	10.36	7.12	10.84
Dividend Yield Ratio	%	8%	10%	4%	4%	5%	4%
Dividend Payout Ratio	%	92%	64%	40%	37%	32%	39%
Dividend Coverage Ratio	Times	1.09	1.57	2.50	2.69	3.11	2.56
Cash Dividend per Share	Rupees	9.50	8.25	5.50	5.50	7.25	8.25
Market Price per Share (2) - As on 30 June	Rupees	124.36	78.64	142.00	153.00	160.44	228.75
- High during the Year	Rupees	140.80	125.49	142.00	179.70	170.70	254.81
- Low during the Year	Rupees	104.90	40.56	80.71	128.80	120.29	167.41
Break-up Value per Share	Rupees	25.67	29.34	36.60	46.87	62.40	75.25
Contribution to National Exchequer	Rs in billion	99.75	86.45	80.24	76.84	100.55	129.12

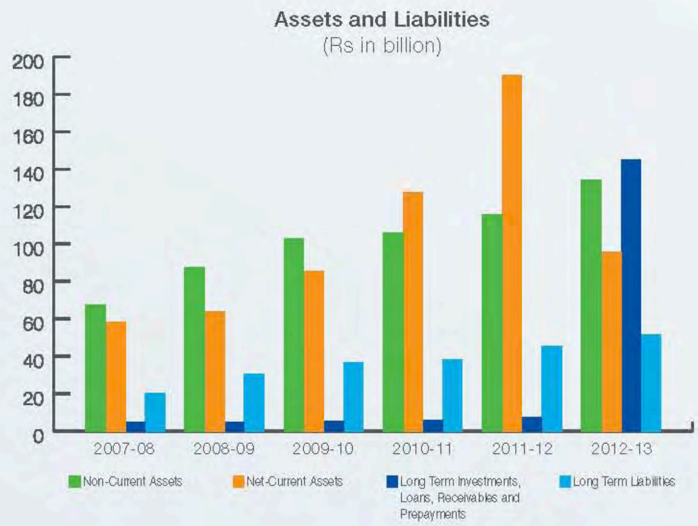
Note: Previous years figures have been rearranged and/or reclassified, wherever, necessary for the purpose of comparison
1 - 366 days have been used for the year 2007-08 & 2011-12
2 - Source: Karachi Stock Exchange (KSE)

Graphical Presentation

Six Years Operational & Financial Performance







Vertical and Horizontal Analysis

Vertical Analysis

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Profit and Loss Account						
Net Sales	100.0	100.0	100.0	100.0	100.0	100.0
Royalty	(13.8)	(11.6)	(11.7)	(11.4)	(11.7)	(11.6)
Operating Expenses	(15.6)	(17.3)	(16.6)	(21.2)	(17.4)	(16.8)
Transportation Charges	(1.2)	(1.2)	(1.0)	(1.4)	(1.0)	(1.0)
Gross Profit	**69.4**	**69.9**	**70.7**	**66.0**	**69.9**	**70.6**
Other Income	3.1	2.6	2.3	2.1	4.9	7.0
Exploration and Prospecting Expenditure	(5.3)	(5.7)	(5.5)	(4.3)	(2.0)	(6.7)
G & A Expenses	(1.0)	(1.0)	(1.1)	(1.4)	(1.1)	(1.2)
Provision for Impairment Loss	(0.3)	-	-	-	-	-
Finance Cost	(0.4)	(0.7)	(0.9)	(1.0)	(0.9)	(1.0)
Workers' Profit Participation Fund	(3.5)	(3.3)	(3.3)	(3.1)	(3.5)	(3.4)
Share of Profit in Associate	0.0	0.0	0.0	0.1	0.0	0.0
Profit before Taxation	**62.2**	**61.9**	**62.1**	**58.4**	**67.3**	**65.3**
Taxation	(27.0)	(19.4)	(20.6)	(17.6)	(18.3)	(24.6)
Profit for the Year	**35.2**	**42.5**	**41.5**	**40.8**	**49.0**	**40.6**
Balance Sheet						
Share Capital & Reserves	72.5	70.9	68.8	77.0	79.3	78.2
Non-Current Liabilities	13.4	17.1	16.0	14.7	13.4	12.5
Current Liabilities	14.1	12.0	15.2	8.3	7.3	9.4
Total Equity and Liabilities	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Non-Current Assets	47.6	52.0	47.4	42.9	36.5	67.6
Current Assets	52.4	48.0	52.6	57.1	63.5	32.4
Total Assets	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Horizontal Analysis

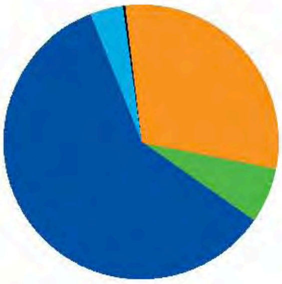
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Profit and Loss Account						
Net Sales	100.0	103.9	113.2	123.6	157.1	177.4
Royalty	100.0	87.5	96.6	102.2	133.5	149.5
Operating Expenses	100.0	115.6	121.0	168.2	175.3	191.5
Transportation Charges	100.0	103.4	101.3	149.5	137.8	152.8
Gross Profit	**100.0**	**104.5**	**115.0**	**117.4**	**158.1**	**180.2**
Other Income	100.0	87.2	85.4	85.5	249.9	406.0
Exploration and Prospecting Expenditure	100.0	112.8	119.5	100.1	61.2	226.5
G & A Expenses	100.0	106.8	128.0	178.9	176.2	214.6
Provision for Impairment Loss	100.0	-	-	-	-	-
Finance Cost	100.0	172.5	237.2	276.6	320.2	431.3
Workers' Profit Participation Fund	100.0	97.1	106.2	109.1	159.6	174.9
Share of Profit in Associate	100.0	128.7	143.5	175.6	195.2	234.8
Profit before Taxation	**100.0**	**103.3**	**113.1**	**116.2**	**169.9**	**186.2**
Taxation	100.0	74.7	86.5	80.8	106.5	162.0
Profit for the Year	**100.0**	**125.3**	**133.5**	**143.3**	**218.6**	**204.7**
Balance Sheet						
Share Capital & Reserves	100.0	114.3	142.5	182.6	243.1	293.1
Non-Current Liabilities	100.0	149.3	179.1	187.9	221.8	252.3
Current Liabilities	100.0	99.3	162.5	101.6	114.7	180.7
Total Equity and Liabilities	**100.0**	**116.9**	**150.3**	**171.9**	**222.1**	**271.8**
Non-Current Assets	100.0	127.7	149.6	154.8	170.3	385.8
Current Assets	100.0	107.1	150.9	187.4	269.2	168.3
Total Assets	**100.0**	**116.9**	**150.3**	**171.9**	**222.1**	**271.8**

Statement of Value Addition

	(Rs in Million) 2012-13	2011-12
Gross Revenue	244,944	216,513
Less:		
Operating, General & Administration Expenses, Transportation & Exploration Expenses	27,934	17,289
	217,010	199,224
Add:		
Income from Financial Assets	14,462	9,102
Income from Non-Financial Assets	1,233	558
Other	105	87
Less:		
Other Expenses	2,315	1,719
Total Value Added	230,494	207,253
Distribution:		
Employees as		
Remuneration	14,995	11,480
Governement as		
Corporate Tax	55,040	36,177
Dividends	26,603	22,572
Levies - Sales Tax	18,279	15,533
Excise Duty	3,299	3,106
Development Surcharge	-	35
Discount on Crude Oil Price	1	1
Royalty	25,899	23,123
Workers' Profit Participation Fund	7,675	7,004
	136,795	107,551
Shareholders other than the Government as		
Dividends	8,880	7,534
To Society	679	284
Retained in Business		
Capital Reserve	850	847
Depreciation	4,758	4,033
Amortization	9,093	9,571
Net Earnings/Unappropriated Profit	54,444	65,952
	69,145	80,403
Total Value Added	230,494	207,253

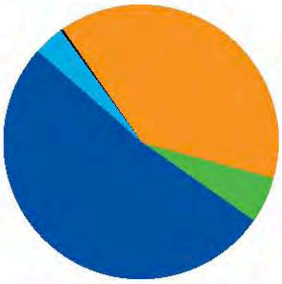
Distribution of Value Added

2012-13



Government	(59.35%)
Shareholders other than Govt.	(3.85%)
Society	(0.29%)
Retained in Business	(30.00%)
Employees Remuneration	(6.51%)

2011-12



Government	(51.89%)
Shareholders other than Govt.	(3.64%)
Society	(0.14%)
Retained in Business	(38.79%)
Employees Remuneration	(5.54%)

Managing Director's Review

During the fiscal year 2012-13, Oil & Gas Development Company Limited (OGDCL) moved forward while delivering on its main strategic goal of improved operational performance coupled with steady financial results. Our increasing production profile and strong balance sheet has laid down a robust platform for seeking value adding growth opportunities along with creating value for the shareholders in future. At a time when the Country is suffering from unprecedented energy crisis and with international hydrocarbon prices expected to maintain a high level in view of increasing demand for energy resources worldwide, OGDCL is striving hard to enhance its oil & gas production in order to contribute to the energy security of Pakistan. In pursuance to this aim, the Company contributed around 54% of Pakistan's total oil production and 26% of total natural gas production during the year under review. In addition, contribution of Rs 129.120 billion was also made towards the national exchequer in terms of corporate tax, dividends, royalty, sales tax, excise duty and development surcharge.

The said increase in OGDCL's production complemented by exchange rate, increase in realized price of gas & LPG and higher other income enabled OGDCL to report increased Sales Revenue and Profit before Taxation of

Rs 223.365 billion and Rs 145.816 billion exhibiting an impressive growth of 12.9% and 9.6% respectively over the preceding year. However, increase in the Company's exploration & prospecting expenditure and taxation mainly due to tax on prior years' assessment coupled with decrease in realized price of crude oil led OGDCL to register Profit after Taxation of Rs 90.777 billion translating into Earnings per Share of Rs 21.11. During the year, trade debts outstanding against oil refineries and gas companies reduced significantly owing to vigorous follow up by the Company's Management leading to record receivables collection alongside Government of Pakistan's initiatives to partially resolve the inter-corporate circular debt issue including floatation of Term Finance Certificates and issuance of Pakistan Investment Bonds both subscribed by OGDCL. Against the backdrop of our strong financial position and other favorable factors/prospects, the Company's share price reached a record high of Rs 254.81 per share as on 13 June 2013.

Our exploration-led growth strategy is based on building a balanced resource portfolio that includes a diversified mix of high-impact exploration assets, early commercialization of development projects and enhanced production growth. In this connection, during FY 2012-13, the Company added to its exploration portfolio twenty nine (29) new blocks spreading across all the four provinces of the Country. In addition, we acquired 1,584 L. Kms of 2D seismic data and 1,121 Sq. Kms of 3D seismic data from various exploration blocks. The Company also spud twenty four (24) new wells during the year including ten (10) exploratory/appraisal wells and fourteen (14) development wells.

During the year 2012-13, our exploratory efforts to discover new hydrocarbon reserves yielded three (03) new oil and gas discoveries namely Nashpa-3, Zin SML-1 and Suleman-1. Out of these discoveries, Naspha-3 has been put on production and is currently contributing 3,300 barrels per day of crude oil and 11 MMcf per day of gas. Furthermore, the Company brought two (02) more fields namely Sinjhoro and Nur-Bagla on production contributing 1,400 barrels per day of crude oil and 21 MMcf per day of gas.

Looking to the future, OGDCL will continue to target production growth by focusing on expediting the work of our ongoing development projects which on completion will further enhance oil and gas production of the Company. In this connection, by using in-house resources and expertise, OGDCL has successfully completed Phase-I of Sinjhoro development project. Growth of our production profile will not only help generate strong predictable cash flows but will also place the Company in a better position to benefit from potential future opportunities.

By the way of final note, I would like to state that operational and financial performance rendered by OGDCL during the year 2012-13 is reflection of our ability to sustain growth and strengthen business competitive position. As we move forward to achieve the above stated objectives by support of all our stakeholders, particularly the Government of Pakistan (GoP), Ministry of Petroleum and Natural Resources (MP&NR), our JV partners and the Company's shareholders, we commit to spare no effort to undertake new tasks and opportunities paving the way towards a more prosperous future for the Company.

06 August 2013
Islamabad

(Muhammad Riaz Khan)
Managing Director & CEO

Directors' Report

On behalf of the Board of Directors of OGDCL, I am pleased to present the operational and financial affairs of the Company and audited financial statements together with Auditors' Report for the year ended 30 June 2013.

During the year under review, OGDCL achieved significant success on operational front while delivering steady financial performance. In addition, we maintained our position as the leading performer in the Exploration & Production (E&P) sector in terms of oil & gas reserves, production and exploration acreage in the Country.

FINANCIAL PERFORMANCE REVIEW

OGDCL's financial results for the year 2012-13 reflect stable performance as its Sales Revenue and Profit before Taxation surged to Rs 223.365 billion (FY 2011-12: Rs 197.839 billion) and Rs 145.816 billion (FY 2011-12: Rs 133.083 billion) exhibiting growth of 12.9% and 9.6% respectively. These financials are primarily driven by increased production in the Company's major product mix complemented by exchange rate and increase in realized prices of gas and LPG averaging Rs 265.88/Mcf and Rs 83,235/Ton compared with Rs 228.56/Mcf and Rs 74,020/Ton respectively during the preceding year.

Furthermore, higher other income owing to accrued interest on investment in Privately Placed Term Finance Certificates (TFCs) and exchange gain are other contributories to the higher before tax profit.

However, during the period under review, OGDCL's profitability was adversely effected by higher exploration & prospecting expenditure on account of increase in geological & geophysical survey and ten (10) wells declared dry/abandoned including unsuccessful drilling (sidetrack) against none in the previous year. Moreover, increase in the Company's taxation mainly due to tax on prior years assessments coupled with decrease in realized price of crude oil adversely impacted the profitability. This has led OGDCL to register Profit after Tax of Rs 90.777 billion translating into Earnings per Share of Rs 21.11.

During FY 2012-13, the Company's cash flow from operations after working capital changes and payment of income tax of Rs 53.639 billion & royalty of Rs 26.091 billion was Rs 185.685 billion showing an increase of Rs 137.102 billion over the last year. After adjusting investment and financing activities of Rs 164.799 billion and Rs 33.922 billion respectively, the Company's cash & cash equivalents at the end of the year were Rs 42.414 billion.

During the year, OGDCL witnessed significant reduction in its trade debts outstanding against oil refineries and gas companies. The reduction is attributable to vigorous follow-up by the Company's management leading to record collection of Rs 193.048 billion against receivables (FY 2011-12: Rs 147.077 billion). In addition, initiatives taken by the Government of Pakistan (GoP) to resolve the prevailing inter-corporate circular debt issue contributed positively in this regard. These initiatives include approval for floatation of TFCs, by M/s Power Holding (Private) Limited, worth Rs 82 billion subscribed by OGDCL. Furthermore, subsequent approval by the GoP for issuance of PIBs which were also subscribed by the Company resulted in settlement of overdue receivables by Rs 55.729 billion.

In view of the stable financial results rendered by the Company for FY 2012-13, we are focused on driving forward our financial performance helping us to sustain long term growth and deliver industry leading returns to shareholders in the future.

Sources of Net Income

Crude Oil	(48.16%)
Gas	(43.64%)
LPG & Others	(1.64%)
Other Income	(6.56%)

Utilization of Net Income

Royalty	(10.83%)
Operating Expenses	(15.70%)
Exploration & Prospecting Expenses	(6.26%)
WPPF	(3.21%)
Capital Reserve & Other Expenses	(3.39%)
Corporate Tax	(23.01%)
Dividend Paid	(14.84%)
Retained Profit	(22.76%)

Financial results for the year ended 30 June 2013 are summarized below:

			(Rs in billion)
Profit before taxation			145.816
Taxation			(55.039)
Profit for the year			90.777
Un-appropriated profit brought forward			220.449
Profit available for appropriations			311.226
Appropriations			
Transfer to capital reserves			(0.850)
Distribution through Dividends			
Final Dividend 2011-12	@ Rs 2.75 per share (27.50%)	(11.827)	
First Interim Dividend 2012-13	@ Rs 1.75 per share (17.50%)	(7.527)	
Second Interim Dividend 2012-13	@ Rs 2.00 per share (20.00%)	(8.602)	
Third Interim Dividend 2012-13	@ Rs 1.75 per share (17.50%)	(7.527)	(35.483)
Un-appropriated profit carried forward			**274.893**

FINAL DIVIDEND

The Board of Directors has recommended the final cash dividend of Rs 2.75 per share in addition to three cumulative interim cash dividend of Rs 5.50 per share already declared and paid during the year. This makes a total dividend of Rs 8.25 per share (82.5%) for the year ended 30 June 2013.

CONTRIBUTION TO NATIONAL EXCHEQUER

Being the leading E&P company of Pakistan, OGDCL is making enormous contribution towards the national exchequer on account of corporate tax, royalty, general sales tax, excise duty, development surcharge and dividend. During the year 2012-13, a sum of Rs 129.120 billion was contributed to the national exchequer (2011-12: Rs 100.546 billion). In addition, the Company's oil & gas production has significantly contributed towards foreign exchange savings as a result of import substitution.

CRITICAL PERFORMANCE MEASURES AND INDICATORS

OGDCL has in place wide range of financial and non-financial Key Performance Indicators (KPIs) which are used to measure performance against our strategic priorities. These KPIs are in the form of six years performance summary given at page 30 of the Annual Report.

MARKET SHARE INFORMATION FROM AN INDEPENDENT SOURCE

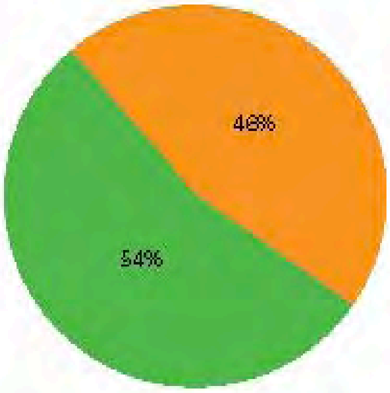
OGDCL, in terms of exploration acreage, recoverable hydrocarbon reserves and oil production, is the largest E&P company in Pakistan. With a portfolio of 33 exploration licenses, OGDCL holds the largest exploration acreage in Pakistan covering 21% of the total awarded acreage as of 30 June 2013. The Company holds largest portfolio of recoverable hydrocarbon reserves in Pakistan, at 30% of natural gas reserves and 37% of oil, respectively, as at 31 December 2012. In addition, the Company contributed 26% of the Pakistan's total natural gas production and 54% of its total oil production during fiscal year 2012-13.

(Source: Pakistan Petroleum Information Services)

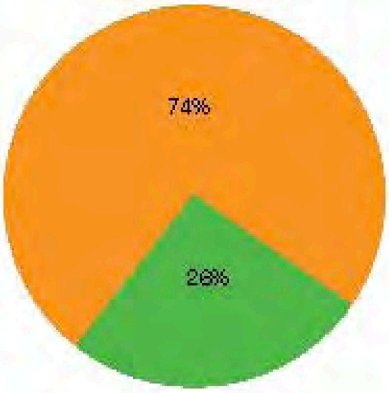
EXPLORATION AND DEVELOPMENT ACTIVITIES

OGDCL's exploration-led growth strategy is based on building a balanced resource portfolio that Includes a

Crude Oil Production (2012-13)



Gas Production (2012-13)



diversified mix of high-impact exploration and near-term development projects. As of 30 June 2013, OGDCL held the largest exploration acreage in the Country, covering an area of 51,807.15 Sq. Kms. The Company's concession portfolio includes thirty three (33) own and operated joint venture (JV) exploration licenses (ELs). Moreover, the Company holds working interest ownership in six (06) ELs operated by other Exploration & Production companies.

OGDCL with an aim to enhance the exploration portfolio actively participated in the competitive bidding of Petroleum Exploration Rights announced by Directorate General of Petroleum Concessions, Ministry of Petroleum & Natural Resources and acquired twenty nine (29) new blocks during the year. These exploration blocks spread across all the four provinces of the Country with three (03) in KPK, nine (09) in Punjab, three (03) in Sindh and fourteen (14) in Balochistan.

During the reporting period, OGDCL's geological field party carried out 412 L. Kms of geological field work in Kala Chitta, Potwar area and in Fateh Jang license area. Furthermore, the Company acquired 1,584 L. Kms of 2D seismic data in various blocks namely Mari East, Fateh Jang, Dakhni, Fimkassar, Bitrism, Multan North, Daru, Gurgalot, Mianwali, Tegani, Tando

Seismic vibrator trucks working on Chanda/Mela 3D project, district Kohat, KPK.

Allah Yar, Pali & Nur-Bagla and 1,121 Sq. Kms of 3D seismic data in Missan, Bitrism & Chanda-Mela blocks. In addition, OGDCL processed 2,264 L. Kms of 2D seismic data of various blocks.

During the year 2012-13, the Company marked thirty four (34) well locations on the ground out of which twenty four (24) wells have been spud. These include eight (08) exploratory wells namely Raja-1, Multan North-1, Tando Qaiser-1, Kurram-1, Soghri-1, Sohniwala-1, Jand-1 & Zin Deep-1, two (02) appraisal wells namely Chak Naurang South-2 & Zin SML-2 and fourteen (14) development wells namely Nashpa-4, Qadirpur-46, 47, 48 & 49, Qadirpur HRL-7, Sara West-4, Bahu-5, 6, 7 & 8, Rajian-7, Bobi-10 & Mela-4. In addition, drilling/testing of fourteen (14) ongoing wells from previous financial year also continued during the period under review.

OGDCL with an aim to utilize latest technology acquired a state-of-the-art Seismic Data Processing (SDP) system having blade cluster hardware architecture. This system not only supports the conventional 2D and 3D SDP techniques but is also capable to meet special processing requisites including depth imaging (Pre-Stack Depth Migration-PSDM), Amplitude Versus Offset (AVO), etc.

In line with its exploration strategy, OGDCL is also actively involved in evaluation of different overseas exploration blocks for which a committee is looking out for farm-in/farm-out opportunities for acquisition of oil reserves in the domestic and international markets. In this regard, a team of experts visited Sudan and also looked into various opportunities in Italy and Indonesia with M/s ENI to evaluate G&G and technical data. Furthermore, the Company has also hired the services of M/s IHS Inc. for acquisition of an international oil company.

DISCOVERIES

The Company's exploratory efforts to discover new hydrocarbon reserves yielded three (03) new significant oil and gas discoveries at Nashpa-3 exploratory well in district Karak, Khyber Pakhtunkhwa (KPK) province, Suleman-1 exploratory well in district Khairpur, Sindh province and at Zin SML-1 exploratory

Striving for excellence, OGDCL Rig N-4, rig floor.

well in district Dera Bugti, Balochistan province. Out of these discoveries, Naspha-3 well has been put on production and is currently contributing 3,300 barrels per day of crude oil and 11 MMcf per day of gas. The preliminary reserves estimates of these discoveries are 7.2 million barrels of oil and 856.4 billion cubic feet of gas. The BTU adjusted Barrels of Oil Equivalent (BOE) reserves of these discoveries are 86.4 million BOE.

OIL AND GAS RESERVES

OGDCL's total net remaining recoverable reserves as of 30 June 2013 stood at 214.9 million barrels of oil and 10,258.3 billion cubic feet of gas. The reported reserves are in accordance with the Reserves Evaluation Study-2010 carried out by an independent consultant M/s TRACS International, UK for all OGDCL operated fields. Original reserves by M/s TRACS have been revised/updated during the period 2010 to 2013 based on the production performance, workovers and development wells results of individual fields.

PRODUCTION

OGDCL is pursuing an aggressive production enhancement strategy aimed at maintaining production level by applying latest improved/enhanced oil recovery techniques to arrest natural decline from producing fields and enhancing production by expediting connectivity of new exploratory and development wells in the system. In this connection, during the year, OGDCL added 4,500 barrels per day of crude oil and 70 MMcf per day of gas through work over jobs and addition of new wells namely Nashpa-3, Qadirpur HRL-6, Qadirpur-13, 45, 46, 48 & 49 and Bahu-6 & 8. Furthermore, two (02) already discovered fields namely Sinjhoro and Nur-Bagla were brought on production contributing 1,400 barrels per day of crude oil and 21 MMcf per day of gas during the year.

In addition, the Company in pursuit to surge production growth carried out re-perforation at Missakeswal-2 resulting in production enhancement of 160 barrels per day of crude oil. Likewise, the gas production from Bahu field has been enhanced from 22 to 34 MMcf per day by timely injection of Bahu-6 & 8 in the system. In order to maintain production plateau at Qadirpur gas field for supply of gas to Messers Sui Northern Gas Pipelines Limited (SNGPL), Liberty Power Limited and Engro Powergen Limited, three (03) turbine driven gas compressors were shifted from Pirkoh to Qadirpur field, out of these two (02) have been installed/commissioned. While at Pirkoh, two (02) new compressors have been successfully installed. Also the Nashpa-4 well is currently under production testing phase and laying of pipeline from the well to the plant is in progress.

As a result of the above stated efforts to augment production, the Company witnessed an increase of 6.6% in its net crude oil production during the year, owing to startup of production from Nashpa-3, Sinjhoro & Nur-Bagla fields accompanied with increase in production from Kunnar, Pasahki, Tando Alam, Rajian, Toot & Nashpa fields and increase in OGDCL's share in non-operated JV fields. Likewise, an increase of 1.6% in the Company's net gas production during the year has also been witnessed on account of increase in production from Kunnar, Mela, Nandpur/Punjpir & Nashpa fields and production startup from Sinjhoro & Nur-Bagla fields.

The average daily net production, during the year under review, including share in both operated and non-operated JV fields is as under:

During FY 2012-13, Annual Turn Around (ATA) of plants were carried out at Dakhni, Chanda, Kunnar, Qadirpur, Bobi and Uch fields to improve the operational efficiency. At Uch field, up-gradation of SCADA system in central room was carried out as part of ATA activity along with third party calibration of flow computers & gas chromatograph at metering station. In addition, acid stimulation/nitrogen kickoff/surface well testing/ perforation/BHP survey jobs were performed at number of wells in Toot, Dakhni, Missakeswal, Nashpa, Mela, Tando Alam, Sono, Thora, Nim West and Qadirpur fields. Furthermore, pressure survey campaigns were successfully carried out at Naspha, Bobi, Qadirpur, Dakhni, Bahu, Punjpir, Chanda, Mela, Tando Alam and Kunnar fields to induce improvement in current well flow parameters.

Regarding development activities at Reti-Maru gas field, OGDCL is ready to supply 12 MMcf per day of gas to M/s Engro Fertilizers Limited subject to laying of pipeline by the buyer. At Jakhro, development activities are also in hand while laying of pipeline is in progress for gas supply to M/s Sui Southern Gas Company Limited (SSGCL).

Bobi-9 well, district Sanghar, Sindh.

Products	Unit of Measurement	FY 2012-13	FY 2011-12
Crude oil/Condensate	Barrels per day	40,101	37,615
Gas	MMcf per day	1,108	1,091

DEVELOPMENT PROJECTS

Following its strategic objectives to enhance oil & gas production and maximize shareholder value the Company is making relentless efforts for completion of its on-going development projects. These development projects include Kunnar Pasahki Deep-Tando Allah Yar (KPD-TAY), Sinjhoro, Uch-II, Jhal Magsi and Nashpa-Mela. The Company expects substantial enhancement of oil, gas and LPG production upon completion of these projects.

KPD-TAY Development Project

KPD-TAY integrated development project is located adjacent to existing Kunnar LPG plant in district Hyderabad of Sindh province. OGDCL is engaged in completion of this project in two phases using in-house resources. In this regard, Phase-I of the project has been completed and the Company is currently supplying 100 MMcf per day of dehydrated gas and 1,500 barrels per day of condensate.

Under Phase-II of KPD-TAY development project, OGDCL intends to install wellhead facilities, gas gathering system, CO_2 removal unit, LPG extraction feed/sales gas compressors, power generation and allied utilities. A contract for Engineering, Procurement, Construction and Commissioning (EPCC) has been awarded to M/s Shandong Kerui Petroleum Equipment Company, China on 20 March 2013 for design, manufacturing, supply, installation & commissioning of amine unit, LPG unit, condensate stabilization unit, power generation along with switchgear system, sales gas metering skid and related utilities. Upon completion of Phase-II, the field is expected to produce 225 MMcf per day of gas, 5,100 barrels per day of condensate/oil/NGL and 410 Tons per day of LPG by April 2014.

Sinjhoro Development Project

Sinjhoro development project is located near district Sanghar, Sindh province. The Company is developing this field by using in-house resources in two phases. OGDCL has successfully completed Phase-I of the project in a short time and is supplying around 16 MMcf per day of gas to M/s SSGCL and producing 1,400 barrels of oil per day.

Phase-II of Sinjhoro development project is expected to be completed by April 2014, enabling the Company to produce a total of 3,000 barrels per day of crude oil, 25 MMcf per day of gas and 120 Tons per day of LPG.

Kunnar Pasahki Deep-Tando Allah Yar processing facilities, district Hyderabad, Sindh.

In this connection, feed/sales gas compressor, cooling tower, treatment packages and other equipments have been received at site. Installation of feed/sales gas compressors and cooling tower have been completed while vendor representative for feed gas compressors have arrived at site and all six (06) compressors have been aligned and grouted. The contract for amine unit has also been awarded.

Uch-II Development Project

Uch gas field is located about 67 kms South East of Dera Bugti in Balochistan province. Uch-II development project is being completed by the Company by employing its own resources. M/s ENAR Petrotech Engineering consultant has been engaged for the design and engineering work which is in progress, while the contracts of amine, dehydration plant, sales gas metering skids & gas chromatographs, fire water pumps, fire fighting equipments, telemetry & SCADA system, power generation system, oily water package, instrument air compressor package and integrated control system have been awarded to technically qualified and lowest financial evaluated bidders.

Uch-II development project is expected to be completed by November 2013 enabling OGDCL to put on stream another 160 MMcf per day of gas for supply to Uch-II Power Limited which will be utilized for power generation purposes.

Jhal Magsi Development Project

Jhal Magsi gas field is located in district Jhal Magsi, Balochistan province and is a joint venture among Messers OGDCL, Government Holdings Private Limited (GHPL) and Pakistan Oilfields Limited (POL) having working interest ownership of 56%, 20% and 24% respectively, with OGDCL as an operator. This development project is under implementation and letter of intents have been issued for amine unit, dehydration package, emergency shutdown valves, blow down valves and wellhead hydraulic control panels. M/s SSGCL will lay down 85 kms of gas pipeline and the project is anticipated to be completed by October 2014 leading to an expected production of 15 MMcf per day of gas.

Separators at Nashpa Plant, district Kohat, KPK.

Nashpa-Mela Development Project

Nashpa-Mela fields are located in Karak & Kohat districts of Khyber Pukhtunkhwa province. OGDCL is the operator of these fields while other JV partners include M/s Pakistan Petroleum Limited (PPL) and M/s GHPL. Nashpa and Mela development project is currently under engineering phase and M/s Zishan Engineers (Pvt) Ltd. has completed basic engineering design of gas transportation pipeline (Mela-Nashpa) and TOR/scope of work for laying of the same has been issued to M/s SNGPL.

Naspha-Mela development project is expected to be completed by June 2014 leading to a combined production of 89 MMcf per day of gas, 23,650 barrels per day of crude oil and 340 Tons per day of LPG.

NON-OPERATED JOINT VENTURES

TAL Concession

TAL Block is located in Khyber Pakhtunkhwa province and spreads over Karak, Kohat and Bannu areas. OGDCL holds 27.76% pre-commercial and 30% post-commercial interest. The discoveries accredited to TAL concession to date include Manzalai, Makori, Mamikhel, Maramzai, Makori East and Tolanj. At present, TAL block is producing around 273 MMcf per day of gas and 10,580 barrels per day of crude oil/condensate.

During 2012-13, processing/reprocessing of 551 L. Kms of 2D seismic data over Mamikhel East & Malgin leads was carried out while processing of 547 Sq. Kms of 3D seismic data over Tolanj Anticlinorium is currently in progress. In addition, RTM Mega project regarding processing of 1,964 Sq. Kms of 3D seismic data has also been completed in March-2013.

Kadanwari, Bhit & Badhra Fields

Kadanwari gas field is located in district Khairpur, Sindh province while Bhit and Badhra are located in district Dadu, Sindh province. M/s ENI is operator of these fields and OGDCL has a working interest of 50% in Kadanwari and 20% both in Bhit and Badhra Development and Production Leases (D&PLs) respectively.

During the year under review, average sales gas from Kadanwari is 98 MMcf per day of gas while average sales gas from Bhit field is around 278 MMcf per day of gas in addition to production of 315 barrels per day of condensate. Badhra field is contributing average production of about 58 MMcf per day of gas.

Miano D&PL

Miano gas field is located in district Sukkur, Sindh province and is operated by M/s OMV Pakistan Limited while Messers ENI, PPL and OGDCL are joint venture partners in the lease. OGDCL has 52% working interest in D&PL. The field was discovered in 1993 and brought on production in 2001.

During the year under review, Miano-14 (sidetrack) well was successfully drilled and completed. Miano field's average production is 72 MMcf per day of gas during 2012-13. Miano JV has also established two (02) tight gas sand reservoirs namely Miano C Sand and Miano Hot Sand.

Badin-II, Badin-IIR & Badin-III Fields

Badin fields are located in district Badin, Sindh province and are operated by M/s United Energy Pakistan Limited (UEPL). OGDCL holds 49%, 24% & 15% working interests in Badin-II, Badin-IIR & Badin-III fields respectively. Average gross production from Badin fields is 2,605 barrels per day of oil/condensate and 32 MMcf per day of gas during 2012-13. The operator drilled seven (07) wells contributing 620 barrels per day of oil and 9 MMcf per day of gas.

Dhurnal, Bhangali & Ratana Fields

Dhurnal, Bhangali and Ratana fields are located in district Attock and Rawalpindi in Punjab province. These fields are operated by M/s Ocean Pakistan Limited (formerly Orient Petroleum International Inc.). OGDCL holds 20%, 50% and 25% working interest in these fields respectively. The current average production of Dhurnal field is 125 barrels per day of oil and 0.53 MMcf per day of gas while Ratana field is currently producing 242 barrels per day of condensate, 6.69 MMcf per day of gas and 17.78 Tons per day of LPG.

Installation of amine plant at Ratana field has been completed and commissioned on 16 September 2012. A new well in Dhurnal field located up dip from Dhurnal-3 to drain the remaining potential is being planned for which seismic PSDM processing and AVO works have been completed. 3D seismic interpretation to evaluate the remaining potential and propose a viable new drilling location in Bhangali field is in progress. Based on the outcome of 3D seismic interpretation, Bhangali-3 is expected to be drilled in the year 2013-14.

Badar Field

Badar gas field is located in Kashmore, Sukkur & Ghotki, Sindh province and operated by M/s Petroleum Exploration (Pvt.) Limited (PEL). OGDCL holds 50% working interest. Currently, the field is producing on average 13.3 MMcf per day of gas. Based on the results of regular periodic pressure surveys and G&G work, the Badar JV has planned to drill another development well in order to enhance the production to 24 MMcf per day of gas.

Adhi D&PL

Adhi oil field is located in Rawalpindi district and operated by M/s PPL while OGDCL has 50% working interest. During the year under review, average crude oil, gas, NGL and LPG production from the field is 4,900 barrels per day, 32 MMcf per day, 1,500 barrels per day and 125 Tons per day respectively.

During the year, re-perforation job at Adhi-16 well was conducted to maximize the contribution from both Tobra and Khewra formations. Job was completed successfully with an increase of 0.6 MMcf per day gas and 300 barrels per day of oil. Locations for two (02) new wells at Adhi field have been marked during June 2013 while PSDM processing of 448 Sq. Kms data set is in progress and expected to be completed during the year. EPF up-gradation project was also successfully completed and resulted in production of additional 8-10 Tons of LPG, 1 MMcf per day of gas and about 100 barrels per day of NGL. Installation of 30 MMcf per day of LPG/NGL Plant (Plant-III) is also planned during the next year.

Pindori D&PL

Pindori field is located in district Chakwal, Punjab province and is operated by M/s Pakistan Oilfields Limited (POL) whereas OGDCL holds 50% share. Current average production from Pindori field is 340 barrels of crude oil per day, 0.80 MMcf of gas per day and 5.8 Tons per day of LPG.

Sara & Suri Fields

Sara & Suri fields are located in district Ghotki Sindh operated by M/s Spud Energy (Pvt) Limited (SEPL) who took over operatorship from M/s Tullow Pakistan (Developments) Limited effective from 16 August 2012 with an objective of production revival from these shut-in fields. OGDCL holds 40% interest in D&PL.

During the year under review, rig-less operations were successfully carried out at Suri-1, Suri-2 and Sara-1 wells. Bottom Hole Pressure (BHP) surveys were conducted with slickline in all three (03) wells followed by acquisition of saturation log (Pulsed Neutron-Neutron-PNN) using wire-line. Based on PNN results, potential zones were identified and perforated/re-perforated in Suri-1 & 2 wells whereas depleted zone (Sui Main Limestone, SML) was isolated in Suri-1 well. Cement plug against Basal Ghazij Sand (BGS) formation was reinforced using Coiled Tubing Unit (CTU) in Sara-1 well. Successful acid stimulation operations at Suri-1 & 2 wells resulted in enhancement of gas production around 1.7 MMcf per day from Suri field.

Indus-Offshore blocks-S, U, V and W

At the start of the fiscal year 2012-13, M/s United Energy Pakistan Limited (UEPL) held operatorship in four Offshore Indus Blocks. OGDCL holds 50%, 27.5%, 27.5% & 20% working interest in Blocks S, U, V and W respectively. On 13 February 2013, M/s UEPL relinquished Blocks V & W with the remaining 790 work units transferred to Block U. During 2013, M/s UEPL has carried out an extensive 3D seismic survey around 1,000 Sq. Kms through which all the contractual work units were fully discharged. Currently, the 3D seismic data is under processing after the completion of which a forward plan will be devised.

Offshore Block G

Block-G covers an area of 7,466 Sq. Kms. It is located in the Deep Offshore Indus Basin about 250 Kms from the coast of Karachi, with water depths between 1,800 and 3,000 meters. The block was awarded to JV on 12 December 2012. The present joint venture represented by M/s ENI Pakistan as the operator (25%) and OGDCL, PPL and UEPL as partners with 25% share each. The block was assigned with only commitments for the G&G studies. All previous obligations were fulfilled by the drilling of Pak-G2-1 well in the year 2004.

In Block-G Kekra structure has been evaluated as "high risk-high reward", a large carbonate buildup with more than 250 Sq. Kms area with water depth range between 1,800-1,900 meters. In the extension period, M/s Eni Pakistan will carry out the G&G studies to de-risk the possible drilling operations.

AWARDS CONFERRED

Best Corporate Report Award

OGDCL's Annual Report 2011 was ranked third in the fuel and energy sector securing Best Corporate Report Award for the sixth consecutive year.

Mr. Muhammad Rafi, CFO, receiving Best Corporate Report Award 2011 on behalf of OGDCL.

Selection for the award was based on Best Corporate Report Award evaluation criteria 2011, requiring inclusion of detailed information pertaining to corporate objectives, Directors' Report, disclosures, shareholders information, report presentation and corporate governance. The report was evaluated by the Joint Committee of the Institute of Chartered Accountants of Pakistan (ICAP) and Institute of Cost and Management Accountants of Pakistan (ICMAP).

Environmental Excellence Award

OGDCL won the 10th National Forum for Environment and Health (NFEH) Environment Excellence Award 2013 on account of its excellent environmental initiatives and successful implementation of environmental management systems at its major sites. NFEH organized an award ceremony in Karachi which was held in collaboration with United Nations Environment Program.

Mr. Nadeem A. Ansari, GM (HSEQ) receiving award in the 10th Annual Environment Excellence Awards 2013 on behalf of OGDCL.

BOARD OF DIRECTORS

The Board of Directors comprises ten (10) Directors including the Chairman and Managing Director & CEO. The composition of the Board has been changed due to the sad demise of Senator Mir Wali Muhammad Badini and resignations of Mr. Mohomed Bashir, Director and Mr. Masood Siddiqui, MD & CEO.

The Board presently comprises of the following Directors:

Ch. M. Shafi Arshad	Chairman
Mr. Muhammad Riaz Khan	MD & CEO
Mr. Babar Yaqoob Fateh Muhammad	Director
Mr. Abid Saeed	Director
Syed Masieh-ul-Islam	Director
Mr. Fahd Shaikh	Director
Mr. Iskander Mohammed Khan	Director
Mr. Mohamed Anver Ali Rajpar	Director
Mr. Sheraz Hashmi	Director
Mr. Razaullah Khan	Director

Meetings of the Board

Thirteen (13) meetings of the Board of Directors were held between 01 July 2012 to 30 June 2013 and the attendance of each Director is given below:

S.No.	Name of the Directors	Total No. of Meetings*	Meetings Attended
1	Ch. M. Shafi Arshad, Chairman	13	11
2	Mr. Masood Siddiqui, MD & CEO (Resigned on 23 July 2013)	13	12
3	Mr. Muhammad Riaz Khan, Acting MD & CEO	1	1
4	Mr. Abid Saeed	13	13
5	Mr. Babar Yaqoob Fateh Muhammad	13	9
6	Syed Masieh-ul-Islam	13	13
7	Mr. Fahd Shaikh	13	7
8	Mr. Iskander Mohammed Khan	13	11
9	Mr. Razaullah Khan	13	13
10	Mr. Sheraz Hashmi	13	3
11	Mr. Mohamed Anver Ali Rajpar	13	6
12	Mr. Mohomed Bashir (Resigned-resignation approved by the Board on 25 April 2013)	9	2
13	Senator Mir Wali Muhammad Badini (Died on 09 December 2012)	5	5

* Meetings held during the period concerned Directors were on the Board.

Committees of the Board

In order to ensure effective implementation of sound internal control system and compliance with the Code of Corporate Governance, the Board has constituted various committees. Composition of committees and their Terms of Reference (TOR) are shown on page 20 of the Annual Report 2013.

INVESTOR RELATIONS

In order to facilitate our stakeholders, OGDCL's website contains a dedicated "Investors" section as part of OGDCL's Investor Relations initiative to keep all our stakeholders well informed on all material developments of the Company. The website is updated regularly to ensure that all material information, which may influence the share price of the Company, is widely disseminated to all stakeholders in a timely, transparent and accurate manner. In addition, the Company's share price related information along with graphical representations, financial reports, conference call presentations to shareholders along with its transcript, financial calendar, notices containing material information circulated to stock exchanges are also made available on the website. Furthermore, OGDCL holds conference calls on its half and full year results with the local and foreign research analysts.

RELATIONSHIP WITH STAKEHOLDERS

The Company values its relationship with all stakeholders including shareholders, Ministries, Divisions & Departments/Directorates of Federal and Provincial Governments, JV partners, customers and employees. The stakeholders shape the operating environment and the Company engages with them on a regular basis to ensure smooth continuation of the business. The Company's success over the years is attributable to the support of its stakeholders and we seek to foster these relationships while looking forward OGDCL's continued growth and success.

POLICY AND PROCEDURE FOR STAKEHOLDERS ENGAGEMENT

OGDCL actively participates in international investor conferences and presents its business strategy and future prospects of growth through one-on-one investor meetings with foreign fund managers, local and foreign research analysts. Moreover, the Company also carries out meetings with institutional investors to facilitate and update them on OGDCL's strategic, operational and financial affairs. In line with its vision, the Company follows best international practices and disseminates material information to the stock exchanges in a transparent manner.

SHARE PRICE SENSITIVITY ANALYSIS

As OGDCL is engaged in the oil & gas exploration and production business, its share price may respond to various events such as:

Changes in commodity prices (Crude oil & HSFO)

OGDCL's share price gets impacted by changes in the international crude oil/HSFO prices.

Macroeconomic, political and security environment

Changes in macroeconomic factors such as growth in economy, prevailing inflation, interest rates & exchange rates and their outlook can also affect OGDCL's share price. Political stability reduces the country risk premium and thus positively affects the Company's share price. Moreover, improvement in security situation will provide access to hydrocarbon-rich areas along with reducing expenditures incurred on security measures which positively affect OGDCL's share price.

Fiscal regulatory and licensing regimes

Improvement and stability in the regulatory regime is critical to the success of all E&P companies operating in Pakistan however, better pricing policies would positively affect OGDCL's future earnings which may result in increased share price of the Company.

Success/failure on operational fronts

OGDCL's share price will positively respond to any success achieved on exploration fronts, enhancement of hydrocarbon production from existing and newly developed fields and timely completion of development projects. Failures, such as, dry holes and delay in completion of key projects of the Company will have a contrary effect.

Infrastructure & technology

Unavailability of infrastructure is a key hurdle in development of dormant fields. Improvement in existing and introduction of new technologies can significantly reduce costs and provide access to untapped hydrocarbons, thus resulting in improved profitability in future leading to increase in share price of the Company.

CORPORATE GOVERNANCE

The Company is committed to high standards of corporate governance to ensure business integrity and upholding the confidence of all the stakeholders. The Board of Directors is accountable to the shareholders for good corporate governance. The Management of the Company is continuing to comply with the provisions of best practices set out in the Code of Corporate Governance particularly with regard to independence of non-executive directors. The Company remains committed to conduct its business in line with listing regulations of the stock exchanges, which clearly defines the role and responsibilities of the Board of Directors and the Management. Vision & Mission statements, Core values and Code of Conduct have been prepared and approved by the Board. Significant policies as required under the Code of Corporate Governance have been framed and are under review of the Board.

Specific statements to comply with the requirements of the Code of Corporate Governance are as follows:

- The financial statements prepared by the Management, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.

- Proper books of accounts of the Company have been maintained.

- Appropriate accounting policies have been consistently applied in preparation of the financial statements. Accounting estimates are based on reasonable and prudent judgment.

- International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements and any departure from there has been adequately disclosed.

- The system of internal control is sound in design and has been effectively implemented and monitored with ongoing efforts to improve it further.

- There are no doubts upon the Company's ability to continue as a going concern.

- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

- Information about outstanding taxes and levies is given in the notes to the financial statements.

- Value of investments, including bank deposits, of various funds based on the latest audited accounts as of 30 June 2012 are as follows:

- Pension and Gratuity Fund	Rs 21,281 million
- General Provident Fund	Rs 2,584 million

AUDITORS

The present auditors M/s KPMG Taseer Hadi & Co., Chartered Accountants and M/s M. Yousuf Adil Saleem & Co., Chartered Accountants have completed their assignment for the year ended 30 June 2013 and shall retire on the conclusion of 16th Annual General Meeting scheduled to be held on 25 September 2013. In accordance with the Code of Corporate Governance, the Audit Committee considered and recommended the reappointment of M/s KPMG Taseer Hadi & Co., Chartered Accountants and M/s M. Yousuf Adil Saleem & Co., Chartered Accountants, as joint statutory auditors for the year 2013-14. The Board of Directors also endorsed the recommendations of the Audit Committee.

PATTERN OF SHAREHOLDING

The pattern of share holding as on 30 June 2013 is shown on the page 122 of the Annual Report 2013.

INTERNAL CONTROL AND AUDIT

OGDCL has an independent Internal Audit Department. The scope and role of the Internal Audit Department has been duly approved by the Board. This role corresponds to the responsibilities envisaged for the internal audit function under the Code of Corporate Governance. The internal audit function is serving as an effective appraisal of internal controls which are meant to have methods and measures in place to safeguard the assets, monitoring compliance with the best practices of Corporate Governance, check the accuracy and reliability of its accounting data and encourage adherence to prescribed rules and policies.

HUMAN RESOURCE

Employees are the most important asset driving the business operations and activities. The Company acknowledges the value of this asset with its human resource strategy geared towards building productivity and capacity enhancement of the employees for seeking operational excellence and value creation for the shareholders. In order to pursue the strategy, we have brought effective changes and innovation in the system of performance management and evaluation through recognition, promotions, appraisals and ensuring succession planning for employees. Furthermore, OGDCL acknowledges its top performers by granting them performance awards based on performance evaluation through which we not only aim to instill a sense of achievement in our high performers but also encourage other employees to follow the footsteps of their peers.

As of 30 June 2013, our manpower strength comprised a total of 10,292 employees working at the Company's Head Office at Islamabad, regional offices, field locations and other operational areas of the Company. This strength also includes disabled employees working in OGDCL. It is due to hard work and skills of its employees that the Company has successfully continued its growth and success over the years.

Industrial Relations

Management relations with all the employees of the Company including the Collective Bargaining Agent (CBA) continued to be friendly and industrial peace prevailed at all locations during the year under review. The Management has successfully concluded 22nd Memorandum of Settlement (MOS) with the CBA for a period of two (02) years with effect from

07 February 2013 reflecting cordial and conducive relationships between the workers and the Management.

TRAINING AND DEVELOPMENT

OGDCL recognizes the value of acquisition of state-of-the-art petroleum technology & skilled manpower in order to fulfill its mandate of achieving energy security for the Country. In this regard the Company established an Oil and Gas Training Institute (OGTI) in 1979.

In conformity with the consistently growing needs of training in Pakistan's Petroleum sector, this premier institute has expanded and earned recognition. It is now committed to meet the training needs of all domestic companies of the petroleum sector and allied industry of Pakistan. Programs are offered ranging from technician level right up to management level relating to Exploration, Reservoir, Drilling, Production and Processing activities. OGTI possesses well established laboratories and other facilities to conduct these programs. Recently the institute has been elevated to a degree awarding institute and renamed as OGDCL Institute of Science & Technology (OIST). Regular classes of the first batch of MS Petroleum Engineering students are scheduled to start in September 2013.

Members of OGDCL Institute of Science & Technology (OIST) Board of Study.

OIST is working closely with various departments of OGDCL and other E&P companies to help them meet their training requirements. The training programs are developed and delivered by renowned trainers from within OGDCL as well as experts from the local and foreign petroleum industry. In addition to technical training, the Institute is also imparting education and training in Health, Safety & Environment, Information Technology and Management.

During the year 2012-13, more than 70 training programs were conducted by OIST. Most of these programs were arranged at OIST whereas some were organized at OGDCL Head Office and fields to facilitate the participants. About 900 professionals from OGDCL and other E&P companies benefited from these programs. These programs included courses on technical subjects, Health, Safety & Environment, Information Technology and Management. Special training programs on team building, workplace ethics, stress management & PPRA Rules were also arranged for senior management of the Company.

In addition to the above, 130 professionals attended workshops, seminars, conferences & training programs at Pakistan Institute of Management, Lahore University of Management Sciences, Institute of Business Administration, Society of Petroleum Engineers, etc. About 100 professionals were sent abroad for foreign trainings/visits. Promotion courses for more than 750 officers were also arranged at OIST.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

OGDCL endeavors to be a responsible corporate citizen, being aware of its social obligations, it continues to proactively promote, develop and maintain its medical, social and welfare facilities for the benefit of the local communities. The Company fulfills this obligation by way of investment in the areas of education, health, water supply, infrastructure, donations etc. By doing so, the Company not only aims to pave the way for progress and prosperity of the communities that are in vicinity of its operations, but is also aware of and observes local traditions and ethnic practices out of mutual respect for social and cultural differences.

Healthcare

During the year under review, free eye treatment camps were held at Kot Adu, Dhodak, Nandpur, Fimkassar, Rajian and Sadqal fields. People were invited from surrounding villages for free medical treatment including eye checkup, eye operations and given free medicines. In addition, OGDCL financed the establishment of polio control room at district Hyderabad along with rendering mobile dispensary services, free distribution of medicines, hospital equipments and up-gradation of rural dispensaries.

Social Welfare Public Dispensary, Bobi Oil Complex, district Sanghar, Sindh.

Education

Keeping in view the importance of education and its role in the economic development, we support education initiatives all over Pakistan to uplift the education level among most deprived communities residing around our business area. In the year 2012-13, we continued to devise initiatives by undertaking following educational activities:

- OGDCL signed a MoU with Quaid-i-Azam University for construction of girls hostel at an estimated cost of Rs 60 million to resolve the residential problems of students especially coming from remote areas,

- The Company distributed uniforms, note books and stationery items to the students of district Dera Bugti studying in four (04) schools operated by Frontier Constublary at Pirkoh, Balochistan,

- The Company provided furniture and other accessories to Government primary school Moti Wala in Muzafargarh (Punjab) for granting better education facilities to local students,

- The Company provided uniforms and school bags to deprived and poor students of Government Primary School Yousaf Khoso, Tando Haider, district Hyderabad, and

- The Company established two (02) computer labs each at Government High School, Tando Haider and Government Higher Secondary School, Halepota district Hyderabad.

Water Supply

OGDCL has taken a lead in helping the locals to overcome the water crisis by supplying clean drinking water. In this connection, the Company installed fifty (50) pressure pumps in Latamber (KPK) and drilled water tube wells in the areas of Pirkoh (Balochistan) and Rajanpur (Kalchas EL). Water supply through water bouzer/tractor trolley was also provided for the people residing in the areas of Tando Alam Oil Complex (TOC), Rajian, Daru, Loti, Pirkoh, Chanda, Dhodak, Chak Naurang and Nashpa fields.

Donation

During the year, OGDCL rendered emergent support through provision of food and medicines to rain/flood affected people in the areas of Qadipur, Jhal Magsi, Zin and Kalchas. In addition, the Company extended financial assistance to Pakistan Foundation Fighting Blindness and Balochistan Institute of Technical Education, Quetta.

HEALTH, SAFETY, ENVIRONMENT AND QUALITY (HSEQ)

OGDCL continuously monitors and evaluates all aspects of HSEQ performance with a goal of ensuring a strong HSEQ culture across its operations. The Company focuses on ensuring continuous improvement in important areas particularly safe operations, reliability & efficiency and security of personnel & assets. During the year 2012-13, OGDCL continued its operations without any fatality, while loss to assets and major injuries were also minimal. These improved statistics have been achieved against the backdrop of professional endeavors that initiated over the years.

Through SOPs, the Company ensures that necessary precautions related to health, safety and environment are taken as per Material Safety Data Sheets or as per the recommendations of the suppliers of the materials. In addition, Employees' Workplace Exposure & Health Record is maintained by the site doctors undertaking statistics about the injuries and illnesses. Regular sessions on health and hygiene awareness are also imparted to the Company employees.

Energy Conservation

OGDCL is utilizing various energy conservation measures in order to conserve energy in all its operations. With the aim to utilize energy equipments efficiently, an energy audit at OGDCL House has been performed by a reputable firm during the year, the results of which upon implementation are expected to yield significant savings in energy. Additionally, selling/ marketing of low calorific value (BTU) gas to potential customers remains on target of achieving energy conservation.

Adherence to HSE Standards & Best Practices

During the year under review, recertification/renewal of ISO 14001 & OHSAS 18001 of Qadirpur Field was successfully accomplished after M/s Det Norske Veritas validated the improvement cycle. Three critical Environment Impact Assessment Studies involving Sinjhoro, Uch-II and KPD-TAY integrated development projects were timely initiated engaging renowned consultants. Subsequently, NOCs of Sinjhoro and Uch-II development projects were also timely obtained while public hearing of KPD-TAY is expected soon.

The Montreal Protocol presented the fire protection industry with a most demanding challenge to find a replacement for Halons and the Company has selected FM200 (HFC 227ea-Heptafluoropropane) Fire Suppression System at Technical Data Library, I-9, Islamabad which is a low pressure system and has zero Ozone Depleting Potential, a long-term solution to fire protection requirements of our valuable data.

Development & Awareness Sessions

HSE Awareness Events have now become a regular feature in the Company. During 2012-13, OGDCL successfully organized HSE awareness events at six major fields and plants namely Qadirpur, Kunnar, Bobi, TOC, Dakhni and Nashpa fields. Fire drills are also being regularly conducted at all fields along with evacuation drills at Head Office to meet the regulatory requirements pertaining to instigating proactive safety and exhibiting readiness/response.

In addition to the above, the Management has chalked out a company-wide plan to promote safe working culture by reinforcing behavioral based HSE among all employees. In order to execute the said plan, short course/awareness sessions were arranged during each quarter of the year for the employees in relevant operational areas.

During the reporting period, toolbox talks-'instant' programs were also introduced to bring HSE culture into our working environment across all the operating fields. In this connection, formal training sessions were arranged in the workplace where employees were given safety briefing.

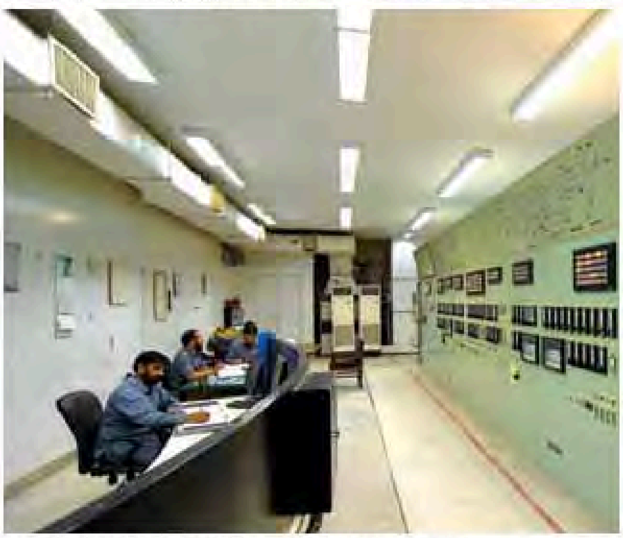
Fire fighting equipment in Emergency Response Team Room (Top) and fire drill (Bottom) at Bobi Plant, district Sanghar, Sindh.

Furthermore, training observation program HSE Initiative based on DuPont's STOP (Safety Training Observation Program) has also been implemented at all major processing plants at Qadirpur, Uch, Bobi, Kunnar, TOC, Dakhni, Nashpa and Chanda/Mela fields and at drilling rigs & seismic parties by conducting onsite behavior-based orientation sessions.

INFORMATION TECHNOLOGY

An in-house state-of-the-art Seismic Data Processing System has been deployed at OGDCL House. The center is equipped with latest Linux-based server hardware and advanced data processing software OMEGA-2 from Western Geco. The center will deliver a broad range of advance seismic processing services for 2D and 3D data. A team of professionals from Seismic Data Processing Center (SDPC), Exploration Department have undergone comprehensive overseas training on the new system. The center will fulfill OGDCL Data Processing requirements which were previously outsourced to foreign Seismic Data Processing companies. By developing this center, OGDCL has become the first National Exploration and Production Company to have such an advanced SDPC.

As a new technology initiative, IT Department has completed successfully its Data Center Infrastructure Upgrade Project. The project included deployment of Microsoft Active Directory, Microsoft Exchange Enterprise Messaging and Microsoft Share Point platform. New Infrastructure comprises of the state-of-the-art Server and Storage equipment utilizing latest virtualization technologies. Microsoft Exchange has replaced old system of Lotus email. The new system has provided a rich experience of user-friendly messaging and collaboration environment to user community with enhanced compatibility across a wide range of devices including tablets and smart phones. Microsoft Share Point will serve as a platform for electronic Content Management and web based workflow applications, a foundation for establishing a paperless environment in the Company.


Dakhni Plant Control Room, district Attock, Punjab.

As part of implementation of Information Security Management System, trainings were also conducted on Information Security Standard ISO-27001.

SOURCES OF BUSINESS RISKS AND MITIGATING STRATEGIES

Creating sustainable value for the shareholders and seizing growth opportunities relies on the success of the Company's principal activities which include locating, evaluating and developing of oil & gas resources. However, exploration for and development of hydrocarbons is speculative and involves a significant degree of risk which may have potential impact on the Company's operations and profitability.

Key risk factors that may cause the Company's strategies to alter or differ from the planned objectives and expectations and may also affect OGDCL's operations and financial results along with their mitigating techniques are outlined below:

Strategic Risk

Strategic risk is the current and prospective impact on the Company's earnings, growth and shareholder value owing to adverse/improper implementation of business decisions, inadequate asset portfolio management and lack of responsiveness to industry changes. The diverse locations of OGDCL business around the Country along with the Company's efforts to pursue new growth opportunities across the border exposes it to wide range of challenges and opportunities. In order to handle this risk, OGDCL focuses on implementing activities to renew and reposition portfolio while relying on its strategic plan, containing an objective analysis of the Company's targets, strategies and identification of threats & opportunities, to meet shareholder expectations and delivering long term growth.

Commercial Risk

Commercial risk is an industry specific risk and refers to those factors which cause vulnerability in performing business. Pakistan being an energy deficient country coupled with the fact that the indigenous supply of oil & gas is readily absorbed by the market, OGDCL does not face the risk pertaining to sale of hydrocarbon products. However, the Company may be exposed to the following risk factors:

- **Commodity price risk**

  Crude oil prices in Pakistan are linked to a basket of Middle East crude oil prices adjusted for yield differential and freight according to a specified formula. Fluctuation in international prices of crude oil has significant impact on the Company's net sales & profitability. However gas sales, which is a major component of the Company's revenue, is less prone to this risk as the gas prices of some fields including Qadirpur, Uch, Dakhni, Bahu, Pirkoh, Loti, etc. are capped at fixed crude oil/HSFO prices and are only affected in case the international crude oil prices fall below the capped price.

- **Foreign currency risk**

  OGDCL's crude oil prices and gas prices pertaining to Chanda and non-operated JV fields are quoted in US dollars which are translated into Pak rupees using exchange rate established by the regulatory authority. Therefore, Rs/US dollar parity decline has a positive impact on the Company's earnings and vice versa. While currency risk arising against payments, denominated in foreign currencies, for purchase of material & equipment and hiring of third party services is neutralized by the natural hedging provided by OGDCL's pricing mechanism.

- **Credit Risk**

  Credit risk is the potential exposure of the Company to losses in case counterparties fail to perform or pay amounts due. Significant trade debts are owed by local crude oil refineries and natural gas distribution companies to which OGDCL supplies oil & natural gas products respectively. Settlement of such debts has been delayed due to non-availability of funds which is known as "Inter Corporate Circular Debt" issue.

  As partial resolution of the said issue, GoP during FY 2012-13, approved floatation of TFCs and issuance of PIBs both subscribed by OGDCL to settle its overdue receivables against oil refineries and gas distribution companies. Resultantly, OGDCL's receivables were reduced (see page 36 for detail under Financial Performance Review). Furthermore, GoP has confirmed to the Company in writing that outstanding circular debt will be settled in full and that steps are being taken to resolve this issue as a matter of priority.

- **Financial Risk**

  Financial risk arises if the business cash flows prove inadequate to meet its financial obligations adversely impacting the Company's financial health and shareholder value. OGDCL is currently not exposed to financial risk witnessed by the Company's robust financial results and a debt free balance sheet. However, delay in settlement of outstanding receivables (discussed in credit risk) can negatively impact the Company's liquidity position and may trigger the need for borrowing in order to implement planned exploration & development activities/projects and may affect timely discharge of statutory obligations including royalty, taxes/duties, dividend etc.

- **Reserves Risk**

  E&P companies face commercial risk associated with volatile nature of oil & gas reserves which may result in the actual quantity of recoverable reserves differing from the estimated proven and probable reserves. This is due to inherent uncertainties in the application of reserves evaluation techniques. In order to cope up with this risk, OGDCL internally evaluates its reserves on quarterly basis and also arranges reserve evaluation study by independent international experts after every three years for verification/up-dation of the Company's reserves.

Operational Risk

Oil & gas exploration, development and production operations are speculative and may be exposed to the following risks:

- **Exploration & Production Risk**
  The risks and hazards including fire, explosions, blowouts, oil spills, sour gas releases and spills, each of which could result in substantial damage to oil & gas production, production facilities, other property and environment or may result in personal injury. Losses resulting from the occurrence of any of these risks could have a materially adverse effect on the operational and financial performance of the Company. OGDCL, in this connection focuses on routine check-up and repair & maintenance of plant & machinery during ATA of plants. Additionally, OGDCL also maintains an insurance coverage against some of the potential risk associated with the operations in accordance with customary industry practices.

- **Drilling Risk**
  Drilling of exploratory well involves the risk that no commercially productive oil or gas reservoirs will be encountered thus adversely effecting the Company's earnings and growth. This risk is reduced in case of development fields as compared to drilling of exploratory well. Drilling hazards including well blowout, fishing, fire drilling operations, adverse weather conditions, equipment failure etc still may adversely affect the Company's drilling targets/results. In order to mitigate these risks, all insurable risks identified with drilling operations are covered through insurance.

- **Environmental Risks**
  Environmental risks comprise natural disasters or operational catastrophes in shape of earthquakes, hurricanes, floods, blowouts, fires, explosions, and other such events which cause the Company operations to disrupt or be curtailed.

- **Security Risk**
  Security risk in shape of insurgency and political instability adversely influence the Company's operations causing risk of loss or production limitations, threat to the lives of the workers in affected operational areas etc. The Company is exposed to such risks particularly in the provinces of KPK and Balochistan. OGDCL has developed a well thought-out plan for curbing or neutralizing any potential security threat to the Company personnel and/or operational facilities.

Competitive Risk
Entry of new players in the oil & gas sector by way of award of exploration concessions exposes the Company to face increased competition in pursuit of additional exploration licenses. OGDCL being a state-owned enterprise does not enjoy any preferential treatment or relaxation of any sort in bidding rounds of new exploration areas. It has to compete with other E&P companies on a level playing field. This competition may increase further in the future but the Company, on account of its quality asset base, capable workforce & financial strength, is well positioned to actively compete for exploration titles.

MANAGEMENT OBJECTIVES AND STRATEGIES

OGDCL's business strategy aims at achieving long term sustainable value growth in line with the goals & objectives laid out in the Company's strategic plan. In its efforts to support long term growth, the Company intends to intensify its exploration activities underpinned by strong balance sheet and significant operational cash flow. This will enable the Company to create high impact future opportunities leading to portfolio optimization and reserve building. Recently, the Company has acquired twenty nine (29) new blocks, adding to the already decent exploration portfolio, spreading across all four provinces of the Country. Furthermore, the Company in the light of its exploration driven growth strategy will continue to appraise new opportunities where OGDCL's technical expertise and financial strength can be utilized to add further value for our shareholders.

In addition to the above, our strategy for growth encompasses our production operations directed towards augmenting the Company's oil & gas output and help in making Pakistan more energy secured. The Company is committed in utilizing latest production technology to boost oil & gas production from existing mature fields, reviving dormant fields, and applying Enhanced Oil Recovery techniques to maximize hydrocarbon recovery coupled with expeditious efforts for completion of its ongoing development projects. OGDCL, in pursuit to enhance production also aims at making all out efforts on seamless development of new discoveries in shortest possible time.

OGDCL's Management Team

Looking ahead, the Company in line with its vision, is also focusing on establishing its footprints abroad by seeking farm-in/farm-out opportunities in exploration as well as acquisition of oil reserves in domestic and international market. In this regard, a constituted committee of professionals, from technical and commercial departments, is actively involved in evaluation of various overseas opportunities.

With these objectives and strategies outlined, OGDCL enters 2013-14 as a more focused oil & gas company with promising opportunities and clear plan for the future. Our distinctive capabilities, strong financial framework and vision for the future provide the foundation for our long term strategy and position us to face new challenges and tasks we see ahead.

FUTURE OUTLOOK

OGDCL, being a state owned entity and market leader in the E&P sector of Pakistan, is endeavoring to shoulder the responsibility of meeting the growing energy demands in the Country. In this regard, the Company is employing latest techniques to boost recovery from declining fields and commercialize currently inaccessible resources. During the year under review, the Company's endeavor to boost production led to increased crude oil, gas and LPG production in comparison with the preceding year. Furthermore, vigorous efforts are underway to expedite the completion of ongoing development projects and in this respect OGDCL has completed Phase-I of Sinjhoro development project in addition to putting one of its shut-in/dormant fields Nur-Bagla on production.

In addition to the above, the Company endeavors to accelerate the process of bringing new resource discoveries to production along with stepping up exploration efforts to ensure the sustainability of the E&P assets portfolio while creating a foundation for long-term growth. We are seeking to increase investment in the areas with the greatest potential to generate strong & reliable growth and where we have the experience, ability and knowledge to add value.

E&P Industry will continue to play a vital role in meeting energy demands of the Country. OGDCL is on track to undertake new development activities and projects sustaining the growing trend of our Company's production over the years. Growth of our production profile will not only help to generate strong predictable cash flows in future but will also provide a solid foundation and financial flexibility to execute and develop our forward work programs. Our strategic vision puts us on a clear path directed towards delivering upstream growth and improved profit margins keeping with our long held strategy of creating and maximizing value for shareholders.

Looking forward, Company's strong production profile and financial strength to undertake extensive exploration program and support its ongoing development projects places OGDCL on a firm track to continue delivering industry leading returns to shareholders in the future helping us to sustain business long-term growth and strengthening of competitive position. Furthermore, in view of the prevailing energy crisis in the Country and its impact on the economic growth, OGDCL will continue to play its part in meeting the growing energy demands and will leave no stone un-turned to seize opportunities and accept new challenges which can give boost to its oil & gas production.

ACKNOWLEDGEMENT

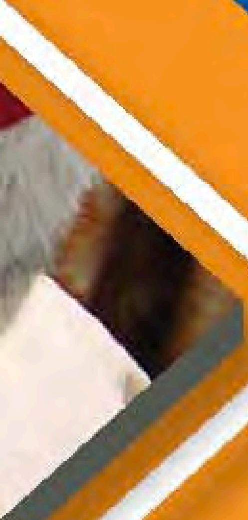
At the end, I would like to convey my sincere appreciation for the relentless efforts and dedicated contributions put in by the Company employees at all levels to mark another successful year in OGDCL's history. I must also acknowledge resolute support and cooperation extended by the Company's shareholders and stakeholders particularly MP&NR, DGPC and other divisions & departments of Federal and Provincial Governments for their supporting role and prudent policies. Last but not the least, I am thankful to OGDCL's Board of Directors for their wise counsel and invaluable guidance that has always given the Company impetus to undertake new development activities and achieve new milestones while upholding high standards of social responsibility throughout its Country wide operations.

On behalf of the Board

06 August 2013
Islamabad

(Ch. M. Shafi Arshad)
Chairman

MOVING FORWARD
CONTRIBUTING MORE



- Proactively promote, develop and maintain focused social and welfare facilities for the benefit of local communities.
- Provide free medical treatment and medicines to towns and villages located around OGDCL's field operations.
- Support education initiatives to uplift the education level among most deprived communities residing in the vicinity of our business area.

Review Report to the Members

on Statement of Compliance with the best practices of the Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Oil and Gas Development Company Limited ("the Company") for the year ended 30 June 2013 to comply with the Listing Regulations of the Karachi, Lahore and Islamabad Stock Exchanges where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further, Sub-Regulation (xiii) of Listing Regulations 37 notified by Karachi Stock Exchange vide circular KSE/N-269 dated 19 January 2009 requires the Company to place before the Board of Directors for their consideration and approval of related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price, recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the Audit Committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

As disclosed in point 4 of the Statement of Compliance, the Company could not fill two casual vacancies on Board of Directors within 90 days as required under clause (iii) of the Code of Corporate Governance.

Based on our review, with the exception of the matter described in the preceding paragraph, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance, as applicable to the Company for the year ended 30 June 2013.

KPMG Taseer Hadi & Co.
Chartered Accountants
Engagement Partner: Syed Bakhtiyar Kazmi

06 August 2013
Islamabad

M. Yousuf Adil Saleem & Co.
Chartered Accountants
Engagement Partner: Nadeem Yousuf Adil

06 August 2013
Karachi

Statement of Compliance
with the best practices of the Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No. 35 of listing regulations of Karachi, Lahore and Islamabad Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the CCG in the following manner:

1. The Company encourages representation of independent non-Executive Directors and Directors representing minority interests on its Board of Directors. At present the Board includes:

Category	Names
Independent Directors	Ch. M. Shafi Arshad Mr. Fahd Shaikh Mr. Iskander Mohammed Khan Mr. Mohamed Anver Ali Rajpar Mr. Sheraz Hashmi Mr. Razaullah Khan
Executive Directors	Mr. Muhammad Riaz Khan
Non-Executive Directors	Mr. Abid Saeed Mr. Babar Yaqoob Fateh Muhammad Syed Masieh-ul-Islam (All Independent Directors are also non-Executive Directors)

The independent Directors meet the criteria of independence under clause i (b) of the CCG.

2. The Directors have confirmed that none of them is serving as a Director on more than seven listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).

3. All the resident Directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking Company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. During the year, two casual vacancies could not be filled within 90 days due to non-receipt of nomination from the Ministry of Petroleum and Natural Resources, Government of Pakistan.

5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other Executive and non-Executive Directors, have been taken by the Board.

8. The meetings of the Board were presided over by the Chairman and, in his absence, by a Director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. One director of the Company has obtained certification as required under the Code and the Company arranged one training program for its Directors during the year ended 30 June 2013.

10. The Board has approved appointment of CFO and Head of Internal Audit, including their remuneration and terms and conditions of employment.

11. The Directors' Report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.

13. The Directors, CEO and Executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

14. The Company has complied with all the corporate and financial reporting requirements of the CCG.

15. The Board has formed an Audit Committee. It comprises five Members, all of whom are non-Executive Directors and the Chairman of the Committee is an Independent Director.

16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the Committee have been formed and advised to the Committee for compliance.

17. The Board has formed HR and Remuneration Committee. It comprises five Members, of whom four are non-Executive Directors and the Chairman of the Committee is a non-Executive Director.

18. An independent Internal Audit Department was established even before the conversion of OGDCL as a public limited company and is functioning in line with the Company's policies and procedures. To augment the internal control function and make it more effective, the Board has approved terms of reference of Internal Audit Department.

19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of the Company's securities, was determined and intimated to directors, employees and stock exchange(s).

22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).

23. We confirm that all other material principles enshrined in the CCG have been complied with except for the Board Evaluation, towards which the Company will seek compliance before April 2014.

On behalf of the Board

06 August 2013
Islamabad

(Ch. M. Shafi Arshad)
Chairman

Drilling in progress at Nashpa-4 well, district Kohat, KPK.

Auditors' Report to the Members

We have audited the annexed Balance Sheet of Oil and Gas Development Company Limited ("the Company") as at 30 June 2013 and the related Profit and Loss Account, Statement of Comprehensive Income, Cash Flow Statement and Statement of Changes in Equity together with the Notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these 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 the 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 and, after due verification, we report that:

(a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

(b) in our opinion:-

 (i) the Balance Sheet and Profit and Loss Account together with the Notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

 (ii) the expenditure incurred during the year was for the purpose of the Company's business; and

 (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company.

(c) in our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet, Profit and Loss Account, Statement of Comprehensive Income, Cash Flow Statement and Statement of Changes in Equity together with the Notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2013 and of the profit, total comprehensive income, its cash flows and changes in equity for the year then ended; and

(d) in our opinion, Zakat deductible at source under Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

We draw attention to Note 19.1 to the financial statements wherein it is stated that Rs 3,180 million has been paid under protest to the Federal Board of Revenue on account of sales tax demand raised in respect of capacity invoices from Uch Gas Field for the period from July 2004 to March 2011. The Supreme Court of Pakistan has finally decided the issue against the Company on 15 April 2013. The Federal Board of Revenue has granted time relaxation to the Company for issuance of debit note for an amount of Rs 750 million which has been challenged by the consumer of gas. The Company, based on its legal counsel advice, believes that relaxation for issuance of debit note for remaining amount shall also be granted and the matter will be decided in favour of the Company and the burden of sales tax will be passed on to the consumer of gas. Our opinion is not qualified in respect of this matter.

KPMG Taseer Hadi & Co.
Chartered Accountants
Engagement Partner: Syed Bakhtiyar Kazmi

06 August 2013
Islamabad

M. Yousuf Adil Saleem & Co.
Chartered Accountants
Engagement Partner: Nadeem Yousuf Adil

06 August 2013
Karachi

Balance Sheet

As at 30 June 2013

	Note	2013	2012
		(Rupees '000)	
SHARE CAPITAL AND RESERVES			
Share capital	4	43,009,284	43,009,284
Capital reserves	5	5,756,000	4,906,000
Unappropriated profit		274,893,417	220,449,368
		323,658,701	268,364,652
NON CURRENT LIABILITIES			
Deferred taxation	6	25,129,694	23,545,773
Deferred employee benefits	7	6,488,099	4,623,153
Provision for decommissioning cost	8	19,993,556	17,193,813
		51,611,349	45,362,739
CURRENT LIABILITIES			
Trade and other payables	9	36,502,926	22,171,851
Provision for taxation	10	2,238,065	2,421,831
		38,740,991	24,593,682
		414,011,041	338,321,073
CONTINGENCIES AND COMMITMENTS	11		

The annexed notes 1 to 41 form an integral part of these financial statements.

Chief Executive

	Note	2013	2012
		(Rupees '000)	
NON CURRENT ASSETS			
Fixed assets			
Property, plant and equipment	12	52,605,226	40,966,441
Development and production assets-intangibles	13	74,651,460	64,671,505
Exploration and evaluation assets	14	7,275,329	10,406,156
		134,532,015	116,044,102
Long term investments	15	140,416,803	3,987,633
Long term loans and receivable	16	4,152,258	3,066,634
Long term prepayments		580,432	346,413
		279,681,508	123,444,782
CURRENT ASSETS			
Stores, spare parts and loose tools	17	16,628,579	12,860,723
Stock in trade		263,204	210,523
Trade debts	18	55,874,924	138,095,764
Loans and advances	19	6,408,762	5,604,976
Deposits and short term prepayments	20	1,158,516	984,796
Interest accrued		10,125,851	532,587
Other receivables	21	1,262,671	998,652
Other financial assets	22	39,897,151	51,820,581
Cash and bank balances	23	2,709,875	3,767,689
		134,329,533	214,876,291
		414,011,041	338,321,073

Director

Profit and Loss Account

For the year ended 30 June 2013

	Note	2013	2012
		(Rupees '000)	
Sales-net	24	223,365,490	197,838,726
Royalty		(25,899,469)	(23,123,176)
Operating expenses	25	(37,549,987)	(34,379,542)
Transportation charges		(2,250,087)	(2,029,755)
		(65,699,543)	(59,532,473)
Gross profit		157,665,947	138,306,253
Other income	26	15,694,460	9,660,443
Exploration and prospecting expenditure	27	(14,979,612)	(4,047,774)
General and administration expenses	28	(2,679,534)	(2,200,313)
Finance cost	29	(2,315,324)	(1,718,651)
Workers' profit participation fund	21.1	(7,674,541)	(7,004,359)
Share of profit in associate-net of taxation	15.1	104,892	87,215
Profit before taxation		145,816,288	133,082,814
Taxation	30	(55,039,579)	(36,177,239)
Profit for the year		90,776,709	96,905,575
Earnings per share - basic and diluted (Rupees)	31	21.11	22.53

The annexed notes 1 to 41 form an integral part of these financial statements.

Chief Executive

Director

Statement of Comprehensive Income
For the year ended 30 June 2013

	2013	2012
	(Rupees '000)	
Profit for the year	90,776,709	96,905,575
Other comprehensive income-net of taxation	-	-
Total comprehensive income for the year	90,776,709	96,905,575

The annexed notes 1 to 41 form an integral part of these financial statements.

Chief Executive

Director

Cash Flow Statement

For the year ended 30 June 2013

	Note	2013	2012
		(Rupees '000)	
Cash flows from operating activities			
Profit before taxation		145,816,288	133,082,814
Adjustments for:			
Depreciation		4,757,504	4,032,969
Amortization of development and production assets		9,093,310	9,571,159
Impairment on development and production assets		154,847	-
Royalty		25,899,469	23,123,176
Workers' profit participation fund		7,674,541	7,004,359
Provision for employee benefits		4,717,528	3,798,660
Unwinding of discount on provision for decommissioning cost		2,305,246	1,708,033
Interest income		(11,190,876)	(6,827,403)
Un-realized (gain)/loss on investments at fair value through profit or loss		(55,165)	8,536
Dividend income		(15,891)	(18,161)
Gain on disposal of property, plant and equipment		(46,639)	(36,023)
Effect of fair value adjustment of long term receivable		-	(1,673)
Provision for slow moving, obsolete and in transit stores		-	660,507
Reversal of provision for doubtful debts		-	(25,658)
Share of profit in associate		(104,892)	(87,215)
Stores inventory written off		7,219	-
		189,012,489	175,994,080
Working capital changes			
(Increase)/decrease in current assets:			
Stores, spare parts and loose tools		(3,775,075)	458,624
Stock in trade		(52,681)	51,312
Trade debts		82,220,840	(60,158,794)
Deposits and short term prepayments		(173,720)	(344,567)
Advances and other receivables		(1,873,611)	(3,525,558)
Increase/(decrease) in current liabilities:			
Trade and other payables		12,754,728	3,683,363
Cash generated from operations		278,112,970	116,158,460
Royalty paid		(26,091,022)	(21,549,678)
Employee benefits paid		(4,509,483)	(3,323,490)
Long term prepayments		(234,019)	(186,863)
Payments of workers' profit participation fund-net		(7,954,359)	(6,538,537)
Income taxes paid		(53,639,424)	(35,977,139)
		(92,428,307)	(67,575,707)
Net cash from operating activities		185,684,663	48,582,753
Cash flows from investing activities			
Capital expenditure		(30,152,067)	(21,009,714)
Interest received		1,597,612	6,619,661
Dividends received		83,989	61,673
Purchase of investments		(136,392,376)	(375,000)
Proceeds from disposal of property, plant and equipment		63,668	41,684
Net cash used in investing activities		(164,799,174)	(14,661,696)
Cash flows from financing activities			
Dividends paid		(33,921,898)	(30,611,695)
Net cash used in financing activities		(33,921,898)	(30,611,695)
Net (decrease)/increase in cash and cash equivalents		(13,036,409)	3,309,362
Cash and cash equivalents at beginning of the year		55,450,881	52,141,519
Cash and cash equivalents at end of the year	33	42,414,472	55,450,881

The annexed notes 1 to 41 form an integral part of these financial statements.

Chief Executive

Director

Statement of Changes in Equity

For the year ended 30 June 2013

	Share capital	Capital reserves: Capital reserve	Capital reserves: Self insurance	Unappropriated profit	Total equity
		(Rupees '000)			
Balance at 01 July 2011	43,009,284	836,000	3,223,138	154,497,155	201,565,577
Transfer to self insurance reserve	-	-	852,501	(852,501)	-
Charged to self insurance reserve	-	-	(5,639)	5,639	-
Total comprehensive income for the year					
Profit for the year	-	-	-	96,905,575	96,905,575
Total comprehensive income for the year	-	-	-	96,905,575	96,905,575
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)
Third interim dividend 2012: Rs 1.50 per share	-	-	-	(6,451,393)	(6,451,393)
Total distributions to owners	-	-	-	(30,106,500)	(30,106,500)
Balance at 30 June 2012	43,009,284	836,000	4,070,000	220,449,368	268,364,652
Balance at 01 July 2012	43,009,284	836,000	4,070,000	220,449,368	268,364,652
Transfer to self insurance reserve	-	-	852,856	(852,856)	-
Charged to self insurance reserve	-	-	(2,856)	2,856	-
Total comprehensive income for the year					
Profit for the year	-	-	-	90,776,709	90,776,709
Total comprehensive income for the year	-	-	-	90,776,709	90,776,709
Transactions with owners, recorded directly in equity					
Final dividend 2012: Rs 2.75 per share	-	-	-	(11,827,553)	(11,827,553)
First interim dividend 2013: Rs 1.75 per share	-	-	-	(7,526,625)	(7,526,625)
Second interim dividend 2013: Rs 2.00 per share	-	-	-	(8,601,857)	(8,601,857)
Third interim dividend 2013: Rs 1.75 per share	-	-	-	(7,526,625)	(7,526,625)
Total distributions to owners	-	-	-	(35,482,660)	(35,482,660)
Balance at 30 June 2013	43,009,284	836,000	4,920,000	274,893,417	323,658,701

The annexed notes 1 to 41 form an integral part of these financial statements.

Chief Executive

Director

Notes to the Financial Statements

For the year ended 30 June 2013

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

2.1 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984, shall prevail.

2.2 BASIS OF MEASUREMENT

These financial statements have been prepared on the historical cost basis except for the following material items in the balance sheet;

- obligation under certain employee benefits, long term receivables and provision for decommissioning cost have been measured at present value; and

- investments at fair value through profit or loss have been measured at fair value;

The methods used to measure fair values are discussed further in their respective policy notes.

2.3 FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in Pakistan Rupee (PKR) which is the Company’s functional currency.

2.4 SIGNIFICANT ACCOUNTING ESTIMATES

The preparation of these financial statements in conformity with the approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgment about carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised if the revision affects only that year, or in the year of the revision and any future year affected.

Judgments made by the management in the application of approved accounting standards that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the ensuing paragraphs.

2.4.1 Property, plant and equipment

The Company reviews the useful lives and residual values of property, plant and equipment on the reporting date. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

During the year management has revised its estimates of the useful life of “Furniture and Fixtures” and “Office and technical data computer” items. The impact of such change is considered as change in estimates in accordance with IAS 8 “Accounting Policies, Change in Accounting Estimates and Errors”, accordingly the impact of such change has been adjusted in profit and loss account in the current period. Had there been no such change in estimates, the depreciation charge would have been lower/higher by Rs 181,737 and Rs 12,546,931 respectively.

2.4.2 Exploration and evaluation expenditure

The Company’s accounting policy for exploration and evaluation expenditure results in certain items of expenditure being capitalized for an area of interest where it is considered likely to be recoverable by future exploration or sale or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. This policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. If, after having capitalized the expenditure under the policy, a judgment is made that recovery of the expenditure is unlikely, the relevant capitalized amount is written off to the profit and loss account.

2.4.3 Development and production expenditure

Development and production activities commence after project sanctioning by the appropriate level of management. Judgment is applied by the management in determining when a project is economically viable. In exercising this judgment, management is required to make certain estimates and assumptions similar to those described above for capitalized exploration and evaluation expenditure. Any such estimates and assumptions may change as new information becomes available. If, after having commenced development activity, a judgment is made that a development and production asset is impaired, the appropriate amount is written off to the profit and loss account.

2.4.4 Estimation of oil and natural gas reserves

Oil and gas reserves are an important element in impairment testing for development and production assets of the Company. Estimates of oil and natural gas reserves are inherently imprecise, require the application of judgment and are subject to future revision. Proved reserves are estimated with reference to available reservoir and well information, including production and pressure trends for producing reservoirs and, in some cases, subject to definitional limits, to similar data from other producing reservoirs. All proved reserve estimates are subject to revision, either upward or downward, based on new information, such as from development drilling and production activities or from changes in economic factors, including product prices, contract terms or development plans.

Changes to the estimates of proved developed reserves, affect the amount of amortization recorded in the financial statements for fixed assets related to hydrocarbon production activities.

2.4.5 Provision for decommissioning cost

Provision is recognized for the future decommissioning and restoration cost of oil and gas wells, production facilities and pipelines at the end of their economic lives. The timing of recognition requires the application of judgment to existing facts and circumstances, which can be subject to change. Estimates of the amount of provision recognized are based on current legal and constructive requirements, technology and price levels. Provision is based on the best estimates, however, the actual outflows can differ from estimated cash outflows due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amount of provision is reviewed and adjusted to take account of such changes.

2.4.6 Employee benefits

Defined benefits plans are provided for permanent employees of the Company. The plans are structured as separate legal entities managed by trustees except post retirement medical benefits and accumulating compensated absences plan for which deferred liability is recognized in the Company's financial statements. These calculations require assumptions to be made of future outcomes, the principal ones being in respect of increases in remuneration and pension benefit levels, medical benefit rate, the expected long term return on plan assets and the discount rate used to convert future cash flows to current values. The assumptions used vary for the different plans as they are determined by independent actuaries annually.

The amount of the expected return on plan assets is calculated using the expected rate of return for the year and the market related value at the beginning of the year. Pension or service cost primarily represents the increase in actuarial present value of the obligation for benefits earned on employees service during the year and the interest on the obligation in respect of employee's service in previous years, net of the expected return on plan assets. Calculations are sensitive to changes in the underlying assumptions.

2.4.7 Taxation

The Company takes into account the current income tax laws and decisions taken by appellate authorities. Instances where the Company's view differs from the view taken by the income tax department at the assessment stage and the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

2.4.8 Stores and spares

The Company reviews the stores and spares for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of stores and spares with a corresponding affect on the provision.

2.4.9 Provision against trade debts, advances and other receivables

The Company reviews the recoverability of its trade debts, advances and other receivables to assess amount of bad debts and provision required there against on annual basis.

2.5 NEW ACCOUNTING STANDARDS AND IFRIC INTERPRETATIONS THAT ARE NOT YET EFFECTIVE

The following approved accounting standards, interpretations and amendments to approved accounting standards are effective for accounting periods beginning from the dates specified below.

The amendments in accounting standard IAS 19 will have significant impact on the financial statements in the coming year the potential impact of such change is described in the following paragraph;

- The amendments to IAS 19 Employee Benefits (effective for annual period beginning on or after 01 January 2013). The amendments eliminate the corridor approach and therefore require an entity to recognize changes in defined benefit plans obligations and plan assets when they occur. All actuarial gains or losses arising during the year are recognized immediately through other comprehensive income. The amendments also require additional disclosures and retrospective application with certain exceptions. The application of the amendments to IAS 19 would result in the recognition of cumulative unrecognized actuarial losses amounting to Rs 22,713 million in other comprehensive income in the period of initial application.

  The following standards, interpretations and the amendments are effective for accounting periods beginning from the dates specified below are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

- Presentation of Items of Other Comprehensive Income (Amendments to IAS 1)–(effective for annual periods beginning on or after 01 July 2012). The amendments require that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The amendments do not address which items are presented in other comprehensive income or which items need to be reclassified. The requirements of other IFRSs continue to apply in this regard. The amendments have no impact on financial statements of the Company.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)–(effective for annual periods beginning on or after 01 January 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off'; and that some gross settlement systems may be considered equivalent to net settlement.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)–(effective for annual periods beginning on or after 01 January 2013). The amendments to IFRS 7 contain new disclosure requirements for financial assets and liabilities that are offset in the statement of financial position or subject to master netting agreement or similar arrangement.

- Annual Improvements 2009–2011 (effective for annual periods beginning on or after 01 January 2013). The new cycle of improvements contains amendments to the following five standards, with consequential amendments to other standards and interpretations.

- IAS 1 Presentation of Financial Statements is amended to clarify that only one comparative period – which is the preceding period – is required for a complete set of financial statements. If an entity presents additional comparative information, then that additional information need not be in the form of a complete set of financial statements. However, such information should be accompanied by related notes and should be in accordance with IFRS. Furthermore, it clarifies that the 'third statement of financial position', when required, is only required if the effect of restatement is material to statement of financial position.

- IAS 16 Property, Plant and Equipment is amended to clarify the accounting of spare parts, stand-by equipment and servicing equipment. The definition of 'property, plant and equipment' in IAS 16 is now considered in determining whether these items should be accounted for under that standard. If these items do not meet the definition, then they are accounted for using IAS 2 Inventories. The amendments in IAS 16 have no impact on financial statements of the Company.

- IAS 32 Financial Instruments: Presentation - is amended to clarify that IAS 12 Income Taxes applies to the accounting for income taxes relating to distributions to holders of an equity instrument and transaction costs of an equity transaction. The amendment removes a perceived inconsistency between IAS 32 and IAS 12.

- IAS 34 Interim Financial Reporting is amended to align the disclosure requirements for segment assets and segment liabilities in interim financial reports with those in IFRS 8 Operating Segments. IAS 34 now requires the disclosure of a measure of total assets and liabilities for a particular reportable segment. In addition, such disclosure is only required when the amount is regularly provided to the chief operating decision maker and there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment.

- IFRIC 20 - Stripping cost in the production phase of a surface mining (effective for annual periods beginning on or after 01 January 2013). The interpretation requires production stripping cost in a surface mine to be capitalized if certain criteria are met. The amendments have no impact on financial statements of the Company.

- IFRIC 21- Levies 'an Interpretation on the accounting for levies imposed by governments' (effective for annual periods beginning on or after 01 January 2014). IFRIC 21 is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.

- IAS 39 Financial Instruments: Recognition and Measurement- Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39) (effective for annual periods beginning on or after 01 January 2014). The narrow-scope amendments will allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met (in this context, a novation indicates that parties to a contract agree to replace their original counterparty with a new one).

- Amendment to IAS 36 "Impairment of Assets" Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after 01 January 2014). These narrow-scope amendments to IAS 36 Impairment of Assets address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. IFRIC 20 - Stripping cost in the production phase of a surface mining (effective for annual periods beginning on or after 01 January 2013). The interpretation requires production stripping cost in a surface mine to be capitalized if certain criteria are met. The amendments have no impact on financial statements of the Company.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards

- IFRS 9 – Financial Instruments

- IFRS 10 – Consolidated Financial Statements

- IFRS 11 – Joint Arrangements

- IFRS 12 – Disclosure of Interests in Other Entities

- IFRS 13 – Fair Value Measurement

- IAS 27 (Revised 2011) – Separate Financial Statements due to non-adoption of IFRS 10 and IFRS 11

- IAS 28 (Revised 2011) – Investments in Associates and Joint Ventures due to non-adoption of IFRS 10 and IFRS 11

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Company.

3.1 EMPLOYEE BENEFITS

Salaries, wages and benefits are accrued in the period in which the associated services are rendered by employees of the Company. The accounting policy for pension, post retirement medical benefits and accumulating compensated absences is described below:

3.1.1 Pension, post retirement medical benefits and accumulating compensated absences

The Company operates an approved funded pension scheme under an independent trust for its permanent employees as a defined benefit plan.

The Company also provides post retirement medical benefits to its permanent employees and their families as a defined benefit plan.

The Company also has a policy whereby all its employees are eligible to encash accumulated leave balance at the time of retirement in case of officers and at the time of retirement or during the service in case of staff.

The Company makes contributions or record liability in respect of defined benefit plans on the basis of actuarial valuations, carried out annually by independent actuaries. The latest actuarial valuations were carried out as of 30 June 2013. The calculations of actuaries are based on the Projected Unit Credit Method, net of the assets guaranteeing the plan, if any, with the obligation increasing from year to year, in a manner that it is proportional to the length of service of the employees.

The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value.

The interest element of the defined benefit cost represents the change in present value of scheme obligations resulting from the passage of time, and is determined by applying the discount rate to the opening present value of the benefit obligation, taking into account material changes in the obligation during the year.

The expected return on plan assets, if any, is based on an assessment made at beginning of the year of long term market returns on scheme assets, adjusted for the effect on the fair value of plan assets of contributions received and benefits paid during the year. Contributions to defined contribution plans are recognized in the profit and loss account in the period in which they become payable, fair value of the benefit plans is based on market price information and while actuarial gains/losses in excess of corridor limit (10% of the higher of fair value of plan assets and present value of obligation) are recognized over the average expected remaining working lives of the employees.

3.2 TAXATION

Taxation for the year comprises current and deferred tax. Taxation is recognized in the profit and loss account except to the extent that it relates to items recognized outside profit and loss account (whether in other comprehensive income or directly in equity), if any, in which case the tax amounts are recognized outside profit and loss account.

3.2.1 Current tax

Provision for current taxation is based on taxable income at the current rate of tax after taking into account applicable tax credits, rebates and exemptions available, if any, adjusted for payments to GoP for payments on account of royalty and any adjustment to tax payable in respect of previous years.

3.2.2 Deferred tax

Deferred tax is accounted for using the balance sheet liability method in respect of all taxable temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax is not recognized for the temporary differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investment in jointly controlled entities to the extent that it is probable that they will not reverse in a foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted or substantively enacted by the reporting date, adjusted for payments to GoP on account of royalty.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

3.3 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses, if any except for freehold land and capital work in progress, which are stated at cost less impairment loss, if any. Cost in relation to property, plant and equipment comprises acquisition and other directly attributable costs and decommissioning cost as referred in the note 3.4.4 to the financial statements. The cost of self constructed assets includes the cost of materials, direct labour and any other costs directly attributable to bringing the assets to a working condition for their intended use. Software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

Depreciation is provided on straight line method at rates specified in note 12 to the financial statements so as to write off the cost of property, plant and equipment over their estimated useful life. Depreciation on additions to property, plant and equipment is charged from the month in which property, plant and equipment is acquired or capitalized while no depreciation is charged for the month in which property, plant and equipment is disposed off.

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss account as incurred.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within "other income" in profit or loss account.

Capital work in progress is stated at cost less accumulated impairment losses, if any, and is transferred to the respective item of property, plant and equipment when available for intended use.

Impairment tests for property, plant and equipment are performed when there is an indication of impairment. At each year end, an assessment is made to determine whether there are any indications of impairment. The Company conducts annually an internal review of asset values which is used as a source of information to assess for any indications of impairment. External factors such as changes in expected future prices, costs and other market factors are also monitored to assess for indications of impairment. If any such indication exists, an estimate of the asset's recoverable amount is calculated being the higher of the fair value of the asset less cost to sell and the asset's value in use.

If the carrying amount of the asset exceeds its recoverable amount, the property, plant and equipment is impaired and an impairment loss is charged to the profit and loss account so as to reduce the carrying amount of the property, plant and equipment to its recoverable amount.

Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties.

Value in use is determined as the present value of the estimated future cash flows expected to arise from the continued use of the property, plant and equipment in its present form and its eventual disposal. Value in use is determined by applying assumptions specific to the Company's continued use and does not take into account future development.

In testing for indications of impairment and performing impairment calculations, assets are considered as collective groups, referred to as cash generating units. Cash generating units are the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.4 OIL AND GAS ASSETS

The Company applies the "Successful efforts" method of accounting for Exploration and Evaluation (E&E) costs.

3.4.1 Pre license costs

Costs incurred prior to having obtained the legal rights to explore an area are charged directly to the profit and loss account as they are incurred.

3.4.2 Exploration and evaluation assets

Under the Successful efforts method of accounting, all property acquisitions, exploratory/evaluation drilling costs are initially capitalized as intangible E&E assets in well, field or specific exploration cost centers as appropriate, pending determination.

Costs directly associated with an exploratory well are capitalized as an intangible asset until the drilling of the well is completed and results have been evaluated. Major costs include employee benefits, material, chemical, fuel, well services and rig operational costs. All other exploration costs including cost of technical studies, seismic acquisition and data processing, geological and geophysical activities are charged against income as exploration and prospecting expenditure.

Tangible assets used in E&E activities, include the Company's vehicles, drilling rigs, seismic equipment and other property, plant and equipment used by the Company's exploration function and are classified as property, plant and equipment. However, to the extent that such a tangible asset is consumed in developing an intangible E&E asset, the amount reflecting that consumption is recorded as part of the cost of the intangible asset. Such intangible costs include directly attributable overheads, including the depreciation of property, plant and equipment utilized in E&E activities, together with the cost of other materials consumed during the exploration and evaluation phases.

Intangible E&E assets relating to each exploration license/field are carried forward, until the existence or otherwise of commercial reserves have been determined subject to certain limitations including review for indications of impairment. If commercial reserves have been discovered, the carrying value after any impairment loss of the relevant E&E assets is then reclassified as development and production assets and if commercial reserves are not found, the capitalized costs are written off as dry and abandoned wells and charged to profit and loss account.

E&E assets are not amortized prior to the conclusion of appraisal activities.

3.4.3 Development and production assets - intangible

Development and production assets are accumulated on a field by field basis and represent the cost of developing the discovered commercial reserves and bringing them into production, together with the capitalized E&E expenditures incurred in finding commercial reserves transferred from intangible E&E assets as outlined in accounting policy 3.4.2 above. The cost of development and production assets also includes the cost of acquisitions of such assets, directly attributable overheads, and the cost of recognizing provisions for future site restoration and decommissioning.

Expenditure carried within each field is amortized from the commencement of production on a unit of production basis, which is the ratio of oil and gas production in the year to the estimated quantities of proved developed reserves at the end of the year plus the production during the year, on a field by field basis. Changes in the estimates of commercial reserves or future field development costs are dealt with prospectively. Amortization is charged to profit and loss account.

3.4.4 Decommissioning cost

The activities of the Company normally give rise to obligations for site restoration. Restoration activities may include facility decommissioning and dismantling, removal or treatment of waste materials, land rehabilitation, and site restoration.

Liabilities for decommissioning cost are recognized when the Company has an obligation to dismantle and remove a facility or an item of plant and to restore the site on which it is located, and when a reliable estimate of that liability can be made. The Company makes provision in full for the decommissioning cost on the declaration of commercial discovery of the reserves, to fulfill the obligation of site restoration and rehabilitation. Where an obligation exists for a new facility, such as oil and natural gas production or transportation facilities, this will be on construction or installation. An obligation for decommissioning may also crystallize during the period of operation of a facility through a change in legislation or through a decision to terminate operations. The amount recognized is the estimated cost of decommissioning, discounted to its net present value and the expected outflow of economic resources to settle this obligation is up to next twenty three years. Decommissioning cost, as appropriate, relating to producing/shut-in fields and production facilities is capitalized to the cost of development and production assets and property, plant and equipment as the case may be. The recognized amount of decommissioning cost is subsequently amortized/depreciated as part of the capital cost of the development and production assets and property, plant and equipment.

While the provision is based on the best estimate of future costs and the economic life of the facilities and property, plant and equipment there is uncertainty regarding both the amount and timing of incurring these costs. Any change in the present value of the estimated expenditure is dealt with prospectively and reflected as an adjustment to the provision and a corresponding adjustment to property, plant and equipment and development and production assets. The unwinding of the discount on the decommissioning provision is recognized as finance cost in the profit and loss account.

3.4.5 Impairment of oil and gas assets

E&E assets are assessed for impairment when facts and circumstances indicate that carrying amount may exceed the recoverable amount of E&E assets. Such indicators include, the point at which a determination is made that as to whether or not commercial reserves exist, the period for which the Company has right to explore has expired or will expire in the near future and is not expected to be renewed, substantive expenditure on further exploration and evaluation activities is not planned or budgeted and any other event that may give rise to indication that E&E assets are impaired.

Impairment test of development and production assets is also performed whenever events and circumstances arising during the development and production phase indicate that carrying amount of the development and production assets may exceed its recoverable amount. Such circumstances depend on the interaction of a number of variables, such as the recoverable quantities of hydrocarbons, the production profile of the hydrocarbons, the cost of the development of the infrastructure necessary to recover the hydrocarbons, the production costs, the contractual duration of the production field and the net selling price of the hydrocarbons produced.

The carrying value is compared against expected recoverable amount of the oil and gas assets, generally by reference to the future net cash flows expected to be derived from such assets. The cash generating unit applied for impairment test purpose is generally field by field basis, except that a number of fields may be grouped as a single cash generating unit where the cash flows of each field are inter dependent.

Where conditions giving rise to impairment subsequently reverse, the effect of the impairment charge is also reversed as a credit to the profit and loss account, net of any depreciation that would have been charged since the impairment.

3.5 INVESTMENTS

All purchases and sale of investments are recognized using settlement date accounting. Settlement date is the date on which investments are delivered to or by the Company. All investments are derecognized when the right to receive economic benefits from the investments has expired or has been transferred and the Company has transferred substantially all the risks and rewards of ownership.

3.5.1 Investments in associate

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of the associate have been incorporated in these financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the balance sheet at cost as adjusted for post acquisition changes in the Company's share of net assets of the associate, less any impairment in the value of investment. Losses of an associate in excess of the Company's interest in that associate (which includes any long term interest that, in substance, form part of the Company's net investment in the associate) are recognized only to the extent that the Company has incurred legal or constructive obligation or made payment on behalf of the associate.

3.5.2 Investments held to maturity

Investments with fixed or determinable payments and fixed maturity and where the Company has positive intent and ability to hold investments to maturity are classified as investments held to maturity. These are initially recognized at cost inclusive of transaction costs and are subsequently carried at amortized cost using the effective interest rate method, less any impairment losses.

3.5.3 Investments at fair value through profit or loss

An investment is classified at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's investment strategy. All investments classified as investments at fair value through profit or loss are initially measured at cost being fair value of consideration given. At subsequent dates these investments are measured at fair value, determined on the basis of prevailing market prices, with any resulting gain or loss recognized directly in the profit and loss account.

3.6 STORES, SPARE PARTS AND LOOSE TOOLS

Stores, spare parts and loose tools are valued at the lower of cost and net realizable value less allowance for slow moving, obsolete and in transit items. Cost is determined on the moving average basis and comprises cost of purchases and other costs incurred in bringing the inventories to their present location and condition. Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred in order to make a sale.

Materials in transit are stated at cost comprising invoice value and other charges paid thereon.

3.7 STOCK IN TRADE

Stock in trade is valued at the lower of production cost and net realizable value. Net realizable value signifies the estimated selling price in the ordinary course of business less net estimated cost of production and selling expenses.

3.8 INTANGIBLES

An intangible asset is recognized if it is probable that future economic benefits that are attributable to the asset will flow to the Company and that the cost of such asset can also be measured reliably. Intangible assets having definite useful life are stated at cost less accumulated amortization and are amortized based on the pattern in which the assets' economic benefits are consumed. Intangible assets which have indefinite useful life are not amortized and tested for impairment, if any.

3.9 REVENUE RECOGNITION

Revenue from sale of goods is recognized when significant risks and rewards of ownership are transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of government levies. Effect of adjustments, if any, arising from revision in sale prices is reflected as and when the prices are finalized with the customers and/or approved by the GoP.

Revenue from services is recognized on rendering of services to customers and is measured at the fair value of the consideration received or receivable.

3.10 FINANCE INCOME AND EXPENSE

Finance income comprises interest income on funds invested, delayed payments from customers, dividend income, exchange gain and changes in the fair value of financial assets at fair value through profit or loss. Income on bank deposits is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return. Income on investments is recognized on time proportion basis taking into account the effective yield of such securities. The Company recognizes interest, if any, on delayed payments from customers on receipt basis. Dividend income on equity investments is recognized when the right to receive the payment is established. Foreign currency gains and losses are reported on a net basis.

Finance cost comprise interest expense on borrowings (if any), unwinding of the discount on provisions and bank charges. Mark up, interest and other charges on borrowings are charged to income in the period in which they are incurred.

3.11 JOINT VENTURE

The Company has certain contractual arrangements with other participants to engage in joint activities where all significant matters of operating and financial policies are determined by the participants such that the operation itself has no significant independence to pursue its own commercial strategy. These contractual arrangements do not create a joint venture entity and are accounted for as jointly controlled assets.

The Company accounts for its share of the jointly controlled assets, any liabilities it has incurred, its share of any liabilities jointly incurred with other venturers, income from the sale, together with its share of expenses incurred by the joint venture and any expenses it incurs in relation to its interest in the joint venture on pro rate basis. The Company's share of assets, liabilities, revenues and expenses in joint ventures are accounted for on the basis of latest available audited financial statements of the joint ventures and where applicable, the cost statements received from the operator of the joint venture, for the intervening period up to the balance sheet date. The difference, if any, between the cost statements and audited financial statements is accounted for in the next accounting year.

3.12 FOREIGN CURRENCIES

Transactions in foreign currencies are recorded at the rates of exchange ruling on the date of the transaction. All monetary assets and liabilities denominated in foreign currencies are translated into PKR at the rate of exchange ruling on the balance sheet date and exchange differences, if any, are charged to income for the year.

3.13 FINANCIAL INSTRUMENTS

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. These are derecognized when the Company ceases to be a party to the contractual provisions of the instrument.

Financial assets mainly comprise investments, loans, advances, deposits, trade debts, other receivables and cash and bank balances. Financial liabilities are classified according to the substance of the contractual arrangements entered into. Significant financial liabilities are trade and other payables.

All financial assets and liabilities are initially measured at fair value. These financial assets and liabilities are subsequently measured at fair value, amortized cost or cost, as the case may be.

3.14 OFFSETTING

Financial assets and liabilities and tax assets and liabilities are set off in the balance sheet, only when the Company has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

3.15 TRADE DEBTS AND OTHER RECEIVABLES

Trade debts and other receivables are stated at original invoice amount as reduced by appropriate provision for impairment. Bad debts are written off when identified while debts considered doubtful of recovery are fully provided for. Provision for doubtful debts is charged to profit and loss account currently.

3.16 TRADE AND OTHER PAYABLES

Liabilities for trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received.

3.17 CASH AND CASH EQUIVALENTS

Cash and cash equivalents for the purpose of cash flow statement comprise cash in hand and at bank and includes short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

3.18 DIVIDEND

Dividend is recognized as a liability in the period in which it is declared.

3.19 SELF INSURANCE SCHEME

The Company is following a policy to set aside reserve for self insurance of rigs, wells, plants, pipelines, vehicles, workmen compensation, losses of petroleum products in transit and is keeping such reserve invested in specified investments.

3.20 IMPAIRMENT

3.20.1 Non-financial assets

The Company assesses at each balance sheet date whether there is any indication that assets except deferred tax assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

3.20.2 Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

4 SHARE CAPITAL

Authorized share capital

2013	2012		2013	2012
(Number of shares)			(Rupees '000)	
5,000,000,000	5,000,000,000	Ordinary Shares of Rs 10 each	50,000,000	50,000,000

Issued, subscribed and paid up capital

1,075,232,100	1,075,232,100	Ordinary Shares of Rs 10 each issued for consideration other than cash (note 4.1)	10,752,321	10,752,321
3,225,696,300	3,225,696,300	Ordinary Shares of Rs 10 each issued as fully paid bonus shares	32,256,963	32,256,963
4,300,928,400	4,300,928,400		43,009,284	43,009,284

4.1 In consideration for all the properties, rights, assets, obligations and liabilities of Oil and Gas Development Corporation (OGDC) vested in the Company, 1,075,232,100 ordinary fully paid shares of Rs 10 each were issued to GoP on 23 October 1997. Currently, the GoP holds 74.97% (2012: 74.97%) paid up capital of the Company.

5 CAPITAL RESERVES

	Note	2013	2012
		(Rupees '000)	
Capital reserve	5.1	836,000	836,000
Self insurance reserve	5.2	4,920,000	4,070,000
		5,756,000	4,906,000

5.1 This represents bonus shares issued by former wholly owned subsidiary-Pirkoh Gas Company (Private) Limited (PGCL) prior to merger.

5.2 The Company has set aside a specific capital reserve for self insurance of rigs, wells, plants, pipelines, workmen compensation, vehicle repair and losses for petroleum products in transit. Refer note 15.2.1 for investments against this reserve. Accordingly, the reserve is not available for distribution to shareholders.

Notes to the Financial Statements
For the year ended 30 June 2013

6 DEFERRED TAXATION

The balance of deferred tax is in respect of following temporary differences:

	2013	2012
	(Rupees '000)	
Accelerated depreciation on property, plant and equipment	5,473,879	4,770,651
Expenditure of exploration and evaluation, development and production assets	23,253,486	21,016,272
Provision for decommissioning cost	(2,894,689)	(1,542,797)
Long term investment in associate	25,793	22,113
Provision for doubtful debts, claims and advances	(91,344)	(90,308)
Provision for slow moving and obsolete stores	(637,431)	(630,158)
	25,129,694	23,545,773

Deferred tax has been calculated at the current effective tax rate of 29.44% (30 June 2012: 29.11%) after taking into account depletion allowance and set offs, where available, in respect of royalty payment to the GoP. The effective tax rate is reviewed annually.

7 DEFERRED EMPLOYEE BENEFITS

	Note	2013	2012
		(Rupees '000)	
Post retirement medical benefits	7.1	3,418,293	2,681,712
Accumulating compensated absences	7.2	3,069,806	1,941,441
		6,488,099	4,623,153

7.1 Post retirement medical benefits

	2013	2012
The amount recognized in the balance sheet is as follows:		
Present value of defined benefit obligation	6,494,991	4,998,860
Unrecognized actuarial loss	(3,076,698)	(2,317,148)
Net liability at end of the year	3,418,293	2,681,712
Movement in the present value of defined benefit obligation is as follows:		
Present value of defined benefit obligation at beginning of the year	4,998,860	3,873,233
Current service cost	168,172	136,124
Interest cost	583,388	527,065
Benefits paid	(274,588)	(216,960)
Actuarial loss	1,019,159	679,398
Present value of defined benefit obligation at end of the year	6,494,991	4,998,860
Movement in liability recognized in the balance sheet is as follows:		
Opening liability	2,681,712	1,985,397
Expense for the year	1,011,169	913,275
Benefits paid	(274,588)	(216,960)
Closing liability	3,418,293	2,681,712
Expense recognized in profit and loss account is as follows:		
Current service cost	168,172	136,124
Interest cost	583,388	527,065
Net actuarial loss recognized	259,609	250,086
	1,011,169	913,275

	2013	2012
	(Rupees '000)	
The expense is recognized in the following line items in profit and loss account:		
Operating expenses	516,177	461,011
General and administration expenses	136,428	123,357
Technical services	358,564	328,907
	1,011,169	913,275

	2013	2012
Significant actuarial assumptions used were as follows:		
Discount rate per annum	12%	12.50%
Medical inflation rate per annum	8%	8%
Exposure inflation rate per annum	3%	3%
Mortality rate	61-66 years	61-66 years

Assumed medical cost trend rates have a significant effect on the amounts recognized in the profit and loss account. A one percent change in assumed medical cost trend rates would have the following effects;

	2013 (Rupees '000)	
	1% increase	1% decrease
Present value of medical obligation	6,591,704	6,122,793
Current service cost and interest cost	1,029,308	939,547

Comparison of present value of defined benefit obligation and experience adjustments of medical benefits is as follows:

	2013	2012	2011	2010	2009
			(Rupees '000)		
Present value of obligation	6,494,991	4,998,860	3,873,233	2,575,373	2,186,605
Actuarial loss on obligation	1,019,159	679,398	1,016,174	107,083	63,369

The expected medical expense for next financial year is Rs 1,233.635 million.

7.2 Accumulating compensated absences

	2013	2012
	(Rupees '000)	
Present value of defined benefit obligation	1,941,441	1,315,772
Charge for the year-net	1,587,371	1,170,207
Payment made during the year	(459,006)	(544,538)
Net liability at end of the year	3,069,806	1,941,441

The rates of discount and salary increase were assumed at 12% (2012: 12.50%) each per annum.

Notes to the Financial Statements

For the year ended 30 June 2013

8 PROVISION FOR DECOMMISSIONING COST

	Note	2013	2012
		(Rupees '000)	
Balance at beginning of the year		17,193,813	14,348,981
Provision made during the year		494,497	1,499,512
		17,688,310	15,848,493
Reversal of decommissioning cost due to revision in estimates		-	(362,713)
Unwinding of discount on provision for decommissioning cost	29	2,305,246	1,708,033
Balance at end of the year		19,993,556	17,193,813
The above provision for decommissioning cost is analyzed as follows:			
Development and production wells		8,990,485	8,518,875
Production facilities		2,283,516	2,260,628
Unwinding of discount on provision for decommissioning cost			
Development and production wells		7,565,035	5,679,511
Production facilities		1,154,520	734,799
		8,719,555	6,414,310
		19,993,556	17,193,813

	2013	2012
Significant assumptions used were as follows:		
Discount rate per annum	13.36%	13.36%
Inflation rate per annum	12.46%	12.46%

9 TRADE AND OTHER PAYABLES

	Note	2013	2012
		(Rupees '000)	
Creditors		53,440	44,954
Accrued liabilities		4,890,813	8,895,337
Royalty payable		5,241,023	5,432,576
Excise duty payable		301,799	229,183
General sales tax payable		1,659,507	1,062,456
Payable to joint venture partners		9,040,238	2,847,334
Retention money		710,260	361,264
Trade deposits		76,910	77,218
Employees' pension trust	9.1	1,174,212	967,075
Un-paid dividend		2,468,708	294,783
Un-claimed dividend		397,785	1,010,948
Payable to benevolent fund		706	-
Advances from customers		10,450,172	802,096
Other payables		37,353	146,627
		36,502,926	22,171,851

9.1 Employees' pension trust

The amount recognized in the balance sheet is as follows:

	2013	2012
Present value of defined benefit obligation	45,828,738	28,724,023
Fair value of plan assets	(25,018,925)	(20,136,908)
Deficit of the fund	20,809,813	8,587,115
Unrecognized actuarial loss	(19,635,601)	(7,620,040)
Net liability at end of the year	1,174,212	967,075

Notes to the Financial Statements
For the year ended 30 June 2013

	2013	2012
	(Rupees '000)	
The movement in the present value of defined benefit obligation is as follows:		
Present value of defined benefit obligation at beginning of the year	28,724,023	21,118,775
Current service cost	1,094,444	1,457,495
Interest cost	3,489,403	3,421,647
Benefits paid	(1,617,602)	(1,002,472)
Past service cost	1,486,437	-
Actuarial loss	12,652,033	3,728,578
Present value of defined benefit obligation at end of the year	45,828,738	28,724,023
The movement in the fair value of plan assets is as follows:		
Fair value of plan assets at beginning of the year	20,136,908	16,222,573
Expected return on plan assets	2,558,354	2,040,280
Contributions	3,983,026	2,561,992
Benefits paid	(1,617,602)	(1,002,472)
Actuarial (gain)/loss	(41,761)	314,535
Fair value of plan assets at end of the year	25,018,925	20,136,908
The movement in liability recognized in the balance sheet is as follows:		
Opening liability	967,075	341,186
Expense for the year	4,190,163	3,187,881
Payments to the fund during the year	(3,983,026)	(2,561,992)
Closing liability	1,174,212	967,075
Expense recognized in profit and loss account is as follows:		
Current service cost	1,094,444	1,457,495
Interest cost	3,489,403	3,421,647
Expected return on plan assets	(2,558,354)	(2,040,280)
Past service cost	1,486,437	-
Actuarial loss recognized	678,233	349,019
	4,190,163	3,187,881
Plan assets comprise:		
Bonds	3,446,979	3,442,903
Equity	859,392	620,816
Term Deposits Receipts (TDRs)	20,331,350	15,545,920
Cash and bank balances	381,204	527,269
	25,018,925	20,136,908
The expense is recognized in the following line items in profit and loss account:		
Operating expenses	1,919,696	1,445,905
General and administration expenses	764,993	598,180
Technical services	1,505,474	1,143,796
	4,190,163	3,187,881
Actual return on plan assets	2,516,593	2,354,815

The overall expected rate of return is a weighted average of the expected returns of the various categories of plan assets held. The management's assessment of the expected returns is based exclusively on historical returns, without adjustments.

Comparison of present value of defined benefit obligation, fair value of plan assets and surplus or deficit of pension fund for five years is as follows:

	2013	2012	2011	2010	2009
			(Rupees '000)		
Present value of defined benefit obligation	45,828,738	28,724,023	21,118,775	17,529,400	12,293,631
Fair value of plan assets	(25,018,925)	(20,136,908)	(16,222,573)	(12,845,226)	(11,512,672)
Deficit	20,809,813	8,587,115	4,896,202	4,684,174	780,959
Experience adjustments on obligation	(12,652,033)	(3,728,578)	(683,964)	(3,245,897)	591,570
Experience adjustments on plan assets	(41,761)	314,535	394,374	(657,318)	(147,470)

Significant actuarial assumptions used were as follows:

	2013	2012
Discount rate per annum	12%	12.50%
Rate of increase in future compensation levels per annum	12%	12.50%
Expected rate of return on plan assets per annum	12%	12%
Indexation rate per annum	7%	7%

The Company expects to make a contribution of Rs 6,657 million (2012: 3,015.951 million) to the employees' pension trust during the next twelve months.

10 PROVISION FOR TAXATION

	Note	2013	2012
		(Rupees '000)	
Tax payable at beginning of the year		2,421,831	4,981,309
Income tax paid during the year		(53,639,424)	(35,977,139)
Provision for current taxation - for the year	30	42,567,340	36,610,749
Provision for taxation - prior years	30	10,888,318	(3,193,088)
Tax payable at end of the year		2,238,065	2,421,831

Notes to the Financial Statements

For the year ended 30 June 2013

11 CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

11.1.1 Claims against the Company not acknowledged as debts amounted to Rs 967.414 million at year end (30 June 2012: Rs 546.191 million).

11.1.2 Certain banks have issued guarantees on behalf of the Company in ordinary course of business aggregating Rs 1.707 million (30 June 2012 : Rs 2.996 million), refer note 23.1 to the financial statements.

11.1.3 The Company's share of associate contingencies based on the financial information of associate for the period ended 31 March 2013 (2012: 31 March 2012) are as follows;

- Indemnity bonds given to Collector of Customs against duty concessions on import of equipment and materials amounted to Rs 1.045 million (year ended 30 June 2012: Rs 2.838 million).

11.2 Commitments

11.2.1 Commitments outstanding at year end amounted to Rs 32,434.898 million (year end 30 June 2012: Rs 15,183.955 million). These include amounts aggregating to Rs 5,239.194 million (year ended 30 June 2012 : Rs 5,799.300 million) representing the Company's share in the minimum work commitments under Petroleum Concession Agreements.

11.2.2 Letters of credit issued by various banks on behalf of the Company in ordinary course of the business, outstanding at the year end amounted to Rs 23,727.495 million (year end 30 June 2012 : Rs 9,179.234 million).

11.2.3 The Company's share of associate commitments based on the financial information of associate for the period ended 31 March 2013 (2012: 31 March 2012) are as follows;

	2013	2012
	(Rupees '000)	
Capital expenditure:		
Share in joint ventures	760,287	474,734
Others	488,733	109,171
	1,249,020	583,905
Operating lease rentals due:		
Less than one year	5,175	5,766
More than one year but less than five years	10,894	13,444
	16,069	19,210
	1,265,089	603,115

12 PROPERTY, PLANT AND EQUIPMENT

(Rupees '000)

Description	Freehold land	Leasehold land	Buildings, offices and roads on freehold land	Buildings, offices and roads on leasehold land	Plant and machinery	Rigs	Pipelines	Office and domestic equipment	Office and technical data computers	Furniture and fixtures	Vehicles	Decom- missioning cost	Capital works in progress (Note 12.3)	Stores held for capital expenditure	Total
Cost															
Balance as at 01 July 2011	232,915	1,978,310	2,773,506	1,049,031	50,023,852	1,907,510	9,660,065	649,849	533,506	91,068	4,517,668	1,118,755	10,903,761	1,927,827	87,367,623
Additions during the year	11,700	144,270	839,465	444,503	9,434,307	102,496	780,837	34,639	57,740	5,658	265,715	1,141,873	1,903,301	803,327	15,969,831
Disposals/transfers during the year	-	-	-	-	(38,288)	(7,568)	-	(4,872)	(26,259)	-	(123,059)	-	(8,460,339)	(902,510)	(9,562,895)
Balance as at 30 June 2012	244,615	2,122,580	3,612,971	1,493,534	59,419,871	2,002,438	10,440,902	679,616	564,987	96,726	4,660,324	2,260,628	4,346,723	1,828,644	93,774,559
Balance as at 01 July 2012	244,615	2,122,580	3,612,971	1,493,534	59,419,871	2,002,438	10,440,902	679,616	564,987	96,726	4,660,324	2,260,628	4,346,723	1,828,644	93,774,559
Additions during the year	3,995	318,600	166,279	388,615	6,156,815	116,909	279,142	52,437	300,705	13,060	497,243	22,888	13,631,998	472,157	22,420,843
Disposals/transfers during the year	-	-	-	-	(41,500)	(3,440)	(110,370)	(4,788)	(19,359)	(42)	(140,980)	-	(4,070,696)	(1,251,305)	(5,642,480)
Adjustments	-	-	-	-	(655,411)	-	-	179	654,435	-	797	-	-	-	-
Balance as at 30 June 2013	248,610	2,441,180	3,779,250	1,882,149	64,879,775	2,115,907	10,609,674	727,444	1,500,768	109,744	5,017,384	2,283,516	13,908,025	1,049,496	110,552,922
Depreciation															
Balance as at 01 July 2011	-	234,802	1,035,185	683,241	31,900,087	867,212	8,223,978	492,759	492,301	58,409	3,351,459	564,690	-	316,918	48,221,041
Charge for the year	-	36,884	204,116	83,129	3,248,341	152,555	300,535	50,711	35,354	11,273	506,993	270,435	-	(123,298)	4,777,028
On disposals	-	-	-	-	(38,106)	(7,548)	-	(4,396)	(25,533)	-	(114,368)	-	-	-	(189,951)
Balance as at 30 June 2012	-	271,686	1,239,301	766,370	35,110,322	1,012,219	8,524,513	539,074	502,122	69,682	3,744,084	835,125	-	193,620	52,808,118
Balance as at 01 July 2012	-	271,686	1,239,301	766,370	35,110,322	1,012,219	8,524,513	539,074	502,122	69,682	3,744,084	835,125	-	193,620	52,808,118
Charge for the year	-	59,898	201,226	98,722	3,683,600	158,130	339,622	49,676	82,109	8,763	441,130	322,805	-	(3,335)	5,442,346
On disposals	-	-	-	-	(41,190)	(3,408)	(110,327)	(4,610)	(18,489)	(39)	(124,705)	-	-	-	(302,768)
Adjustments	-	-	-	-	(630,822)	-	-	189	630,522	-	111	-	-	-	-
Balance as at 30 June 2013	-	331,584	1,440,527	865,092	38,121,910	1,166,941	8,753,808	584,329	1,196,264	78,406	4,060,620	1,157,930	-	190,285	57,947,696
Carrying amount - 30 June 2012	244,615	1,850,894	2,373,670	727,164	24,309,549	990,219	1,916,389	140,542	62,865	27,044	916,240	1,425,503	4,346,723	1,635,024	40,966,441
Carrying amount - 30 June 2013	248,610	2,109,596	2,338,723	1,017,057	26,757,865	948,966	1,855,866	143,115	304,504	31,338	956,764	1,125,586	13,908,025	859,211	52,605,226
Rates of depreciation (%)	-	3.3~4	2.5~8	2.5~8	4~20	10	10	15	33.33	10	20	2.5~10	-	-	

12.1 Cost and accumulated depreciation as at 30 June 2013 include Rs 27,492.545 million (30 June 2012: Rs 25,613.462 million) and Rs 17,809.759 million (30 June 2012 : Rs 15,931.984 million) respectively being the Company's share in property, plant and equipment relating to joint ventures operated by other working interest owners.

	Note	2013	2012
		(Rupees '000)	
12.2 The depreciation charge has been allocated to:			
Operating expenses	25	4,538,258	3,897,657
General and administration expenses	28	219,246	135,312
Technical services		684,842	744,059
		5,442,346	4,777,028
12.3 Capital works in progress			
Production facilities and other civil works in progress:			
Wholly owned		5,211,308	2,509,720
Joint ventures		8,638,849	1,716,316
		13,850,157	4,226,036
Construction cost of field offices and various bases/offices owned by the Company		57,868	120,687
		13,908,025	4,346,723

Notes to the Financial Statements

For the year ended 30 June 2013

12.4 Details of property, plant and equipment sold:

Vehicles sold to following in-service/retiring employees as per Company's policy:

	Cost	Book value	Sale proceeds
		(Rupees)	
Mr. Mehtab Hussain	1,356,655	1,023,885	1,023,885
Mr. Mansoor Humayoon	1,354,655	1,021,655	1,021,655
Mr. Muhammad Badar Iqbal	1,354,655	1,054,636	1,054,636
Mr. Abdul Latif Khan	1,354,655	995,296	995,296
Mr. Javed Hassan	1,354,655	1,090,910	1,090,910
Mr. Zahid Aleem Malik	1,328,793	1,094,327	1,094,327
Mrs. Eram Ali Aziz	1,328,793	889,155	889,155
Mr. Abdul Qayum	1,339,655	1,139,060	1,139,060
Mr. Zia Uddin	1,339,655	1,079,602	1,079,602
Mr. Ayaz Un Nabi	1,339,655	1,152,997	1,152,997
Mr. Muhammad Yousuf	1,458,543	1,248,497	1,248,497
Mr. Khalil Ur Rehman	1,213,974	348,608	348,608
Mr. Idress Khan	1,213,974	351,267	351,267
Mr. Akhtar Ali	1,213,974	246,253	246,253
Mr. Noor Alam	1,213,974	304,077	304,077
Mr. Shazad Humayoon	1,213,974	169,819	169,819
Mr. Akhtar Hussain	1,209,735	367,926	367,926
Mr. Ayaz Khan	1,017,000	51,832	101,700
Mr. Ali Ahmed	1,017,000	51,832	101,700
Mr. Syed Abbas Hamid	992,000	50,593	99,200
Mr. Mushtaq Ahmed	992,000	17,531	99,200
Mr. Murad Niaz	992,000	50,593	99,200
Dr. Syed Ahmed Nadeem	992,000	50,593	99,200
Mr. Bashir Ahmed	992,000	50,593	99,200
Mr. Muhammad Ayaz	992,000	17,531	99,200
Mr. Muhammad Iqbal	992,000	50,593	99,200
Mr. Muhammad Aslam Khan	992,000	1,000	99,200
Mr. Abdul Sattar Magsi	969,000	1,000	1,000
Mr. Abdul Majeed	969,000	1,000	1,000
Mr. Muhammad Tayyab	969,000	1,000	1,000
Mr. Muhammad Pervez Khan	969,000	1,000	1,000
Mr. Muhammad Sufyan Siddiqui	969,000	1,000	1,000
Dr. Badar Udin Bhutto	797,413	629,934	629,934
Mr. Iftikhar Hussain Bhatti	764,247	509,491	509,491
Mr. Abdul Rahim	700,714	285,487	285,487
Mr. Ahsan Ul Haq Qureshi	682,492	207,875	207,875
Mr. Ghulam Murtaza	682,492	175,014	175,014
Mr. Tufail Muhammad Arain	585,000	1,000	58,500
Mr. Niaz Ahmed Arbab	585,000	1,000	58,500
Mr. Rasheed Ahmed	585,000	1,000	58,500
Mr. Ishrat Ullah	585,000	1,000	58,500
Mr. Abdul Khaliq	585,000	1,000	1,000
Mr. Saad Ullah	570,851	19,995	57,085
Mr. Muhammad Ishtiaq	559,244	1,000	1,000
Mr. Noor Zaman	559,244	1,000	55,924
Mr. Muhammad Ali	559,244	1,000	55,925

Notes to the Financial Statements

For the year ended 30 June 2013

	Cost	Book value	Sale proceeds
		(Rupees)	
Vehicles sold to following in-service/retiring employees as per Company's policy-Continued			
Mr. Malik Muhammad Afzal	559,244	1,000	55,925
Mr. Naveed Chaudhry	559,244	1,000	55,925
Mr. Qadam Khan	559,244	1,000	1,000
Mr. Mizan Ur Rehman	559,244	1,000	1,000
Mr. Malik Munawar Ali Khan	559,244	1,000	1,000
Mr. Anwar Ali	559,244	1,000	1,000
Dr. Anwar Hussain	559,244	1,000	1,000
Mr. Riazat Hussain	559,244	1,000	1,000
Mr. Shabbir Hussain	555,000	1,000	55,500
Mr. Syed Iftikhar Rizvi	555,000	1,000	55,500
Mr. Abdullah Shahid	555,000	1,000	1,000
Mr. Mukhtar Ahmed	555,000	1,000	55,500
Mr. Khawaja Athar Hussain	555,000	1,000	1,000
Mr. Ishtiaq Ali	555,000	1,000	1,000
Mr. Mukhatar Ahmed	555,000	1,000	55,500
Mr. Shoukat Ali	555,000	1,000	55,500
Mr. Mazhar Ali	555,000	1,000	55,500
Mr. Manzoor Malik	555,000	1,000	55,500
Mr. Nasim Ijaz	555,000	1,000	55,500
Mr. Manzoor Ahmed	555,000	1,000	55,500
Mr. Sufiyan Siddique	555,000	1,000	55,500
Mr. Muhammad Fasih Akhtar	555,000	1,000	55,500
Mr. Muhammad Ismail Laghari	555,000	1,000	55,500
Mr. Akhtar Hussain	555,000	1,000	55,500
Dr. Muhammad Sadiq Mangi	555,000	1,000	1,000
Dr. Sikandar Ali	514,244	1,000	1,000
	60,229,111	15,837,457	17,637,055
Computers sold to employees as per Company's policy	14,083,785	781,126	1,741,052
Aggregate of other items of property, plant and equipment with individual book value not exceeding Rs 50,000, sold through public auction	115,254,906	410,500	44,289,628
30 June 2013	189,567,802	17,029,083	63,667,735
30 June 2012	182,794,587	5,661,524	41,684,423

Notes to the Financial Statements
For the year ended 30 June 2013

13 DEVELOPMENT AND PRODUCTION ASSETS - intangibles

(Rupees '000)

Description	Producing fields		Shut-in fields		Wells in progress (Note 13.1)	Sub total	Decom-missioning cost	Total
	Wholly owned	Joint ventures	Wholly owned	Joint ventures				
Cost								
Balance as at 01 July 2011	42,343,155	44,508,075	5,638,412	9,684,002	4,787,218	106,960,862	8,523,950	115,484,812
Additions during the year	-	-	-	-	12,517,878	12,517,878	(5,075)	12,512,803
Transfer from exploration and evaluation assets	32,171	381,134	21	2,389,638	-	2,802,964	-	2,802,964
Transfers in/(out) during the year	4,568,470	6,859,938	1,195,468	(1,879)	(12,621,997)	-	-	-
Balance as at 30 June 2012	46,943,796	51,749,147	6,833,901	12,071,761	4,683,099	122,281,704	8,518,875	130,800,579
Balance as at 01 July 2012	46,943,796	51,749,147	6,833,901	12,071,761	4,683,099	122,281,704	8,518,875	130,800,579
Adjustment	1,140,076	1,265,517	(1,424,364)	(981,229)	-	-	-	-
Additions during the year	-	-	-	-	15,179,008	15,179,008	471,610	15,650,618
Transfer from exploration and evaluation assets during the year	485,101	1,383,470	12,242	1,696,681	-	3,577,494	-	3,577,494
Transfers in/(out) during the year	1,074,606	8,680,649	1,080,019	1,062,648	(11,897,922)	-	-	-
Balance as at 30 June 2013	49,643,579	63,078,783	6,501,798	13,849,861	7,964,185	141,038,206	8,990,485	150,028,691
Amortization								
Balance as at 01 July 2011	26,442,411	23,110,999	377,603	141,994	-	50,073,007	5,684,240	55,757,247
Charge for the year	4,136,518	5,110,713	22,916	-	-	9,270,147	301,012	9,571,159
Balance as at 30 June 2012	30,578,929	28,221,712	400,519	141,994	-	59,343,154	5,985,252	65,328,406
Balance as at 01 July 2012	30,578,929	28,221,712	400,519	141,994	-	59,343,154	5,985,252	65,328,406
Adjustment	(184,015)	(376,112)	(77,888)	638,015	-	-	-	-
Charge for the year	3,074,521	5,781,135	-	-	-	8,855,656	237,654	9,093,310
Balance as at 30 June 2013	33,469,435	33,626,735	322,631	780,009	-	68,198,810	6,222,906	74,421,716
Impairment								
Balance as at 01 July 2011	-	-	-	-	-	-	-	-
Charge for the year	-	-	703,589	-	-	703,589	97,079	800,668
Balance as at 30 June 2012	-	-	703,589	-	-	703,589	97,079	800,668
Balance as at 01 July 2012	-	-	703,589	-	-	703,589	97,079	800,668
Charge for the year	-	-	154,847	-	-	154,847	-	154,847
Balance as at 30 June 2013	-	-	858,436	-	-	858,436	97,079	955,515
Carrying amounts - 30 June 2012	16,364,867	23,527,435	5,729,793	11,929,767	4,683,099	62,234,961	2,436,544	64,671,505
Carrying amounts - 30 June 2013	16,174,144	29,452,048	5,320,731	13,069,852	7,964,185	71,980,960	2,670,500	74,651,460

13.1 Wells in progress

	2013	2012
	(Rupees '000)	
Wholly owned	2,803,414	1,062,626
Joint ventures	5,160,771	3,620,473
	7,964,185	4,683,099

Notes to the Financial Statements

For the year ended 30 June 2013

		Note	2013	2012
			(Rupees '000)	
14	**EXPLORATION AND EVALUATION ASSETS**			
	Balance at beginning of the year		7,530,825	4,177,087
	Additions during the year		8,860,761	6,166,047
			16,391,586	10,343,134
	Cost of dry and abandoned wells during the year	27	(8,002,758)	(9,345)
	Cost of wells transferred to development and production assets during the year		(3,577,494)	(2,802,964)
			(11,580,252)	(2,812,309)
			4,811,334	7,530,825
	Stores held for exploration and evaluation activities	14.1	2,463,995	2,875,331
	Balance at end of the year		7,275,329	10,406,156
14.1	**Stores held for exploration and evaluation activities**			
	Balance at beginning of the year		2,875,331	3,784,110
	Additions		543,418	147,610
	Issuances		(954,754)	(1,056,389)
	Balance at end of the year		2,463,995	2,875,331
14.2	**Liabilities, other assets and expenditure incurred on exploration and evaluation activities are:**			
	Liabilities related to exploration and evaluation		384,845	754,897
	Current assets related to exploration and evaluation		54,029	131,169
	Exploration and prospecting expenditure	27	14,979,612	4,047,774
15	**LONG TERM INVESTMENTS**			
	Investments in related party	15.1	331,427	294,633
	Investments held to maturity	15.2	140,085,376	3,693,000
			140,416,803	3,987,633
15.1	**Investment in related party - associate, quoted**			
	Mari Petroleum Company Limited (MPCL)			
	Cost of investment (18,375,000 (2012: 18,375,000) fully paid ordinary shares of Rs 10 each including 11,484,375 bonus shares)		73,500	73,500
	Post acquisition profits brought forward		221,133	177,430
			294,633	250,930
	Share of profit for the year - net of taxation		104,892	87,215
	Dividend received		(68,098)	(43,512)
			36,794	43,703
			331,427	294,633

Summarized financial information in respect of MPCL is set out below:

	2013	2012
	(Rupees '000)	
Total assets	42,753,153	31,092,568
Total liabilities	29,535,043	18,882,081
Total revenue for the period	8,673,240	5,786,761
Total distribution for the period	379,850	335,955

The latest available unaudited financial statements of MPCL are that of 31 March 2013. For the purpose of applying equity method of accounting, the assets, liabilities and results are based on unaudited financial information of MPCL for the nine months period ended 31 March 2013 (2012: 31 March 2012) as the financial statements for the year ended 30 June 2013 were not issued till the date of authorization of financial statements of the Company.

Under the terms of Well Head Price Agreement between Mari Petroleum Company Limited (MPCL) and the President of Islamic Republic of Pakistan, the shareholders of Mari Petroleum Company Limited are entitled to certain minimum return on shareholders' funds as stipulated in the said agreement. MPCL has created certain un-distributable reserves out of profits in accordance with the terms of above referred agreement. Accordingly, for the purpose of equity accounting, the Company has accounted for its share of profit from MPCL only to the extent of profit which is available for distribution among the shareholders.

The Company has 20% (2012: 20%) holding in the associate. The market value of the investment in associate as of the year end was Rs 2,509.474 million (30 June 2012: Rs 1,723.758 million).

15.2 Investments held to maturity

	Note	2013	2012
		(Rupees '000)	
Term Deposit Receipts (TDRs)	15.2.1	4,920,000	3,693,000
Investment in Pakistan Investment Bonds	15.2.2	53,165,376	-
Investment in Term Finance Certificates	15.2.3	82,000,000	-
		140,085,376	3,693,000

15.2.1 These represent investments in local currency TDRs. Face value of these investments is Rs 4,920 million (30 June 2012: Rs 3,693 million) and carry effective interest rate of 9.81% (30 June 2012: 11.85% to 12.20%) per annum. These investments are due to mature within next 12 months, however, these have not been classified as current assets based on the management's intention to reinvest them in the like investments for a longer term. These investments are earmarked against capital reserve as explained in note 5 to the financial statements.

15.2.2 This represents investment in Pakistan Investment Bonds (PIBs) amounting to Rs 55.729 billion. Ministry of Finance, Government of Pakistan, approved the plan for partial settlement of circular debt issue prevailing in the energy sector. As a result, Company's receivables as on 28 June 2013 amounting to Rs 55.729 billion were settled against subscription to PIBs, issued by GoP. The face value of these PIBs is Rs 50.773 billion carrying interest rate of 11.50% per annum. These PIBs were issued on 19 July 2012 for a period of five years maturing on 19 July 2017. The Company paid premium amounting to Rs 2.397 billion against the PIBs and is entitled to receive interest accrued thereon for the period January-July 2013. The interest due as of date of purchase of PIBs amounted to Rs 2.56 billion which was subsequently received by the Company.

15.2.3 This represents investment in Privately Placed Term Finance Certificates (TFCs) amounting to Rs 82 billion. The Government of Pakistan, for partial resolution of circular debt issue prevailing in the energy sector, approved issuance of TFCs amounting to Rs 82 billion by Power Holding (Private) Limited (PHPL). These TFCs have been subscribed by the Company in order to settle its overdue receivables from oil refineries and gas companies.

TFCs are for a period of seven (7) years including grace period of three (3) years carrying interest rate of KIBOR + 1%, payable semi-annually. Interest payment will commence from the sixth (6th) month of investment. The principal portion of these TFCs shall be repaid in eight (8) equal installments starting from 42nd month of date of transaction. National Bank of Pakistan executed the transaction on 10 September 2012 as Trustee. These TFCs are secured by Sovereign Guarantee, covering the principal, markup, and/or any other amount becoming due for payment in respect of investment in TFCs. The interest due as of 30 June 2013 was Rs 7,209 million of which Rs 4,647 million was past due as of the balance sheet date.

16 LONG TERM LOANS AND RECEIVABLE

	Note	2013 (Rupees '000)	2012 (Rupees '000)
Long term loans:			
Secured	16.1	3,979,115	2,960,086
Unsecured	16.2	173,143	106,548
Long term receivable-unsecured	16.3	-	-
		4,152,258	3,066,634

16.1 Long term loans-secured

	Note	2013	2012
Considered good:			
Executives		1,894,544	1,107,518
Other employees		2,760,632	2,390,430
		4,655,176	3,497,948
Current portion shown under loans and advances	19	(676,061)	(537,862)
		3,979,115	2,960,086

16.1.1 Movement of carrying amount of loans to executives and other employees:

	Balance as at 01 Jul 2012	Disbursement during the year	Adjustments during the year	Repayments during the year	Balance as at 30 June 2013
	(Rupees '000)				
Due from:					
Executives	1,107,518	420,789	593,716	(227,479)	1,894,544
Other employees	2,390,430	1,273,588	(593,716)	(309,670)	2,760,632
30 June 2013	3,497,948	1,694,377	-	(537,149)	4,655,176
30 June 2012	2,834,415	1,099,011	-	(435,478)	3,497,948

16.1.2 The loans are granted to the employees of the Company in accordance with the Company's service rules. House building and conveyance loans are for maximum period of 15 and 5 years respectively. These loans are secured against the underlying assets. Included in these are loans of Rs 3,670.178 million (30 June 2012: Rs 2,790.276 million) which carry no interest. The balance amount carries an effective interest rate of 12.64% (30 June 2012: 13.61%) per annum. Interest free loans to employees have not been discounted as required by IAS 39 "Financial Instruments: Recognition and Measurement" as the amount involved is deemed immaterial.

The maximum amount due from executives at the end of any month during the year was Rs 1,894.544 million (30 June 2012: Rs 1,128.962 million).

16.2 The Company and other working interest owners in Chanda, Nashpa and Tal joint ventures have entered into an agreement dated 20 October 2010 with National Highway Authority (NHA) for provision of interest free loan to NHA amounting to Rupees 700 million for construction of new Bridge on River Indus, District Kohat. The bridge will facilitate operations of these joint ventures including transportation of crude oil & condensate, materials & equipment and staff etc. According to the agreement, share of Tal, Nashpa and Chanda joint ventures in the loan will be 68.63%, 23.09% and 8.28% respectively and will be paid to NHA by the Company in stages based on percentage completion of work. Proportionate share in stage-wise payments of the loan will be recovered by the Company from other working interest owners.

As per terms and conditions of the agreement, NHA will design, construct, operate and maintain the new bridge and shall commission the bridge within 27 months from the date of agreement. NHA shall not charge the Company and other operator the toll tax for the use of new bridge till the entire loan stands repaid. The loan is repayable by NHA in seven years in 84 equal monthly installments, with grace period of one year, starting from one year after the commissioning of the bridge. The amount of Rs 173.143 million as on 30 June 2013 represents the Company's net share, based on effective working interest ownership of 38.05% which have not been discounted as required by IAS 39 "Financial Instruments: Recognition and Measurement" as the amount involved is deemed immaterial.

	Note	2013	2012
		(Rupees '000)	
16.3 Long term receivable-unsecured			
Considered good		606,937	606,937
Current portion shown under other receivables	21	(606,937)	(606,937)
		-	-

This represents receivable from Karachi Electric Supply Company Limited (KESC), as a result of inter corporate debt adjustment approved by the Government of Patkistan in February 1999, pursuant to the Economic Coordination Committee of Cabinet (ECC) decision in February 1999.

This receivable carries no interest and was repayable in eight years with two years grace period. In accordance with IAS 39 "Financial Instruments: Recognition and Measurement" this was stated at present value using the discount rate of 7.5% per annum and the difference between the carrying amount and present value of expected future cash flows was included in profit and loss account.

The amount from KESC was receivable in 32 equal quarterly installments of Rs 46.688 million commencing from February 2004. 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 these financial statements.

	Note	2013	2012
		(Rupees '000)	
17 STORES, SPARE PARTS AND LOOSE TOOLS			
Stores, spare parts and loose tools		17,229,896	14,775,520
Stores and spare parts in transit		1,563,751	250,140
		18,793,647	15,025,660
Provision for slow moving, obsolete and in transit stores	17.1	(2,165,068)	(2,164,937)
		16,628,579	12,860,723

Notes to the Financial Statements

For the year ended 30 June 2013

17.1 Movement of provision for slow moving, obsolete and in transit stores

	2013	2012
	(Rupees '000)	
Opening balance as on 01 July	2,164,937	1,547,134
Provision charge for the year	-	660,507
Inventory written back/(off) against provision	131	(42,704)
Closing balance as on 30 June	2,165,068	2,164,937

18 TRADE DEBTS

	2013	2012
Un-secured, considered good	55,874,924	138,095,764
Un-secured, considered doubtful	112,782	112,782
	55,987,706	138,208,546
Provision for doubtful debts	(112,782)	(112,782)
	55,874,924	138,095,764

18.1 Trade debts include overdue amount of Rs 37,499 million (30 June 2012: Rs 92,878 million) receivable from oil refineries and gas companies. The settlement of trade debts has been slow due to circular debt issue in the energy sector of Pakistan. However, during the year, trade debts amounting to Rs 137,729 million have been settled under GoP arranged issuance of Term Finance Certificates (TFCs) amounting to Rs 82,000 million and Pakistan Investment Bonds (PIBs) amounting to Rs 55,729 million as partial settlement of circular debt (refer note 15.2.2 & 15.2.3). Further, 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. Accordingly, management considers this amount to be fully recoverable. Therefore, no provision has been made in these financial statements against these debts.

19 LOANS AND ADVANCES

	Note	2013	2012
		(Rupees '000)	
Advances considered good:			
Suppliers and contractors		1,806,067	349,202
Joint venture partners		670,653	1,487,168
Others	19.1	3,255,981	3,230,744
		5,732,701	5,067,114
Current portion of long term loans - secured	16.1	676,061	537,862
		6,408,762	5,604,976
Advances considered doubtful		187,033	187,033
		6,595,795	5,792,009
Provision for doubtful advances		(187,033)	(187,033)
		6,408,762	5,604,976

19.1 This includes an amount of Rs 3,180 million paid under protest to Inland Revenue Authority on account of sales tax demand raised in respect of capacity invoices from Uch Gas Field for the period from July 2004 to March 2011. Based on STGO 1 of 2000 dated 24 January 2000, the matter was argued before various appellate forums, however, the Supreme Court of Pakistan has finally decided the issue against the Company on 15 April 2013. Further, the Federal Board of Revenue has granted time relaxation to the Company for issuance of debit note for an amount of Rs 750 million while the legal counsel of the company has confirmed to the Company that condonation for the remaining amount of Rs 2,430 million would also be granted. Uch Power Limited has challenged the grant of time relaxation to the Company by FBR before Islamabad High Court to which the Company has opted to become a party. The Company based on its legal counsel advice believes that the matter will be decided in the favour of Company and the burden of sales tax will be passed on to the consumer of gas.

Notes to the Financial Statements

For the year ended 30 June 2013

		Note	2013	2012
			(Rupees '000)	
20	**DEPOSITS AND SHORT TERM PREPAYMENTS**			
	Security deposits		14,921	14,591
	Short term prepayments		1,143,595	970,205
			1,158,516	984,796
21	**OTHER RECEIVABLES**			
	Development surcharge		80,357	80,357
	Current portion of long term receivable-unsecured	16.3	606,937	606,937
	Claims receivable		20,266	26,850
	Workers' profit participation fund	21.1	525,459	245,641
	Others		29,652	38,867
			1,262,671	998,652
	Claims considered doubtful		10,439	10,439
			1,273,110	1,009,091
	Provision for doubtful claims		(10,439)	(10,439)
			1,262,671	998,652
21.1	**Workers' profit participation fund-net**			
	Receivable at beginning of the year		245,641	711,463
	Received from fund during the year		(245,641)	(711,463)
			-	-
	Paid to the fund during the year		8,200,000	7,250,000
			8,200,000	7,250,000
	Charge for the year		(7,674,541)	(7,004,359)
	Receivable at end of the year		525,459	245,641
22	**OTHER FINANCIAL ASSETS**			
	Investments:			
	At fair value through profit or loss-NIT units		192,554	137,389
	Investment in Term Deposits	22.1	39,704,597	51,683,192
			39,897,151	51,820,581

22.1 This represents foreign currency TDRs amounting to USD 304.309 million (30 June 2012: USD 251.763 million), carrying interest rate ranging from 1.55% to 2.45% (30 June 2012: 1.55% to 3.20%) per annum, these TDRs are having maturities between one month to six months. These also includes local currency TDRs amounting to Rs 9,343.712 million (30 June 2012: Rs 27,879 million), carrying interest rate of 9.25% to 9.81% (30 June 2012: 11.35% to 12.20%) per annum having maturities up to three months.

		Note	2013	2012
			(Rupees '000)	
23	**CASH AND BANK BALANCES**			
	Cash at bank:			
	Deposit accounts	23.1	2,474,378	3,669,879
	Current accounts		190,944	69,331
			2,665,322	3,739,210
	Cash in hand		44,553	28,479
			2,709,875	3,767,689

23.1 These deposit accounts carry interest rate of 0.20% to 9.81% (30 June 2012: 0.25% to 11.25%) per annum and include foreign currency deposits amounting to USD 3.920 million (30 June 2012: USD 6.139 million). Deposits amounting to Rs 1.707 million (30 June 2012: Rs 2.996 million) with banks were under lien to secure bank guarantees issued on behalf of the Company.

	Note	2013	2012
		(Rupees '000)	
24 SALES-net			
Gross sales			
Crude oil	24.2	119,046,724	109,413,764
Gas		124,906,242	104,924,338
Gasoline		-	172,820
Kerosene oil		-	48,697
Liquefied petroleum gas		4,372,696	6,464,469
Sulphur		387,761	600,142
Other operating revenue	24.1	93,115	96,506
		248,806,538	221,720,736
Effect of price discount on crude oil-net of government levies	24.3	(3,862,297)	(5,207,727)
		(3,862,297)	(5,207,727)
Government levies			
Excise duty		(3,298,740)	(3,105,861)
Development surcharge		-	(34,725)
General sales tax		(18,279,304)	(15,533,069)
Discount on crude oil price		(707)	(628)
		(21,578,751)	(18,674,283)
		223,365,490	197,838,726
24.1 Other operating revenue			
Gas processing		92,827	36,316
Geophysical services		288	60,190
		93,115	96,506

24.2 Oil and gas sales include sales from Kunnar Deep, Nashpa and Mela fields invoiced on provisional prices. There may be adjustment in revenue upon issuance of final wellhead prices notification by Ministry of Petroleum and Natural Resources (MPNR), impact of which cannot be determined at this stage.

24.3 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 21,337 million upto 30 June 2012. Further, the difference between initial and discounted price for the period from July 2012 to June 2013 amounting to Rs 3,862 million has also been adjusted in these financial statements.

24.4 On 20 February 2012, the Company entered into an agreement with M/s Jamshoro Joint Venture (JJVL) for extraction/production of LPG and Condensate from gas produced from Kunnar Pasahki Deep (KPD) field in consideration of gas processing charges. However, during the year, M/s Sui Southren Gas Company Limited (SSGCL) claimed that it has the first right on Gas supplied from the KPD field in accordance with Petroleum Policy 2001. After discussions, the Company and SSGCL signed a term sheet, whereby OGDCL renounced its rights on LPG and Condensate extraction. Consequently, the Company issued a provisional credit note of Rs 2,285 million related to revenue from sale of LPG and Condensate from KPD field which was net of processing and other ancillary charges. The Company also recorded a provisional debit note to SSGCL amounting to Rs 164.445 million relating to additional gas sale revenue on account of the change in delivery point from ex-JJVL to ex-KPD. These provisional credit and debit notes may be subject to change for change in the quantity of gas or processing and other ancillary charges, if any. The aforesaid term sheet is pending for approval with Oil and Gas Regulatory Authority.

25 OPERATING EXPENSES

	Note	2013	2012
		(Rupees '000)	
Salaries, wages and benefits	25.1	10,978,073	8,351,700
Traveling and transportation		1,015,299	844,274
Repairs and maintenance		1,577,687	1,647,643
Stores and supplies consumed		1,855,494	1,781,336
Rent, fee and taxes		516,146	621,878
Insurance		493,545	455,833
Communication		39,795	35,841
Utilities		61,918	40,299
Land and crops compensation		336,727	313,471
Contract services		2,042,068	1,661,251
Joint venture expenses		884,465	1,124,934
Desalting, decanting and naphtha storage charges		96,514	70,426
Gas processing charges		-	522,256
Charges related to minimum supply of gas-liquidated damages		-	1,964
Welfare of locals at fields		678,862	234,175
Provision for slow moving, obsolete and in transit stores		-	660,507
Stores inventory written off		7,219	-
Workover charges		1,055,381	664,932
Depreciation	12.2	4,538,258	3,897,657
Impairment on development and production assets		154,847	-
Amortization of development and production assets	13	9,093,310	9,571,159
Transfer from general and administration expenses	28	2,169,911	1,822,167
Miscellaneous		7,149	4,527
		37,602,668	34,328,230
Stock of crude oil and other products:			
Balance at beginning of the year		210,523	261,835
Balance at end of the year		(263,204)	(210,523)
		37,549,987	34,379,542

25.1 These include charge against employee retirement benefits of Rs 2,435.874 million (2012: Rs 1,906.917 million).

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For the year ended 30 June 2013

		Note	2013	2012
			(Rupees '000)	
26	**OTHER INCOME**			
	Income from financial assets			
	Interest income on:			
	Investments and bank deposits		11,190,876	6,827,403
	Delayed payments from joint venture partners		39,105	-
	Delayed payments from customers		965,869	232,932
			12,195,850	7,060,335
	Dividend income from NIT units		15,891	18,161
	Un-realized gain/(loss) on investments at fair value through profit or loss		55,165	(8,536)
	Effect of fair value adjustment of long term receivable		-	1,673
	Exchange gain-net		2,195,021	2,030,319
			14,461,927	9,101,952
	Income from non financial assets			
	Gain on disposal of property, plant and equipment		46,639	36,023
	Gain on disposal of stores, spare parts and loose tools		43,504	161,580
	Others		1,142,390	360,888
			1,232,533	558,491
			15,694,460	9,660,443
27	**EXPLORATION AND PROSPECTING EXPENDITURE**			
	Cost of dry and abandoned wells	14	8,002,758	9,345
	Prospecting expenditure		6,976,854	4,038,429
			14,979,612	4,047,774
28	**GENERAL AND ADMINISTRATION EXPENSES**			
	Salaries, wages and benefits	28.1	4,017,148	3,127,935
	Traveling and transportation		356,892	287,909
	Repairs and maintenance		136,011	135,219
	Stores and supplies consumed		60,842	74,251
	Rent, fee and taxes		90,314	61,732
	Communication		49,035	46,108
	Utilities		60,316	51,590
	Training and scholarships		22,584	15,206
	Legal services		31,663	25,550
	Contract services		149,061	129,351
	Auditors' remuneration	28.2	12,468	11,530
	Advertising		129,975	152,023
	Joint venture expenses		580,075	536,509
	Insurance		2,262	1,816
	Donations	28.3	-	50,200
	Unallocated expenses of technical services		356,224	491,936
	Depreciation	12.2	219,246	135,312
	Miscellaneous		21,229	12,664
			6,295,345	5,346,841
	Allocation of expenses to:			
	Operations	25	(2,169,911)	(1,822,167)
	Technical services		(1,445,900)	(1,324,361)
			(3,615,811)	(3,146,528)
			2,679,534	2,200,313

28.1 These include charge against employee retirement benefits of Rs 901.420 million (2012: Rs 721.537 million).

		2013	2012
		(Rupees '000)	
28.2	Auditors' remuneration		
	M/s KPMG Taseer Hadi & Co., Chartered Accountants		
	Annual audit fee	1,600	1,600
	Half yearly review	400	400
	Out of pocket expenses	200	200
	Concession audit fee	3,549	3,314
	Verification of Central Depository Company record	100	100
	Dividend certification	200	400
	Audit fee for claims lodged by employees under BESOS	270	270
	Certification of fee payable to OGRA	110	-
		6,429	6,284
	M/s M. Yousuf Adil Saleem & Co., Chartered Accountants		
	Annual audit fee	1,600	1,600
	Half yearly review	400	400
	Out of pocket expenses	200	200
	Verification of Central Depository Company record	100	100
	Monitoring fee for Central Depository Company compliance	125	-
	Concession audit fee	2,914	2,946
	Dividend certification	200	-
	Audit of Workers' Profit Participation Fund	100	-
	Verification of financial impact of revised salary package	400	-
		6,039	5,246
		12,468	11,530

28.3 Donations do not include any amount paid to any person or organization in which a director or his spouse had any interest.

		Note	2013	2012
			(Rupees '000)	
29	FINANCE COST			
	Unwinding of discount on provision for decommissioning cost	8	2,305,246	1,708,033
	Others		10,078	10,618
			2,315,324	1,718,651
30	TAXATION			
	Provision for taxation:			
	- for the year		42,567,340	36,610,749
	- prior years	30.3	10,888,318	(3,193,088)
			53,455,658	33,417,661
	Deferred		1,583,921	2,759,578
			55,039,579	36,177,239

	2013	2012
	(Rupees '000)	

30.1 Reconciliation of tax charge for the year:

	2013	2012
Accounting profit	145,816,288	133,082,814
Tax rate	48.60%	48.68%
Tax on accounting profit at applicable rate	70,860,154	64,778,226
Tax effect of royalty allowed for tax purposes	(21,027,977)	(9,411,726)
Tax effect of depletion and other allowances	(16,517,609)	(14,664,458)
Tax effect of amount not admissible for tax purposes	7,926,431	(965,432)
Tax effect of exempt income	(1,589)	(1,149)
Tax effect of income chargeable to tax at reduced corporate rate	(1,505,276)	(1,071,607)
Tax effect of litigious taxation issues	5,937,553	5,159,181
Tax effect of prior years	10,888,318	(3,193,088)
Tax impact of deferred tax charged at reduced effective tax rate	(1,583,921)	(2,924,803)
Others	63,495	(1,527,905)
	55,039,579	36,177,239

30.2 Various appeals in respect of assessment years 1992-93 to 2002-03, tax years 2003 to 2012 are pending at different appellate forums in the light of the order of the Commissioner of Inland Revenue (Appeals) and decision of the Adjudicator, appointed by both the Company as well as the Federal Board of Revenue (FBR) mainly on the issues of decommissioning cost, depletion allowance, prospecting, exploration and development expenditure and tax rate. Total amount of tax demand raised in respect of assessment years 1992-93 to 2002-03 and tax years 2003-2012 amounts to Rs 44,190 million out of which an amount of Rs 42,620 million has been paid to tax authorities.

30.3 During the year, tax authorities have raised demands relating to tax years 2007 to 2012 primarily on account of Ring Fencing i.e. allowing expenditures relating to only those fields where, the Company has commenced commercial production. While the Company is in litigation with tax authorities at various appellate forums, these demands have been paid under protest.

31 EARNINGS PER SHARE - BASIC AND DILUTED

	2013	2012
Profit for the year (Rupees '000)	90,776,709	96,905,575
Average number of shares outstanding during the year ('000)	4,300,928	4,300,928
Earnings per share - basic (Rupees)	21.11	22.53

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

32 FINANCIAL INSTRUMENTS

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

32.1 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. As part of these processes the financial viability of all counterparties is regularly monitored and assessed.

The Company is exposed to credit risk from its operating and certain investing activities and the Company's credit risk exposures are categorized under the following headings:

32.1.1 Counterparties

The Company conducts transactions with the following major types of counterparties:

Trade debts

Trade debts are essentially due from oil refining companies, oil and gas marketing companies and power generation companies and the Company does not expect these companies to fail to meet their obligations. Majority of sales to the Company's customers are made on the basis of agreements approved by GoP.

Sale of crude oil and natural gas is at prices determined in accordance with the agreed pricing formula as approved by GoP under respective agreements. Prices of liquefied petroleum gas are determined by the Company subject to maximum of preceding month's average prices of Saudi Aramco. Sale of refined petroleum products is made at prices notified by OGRA.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade debts. This allowance is based on the management's assessment of a specific loss component that relates to individually significant exposures.

Bank and investments

The Company limits its exposure to credit risk by investing in liquid securities and maintaining bank accounts only with counterparties that have a credit rating of at least A1 and A. Given these high credit ratings, management does not expect any counterparty to fail to meet its obligations. In addition to the exposure with Banks, the Company also holds investments in Pakistan Investment Bonds and Term Finance Certificates issued by the State Bank of Pakistan and Power Holding (private) Limited held by GoP respectively. These investments are considered highly secured. Investment in TFCs and PIBs are secured by GoP guarantee.

32.1.2 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2013	2012
	(Rupees '000)	
Long term investments	140,085,376	3,693,000
Long term loans and receivable	4,152,258	3,066,634
Trade debts - net of provision	55,874,924	138,095,764
Loans and advances	670,653	1,487,168
Deposits	14,921	14,591
Other receivables	656,855	672,654
Interest accrued	10,125,851	532,587
Other financial assets	39,704,597	51,683,192
Bank balances	2,665,322	3,739,210
	253,950,757	202,984,800

The maximum exposure to credit risk for financial assets at the reporting date by type of customer was:

	2013	2012
Oil refining companies	6,417,387	77,128,107
Oil and gas marketing companies	46,705,125	51,164,444
Power generation companies	84,495,235	9,538,226
Banks and financial institutions	110,581,146	59,647,989
Others	5,751,864	5,506,034
	253,950,757	202,984,800

The Company's most significant customers, an oil refining company and a gas marketing company, accounts for Rs 49,288 million of the trade debts carrying amount at 30 June 2013 (30 June 2012: Rs 73,848 million).

The maximum exposure to credit risk for trade debts at the reporting date by type of product was:

	2013	2012
	(Rupees '000)	
Crude oil	6,417,387	77,128,004
Gas	49,217,223	60,725,962
Kerosene oil	2,064	2,064
High speed diesel oil	86	86
Naphtha	103	103
Liquefied petroleum gas	99,041	103,674
Other operating revenue	139,020	135,871
	55,874,924	138,095,764

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For the year ended 30 June 2013

32.1.3 Impairment losses

The aging of trade debts at the reporting date was:

	2013		2012	
	Gross debts	Impaired	Gross debts	Impaired
	(Rupees '000)		(Rupees '000)	
Not past due	35,570,694	-	39,208,542	-
Past due 0-30 days	4,415,200	-	15,408,700	-
Past due 31-60 days	3,487,748	-	15,263,063	-
Past due 61-90 days	2,954,669	-	12,590,527	-
Over 90 days	9,559,395	(112,782)	55,737,714	(112,782)
	55,987,706	(112,782)	138,208,546	(112,782)

The aging of trade debts from related party at the reporting date was:

	Total	Not past due	Past due 0-30 days	Past due 31-90 days	Over 90 days	Impaired balance
			(Rupees '000)			
June 2013						
ENAR	2,112,286	2,324,724	-	-	(212,438)	-
SNGPL	10,143,787	8,219,316	1,144,555	255,383	524,533	-
SSGCL	36,559,189	6,904,325	2,189,166	4,638,593	22,827,105	-
WAPDA	21,282	-	-	-	21,282	(21,282)
PSO	1,946	-	-	-	1,946	-
	48,838,490	17,448,365	3,333,721	4,893,976	23,162,428	(21,282)
June 2012						
PARCO	14,917,637	4,198,032	975,814	1,529,694	8,214,097	-
ENAR	452,912	665,350	-	-	(212,438)	-
SNGPL	13,212,153	8,412,013	1,683,716	2,649,337	467,087	-
SSGCL	37,950,141	8,473,826	3,757,755	7,354,652	18,363,908	-
WAPDA	21,282	-	-	-	21,282	(21,282)
PSO	1,946	-	-	-	1,946	-
	66,556,071	21,749,221	6,417,285	11,533,683	26,855,882	(21,282)

The movement in the allowance for impairment in respect of trade debts during the year was as follows:

	2013	2012
	(Rupees '000)	
Balance at beginning of the year	112,782	138,440
Provision reversed during the year	-	(25,658)
Balance at end of the year	112,782	112,782

As explained in note 18 to the financial statements, the Company believes that no impairment allowance is necessary in respect of trade debts past due other than the amount provided. Trade debts are essentially due from oil refining companies, oil and gas marketing companies and power generation companies, the Company is actively pursuing for recovery of debts and the Company does not expect these companies to fail to meet their obligations.

The movement in the allowance for impairment in respect of loans, advances and other receivables during the year was as follows:

	2013	2012
	(Rupees '000)	
Balance at beginning of the year	197,472	197,472
Provision made during the year	-	-
Balance at end of the year	197,472	197,472

The allowance accounts in respect of trade receivables, loans and advances are used to record impairment losses unless the Company is satisfied that no recovery of the amount owing is possible, at that point the amount considered irrecoverable is written off against the financial asset directly.

The aging of interest accrued on TFCs at the reporting date was:

	2013	2012
	(Rupees '000)	
Not past due	2,561,478	-
Past due 0-30 days	-	-
Past due 31-60 days	-	-
Past due 61-90 days	-	-
Over 90 days	4,647,782	-
	7,209,260	-

32.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities to close out market positions due to dynamic nature of the business. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The maturity profile of the Company's financial liabilities based on the contractual amounts is as follows:

	2013		2012	
Trade and other payables	Carrying amount	Contractual cash flows	Carrying amount	Contractual cash flows
	(Rupees '000)		(Rupees '000)	
All the trade and other payables have maturity upto one year	17,675,507	17,675,507	13,678,465	13,678,465

32.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, equity price and crude oil price will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

32.3.1 Foreign currency risk management

PKR is the functional currency of the Company and as a result currency exposure arise from transactions and balances in currencies other than PKR. The Company's potential currency exposure comprise;

- Transactional exposure in respect of non functional currency monetary items.

- Transactional exposure in respect of non functional currency expenditure and revenues.

The potential currency exposures are discussed below;

Transactional exposure in respect of non functional currency monetary items

Monetary items, including financial assets and liabilities, denominated in currencies other than the functional currency of the Company are periodically restated to PKR equivalent, and the associated gain or loss is taken to the profit and loss account. The foreign currency risk related to monetary items is managed as part of the risk management strategy.

Transactional exposure in respect of non functional currency expenditure and revenues

Certain operating and capital expenditure is incurred by the Company in currencies other than the functional currency. Certain sales revenue is earned in currencies other than the functional currency of the Company. These currency risks are managed as a part of overall risk management strategy. The Company does not enter into forward exchange contracts.

Exposure to foreign currency risk

The Company's exposure to foreign currency risk was as follows based on notional amounts:

	2013	2012
	(USD '000)	
Trade debts	4,578	375,459
Investments held to maturity	304,309	251,763
Cash and bank balances	3,920	6,139
Trade and other payables	(2,894)	(2,910)
	309,913	630,451

Foreign currency commitments outstanding at year end are as follows:

	2013	2012
	(Rupees '000)	
Euro ()	15,104,706	5,925,659
USD ($)	34,254,944	10,048,534
GBP (£)	196,121	293,653
	49,555,771	16,267,846

The following significant exchange rates applied during the year:

	Average rate		Reporting date mid spot rate	
	2013	2012	2013	2012
	(Rupees)	(Rupees)	(Rupees)	(Rupees)
USD 1	97.37	89.50	99.77	94.55

Foreign currency sensitivity analysis

A 10 percent strengthening of the PKR against the USD at 30 June 2013 would have decreased equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 30 June 2012.

	2013	2012
	(Rupees '000)	
Profit and loss account	3,091,905	5,960,818

A 10 percent weakening of the PKR against the USD at 30 June 2013 would have had the equal but opposite effect on USD to the amounts shown above, on the basis that all other variables remain constant.

32.3.2 Interest rate risk management

The interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market interest rates. Sensitivity to interest rate risk arises from mismatches of financial assets and liabilities that mature in a given period. The Company adopts a policy to ensure that interest rate risk is minimized by investing in fixed rate investments like DSCs and TDRs while the Company has no borrowings.

Profile

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments was:

	30 June		30 June	
	2013	2012	2013	2012
	%		(Rupees '000)	
Fixed rate instruments				
Financial assets				
Long term investments	9.81 to 11.5	11.85 to 12.20	58,085,376	3,693,000
Long term loans	12.64	13.61	984,998	707,672
Other financial assets	1.55 to 9.81	1.55 to 12.20	39,704,597	51,683,192
Cash and bank balances	0.20 to 9.81	0.25 to 11.25	2,474,378	3,669,879
			101,249,349	59,753,743
Financial liabilities			-	-
			101,249,349	59,753,743

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Company does not have derivatives as hedging instruments recognized under fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

32.3.3 Other market price risk

The Company is following a policy to set aside reserve for self insurance of rigs, wells, plants, pipelines, vehicles, workmen compensation, losses of petroleum products in transit and is keeping such reserve invested in specified investments. The primary goal of the Company's investment strategy is to maximize investment returns on surplus funds. The Company's price risk arises from investments in NIT units which are designated at fair value through profit or loss, however, in accordance with the investment strategy the performance of NIT units is actively monitored and they are managed on a fair value basis.

Sensitivity analysis of price risk

A change of Rs 5 in the value of investments at fair value through profit and loss would have increased or decreased profit and loss by Rs 22.701 million (30 June 2012: Rs 22.701 million).

Sensitivity analysis of crude oil price risk

A change of USD 5 in average price of crude oil would increase or decrease profit by Rs 7,075 million (30 June 2012: Rs 6,483 million) on the basis that all other variables remain constant.

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32.4 Fair values

All financial assets and financial liabilities are initially recognized at the fair value of consideration paid or received, net of transaction costs as appropriate, and subsequently carried at fair value or amortized cost, as indicated in the tables below.

The financial assets and liabilities are presented by class in the tables below at their carrying values, which generally approximate to the fair values.

Financial assets and liabilities	Loans and receivables	Held at fair value through profit or loss	Other financial assets and liabilities at amortized cost	Total
30 June 2013		(Rupees '000)		
Financial assets				
Long term loans and receivable	4,152,258	-	-	4,152,258
Loans and advances	670,653	-	-	670,653
Deposits	14,591	-	-	14,591
Trade debts-net of provision	55,874,924	-	-	55,874,924
Other receivables	656,855	-	-	656,855
Cash and bank balances	-	-	2,709,875	2,709,875
Long term investments	331,427	-	140,085,376	140,416,803
Other financial assets	-	192,554	39,704,597	39,897,151
Total financial assets	61,700,708	192,554	182,499,848	244,393,110
Non financial assets				169,617,931
Total assets				414,011,041
Financial liabilities				
Trade and other payables	-	-	17,675,507	17,675,507
Non financial liabilities				72,676,833
Total liabilities				90,352,340

Financial assets and liabilities	Loans and receivables	Held at fair value through profit or loss	Other financial assets and liabilities at amortized cost	Total
30 June 2012		(Rupees '000)		
Financial assets				
Long term loans and receivable	3,497,948	-	606,937	4,104,885
Loans and advances	1,487,168	-	-	1,487,168
Deposits	14,591	-	-	14,591
Trade debts-net of provision	138,095,764	-	-	138,095,764
Other receivables	65,717	-	-	65,717
Cash and bank balances	-	-	3,767,689	3,767,689
Long term investments	294,633	-	3,693,000	3,987,633
Other financial assets	-	137,389	51,683,192	51,820,581
Total financial assets	143,455,821	137,389	59,750,818	203,344,028
Non financial assets				134,977,045
Total assets				338,321,073
Financial liabilities				
Trade and other payables	-	-	13,678,465	13,678,465
Non financial liabilities				56,277,956
Total liabilities				69,956,421

The basis for determining fair values is as follows:

Interest rates used for determining fair value

The interest rates used to discount estimated cash flows, when applicable, are based on the government yield curve at the reporting date plus an adequate credit spread. Since the majority of the financial assets are fixed rate instruments, there is no significant difference in market rate and the rate of instrument, fair value significantly approximates to carrying value.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2 (Rupees '000)	Level 3
30 June 2013			
Assets carried at fair value			
Investments at fair value through profit and loss account	192,554	-	-
30 June 2012			
Assets carried at fair value			
Investments at fair value through profit and loss account	137,389	-	-

Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods.

Investment in fair value through profit and loss account-held for trading

The fair value of held for trading investment is determined by reference to their quoted closing repurchase price at the reporting date.

Investment in associate

The fair value of investment in associate is determined by reference to their quoted closing bid price at the reporting date. The fair value is determined for disclosure purposes.

Non-derivative financial assets

The fair value of non-derivative financial assets is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

32.5 Capital management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to maintain a strong capital base to support the sustained development of its businesses.

The Company manages its capital structure which comprises capital and reserves by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders and/or issue new shares. There were no changes to Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirement.

	Note	2013	2012
		(Rupees '000)	
33 CASH AND CASH EQUIVALENTS			
Cash and bank balances	23	2,709,875	3,767,689
Short term highly liquid investments	22	39,704,597	51,683,192
		42,414,472	55,450,881
34 NUMBER OF EMPLOYEES			
Total number of employees at the end of the year was as follows:			
Regular		9,891	10,185
Contractual		401	218
		10,292	10,403

35 RELATED PARTIES TRANSACTIONS

Government of Pakistan owns 74.97% (2012: 74.97%) shares of the Company. Therefore, all entities owned and controlled by the Government of Pakistan are related parties of the Company. Other related parties comprise associated company, major shareholders, directors, companies with common directorship, key management personnel and employees pension trust. The Company in normal course of business pays for electricity, gas and telephone to entities controlled by Government of Pakistan which are not material, hence not disclosed in these financial statements. Transactions of the Company with related parties and balances outstanding at the year end are as follows:

	2013	2012
	(Rupees '000)	
Associated company		
Share of profit in associate-net of taxation	104,892	87,215
Major shareholders		
Government of Pakistan		
Dividend paid	26,602,464	22,571,788
OGDCL Employees' Empowerment Trust (OEET)		
Dividend paid	2,519,424	3,458,819
Related parties by virtue of common directorship and GoP holdings		
Government Holdings (Private) Limited (GHPL)		
GHPL share (various fields)	47,319	262
Payable as at 30 June	-	797
Power Holding (Private) Limited (PHPL)		
Purchase of investment (Term Finance Certificate)	82,000,000	-
Markup charged	7,209,260	-
Receivable as at 30 June	7,209,260	-
State Bank of Pakistan		
Purchase of investment (Pakistan Investment Bonds)	55,728,926	-
Receivable as at 30 June	2,607,491	-
Pak Arab Refinery Company Limited		
Sale of crude oil	18,436,012	15,043,736
Trade debts as at 30 June	-	14,917,637
Advance as at 30 June	6,684,668	-
Sui Northern Gas Pipelines Limited		
Sale of natural gas	56,626,747	52,807,550
Purchase of high BTU value gas	2,915,121	2,629,871
Qadirpur interim compression project payment	19,465	80,346
Trade debts as at 30 June	10,143,787	13,212,153
Payable as at 30 June	-	16,465
Sui Southern Gas Company Limited		
Sale of natural gas	54,728,922	38,762,538
Pipeline rental charges	26,258	46,127
Trade debts as at 30 June	36,559,189	37,950,141
Pakistan State Oil Company Limited		
Sale of refined petroleum products	-	48,697
Sale of liquefied petroleum gas	23,418	30,471
Purchase of petroleum, oil and lubricants	3,995,009	3,456,159
Trade debts as at 30 June	1,946	1,946
Payable as at 30 June	9,405	-

Notes to the Financial Statements
For the year ended 30 June 2013

	Note	2013	2012
		(Rupees '000)	
RELATED PARTY TRANSACTIONS-Continued			
National Insurance Company Limited			
Insurance premium paid		1,165,493	635,295
Payable as at 30 June		-	5,228
National Logistic Cell			
Crude transportation charges paid		1,719,309	1,451,726
Payable as at 30 June		431,615	957,870
Enar Petrotech Services Limited			
Consultancy services		84,558	153,320
Sale of crude oil		6,414,700	3,083,424
Trade debts as at 30 June		2,112,286	452,912
Payable as at 30 June		5,147	24,039
Habib Metropolitan Bank Limited			
Investment made		3,809,022	14,287,726
Interest earned		143,418	146,431
Other related parties			
Contribution to staff benefit funds		3,983,026	3,187,881
Remuneration including benefits and perquisites of key management personnel	35.1	438,765	199,079

35.1 **Key management personnel**

Key management personnel comprises chief executive, executive directors and general managers of the Company:

	2013	2012
	(Rupees '000)	
Managerial remuneration	144,111	77,108
Housing and utilities	98,018	39,205
Other allowances and benefits	135,766	50,977
Medical benefits	2,302	1,089
Leave encashment	2,422	2,626
Contribution to pension fund	56,146	28,074
	438,765	199,079
Number of persons	38	25

35.2 The amounts of the trade debts outstanding are unsecured and will be settled in cash. No expense has been recognized in the current or prior years for bad or doubtful debts in respect of the amounts owed by related parties.

36 REMUNERATION OF CHIEF EXECUTIVES, DIRECTORS AND EXECUTIVES

The aggregate amount charged in these financial statements for the remuneration of the chief executives and executives was as follows:

	2013		2012	
	Chief Executive	Executives	Chief Executive	Executives
	(Rupees '000)			
Managerial remuneration	15,500	2,024,367	9,896	1,624,672
Housing and utilities	7,435	1,492,245	2,340	1,043,535
Other allowances and benefits	5,681	2,358,217	5,002	1,545,535
Medical benefits	86	165,428	272	172,832
Leave encashment	-	33,714	868	19,458
Contribution to pension fund	-	883,753	-	678,607
	28,702	6,957,724	18,378	5,084,639
Number of persons including those who worked part of the year	1	1,475	3	1,602

- Executive means any employee whose basic salary exceeds Rs 500,000 (2012: Rs 500,000) per year.
- The above were provided with medical facilities and are eligible for employee benefits for which contributions are made based on actuarial valuations. The Chief executives and certain executives were provided with free use of Company's cars in accordance with their entitlement. Certain loans to executives are provided interest free loans, refer note 16.1.2 to the financial statements.
- The aggregate amount charged in these financial statements in respect of fee to 11 directors (2012: 12) was Rs 8,752,410 (2012: Rs 3,360,000).

37 APPLICABILITY OF IFRIC 4 "DETERMINING WHETHER AN ARRANGEMENT CONTAINS A LEASE"

International Accounting Standards Board (IASB) has issued IFRIC 4 "Determining whether an Arrangement contains a Lease", which is effective for financial periods beginning on or after 01 January 2006. According to the said interpretation an arrangement conveys the right to use the asset, if the arrangement conveys to the purchaser (lessee) the right to control the use of the underlying asset. The right to control the use of the underlying asset is conveyed when the purchaser has the ability or right to operate the asset or direct others to operate the asset in a manner it determines while obtaining or controlling more than an insignificant amount of the output or other utility of the asset. Such arrangements are to be accounted for as a lease in accordance with the requirements of IAS 17- "Leases".

The Company's production facilities at Uch field's control, due to purchase of total output by Uch Power Limited (UPL) an Independent Power Producer (IPP), appears to fall in the definition of lease. However, Securities and Exchange Commission of Pakistan (SECP) vide its Circular No. 21 of 2009 has decided to defer the implementation of IFRIC 4 to all companies which have executed implementation agreements with the Government/Authority or entity, this relaxation would be available till the conclusion of their agreements, entered on or before 30 June 2010. However, impact of IFRIC 4 is mandatory to be disclosed in the financial statements as per requirements of IAS 8.

Had this interpretation been applied, following adjustments to profit and loss account and balance sheet would have been made:

	2013	2012
	(Rupees '000)	
Profit for the year	90,776,709	96,905,575
Amortization reversed	266,666	298,499
Finance income recognized	4,122,330	3,795,335
Addition to property, plant and equipment reversed	(261,226)	(92,383)
Addition to development and production assets reversed	(464,767)	(1,805,160)
Sales revenue reversed	(4,370,818)	(4,084,877)
Tax impact at estimated effective rate	74,788	549,579
Adjusted profit for the year	90,143,682	95,566,568

Carried forward balance of unappropriated profit at the end of year would have been as follows:

	2013	2012
Adjusted unappropriated profit brought forward	224,265,389	159,657,822
Adjusted profit for the year	90,143,682	95,566,568
	314,409,071	255,224,390
Transfer to capital reserve	(852,856)	(852,501)
Dividend paid	(35,482,660)	(30,106,500)
Adjusted unappropriated profit at end of year	278,073,555	224,265,389
Unadjusted profit	274,893,417	220,449,368

38 APPLICATION OF IFRS 2-SHARE BASED PAYMENT

On 14 August 2009, the Government of Pakistan (GoP) launched Benazir Employees' Stock Option Scheme (the "Scheme") for employees of certain State Owned Enterprises (SOEs) and non-State Owned Enterprises where GoP holds significant investments (non-SOEs). The Scheme is applicable to permanent and contractual employees who were in employment of these entities on the date of launch of the Scheme, subject to completion of five years vesting period by all contractual employees and by permanent employees in certain instances.

The Scheme provides a cash payment to employees on retirement or termination based on the price of shares of respective entities. To administer this Scheme, GoP shall transfer 12% of its investment in such SOEs and non-SOEs to a Trust Fund to be created for the purpose by each of such entities. The eligible employees would be allotted units by each Trust Fund in proportion to their respective length of service and on retirement or termination such employees would be entitled to receive such amounts from Trust Funds in exchange for the surrendered units as would be determined based on market price of listed entities or breakup value for non-listed entities. The shares relating to the surrendered units would be transferred back to GoP.

The Scheme also provides that 50% of dividend related to shares transferred to the respective Trust Fund would be distributed amongst the unit-holder employees. The balance 50% dividend would be transferred by the respective Trust Fund to the Central Revolving Fund managed by the Privatization Commission of Pakistan for the payment to employees against surrendered units. The deficit, if any, in Trust Funds to meet the re-purchase commitment would be met by GoP.

Notes to the Financial Statements

For the year ended 30 June 2013

The Scheme, developed in compliance with the stated GoP policy of empowerment of employees of the State Owned Enterprises need to be accounted for by the covered entities, including the Company, under the provisions of the amended International Financial Reporting Standard to share based payment (IFRS 2). However, keeping in view the difficulties that may be faced by the entities covered under the Scheme, the Securities and Exchange Commission of Pakistan on receiving representation from some of the entities covered under the scheme and after having consulted the Institute of Chartered Accountants of Pakistan vide their Letter Number CAIDTS/PS& TAC/2011-2036 dated 02 February 2011 has granted exemption to such entities from the application of IFRS 2 to the Scheme vide SRO 587 (l)/2011 dated 07 June 2011.

Had the exemption not been granted the staff costs of the Company for the year would have been higher by Rs 6,027 million (2012: Rs 6,027 million), profit after taxation and unappropriated profit would have been lower by Rs 6,027 million (2012: Rs 6,027 million), earnings per share would have been lower by Rs 1.40 (2012: Rs 1.40) per share and reserves would have been higher by Rs 17,329 million (2012: Rs 17,329 million).

The Privatisation Commission has not paid any claims to unit holders since June 2011. The management believes that GoP is considering changes to the Scheme, and impact of any such changes cannot be determined as of 30 June 2013.

39 NON ADJUSTING EVENT AFTER BALANCE SHEET DATE

The Board of Directors approved final cash dividend at the rate of Rs 2.75 per share in its meeting held on 06 August 2013.

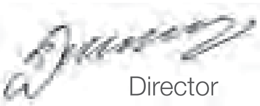
40 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 06 August 2013 by the Board of Directors of the Company.

41 GENERAL

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

Chief Executive



Director

Pattern of Shareholding

As of 30 June 2013

Number of Shareholders	Shareholding Slab		Total Shares Held
	from	to	
1230	1	100	54,793
8840	101	500	4,219,791
5913	501	1000	5,778,533
3572	1001	5000	7,698,070
425	5001	10000	3,160,866
149	10001	15000	1,869,144
82	15001	20000	1,458,903
50	20001	25000	1,165,699
38	25001	30000	1,058,222
20	30001	35000	646,181
17	35001	40000	645,798
7	40001	45000	296,213
20	45001	50000	948,807
12	50001	55000	624,987
9	55001	60000	529,613
3	60001	65000	186,780
4	65001	70000	272,736
5	70001	75000	360,472
5	75001	80000	388,668
3	80001	85000	251,700
2	85001	90000	173,600
2	90001	95000	187,780
7	95001	100000	689,868
1	100001	105000	102,465
1	105001	110000	107,135
1	110001	115000	113,000
3	115001	120000	355,849
1	120001	125000	125,000
1	125001	130000	129,000
3	135001	140000	416,000
1	145001	150000	150,000
5	150001	155000	758,109
3	155001	160000	477,643
2	165001	170000	333,052
2	170001	175000	344,178
2	175001	180000	353,010
2	185001	190000	374,582
3	190001	195000	575,888
2	195001	200000	398,600

Pattern of Shareholding

As of 30 June 2013

Number of Shareholders	Shareholding Slab		Total Shares Held
	from	to	
2	210001	215000	422,280
2	220001	225000	448,000
2	235001	240000	475,150
2	245001	250000	497,303
1	250001	255000	253,481
2	260001	265000	525,938
1	265001	270000	267,000
1	275001	280000	276,200
1	280001	285000	280,716
2	295001	300000	597,800
1	310001	315000	313,500
2	355001	360000	710,423
1	370001	375000	372,985
1	375001	380000	380,000
1	380001	385000	382,458
2	395001	400000	800,000
1	410001	415000	411,287
1	415001	420000	419,800
1	430001	435000	433,400
1	435001	440000	439,786
1	440001	445000	441,600
2	445001	450000	894,262
2	455001	460000	915,694
1	485001	490000	485,100
1	490001	495000	492,400
1	495001	500000	500,000
1	505001	510000	509,500
1	510001	515000	515,000
1	530001	535000	533,300
1	540001	545000	543,752
1	555001	560000	556,466
1	575001	580000	578,450
1	595001	600000	600,000
1	625001	630000	629,678
1	670001	675000	670,100
1	675001	680000	677,555
1	680001	685000	680,347
1	690001	695000	691,584
1	700001	705000	704,200

Pattern of Shareholding

As of 30 June 2013

Number of Shareholders	Shareholding Slab		Total Shares Held
	from	to	
1	715001	720000	717,784
1	725001	730000	726,874
1	770001	775000	773,210
1	810001	815000	814,144
2	935001	940000	1,875,870
1	990001	995000	994,792
1	995001	1000000	1,000,000
1	1040001	1045000	1,044,700
1	1065001	1070000	1,067,563
1	1100001	1105000	1,104,800
1	1205001	1210000	1,205,427
1	1320001	1325000	1,320,600
1	1345001	1350000	1,345,965
1	1430001	1435000	1,432,543
1	1495001	1500000	1,500,000
1	1505001	1510000	1,507,401
1	1575001	1580000	1,578,191
1	1590001	1595000	1,593,800
1	1600001	1605000	1,601,500
1	1700001	1705000	1,702,493
1	1760001	1765000	1,763,300
1	1785001	1790000	1,788,195
1	1875001	1880000	1,878,062
1	1910001	1915000	1,912,349
1	2055001	2060000	2,057,241
1	2080001	2085000	2,083,395
1	2210001	2215000	2,211,600
1	2280001	2285000	2,284,471
1	2495001	2500000	2,497,881
1	2590001	2595000	2,592,600
1	2630001	2635000	2,634,300
1	2675001	2680000	2,677,100
1	2860001	2865000	2,863,100
1	2875001	2880000	2,875,400
1	3025001	3030000	3,025,100
1	3060001	3065000	3,061,100
1	3065001	3070000	3,067,900
1	3095001	3100000	3,098,500
1	3105001	3110000	3,106,100

Pattern of Shareholding

As of 30 June 2013

Number of Shareholders	Shareholding Slab		Total Shares Held
	from	to	
1	3170001	3175000	3,172,820
1	3425001	3430000	3,429,200
1	3890001	3895000	3,890,772
1	3995001	4000000	4,000,000
1	4055001	4060000	4,056,400
1	4580001	4585000	4,581,900
1	4890001	4895000	4,890,194
2	5325001	5330000	10,656,497
1	7495001	7500000	7,500,000
1	7620001	7625000	7,623,000
1	11510001	11515000	11,514,050
1	12235001	12240000	12,235,036
1	15205001	15210000	15,209,386
1	23055001	23060000	23,055,872
1	48995001	49000000	48,997,449
2	348825001	800000000	781,014,162
1	3224000000	3225000000	3,224,609,081
20,556			4,300,928,400

Categories of Shareholders

As of 30 June 2013

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children			
Mr. M. Shafi Arshad	1	500	0.00
Mst. Razia Shafi	1	500	0.00
Shareholders holding 10% and above shares			
Government of Pakistan	1	3,224,609,081	74.97
OGDCL Employees Empowerment Trust	1	432,189,039	10.05
Associated Companies, undertakings and related parties	-	-	-
Executives	-	-	-
Public Sector Companies and Corporations	4	17,757,744	0.41
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds	51	5,972,255	0.14
Mutual Funds			
Prudential Stocks Fund Ltd (03360)	1	6,500	0.00
NATIONAL BANK OF PAKISTAN-TRUSTEE DEPARTMENT NI(U)T FUND	1	1,432,543	0.03
CDC - TRUSTEE PAKISTAN STOCK MARKET FUND	1	253,481	0.01
MCBFSL - TRUSTEE JS VALUE FUND	1	380,000	0.01
CDC - TRUSTEE PAKISTAN CAPITAL MARKET FUND	1	84,700	0.00
CDC - TRUSTEE PICIC INVESTMENT FUND	1	938,900	0.02
CDC - TRUSTEE JS LARGE CAP. FUND	1	193,800	0.00
CDC - TRUSTEE PICIC GROWTH FUND	1	1,763,300	0.04
CDC - TRUSTEE PAK STRATEGIC ALLOC. FUND	1	77,976	0.00
CDC - TRUSTEE ATLAS STOCK MARKET FUND	1	460,000	0.01
CDC - TRUSTEE MEEZAN BALANCED FUND	1	556,466	0.01
CDC - TRUSTEE JS ISLAMIC FUND	1	70,000	0.00
CDC - TRUSTEE ALFALAH GHP VALUE FUND	1	118,436	0.00
CDC - TRUSTEE UNIT TRUST OF PAKISTAN	1	140,000	0.00
CDC - TRUSTEE JS AGGRESSIVE ASSET ALLOCATION FUND	1	58,000	0.00
CDC - TRUSTEE AKD INDEX TRACKER FUND	1	151,522	0.00
CDC - TRUSTEE PICIC ENERGY FUND	1	994,792	0.02
CDC -TRUSTEE PAK. INT. ELEMENT ISLAMIC ASSET ALLOCATION FUND	1	50,000	0.00
MC FSL - TRUSTEE JS KSE-30 INDEX FUND	1	32,240	0.00
CDC - TRUSTEE AL MEEZAN MUTUAL FUND	1	1,067,563	0.02
CDC - TRUSTEE MEEZAN ISLAMIC FUND	1	4,890,194	0.11
CDC - TRUSTEE UBL STOCK ADVANTAGE FUND	1	485,100	0.01
CDC - TRUSTEE ATLAS ISLAMIC STOCK FUND	1	600,000	0.01
CDC - TRUSTEE UBL SHARIA STOCK FUND	1	400,000	0.01

Categories of Shareholders	Shareholders	Shares Held	Percentage
CDC - TRUSTEE NAFA STOCK FUND	1	190,581	0.00
CDC - TRUSTEE NAFA MULTI ASSET FUND	1	70,396	0.00
CDC - TRUSTEE MCB DYNAMIC STOCK FUND	1	189,282	0.00
CDC - TRUSTEE APF-EQUITY SUB FUND	1	47,500	0.00
CDC - TRUSTEE ALFALAH GHP ISLAMIC FUND	1	60,500	0.00
CDC - TRUSTEE HBL - STOCK FUND	1	1,205,427	0.03
CDC - TRUSTEE NAFA ISLAMIC MULTI ASSET FUND	1	40	0.00
CDC - TRUSTEE APIF - EQUITY SUB FUND	1	55,000	0.00
CDC - TRUSTEE HBL MULTI - ASSET FUND	1	191,507	0.00
CDC - TRUSTEE KASB ASSET ALLOCATION FUND	1	113,000	0.00
CDC - TRUSTEE MCB DYNAMIC ALLOCATION FUND	1	14,600	0.00
CDC - TRUSTEE IGI STOCK FUND	1	125,000	0.00
CDC - TRUSTEE ALFALAH GHP ALPHA FUND	1	44,600	0.00
CDC - TRUSTEE NIT STATE ENTERPRISE FUND	1	23,055,872	0.54
CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	1	1,507,401	0.04
CDC - TRUSTEE ABL STOCK FUND	1	276,200	0.01
CDC - TRUSTEE FIRST HABIB STOCK FUND	1	27,769	0.00
CDC - TRUSTEE LAKSON EQUITY FUND	1	10,000	0.00
CDC - TRUSTEE CROSBY DRAGON FUND	1	36,909	0.00
MCBFSL - TRUSTEE URSF-EQUITY SUB FUND	1	35,500	0.00
MCBFSL - TRUSTEE UIRSF-EQUITY SUB FUND	1	28,000	0.00
CDC - TRUSTEE NAFA ASSET ALLOCATION FUND	1	93	0.00
CDC - TRUSTEE PAKISTAN PREMIER FUND	1	119,000	0.00
CDC - TRUSTEE NAFA SAVINGS PLUS FUND - MT	1	45,700	0.00
CDC - TRUSTEE AKD AGGRESSIVE INCOME FUND - MT	1	2,500	0.00
CDC - TRUSTEE PICIC INCOME FUND - MT	1	7,000	0.00
CDC - TRUSTEE HBL ISLAMIC STOCK FUND	1	167,346	0.00
CDC - TRUSTEE MEEZAN CAPITAL PROTECTED FUND-II	1	41,100	0.00
CDC - TRUSTEE PICIC STOCK FUND	1	73,300	0.00
CDC - TRUSTEE HBL IPF EQUITY SUB FUND	1	26,400	0.00
CDC - TRUSTEE HBL PF EQUITY SUB FUND	1	22,300	0.00
CDC - TRUSTEE KSE MEEZAN INDEX FUND	1	455,694	0.01
MCBFSL - TRUSTEE PAK OMAN ISLAMIC ASSET ALLOCATION FUND	1	17,800	0.00
CDC - TRUSTEE FIRST HABIB ISLAMIC BALANCED FUND	1	25,800	0.00
CDC - TRUSTEE ATLAS INCOME FUND - MT	1	4,100	0.00
MCBFSL - TRUSTEE ABL ISLAMIC STOCK FUND	1	178,000	0.00
General Public			
a. Local	20,065	29,262,461	0.68
b. Foreign	108	541,495,693	12.59
Others	264	5,964,397	0.14
Totals	20,556	4,300,928,400	100.00

Shareholders holding 5% or more	Shareholders	Shares Held	Percentage
Government of Pakistan	1	3,224,609,081	74.97
OGDCL Employees Empowerment Trust	1	432,189,039	10.05
JPMorgan Chase Bank (484-2)	1	348,825,123	8.11

Abbreviations

AOC	Attock Oil Company
AGM	Annual General Meeting
ATA	Annual Turn Around
AVO	Amplitude Versus Offset
BBL/bbl	Barrel
BESOS	Benazir Employees Stock Option Scheme
BHP	Bottom Hole Pressure
BOE	Barrels of Oil Equivalent
BTU	British Thermal Unit
CBA	Collective Bargaining Agent
CDC	Central Depository Company
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CNIC	Computerized National Identity Card
COSA	Crude Oil Sale Purchase Agreement
CSR	Corporate Social Responsibility
D&PL	Development and Production Lease
DFI	Development Finance Institution
DGPC	Directorate General of Petroleum Concessions
DSC	Defence Saving Certificate
E&E	Exploration and Evaluation
E&P	Exploration and Production
EBITDA	Earnings before Interest, Taxes, Depreciation and Amortization
EL	Exploration License
ENI	Eni Pakistan Limited
EOR	Enhanced Oil Recovery
EPCC	Engineering, Procurement, Construction and Commissioning
EPF	Early Production Facility
FBR	Federal Board of Revenue
FY	Financial Year
G&G	Geological and Geophysical
GDS	Global Depository Share
GHPL	Government Holdings (Pvt.) Limited
GoP	Government of Pakistan
HSEQ	Health, Safety, Environment and Quality
HSFO	High Sulphur Fuel Oil
IAS	International Accounting Standards
ICAP	Institute of Chartered Accountants of Pakistan
ICMAP	Institute of Cost & Management Accountants of Pakistan
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
IHS	Information Handling Services
IOR	Improved Oil Recovery
IPRTOC	IPR Transoil Corporation
ISO	International Organization for Standardization
IT	Information Technology
JJVL	Jamshoro Joint Venture Limited
JV	Joint Venture
KESC	Karachi Electric Supply Company Limited
Km	Kilometer
KPD-TAY	Kunnar Pasahki Deep-Tando Allah Yar
KPK	Khyber Pakhtunkhwa
KUFPEC	Kuwait Foreign Petroleum Exploration Company
L. Kms	Line Kilometers
LPG	Liquefied Petroleum Gas
Mcf	Thousand cubic feet
MD	Managing Director
MIS	Management Information System
ML	Mining Lease
MMcf	Million cubic feet
MOL	MOL Pakistan Oil & Gas BV
MOS	Memorandum of Settlement
MoU	Memorandum of Understanding
MP&NR	Ministry of Petroleum and Natural Resources
MPCL	Mari Petroleum Company Limited
NBFI	Non-Banking Financial Institution
NFEH	National Forum of Environment and Health
NGL	Natural Gas Liquids
NGO	Non Governmental Organization
NIT	National Investment Trust
OEET	OGDCL Employees Empowerment Trust
OGDCL	Oil & Gas Development Company Limited
OGRA	Oil & Gas Regulatory Authority
OGTI	Oil & Gas Training Institute
OHSAS	Occupational Health & Safety Assessment Series
OIST	OGDCL Institute of Science and Technology
OMV	OMV (Pakistan) Exploration GmbH
OPL	Ocean Pakistan Limited
PEL	Pakistan Exploration (Pvt.) Limited
PIB	Pakistan Investment Bond
PKP	Premier Kufpec Pakistan
POL	Pakistan Oilfields Limited
PPL	Pakistan Petroleum Limited
PPRA	Public Procurement Regulatory Authority
PSDM	Pre-Stack Depth Migration
PSO	Pakistan State Oil
SCADA	Supervisory Control and Data Acquisition
SDP	Seismic Data Processing
SECP	Securities and Exchange Commission of Pakistan
SEPL	Spud Energy Pty Limited
SNGPL	Sui Northern Gas Pipelines Limited
SOE	State Owned Enterprise
SOPs	Standard Operating Procedures
Sq. Kms	Square Kilometers
SSGCL	Sui Southern Gas Company Limited
TDR	Term Deposit Receipt
TFC	Term Finance Certificate
TOC	Tando Alam Oil Complex
TOR	Terms of Reference
UEPL	United Energy Petroleum Limited
WAPDA	Water and Power Development Authority

Form of Proxy

16th Annual General Meeting

I/We____of ____________________being a member of Oil and Gas Development Company Limited and holder of __________________________Ordinary Shares as per Share Register Folio No. ____________________

For beneficial owners as per CDC List

CDC participant I.D. No: ________________________ Sub-Account No:____________________

CNIC No. | | | | | |■| | | | | | | |■| |

or Passport No:____________________

Hereby appoint ____________________________ of ________________________ or failing him/her ____of as my/our proxy to vote and act for me/our behalf at the 16th Annual General Meeting of the Company to be held on 25 September 2013 or at any adjournment thereof.

Revenue Stamp

(Signatures should agree with the specimen signature registered with the Company)

Dated this _____day of ____________2013

Signature of Shareholder________________________

Signature of Proxy ________________________

For beneficial owners as per CDC list

1. WITNESS

Signature: ____________________________

Name: ____________________________

Address:____________________________

CNIC No. | | | | | |■| | | | | | | |■| |

or Passport No. ________________________

2. WITNESS

Signature: ____________________________

Name: ____________________________

Address:____________________________

CNIC No. | | | | | |■| | | | | | | |■| |

or Passport No. ________________________

Note:

1. Proxies, in order to be effective, must be received at the Registered Office of the Company at OGDCL House, F-6/G-6, Jinnah Avenue, Islamabad not less than 48 hours before the meeting.
2. CDC Shareholders and their Proxies are each requested to attach an attested photocopy of their Computerized National Identity Card (CNIC) or Passport with the proxy form before submission to the Company (Original CNIC/Passport is required to be produced at the time of the meeting).
3. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

Entry Card

16th Annual General Meeting

Register Folio No:____________________________ Number of Shares held:________________________________

Name of Shareholder:____

CNIC No.

For beneficial owners as per CDC List

CDC participant I.D. No:_________________________ Sub-Account No: ______________________________

CNIC No.

Signature of Shareholder_________________________

Note:

1. The signature of the shareholder must tally with specimen signature already on the record of the Company.
2. The shareholders are requested to hand over the duly completed entry card at the counter before entering meeting premises.
3. This Entry Card is not transferable.

Oil & Gas Development Company Limited
OGDCL House, Plot No. 3, F-6/G-6, Blue Area,
Jinnah Avenue, Islamabad - Pakistan.
www.ogdcl.com