

Oil & Gas Development Company Limited

ANNUAL REPORT

2014





Oil & Gas Development Company Limited (OGDCL) is the largest Exploration & Production (E&P) Company in Pakistan, listed on all three Stock Exchanges of Pakistan as well as on the London Stock Exchange.

OGDCL was initially created under an Ordinance in 1961 as a Public Sector Corporation which subsequently in pursuance of the Petroleum Policy 1994 was converted from a statutory Corporation into a Public Limited Company w.e.f 23 October 1997. The Government of Pakistan owns 74.97% of the shares of the Company.

OGDCL is the local market leader in terms of acreage, reserves and oil & gas production. Guided by its vision and mission and equipped with its strategic objectives, robust debt-free balance sheet and a dedicated professional workforce, the Company is well positioned to deliver upstream growth and improved profit margins maximizing shareholders wealth while contributing to the wellbeing of the communities where it operates.



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Highlights of the Year



Crude Oil Production

41,330

barrels per day

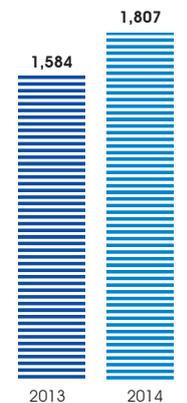
Gas Production

1,173

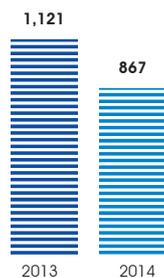
MMcf per day

Operational Highlights

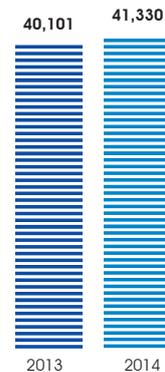
- Two (2) oil/condensate and gas discoveries namely Saand-1 and Maru East-1
- Crude oil production on working interest basis averaged 41,330 barrels per day
- Gas production on working interest basis averaged 1,173 MMcf per day
- Seismic data acquisition of 1,807 Line km of 2D and 867 sq. km of 3D
- Seventeen (17) new wells spud including eight (8) exploratory/appraisal wells and nine (9) development wells
- Two (2) new rigs purchased making a total of ten (10) OGDCL owned rigs
- Commencement of production from:
 - Nashpa-4; daily production of 5,900 barrels of crude oil and 20 MMcf of gas
 - Jakhro-1; daily production of 300 barrels of crude oil and 4.5 MMcf of gas
 - Maru-Reti Gas Field; daily production of 12 MMcf of gas
 - Dachrapur-1; daily production of 7.5 MMcf of gas
 - Rajjan-7; daily production of 340 barrels of crude oil
 - Chak-5 Dim South-2; daily production of 335 barrels of crude oil and 3.5 MMcf of gas



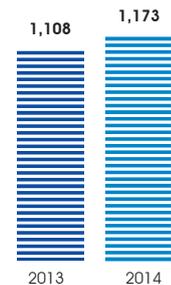
2D Seismic Survey
(Line km)



3D Seismic Survey
(sq. km)



Crude Oil Production (Net)
Barrels per day



Gas Production (Net)
MMcf per day

Sales Revenue

257.0

Rs in billion

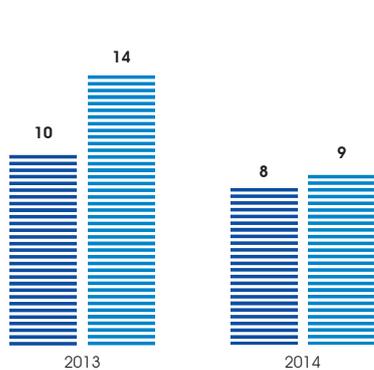
Profit for the year

123.9

Rs in billion

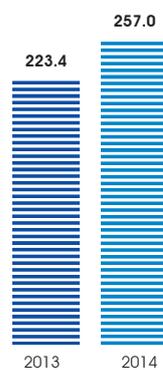
Financial Highlights

- Sales revenue increased by 15.1% to Rs 257.0 billion (2012-13: Rs 223.4 billion)
- Net realized prices of crude oil and gas averaged US\$ 87.71/barrel and Rs 282.95/Mcf respectively (2012-13: US\$ 83.40/barrel and Rs 265.88/Mcf)
- Profit for the year rose by 35.8% to Rs 123.9 billion (2012-13: Rs 91.3 billion)
- Earnings per share for the year Rs 28.81 (2012-13: Rs 21.22)
- Total cumulative dividend declared Rs 9.25 per share (2012-13: Rs 8.25 per share)
- Total assets increased to Rs 496.2 billion from Rs 413.9 billion
- Contribution to national exchequer Rs 132.3 billion (2012-13: Rs 129.6 billion)



Wells Spud
(Numbers)

■ Exploratory/Appraisal
■ Development



Sales Revenue
(Rs in billion)



Profit for the year
(Rs in billion)

Notice of Annual General Meeting

Notice is hereby given that the 17th Annual General Meeting being 27th meeting of the members of Oil and Gas Development Company Limited will Insha-Allah be held at Marriott Hotel, Aga Khan Road, Shalimar 5, Islamabad on Friday, 24 October 2014 at 10:00 a.m. to transact the following business:

ORDINARY BUSINESS

- 1) To confirm the minutes of the 16th Annual General Meeting held on 25 September 2013.
- 2) To receive, consider and adopt the audited accounts of the Company for the year ended 30 June 2014 together with the Directors' and Auditors' Reports thereon.
- 3) To approve the final cash dividend @30% i.e. Rs 3/- per share for the year ended 30 June 2014 as recommended by the Board of Directors. This is in addition to three (3) interim cash dividends totaling 62.5% i.e. Rs 6.25/- per share already paid during the year.
- 4) To appoint Auditors for the year 2014-15 and fix their remuneration. The present auditors M/s KPMG Taseer Hadi & Co., Chartered Accountants and M/s A.F. Ferguson & Co., Chartered Accountants will stand retired on the conclusion of this meeting.
- 5) To elect twelve (12) Directors as fixed by the Board in its meeting held on 17 July 2014 in place of retiring Directors namely:

1	Mr. Zahid Muzaffar	Chairman
2	Mr. Abid Saeed	Director
3	Mr. Saif Ullah Chattha	Director
4	Mr. Iskander Mohammed Khan	Director
5	Mr. Hamid Farooq	Director
6	Mr. Muhammad Ali Tabba	Director
7	Mr. Zafar Masud	Director
8	Prince Ahmed Omar Ahmedzai	Director
9	Sayed Shafqat Ali Shah	Director
10	Mr. Rehmat Salam Khattak	Director
11	Mr. Muhammad Yawar Irfan Khan	Director
12	Mr. Muhammad Rafi	MD & CEO

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

By order of the Board

15 September 2014
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 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 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 (2) persons whose names, addresses and CNIC number 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 the 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 17 September 2014 to 24 September 2014 (both days inclusive). Transfers received in order at the Share Registrar's office by the close of business on 16 September 2014 will be treated in time for the purpose of payment of final cash dividend, if approved by the shareholders.

For the purpose of AGM, the book closure would be from 18 October 2014 to 24 October 2014.

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 (5) years
- Make investment decisions by ranking projects on the basis of best economic indicators
- Maximize profits 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

Customers

- 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 Management Information System
- Periodic business process reengineering

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 and 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 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 the 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.

Corporate Information

Board of Directors

Mr. Zahid Muzaffar	Chairman
Mr. Abid Saeed	Director
Mr. Saif Ullah Chattha	Director
Mr. Iskander Mohammed Khan	Director
Mr. Hamid Farooq	Director
Mr. Muhammad Ali Tabba	Director
Mr. Zafar Masud	Director
Prince Ahmed Omar Ahmedzai	Director
Sayed Shafqat Ali Shah	Director
Mr. Rehmat Salam Khattak	Director
Mr. Muhammad Yawar Irfan Khan	Director
Mr. Muhammad Rafi	MD & CEO

Chief Financial Officer

Mr. Mushtaq Ahmad

Company Secretary

Mr. Ahmed Hayat Lak

Auditors

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

Legal Advisor

M/s Khokhar Law Chambers

Tax Advisor

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: info@ogdcl.com

Registrar Office

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



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ODDCL



Board of Directors



Zahid Muzaffar
Chairman

Mr. Zahid Muzaffar is an accomplished professional and specializes in developing E&P businesses. He holds over 34 years of diversified experience in energy sector particularly in the up and down-stream verticals of oil and gas including transportation of gas via terrestrial pipelines and liquefied natural gas. Mr. Muzaffar enjoys extensive and close relationships with investors, business professionals, financiers and government officials internationally and particularly those belonging to Far Eastern, South Asian and Middle Eastern & North African regions. Over the years he has secured valuable deal flows and business opportunities for leading international companies.

Mr. Muzaffar has served on the Board of Directors of LASMO Oil, Pakistan and many

other Exploration & Production and Refining Companies of international repute. He headed the acquisition of the largest oil refining company in the Mediterranean (Libya) and successfully concluded the deal. He also headed various initiatives on behalf of Middle Eastern groups in the privatization of assets in different countries in the energy sector.

Mr. Muzaffar holds a Bachelors of Economics degree from the University of the Punjab, Pakistan and has attended various management courses at the College of Petroleum Studies at Saint Catherine's College, Oxford UK and Edwin H Cox School of Business, Southern Methodist University, Dallas Texas USA.



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.

He is also Member on the Board of Inter-State Gas System (ISGS).



Saif Ullah Chattha
Director

Mr. Saif Ullah Chattha, is a career civil servant and is currently serving as Chief Secretary Balochistan. He has done his Bachelors of Arts from Government College Lahore and Bachelors of Law from Punjab University, Law College, Lahore.

Mr. Chattha has vast experience of Public Administration. He served as Assistant Commissioner, Sui (Dera Bugti), Sibi and Usta Mohammad, Deputy Secretary to Chief Minister Balochistan, Deputy

Commissioner Jafarabad and Loralai, Deputy Secretary to Chief Minister Punjab, Additional Secretary Agriculture Punjab, Deputy Commissioner Bhakhar, Multan and Jhelum and Secretary Mines & Minerals Department Punjab. He also served in Federal Government as PSO to Prime Minister of Pakistan, Counsel General of Pakistan Montreal, Canada, Chief Secretary Gilgit Baltistan, Additional Secretary, Ministry of Communications and Secretary Water & Power.



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



Hamid Farooq Director

Mr. Hamid Farooq has got 28 years of senior general management experience including 15 years of financial management of leading complex commercial and technical environments with a focus on turning around enterprises into healthy ROI generating entities in diverse markets (Oil & Gas, Telecoms and Services/Logistics) with a track record of proven commercial flair.

Mr. Hamid Farooq is currently Chairman Board of Directors, U (Microfinance) Bank Ltd and Chief Business Development Officer PTCL. He had served as Managing Director, MENA Region, Catalyst Managerial Services, CEO Warid Telecom, Executive

Vice President, CFO & Company Secretary Mobilink, Chief Accountant & Administrator, Canadian Occidental Petroleum, Head of Accounts & Operations, Petro Canada, Country Finance Manager DHL/TCS.

Mr. Hamid Farooq holds CFC and ADipFC (Diploma in Financial Consulting), USA, Masters of Business Administration (MBA), trained as an Accountant from PricewaterhouseCoopers, Pakistan and Bachelor of Commerce (B.Com). He is also a Certified Director, training and program certified by Securities and Exchange Commission of Pakistan.



Muhammad Ali Tabba Director

Mr. Muhammad Ali Tabba is the Chief Executive of Lucky Cement Ltd, part of the Yunus Brothers Group with diversified interests in Textiles, Energy, Chemicals, Cement and other Construction related sectors. Muhammad Ali Tabba also heads Yunus Textile Mills, a state-of-the-art home textiles unit with subsidiaries in the US, Europe, Canada and France. While he spearheads both of these organizations, he also plays an important role in providing the vision for ICI Pakistan, in which he serves as its Vice Chairman on the Board of Directors.

Mr. Tabba also sits on the Board of Governors at numerous Universities, Institutions and Foundations. He also runs the Group's own Aziz Tabba Foundation which works extensively in education, health and housing. The Foundation also operates a Kidney Centre and a state-of-the-art Cardiac hospital. Considering his extensive commitment in the social development sector in Pakistan, World Economic Forum has bestowed the title of Young Global Leader (YGL) to Mr. Tabba recognizing his outstanding services.



Zafar Masud

Director

Mr. Zafar Masud is the Director and Co-Founder of Burj Capital (BC). BC is represented in Pakistan by Burj Capital Pakistan (Private) Limited (BCPL). BCPL is fast emerging as the most respected Corporate Finance and Advisory house in the Country and outside, with specific focus on the energy sector, particularly alternate energy/power.

Mr. Zafar Masud is a very active member on the Central Board of the State Bank of Pakistan appointed in March 2013 for three (3) years. He is the Chairman of the Publications Review Sub-Committee and the member of the Human Resources

Sub-Committee and the Investment Sub-Committee of the Board.

In the past he had also served Barclays Bank plc as Managing Director/Head of Southern Africa, Dubai Islamic Bank Pakistan Limited, Citigroup and American Express Bank.

Mr. Zafar Masud has done his MBA (Banking) from Institute of Business Administration Karachi and Bachelor of Commerce from Hailey College of Commerce, University of the Punjab Lahore. He has also got extensive training at national and international levels.



Prince Ahmed Omar Ahmedzai

Director

Prince Ahmed Omar Ahmedzai belongs to the Khan of Kalat Family of Balochistan. He is Executive Director Agha Techny Construction (a planning and administrating projects firm) working on infrastructure projects at Gwadar. He is also sole proprietor of Dynamic International, a construction firm

and Director/Executive Dynamic Traders (Private) Limited.

He has graduated from University of Balochistan in Political Science. He is a member of Quetta Chamber of Commerce and Gwadar Chamber of Commerce.



Sayed Shafqat Ali Shah

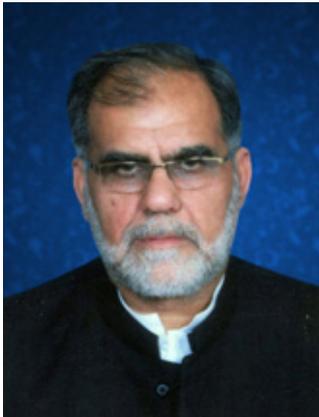
Director

Sayed Shafqat Ali Shah hails from the province of Sindh. He is currently Managing Director Matiari Sugar Mills Ltd and CEO Matol (Private) Limited. He is also a Member of Economic Advisory Council (EAC), Government of Pakistan. He has been on the Board of Directors of NBP and a member of National Commission on Government Reforms.

He had also served in the past as Federal Minister for Agriculture, Food & Livestock, Advisor and Minister with different portfolios,

Government of Sindh. He has taught International Relations at the University of Sindh and University of Virginia. He had also been associated in the past as President/Member of various national and international bodies/institutions.

He holds Ph.D. degree in Foreign Affairs from University of Virginia, Master of Arts (Foreign Affairs) University of Virginia, M.A. Political Science, and B.Sc. (Chemistry & Zoology) University of Sindh.



Rehmat Salam Khattak

Director

Mr. Rehmat Salam Khattak belongs to the province of Khyber Pakhtunkhwa. He is a graduate from University of Peshawar. He remained District Nazim Karak for 3½ years. Managed and operated a construction company and successfully undertook various projects. He also remained associated with education and established technical

and management institutions, served as Chief Executive, Institute of Management and Computer Sciences, Peshawar; Chief Executive, Hayatabad Science College, Peshawar and Chief Executive, Shingar Children Academy, Karak. He had also served in Saudia Arabia and Habib Bank Limited in the past in different capacities.



Muhammad Yawar Irfan Khan

Director

Mr. Muhammad Yawar Irfan Khan is the Chairman Irfan Group of Companies (Famous Brands Private Limited and Irfan Foods Private Limited). He is presently serving as Director Lahore Transport Company (LTC) Metro Bus Service. He is very active in business community and participates in live telecasts, seminars and symposiums relating to economy, social sector, charity work, education, health, sports and tourism.

Development (Small and Medium) and Managing Director Punjab Small Industries Corporation. He is also Chairman Asifa Irfan Foundation Trust (family run charity organization). He remained Board member Pakistan School of Fashion Design Lahore, Member Board of Governors Government Chuna Mandi College for Women, Lahore, Life Member SAARC Chamber of Commerce and Industry.

In the past he served as Chairman Punjab Chief Minister Task Force for Industrial

Mr. Muhammad Yawar Irfan Khan has done Masters in Business Administration (MBA).



Muhammad Rafi

Managing Director & CEO

Mr. Muhammad Rafi has diversified work experience of more than 37 years at senior management positions in Finance, Accounts, Banking, Corporate Affairs and Internal Audit. He is a qualified Management Accountant and is a Fellow Member of the Institute of Cost & Management Accountants of Pakistan (ICMAP), Fellow Member of the Institute of Corporate Secretaries of Pakistan (ICS) and Diplomaed Associate of the Institute of Bankers in Pakistan (IBP).

Mr. Rafi is a past President of South Asian Federation of Accountants (SAFA) - an apex body of South Asian Association for Regional Co-operation (SAARC) for the year 2012. Besides, he chaired the SAFA committee on Governmental and Public Sector Entities Accounting from 2004 to 2012. He is also a past President of ICMAP and past Chairman of ICAP-ICMAP Joint Committee. Mr. Rafi has represented Pakistan as member of the Public Sector Committee of International Federation of Accountants (IFAC) for two years (2000-02). He has presented many papers at national & international conferences and seminars. Mr. Rafi is also a Certified Director.

Mr. Rafi joined OGDCL in October 1988 and has served on various senior positions including Executive Director (Finance)/CFO, Acting Executive Director (HR/Admin), General Manager (Finance) and General Manager (Internal Audit) prior to assumption of current position.

Mr. Rafi appointed as Managing Director & CEO OGDCL on 13 June 2014.

Committees of the Board

Human Resource and Nomination Committee

Mr. Abid Saeed	Chairman
Mr. Zahid Muzaffar	Member
Mr. Muhammad Ali Tabba	Member
Mr. Zafar Masud	Member
Prince Ahmed Omar Ahmedzai	Member
Company Secretary	Secretary

Terms of Reference

- To deal with all employee related matters including recruitment, training, remuneration, performance evaluation, succession planning, and measures for effective utilization of the employees of the Public Sector Company;
- Recommending to the Board the selection, evaluation, compensation (including retirement benefits) and succession planning of the CEO;
- Consideration and approval on recommendations of CEO on such matters for key management positions who report directly to CEO;
- Approval of appointments/promotions to EG-VI & EG-VII;
- Recommendations for appointment/promotions beyond EG-VII;
- 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.

Risk Management Committee

Mr. Zafar Masud	Chairman
Mr. Saif Ullah Chattha	Member
Mr. Iskander Mohammed Khan	Member
Mr. Rehmat Salam Khattak	Member
Mr. Muhammad Yawar Irfan Khan	Member
Company Secretary	Secretary

Terms of Reference

- Review the risk identification and management process developed by management to confirm it is consistent with the Company's strategy and business plan;
- Review management's assessment of risk periodically and provide an update to the Board in this regard;
- Inquire of management and the independent auditors about significant business, political, financial and control risks or exposure to such risks;
- Oversee and monitor management's documentation of the material risks that the Company is exposed to and update as events change and risks shift;
- Assess the steps management has implemented to manage and mitigate identifiable risk, including the use of hedging, insurance and other measures taken by the management;
- Oversee and monitor management's review, periodically of the Company's policies for risk assessment and risk management (the identification, monitoring, and mitigation of risks); and
- Review the following with management, with the objective of obtaining reasonable assurance that all risks are being effectively managed and controlled:
 - management's tolerance for financial risks;
 - management's assessment of significant risks the Company is exposed to; and
 - the Company's policies, procedures, plans, processes and any proposed changes to those policies for controlling significant financial/non-financial risks; and to review with the Company's counsel, legal matters which could have a material impact on the Company's public disclosure, including financial statements.

Audit Committee

Mr. Iskander Mohammed Khan
Mr. Saif Ullah Chattha
Mr. Abid Saeed
Mr. Hamid Farooq
Mr. Rehmat Salam Khattak
Company Secretary

Chairman
Member
Member
Member
Member
Secretary

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;
- Determination of appropriate measures to safeguard the Public Sector Company's assets;
- Review of financial results;
- Review of quarterly, half-yearly and annual financial statements of the Public Sector Company, prior to their approval by the Board, focusing on:
 - major judgment areas;
 - significant adjustments resulting from the audit;
 - the going-concern assumption;
 - any changes in accounting policies and practices; and
 - compliance with applicable accounting standards.
- Facilitating the external audit and discussion with external auditors of 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 of management letter issued by external auditors and management's response thereto;
- Ensuring coordination between the internal and external auditors of the Public Sector Company;
- Review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the Public Sector Company;
- Consideration of major findings of internal investigations and management's response thereto;
- Ascertaining that the internal control system including financial and operational controls, accounting system and reporting structure are adequate and effective;
- Review of the Public Sector Company's statement on internal control systems prior to endorsement by the Board;
- Recommending or approving the hiring or removal of the Chief Internal Auditor;
- Instituting special projects, value for money studies or other investigations on any matter specified by the Board, in consultation with the Chief Executive and to consider remittance of any matter to the external auditors or to any other external body;
- Determination of compliance with relevant statutory requirements;
- Monitoring compliance with the best practices of corporate governance and identification of significant violations thereof; and
- Overseeing whistle-blowing policy and protection mechanism; and consideration of any other issue or matter as may be assigned by the Board of Directors.

Operations and Corporate Social Responsibility (CSR) Committee

Mr. Zahid Muzaffar
Mr. Iskander Mohammed Khan
Mr. Hamid Farooq
Mr. Zafar Masud
Prince Ahmed Omar Ahmedzai
Company Secretary

Chairman
Member
Member
Member
Member
Secretary

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 off shore and overseas opportunities;
- Recommend/review the physical targets;
- Formulation of Technical Policies required under the Code of Corporate Governance and Public Sector Companies (Corporate Governance) Rules, 2013;
- Business Development;
- Field operations;
- Drilling operations;
- Business Plan;
- Formation of subsidiaries, acquisition etc.; and
- Consider any other issue or matter as may be assigned by the Board of Directors.

Board further approved to adopt the Terms of Reference approved for CSR Committee of the Board vide its Resolution No. 1238.3 dated 24 February 2011, which are reproduced as under:

Goals

Primary - To meet all obligatory requirements as prescribed under the Petroleum Concession Agreement (PCA).

Secondary - Non-obligatory projects under OGDC's CSR Policy viz., education, health, water supply and sanitation, supply of gas, infrastructure, sports etc., as prescribed under the Company's CSR policy.

Scope/Jurisdiction

- The CSR committee will recommend the annual budget (along with a detailed list of all CSR related initiatives), at the beginning of each financial year, to the Board of Directors. Any deviation from this budget can only be made after approval from the Board of Directors.
- In the event of an emergency/natural calamity, such as earthquakes, floods etc., the CSR Council may recommend to the MD & CEO to approve a donation of up to Rs 1,000,000/- (Rupees one million). However, this must be in line with the approved CSR policy of the Company. The Board of Directors shall be informed of this by circular, to be ratified at its next meeting.
- The CSR Committee will review and monitor the progress of ongoing CSR projects on a quarterly basis. A detailed report will be provided by the Manager CSR to the CSR Committee and Board of Directors.
- All activities carried out under the head CSR will be audited by an external auditor (each financial year) and the audit report will be circulated to the Board of Directors.

Procurement and Finance Committee

Mr. Hamid Farooq
Mr. Zahid Muzaffar
Mr. Zafar Masud
Sayed Shafqat Ali Shah
Mr. Muhammad Yawar Irfan Khan
Company Secretary

Chairman
Member
Member
Member
Member
Secretary

Terms of Reference

- To ensure transparency in procurement transactions and in dealing with the suppliers and financial institutions;
- Procurement of plant machinery and store items etc. exceeding the powers delegated to Managing Director;
- Approval/recommendation for award of contracts for civil works, development of fields etc. exceeding the powers delegated to Managing Director;
- Review and recommend Business & Strategic Plans of the Company for approval by the Board of Directors;
- Formulation of Technical & Financial Policies and Controls including the policies required under the Code of Corporate Governance;
- Review and recommend policies for Investment of surplus funds of the Company and opening/closing of bank accounts;
- Review and recommend financing plans for Company's projects/operations including borrowing limits, loans from banks/financial institutions and other credit lines for approval by the Board of Directors;
- Review and recommend write-off cases involving Company assets; and
- Consider any other issue or matter as may be assigned by the Board of Directors.

Attendance of the Board and Committee Meetings

Name of Director	Board			HR and Nomination Committee			Risk Management Committee			Audit Committee			Operations and CSR Committee			Procurement and Finance Committee		
	Member	Meetings ¹	Attendance	Member	Meetings ¹	Attendance	Member	Meetings ¹	Attendance	Member	Meetings ¹	Attendance	Member	Meetings ¹	Attendance	Member	Meetings ¹	Attendance
Mr. Zahid Muzaffar, Chairman ²	*	2	2	*	5	5	-	-	-	-	-	-	*	2	2	*	1	1
Mr. Abid Saeed	*	8	8	*	9	9	*	2	2	*	5	5	*	9	9	-	-	-
Mr. Saif Ullah Chaittha ³	*	0	0	-	-	-	*	0	0	*	0	0	-	-	-	-	-	-
Mr. Babar Yaqoob Fateh Muhammad ³	*	8	4	-	-	-	*	1	0	*	1	1	*	9	3	*	1	1
Mr. Iskander Mohammed Khan	*	8	5	-	-	-	*	2	2	*	5	4	*	10	9	-	-	-
Mr. Hamid Farooq ²	*	2	2	-	-	-	-	-	-	*	0	0	*	2	2	*	1	1
Mr. Muhammad Ali Tabba ²	*	2	1	*	5	5	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Zafar Masud ²	*	2	2	*	5	5	*	0	0	-	-	-	*	2	2	*	1	1
Prince Ahmed Omar Ahmedzai ²	*	2	2	*	5	5	-	-	-	-	-	-	*	2	2	-	-	-
Sayed Shafiq Ali Shah ²	*	2	1	-	-	-	-	-	-	-	-	-	-	-	-	*	1	1
Mr. Rehmat Salam Khattak ²	*	2	2	-	-	-	*	1	1	*	0	0	-	-	-	-	-	-
Mr. Muhammad Yawar Irfan Khan ⁴	*	0	0	-	-	-	*	0	0	-	-	-	-	-	-	*	0	0
Mr. Muhammad Rafi, MD & CEO ^{5,8,9}	*	0	0	-	1	1	-	-	-	-	-	-	-	-	-	-	-	-
Ch. M. Shafi Aishad, Chairman ⁶	*	3	3	*	2	2	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Muhammad Rizaz Khan, MD & CEO ⁷	*	7	7	*	2	2	*	1	1	-	-	-	*	9	9	-	-	-
Syed Masieh-ul-Islam ⁴	*	8	7	*	4	4	*	1	1	*	5	4	*	9	9	*	1	1
Mr. Fahd Shaikh ⁸	*	6	6	-	-	-	-	-	-	*	5	5	*	8	6	-	-	-
Mr. Razaullah Khan ⁸	*	6	6	*	4	3	*	1	1	*	5	5	*	9	9	-	-	-
Mr. Sheraz Hashmi ⁸	*	6	0	-	-	-	-	-	-	-	-	-	*	8	0	-	-	-
Mr. Mohamad Anver Ali Rajpar ⁸	*	6	3	*	3	1	-	-	-	-	-	-	*	8	1	-	-	-

Notes:

- 1- Held during the period concerned Director was on the Board.
- 2- Appointed on Board w.e.f. 20 May 2014.
- 3- Mr. Saif Ullah Chaittha replaced Mr. Babar Yaqoob Fateh Muhammad w.e.f. 5 August 2014.
- 4- Mr. Muhammad Yawar Irfan Khan replaced Syed Masieh-ul-Islam w.e.f. 17 July 2014.
- 5- Appointed on Board w.e.f. 13 June 2014.
- 6- Resigned on 17 February 2014.
- 7- Retired on 12 June 2014.
- 8- Ceased on 20 May 2014.
- 9- Mr. Muhammad Rafi, attended 80th HR & Remuneration Committee meeting in place of Mr. Muhammad Rizaz Khan as alternate member.

* Member of the Board/respective Committees

Core Management Team

Mr. Muhammad Rafi

Managing Director & CEO

Mr. Masood Nabi

Executive Director
(Joint Venture)

Mr. Basharat A. Mirza

Executive Director
(HR/Admin/SBP)

Mr. Tahir Shaukat

Executive Director
(Petroserv)

Mr. Muhammad Aslam Khan Niazi

Executive Director
(Production)

Dr. Mohammad Saeed Khan Jadoon

Executive Director
(Exploration)

Mr. Mushtaq Ahmad

General Manager
(Accounts)/CFO

Mr. Ahmed Hayat Lak

General Manager
(Legal Services)/
Company Secretary



Sitting from left to right:

Dr. Mohammad Saeed Khan Jadoon, Mr. Muhammad Rafi, Mr. Basharat A. Mirza

Standing from left to right:

Mr. Muhammad Aslam Khan Niazi, Mr. Tahir Shaukat, Mr. Ahmed Hayat Lak,
Mr. Masood Nabi, Mr. Mushtaq Ahmad

Exploration Licenses

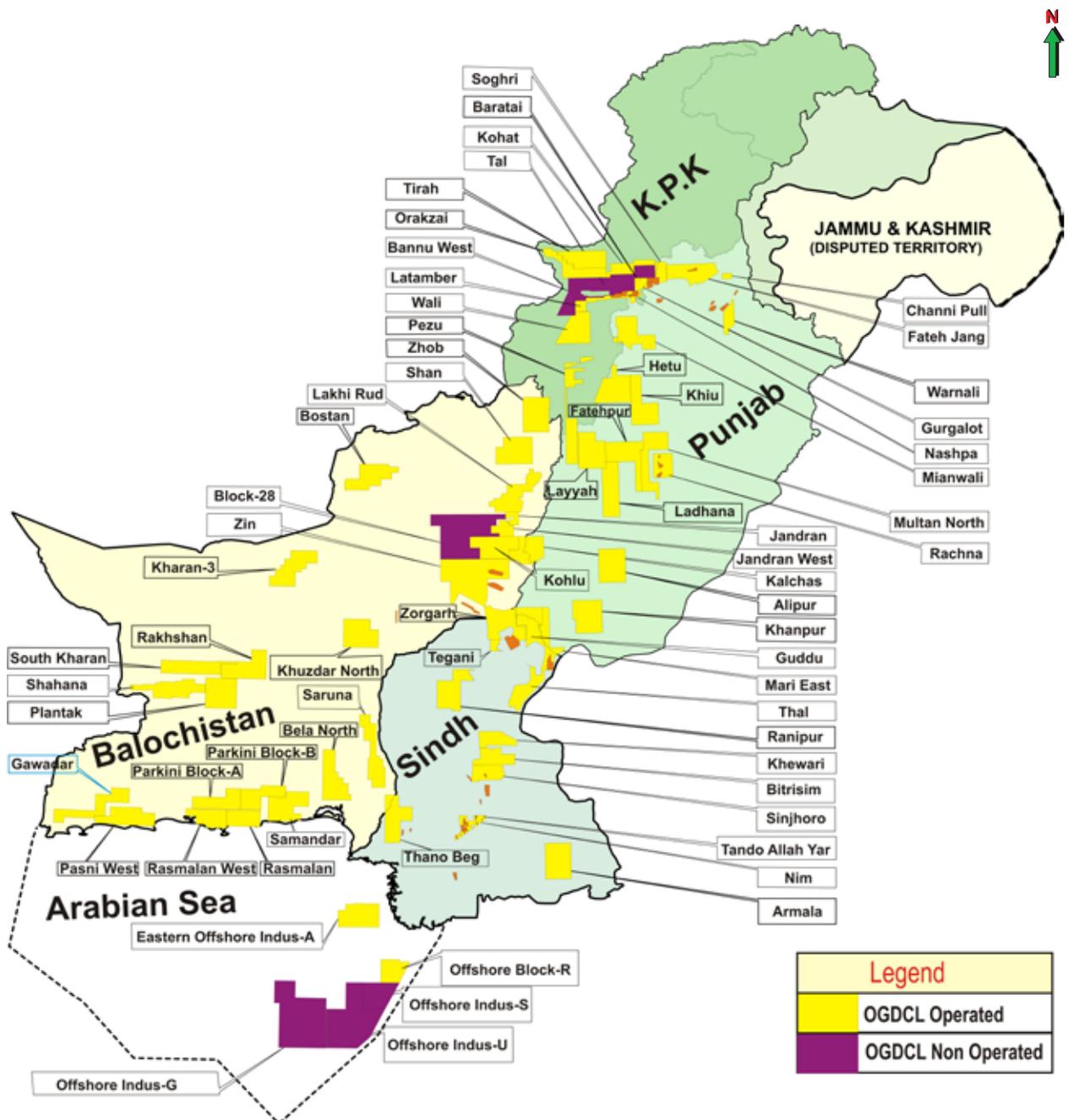
Held by OGDCL as on 30 June 2014

Sr. No.	Exploration License	Districts	Area (sq. km)	Date of Grant	Working Interest (%)
OGDCL's 100% Owned Exploration Licenses					
1	Fateh Jang	Islamabad, Rawalpindi & Attock	1,080.43	05.11.2002	OGDCL 100%
2	Jandran	Barkhan, Kohlu & Loralai	408.00	20.09.1989	OGDCL 100%
3	Rachna	Jhang, Khanewal & Layyah	1,189.55	08.11.2003	OGDCL 100%
4	Saruna	Khuzdar & Lasbella	2,431.62	17.02.2004	OGDCL 100%
5	Shahana	Kharan & Panjgur	2,445.06	29.12.2004	OGDCL 100%
6	Multan North	Layyah & Jhang	1,249.48	11.02.2005	OGDCL 100%
7	Samandar	Awaran & Uthal	2,495.33	06.07.2005	OGDCL 100%
8	Latamber	Bannu & Tribal area adjacent to Bannu	331.47	24.10.2005	OGDCL 100%
9	Tegani	Shikarpur, Sukkur, Kandhkot & Kashmore	270.60	13.02.2006	OGDCL 100%
10	Thano Beg	Lasbela, Jamshoro & Karachi	2,404.73	13.02.2006	OGDCL 100%
11	Thal	Khairpur, Sukkur & Ghotki	1,622.67	13.02.2006	OGDCL 100%
12	Wali	South Waziristan Agency, Bannu, Lakki Marwat & Tribal area adjacent to Tank	2,179.26	31.05.2006	OGDCL 100%
13	Mianwali	Mianwali, Chakwal, Khushab & Lakki Marwat	2,280.91	31.05.2006	OGDCL 100%
14	Soghri	Kohat & Attock	410.36	31.05.2006	OGDCL 100%
15	Shaan	Zhob, Qila Saifullah & Musakhel Bazar	2,489.80	13.07.2007	OGDCL 100%
16	Mari East	Ghotki, Rahim Yar Khan & Rajanpur	1,399.44	21.01.2010	OGDCL 100%
17	Lakhi Rud	Loralai, Musakhel, Barkhan & Kohlu	2,488.78	21.01.2010	OGDCL 100%
18	Channi Pull	Rawalpindi & Islamabad	148.02	16.02.2010	OGDCL 100%
19	Jandran West	Kohlu & Barkhan	759.46	16.02.2010	OGDCL 100%
20	Eastern Offshore Indus-A	Offshore Area	2,500.00	05.07.2007	OGDCL 100%
21	Offshore Indus-R	Offshore Area	1,492.23	19.04.2007	OGDCL 100%
22	Ladhana	Muzaffargarh, Layyah & Multan	2,409.05	10.02.2014	OGDCL 100%
23	Fatehpur	Layyah, Muzaffargarh, Khanewal & Multan	2,430.84	10.02.2014	OGDCL 100%
24	Ranjpur	Khairpur, Larkana & Naushahro Feroz	2,379.52	10.02.2014	OGDCL 100%
25	Armala	Tharpariker	2,488.98	10.02.2014	OGDCL 100%
26	Baratai	Kohat	38.92	10.02.2014	OGDCL 100%
27	Rasmalan	Pasni, Awaran & Lasbela	1,463.74	10.02.2014	OGDCL 100%
28	Parkini-B	Awaran & Pasni	1,908.31	10.02.2014	OGDCL 100%
29	Pasni West	Pasni, Gawadar & Kech	2,293.40	21.02.2014	OGDCL 100%
30	Alipur	Multan, Bahawalpur, Rahim Yar Khan & Muzaffargarh	2,425.55	21.02.2014	OGDCL 100%
31	Khanpur	Rahim Yar Khan	2,494.92	21.02.2014	OGDCL 100%
32	Pezu	D.G. Khan, Lakki Marwat, Tank, D.I. Khan & Tribal area of D.I. Khan	2,430.73	21.02.2014	OGDCL 100%
33	Orakzai	Kurram, Orakzai Agency & Hangu	1,708.04	28.02.2014	OGDCL 100%
34	Hetu	Bhakkar, Mianwali & D.I. Khan	2,432.37	28.02.2014	OGDCL 100%
35	Zorgarh	Ghotki, Jafferabad, Kashmore, Dera Bugti & Rajanpur	2,402.48	28.02.2014	OGDCL 100%
36	Parkini-A	Awaran & Kech	1,892.10	21.03.2014	OGDCL 100%
37	Plantak	Kharan & Panjgur	2,457.01	21.03.2014	OGDCL 100%
38	Rasmalan West	Awaran & Pasni	1,639.69	21.03.2014	OGDCL 100%
39	Bostan	Ziarat, Pishin, Killah Abdullah & Quetta	2,337.50	21.03.2014	OGDCL 100%
40	Gawadar	Gawadar, Pasni & Kech	2,407.01	21.03.2014	OGDCL 100%
41	Kharan-3	Kharan & Noshki	2,487.46	21.03.2014	OGDCL 100%
42	Rakhshan	Kharan	2,459.17	21.03.2014	OGDCL 100%
43	South Kharan	Kharan	2,187.48	21.03.2014	OGDCL 100%
44	Bela North	Khuzdar, Awaran & Lasbela	2,045.73	21.03.2014	OGDCL 100%
45	Khuzdar North	Khuzdar	2,451.44	21.03.2014	OGDCL 100%
46	Zhob	Zhob, Musa Khalil Bazar & Tribal Area of D.I. Khan	2,473.45	21.03.2014	OGDCL 100%
47	Tirah	Khyber, Kurram & Orakzai Agencies	1,945.64	21.03.2014	OGDCL 100%
48	Warnali	Chakwal, Jehlum & Rawalpindi	718.57	21.03.2014	OGDCL 100%
49	Khiu	Bhakkar & Khushab	2,395.64	21.03.2014	OGDCL 100%
50	Layyah	Layyah, D.G. Khan & Muzaffargarh	2,459.20	21.03.2014	OGDCL 100%
Sub Total			93,741.14		
OGDCL's Operated JV Exploration Licenses (with GHPL)					
1	Bitrisim	Nawabshah, Khairpur & Sanghar	1,445.11	27.09.1997	OGDCL 95%, GHPL 5%
2	Khewari	Khairpur & Nawabshah	1,276.40	29.12.1999	OGDCL 95%, GHPL 5%
3	Nim	Hyderabad & Tando Muhammad Khan	229.58	29.12.1999	OGDCL 95%, GHPL 5%
4	Tando Allah Yar	Hyderabad & Mattiari	403.34	27.09.1997	OGDCL 95%, GHPL 5%
5	Zin	Dera Bugti, Nasirabad, Kohlu & Bolan	5,559.74	15.08.1996	OGDCL 95%, GHPL 5%
Sub Total			8,914.17		
OGDCL's Operated JV Exploration Licenses (with other E&P Companies)					
1	Gurgalat	Kohat & Attock	347.84	28.06.2000	OGDCL 75%, POL 20%, GHPL 5%
2	Nashpa	Kohat, Karak, Mianwali & Tribal area adjacent to Bannu	778.94	16.04.2002	OGDCL 65%, PPL 30%, GHPL 5%
3	Kohat	Kohat, Naushera, Orakzai Agency, Hangu, Peshawar & Tribal area adjacent to Peshawar	1,107.21	03.02.2009	OGDCL 30%, Tullow 40%, MGCL 20%, Saif Energy 10%
4	Sinjhero	Sanghar & Khairpur	1,283.43	29.12.1999	OGDCL 76%, OPI 19%, GHPL 5%
5	Kalchas	Kohlu, Dera Bugti & Rajanpur	2,068.32	29.12.2004	OGDCL 50%, MPCL 20%, Tullow 30%
6	Kohlu	Kohlu, Dera Bugti & Barkan	2,459.11	29.12.2004	OGDCL 40%, MPCL 30%, Tullow 30%
7	Guddu	Rajanpur, Rahim Yar Khan, Ghotki & Kashmore	2,093.40	04.12.2006	OGDCL 70%, IPRTCO 11.5%, SEPL 13.5%, GHPL 5%
Sub Total			10,138.25		
Total Operated			112,793.56		
OGDCL's Non-Operated JV Exploration Licenses					
1	Block-28	Sibbi, Kohlu & Loralai	6,200.00	14.01.1991	Tullow 95%, OGDCL 5%
2	Bunnu West	Bannu & North Waziristan Agency	1,229.57	27.04.2005	Tullow 40%, OGDCL 40%, MPCL 10%, SEL 10%
3	Tal Block	Kohat, Karak, Bannu & Tribal area adjacent to Bannu	3,305.86	11.02.1999	MOL 10%, OGDCL 30%, PPL 30%, POL 25%, GHPL 5%
4	Offshore Indus-U	Offshore Area	6,294.28	21.07.2006	UEPL 72.5%, OGDCL 27.5%
5	Offshore Indus-S	Offshore Area	2,129.91	22.03.2007	UEPL 50%, OGDCL 50%
6	Offshore Indus-G	Offshore Area	7,466.00	12.12.2012	ENI 25%, OGDCL 25%, PPL 25%, UEPL 25%
Total Non-Operated			26,625.62		

Concession Portfolio (Exploration Licenses)

As on 30 June 2014

Summary of Exploration Licenses		
Province/Area	Operated	Non-Operated
Punjab	15	–
Sindh	12	–
Balochistan	24	1
KPK	9	2
Offshore	2	3
Total	62	6



Development and Production/Mining Leases

Held by OGDCL as on 30 June 2014

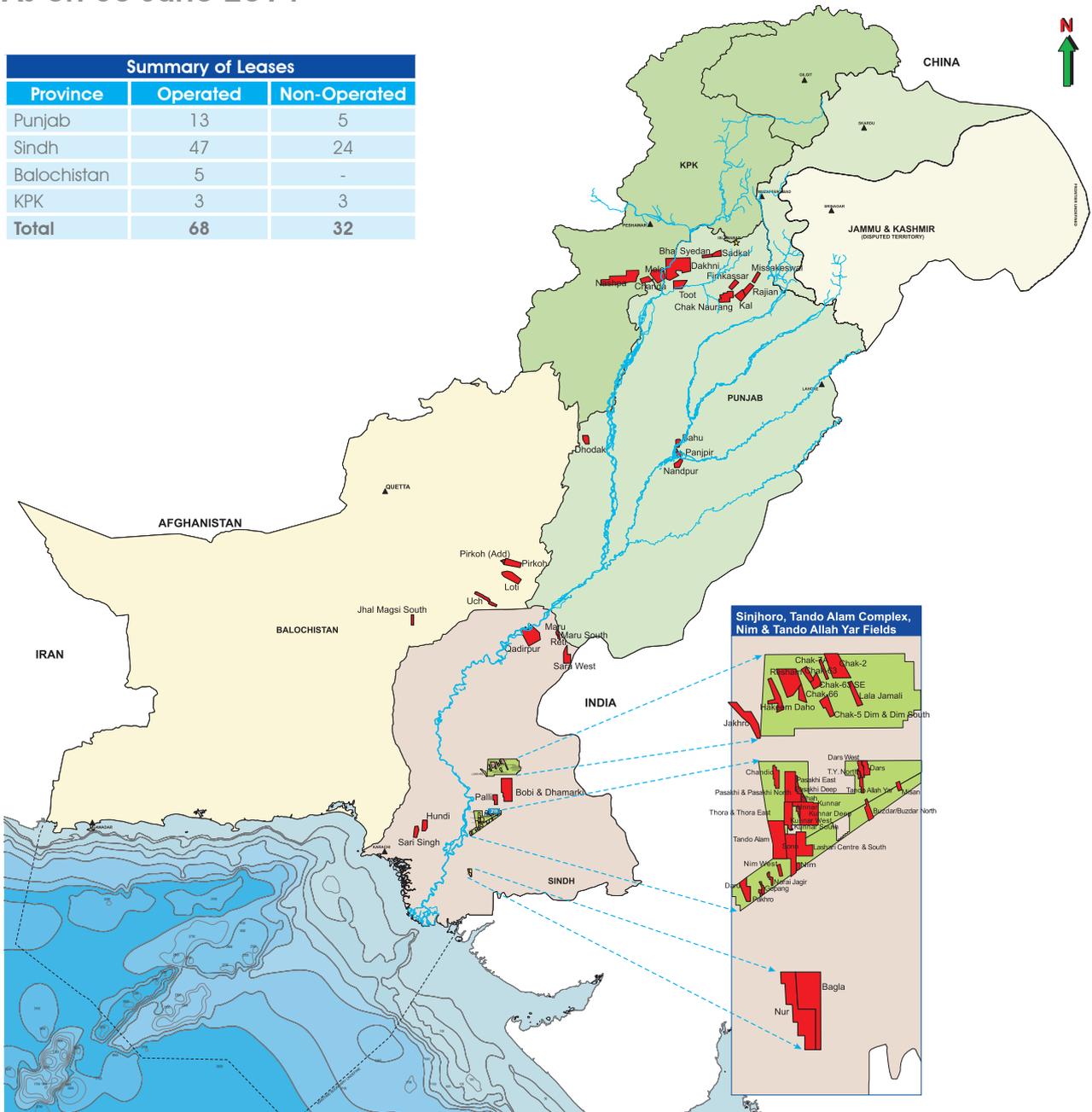
Sr. No.	Lease Name	Districts/Province	Area (sq. km)	Date of Grant	Working Interest (%)
OGDCL's 100% Owned Leases					
1	Bagla	Thatta & Badin, Sindh	29.70	27.02.1995	OGDCL 100%
2	Bahu	Jhang, Punjab	11.22	19.05.2008	OGDCL 100%
3	Bhal Syedan	Attock, Punjab	16.41	11.04.1994	OGDCL 100%
4	Bobi/Dhamrakhi ML	Sanghar, Sindh	128.93	23.01.1990	OGDCL 100%
5	Buzdar	Hyderabad, Sindh	6.58	13.12.1999	OGDCL 100%
6	Chak 5 Dim South	Sanghar, Sindh	15.92	18.03.1996	OGDCL 100%
7	Dakhni ML	Attock, Punjab & Kohat, KPK	267.83	23.04.1984	OGDCL 100%
8	Daru	Thatta, Sindh	10.26	07.04.1990	OGDCL 100%
9	Dhodak	Dera Ghazi Khan, Punjab	41.92	01.02.1995	OGDCL 100%
10	Fimkassar	Chakwal, Punjab	27.98	19.12.1992	OGDCL 100%
11	Hundi	Dadu, Sindh	15.04	21.09.2002	OGDCL 100%
12	Kal	Chakwal, Punjab	41.96	13.08.1996	OGDCL 100%
13	Kunnar Deep ML	Hyderabad, Sindh	16.07	17.05.2008	OGDCL 100%
14	Kunnar ML	Hyderabad, Sindh	34.21	23.01.1990	OGDCL 100%
15	Kunnar West ML	Hyderabad, Sindh	3.13	17.05.2008	OGDCL 100%
16	Lashari Centre & South	Hyderabad, Sindh	23.15	25.06.1989	OGDCL 100%
17	Lofi ML	Dera Bugti Agency, Balochistan	204.11	14.11.1986	OGDCL 100%
18	Misan	Hyderabad, Sindh	2.50	12.07.1999	OGDCL 100%
19	Missakeswal	Rawalpindi, Punjab	23.43	11.04.1994	OGDCL 100%
20	Nandpur	Multan & Jhang, Punjab	45.05	12.03.1996	OGDCL 100%
21	Nur	Thatta & Badin, Sindh	30.64	27.02.1995	OGDCL 100%
22	Pali	Hyderabad, Sindh	16.43	17.11.2001	OGDCL 100%
23	Panipir	Multan & Jhang, Punjab	45.18	12.03.1996	OGDCL 100%
24	Pasahki & Pasahki North	Hyderabad, Sindh	27.95	27.01.1990	OGDCL 100%
25	Pasahki Deep	Hyderabad, Sindh	18.08	17.05.2008	OGDCL 100%
26	Pirkoh	Sibi (Bugti Tribal Territory), Balochistan	141.69	14.07.1988	OGDCL 100%
27	Pirkoh (Additional)	Dera Bugti Agency, Balochistan	13.57	08.08.1977	OGDCL 100%
28	Rajian	Chakwal & Jehlum, Punjab	39.09	28.02.1996	OGDCL 100%
29	Sadkal	Attock, Punjab	26.77	24.01.1994	OGDCL 100%
30	Sara West	Ghotki, Sindh	168.41	08.06.2001	OGDCL 100%
31	Sari Sing	Dadu, Sindh	25.89	30.07.2008	OGDCL 100%
32	Sono	Hyderabad, Sindh	25.08	23.07.1989	OGDCL 100%
33	Tando Alam ML	Hyderabad, Sindh	38.62	30.07.1985	OGDCL 100%
34	Thora/Thora East & Thora Add. ML	Hyderabad, Sindh	15.20	23.01.1990	OGDCL 100%
35	Toot ML	Attock, Punjab	67.97	02.11.1968	OGDCL 100%
36	Uch	Dera Bugti, Balochistan	121.00	01.07.1996	OGDCL 100%
OGDCL's Operated JV Leases					
1	Baloch	Sanghar, Sindh	9.78	16.09.2013	OGDCL 62.5%, OPL 15%, GHPL 22.5%
2	Chak Naurang ML	Chakwal, Punjab	72.70	14.11.1988	OGDCL 85%, POL 15%
3	Chak-63	Sanghar, Sindh	50.95	06.05.2013	OGDCL 62.5%, OPL 15%, GHPL 22.5%
4	Chak-63 South East	Sanghar, Sindh	9.60	23.05.2013	OGDCL 62.5%, OPL 15%, GHPL 22.5%
5	Chak-66	Sanghar/Khairpur, Sindh	11.13	16.09.2013	OGDCL 62.5%, OPL 15%, GHPL 22.5%
6	Chak-7A	Sanghar, Sindh	6.12	05.12.2012	OGDCL 62.5%, OPL 15%, GHPL 22.5%
7	Chanda	Kohat, KPK	32.32	01.06.2002	OGDCL 72%, GHPL 17.5%, ZPCL 10.5%
8	Chandio	Hyderabad, Sindh	8.11	07.02.2014	OGDCL 77.5%, GHPL 22.5%
9	Chak-2	Sanghar, Sindh	43.57	13.09.2013	OGDCL 62.5%, OPL 15%, GHPL 22.5%
10	Dars	Hyderabad, Sindh	6.02	24.01.2005	OGDCL 77.5%, GHPL 22.5%
11	Dars Deep	Hyderabad, Sindh	20.27	16.05.2014	OGDCL 77.5%, GHPL 22.5%
12	Dars West	Hyderabad, Sindh	5.20	24.01.2005	OGDCL 77.5%, GHPL 22.5%
13	Gopang	Hyderabad, Sindh	2.88	27.01.2014	OGDCL 77.5%, GHPL 22.5%
14	Hakeem Dahu	Sanghar/Khairpur, Sindh	23.46	13.09.2013	OGDCL 62.5%, OPL 15%, GHPL 22.5%
15	Jakhro	Sanghar, Sindh	35.05	13.02.2002	OGDCL 77.5%, GHPL 22.5%
16	Jhal Magsi South & Additional Area	Jhal Magsi, Balochistan	17.71	24.07.2009	OGDCL 56%, POL 24%, GHPL 20%
17	Kunnar South	Hyderabad, Sindh	6.90	16.07.2013	OGDCL 77.5%, GHPL 22.5%
18	Lala Jamali	Sanghar, Sindh	13.57	23.05.2013	OGDCL 62.5%, OPL 15%, GHPL 22.5%
19	Maru	Ghotki, Sindh	15.41	28.06.2013	OGDCL 57.76%, SPEL 10.66%, IPRTOC 9.08%, GHPL 22.5%
20	Maru South	Ghotki, Sindh	6.64	18.06.2013	OGDCL 57.76%, SPEL 10.66%, IPRTOC 9.08%, GHPL 22.5%
21	Mela	Kohat, KPK	77.57	02.04.2013	OGDCL 56.45%, PPL 28.55%, GHPL 15%
22	Nashpa	Karak, KPK	170.21	19.06.2013	OGDCL 56.45%, PPL 28.55%, GHPL 15%
23	Nim	Hyderabad, Sindh	2.14	01.01.2013	OGDCL 77.5%, GHPL 22.5%
24	Nim West	Hyderabad, Sindh	3.25	21.05.2012	OGDCL 77.5%, GHPL 22.5%
25	Norai Jagir	Hyderabad, Sindh	2.43	16.08.2008	OGDCL 77.5%, GHPL 22.5%
26	Pasahki East	Hyderabad, Sindh	4.16	12.12.2013	OGDCL 77.5%, GHPL 22.5%
27	Qadirpur	Ghotki & Kashmir, Sindh	389.16	18.08.1992	OGDCL 75%, PPL 7%, KUFPEC 8.5%, PKPEL-I 4.75%, PKPEL-II 4.75%
28	Resham	Sanghar, Sindh	9.37	23.05.2013	OGDCL 62.5%, OPL 15%, GHPL 22.5%
29	Reti	Ghotki, Sindh	8.60	25.06.2013	OGDCL 57.76%, SPEL 10.66%, IPRTOC 9.08%, GHPL 22.5%
30	Shah	Hyderabad, Sindh	2.37	16.09.2013	OGDCL 77.5%, GHPL 22.5%
31	Tando Allah Yar	Hyderabad, Sindh	3.35	24.01.2005	OGDCL 77.5%, GHPL 22.5%
32	Tando Allah Yar North	Hyderabad, Sindh	1.43	07.05.2014	OGDCL 77.5%, GHPL 22.5%
Sr. No.	Lease Name	Districts/Province	Area (sq. km)	Operator	Working Interest (%)
OGDCL's Non-Operated JV Leases					
1	Jabo	Golarchi & Badin, Sindh	16.13	UEPL 51%	OGDCL 49%
2	Kato	Tando Muhammed Alam & Badin, Sindh	20.40	UEPL 51%	OGDCL 49%
3	Paniro	Mafli & Badin, Sindh	10.00	UEPL 51%	OGDCL 49%
4	Pir	Golarchi & Badin, Sindh	43.84	UEPL 51%	OGDCL 49%
5	Rind	Tando Muhammed Alam & Badin, Sindh	17.00	UEPL 51%	OGDCL 49%
6	Jalal	Hyderabad, Sindh	34.25	UEPL 51%	OGDCL 49%
7	Zaur	Badin, Sindh	15.71	UEPL 51%	OGDCL 49%
8	Meyun Ismail	Hyderabad, Sindh	3.59	UEPL 51%	OGDCL 49%
9	Buzdar South Deep	Badin, Sindh	25.13	UEPL 51%	OGDCL 49%
10	Jagir	Badin, Sindh	1.36	UEPL 76%	OGDCL 24%
11	Raj	Hyderabad, Sindh	21.70	UEPL 76%	OGDCL 24%
12	Muban	Hyderabad, Sindh	1.91	UEPL 76%	OGDCL 24%
13	Sakhi Deep	Tando Muhammad Khan, Sindh	4.71	UEPL 76%	OGDCL 24%
14	Jhaberi South	Badin, Sindh	4.13	UEPL 60%	OGDCL 15%, GHPL 25%
15	Ali Zaur	Badin, Sindh	6.23	UEPL 60%	OGDCL 15%, GHPL 25%
16	Shah Dino	Badin, Sindh	1.46	UEPL 60%	OGDCL 15%, GHPL 25%
17	Fateh Shah North	Thatta, Sindh	23.81	UEPL 60%	OGDCL 15%, GHPL 25%

Sr. No.	Lease Name	Districts/Province	Area (sq. km)	Operator	Working Interest (%)
OGDCL's Non-Operated JV Leases					
18	Manzalai	Karak, Kohat & Bannu, KPK	382.89	MOL 8.421%	OGDCL 27.7632%, PPL 27.7632%, GHPL 15%, POL 21.0526%
19	Makori	Karak, KPK	50.70	MOL 8.421%	OGDCL 27.7632%, PPL 27.7632%, GHPL 15%, POL 21.0526%
20	Makori East	Karak, KPK	30.66	MOL 8.421%	OGDCL 27.7632%, PPL 27.7632%, GHPL 15%, POL 21.0526%
21	Aahi	Rawalpindi & Jehlum, Punjab	199.88	PPL 39%	OGDCL 50%, POL 11%
22	Ratana	Aftock, Punjab	214.50	OPL 65.91%	OGDCL 25%, AOC 4.545%, POL 4.545%
23	Dhumal	Aftock, Punjab	24.76	OPL 70%	OGDCL 20%, AOC 5%, POL 5%
24	Bhangali	Gujjar Khan, Punjab	45.30	OPL 40%	OGDCL 50%, AOC 3%, POL 7%
25	Bhit	Dadu, Sindh	250.08	ENI 40%	OGDCL 20%, PKP KPVB 28%, PKP KIR B.V 6%, PKP-KIR-II B.V 6%
26	Badhra	Dadu, Sindh	36.72	ENI 40%	OGDCL 20%, PKP KPVB 28%, PKP KIR B.V 6%, PKP-KIR-II B.V 6%
27	Kadanwari	Khalipur, Sindh	457.82	ENI 18.42%	OGDCL 50%, PKP-Kad Ltd 15.79%, PKP-Kad-II Ltd 15.79%
28	Miano	Sukkur, Sindh	814.02	OMV 17.68%	OGDCL 52%, PPL 15.16%, ENI 15.16%
29	Pindori	Chakwal, Punjab	86.58	POL 35%	OGDCL 50%, AOC 15%
30	Badar	Kashmor, Sukkur & Ghotki, Sindh	122.00	PEL 26.32%	OGDCL 50%, SHERRITT 15.79%, SEPL 7.89%
31	Sara	Ghotki, Sindh	82.72	SEPL 60%	OGDCL 40%
32	Suri	Ghotki, Sindh	23.82	SEPL 60%	OGDCL 40%

Lease Map

As on 30 June 2014

Summary of Leases		
Province	Operated	Non-Operated
Punjab	13	5
Sindh	47	24
Balochistan	5	-
KPK	3	3
Total	68	32



Six Years Performance

2008-09 2009-10 2010-11 2011-12 2012-13 2013-14

Operational Performance

Seismic Survey - 2D	Line km	5,129	2,493	1,500	2,589	1,584	1,807
- 3D	sq. km	1,128	290	660	654	1,121	867
Wells Drilled	Numbers	30	26	21	17	24	17
Oil & Gas Discoveries	Numbers	2	6	2	2	3	2

Quantity Sold

Crude Oil	Thousand barrels	14,438	13,343	13,224	13,713	14,183	14,734
Gas	MMcf	364,036	354,327	362,924	381,863	392,513	414,786
LPG	Tons	79,145	73,881	71,061	75,005	41,003	64,088
Sulphur	Tons	24,673	20,018	34,400	21,400	14,493	27,707
White Petroleum Products	Thousand barrels	148	64	30	19	-	-

Financial Results

Net Sales	Rs in billion	130.83	142.57	155.63	197.84	223.37	257.01
Other Revenues		3.43	3.36	3.38	9.75	15.80	19.24
Profit before Taxation		80.93	88.55	90.98	133.08	146.81	172.35
Profit for the Year		55.54	59.18	63.53	96.91	91.27	123.91

Balance Sheet

Share Capital	Rs in billion	43.01	43.01	43.01	43.01	43.01	43.01
Capital Reserves and Unappropriated Profit		83.16	114.38	158.56	220.37	269.26	352.66
Non-Current Liabilities		30.53	36.63	38.44	42.69	43.29	52.52
Current Liabilities		21.29	34.84	21.78	32.21	58.38	48.05
Total Equity and Liabilities		177.99	228.87	261.78	338.29	413.93	496.23
Fixed Assets		87.69	103.18	106.03	116.04	134.53	155.77
Long Term Investments, Loans, Receivables & Prepayments		4.84	5.25	6.14	7.40	145.15	146.30
Current Assets		85.46	120.43	149.60	214.85	134.25	194.16
Total Assets		177.99	228.87	261.78	338.29	413.93	496.23

Cash Flow Summary

Net Cash from Operating Activities	Rs in billion	52.98	61.51	67.88	48.58	185.68	50.39
Net Cash used in Investing Activities		(22.91)	(22.84)	(15.92)	(14.66)	(164.80)	(25.47)
Net Cash used in Financing Activities		(39.41)	(28.77)	(18.66)	(30.61)	(33.92)	(27.22)
Increase/(Decrease) in Cash and Cash Equivalents		(9.34)	9.90	33.30	3.31	(13.04)	(2.30)
Cash and Cash Equivalents at beginning of the Year		18.28	8.94	18.84	52.14	55.45	42.41
Cash and Cash Equivalents at end of the Year		8.94	18.84	52.14	55.45	42.41	40.11

Key Indicators

Profitability Ratios

Gross Profit Margin	%	70%	71%	66%	70%	71%	69%
Net Profit Margin	%	42%	42%	41%	49%	41%	48%
EBITDA Margin to Sales	%	70%	71%	71%	74%	69%	73%
Return on Average Capital Employed/Duo Pont Analysis	%	47%	42%	35%	42%	32%	35%

Liquidity Ratios

Current Ratio	Times	4.01	3.46	6.87	6.67	2.30	4.04
Acid Test/Quick Ratio	Times	3.25	3.03	6.22	6.26	2.01	3.65
Cash to Current Liabilities	Times	0.43	0.54	2.40	1.73	0.73	0.84
Cash Flow from Operations to Sales	%	75%	66%	87%	59%	125%	63%

Activity/Turnover Ratios

Debtor Turnover in Days (1)	Numbers	135	178	189	200	158	111
Total Assets Turnover Ratio	%	79%	70%	63%	66%	59%	56%

Investment/Market Ratios

Earnings per Share	Rupees	12.91	13.76	14.77	22.53	21.22	28.81
Price Earning Ratio	Times	6.09	10.32	10.36	7.12	10.78	9.07
Dividend Yield Ratio	%	10%	4%	4%	5%	4%	4%
Dividend Payout Ratio	%	64%	40%	37%	32%	39%	32%
Dividend Coverage Ratio	Times	1.57	2.50	2.69	3.11	2.57	3.11
Cash Dividend per Share	Rupees	8.25	5.50	5.50	7.25	8.25	9.25
Market Price per Share (2) - As on June 30	Rupees	78.64	142.00	153.00	160.44	228.75	261.28
- High during the Year		125.49	142.00	179.70	170.70	254.81	287.84
- Low during the Year		40.56	80.71	128.80	120.29	167.41	229.47
Break-up Value per Share	Rupees	29.34	36.60	46.87	61.24	72.60	92.00

Contribution to National Exchequer

	Rs in billion	86.45	80.24	76.84	100.55	129.62	132.26
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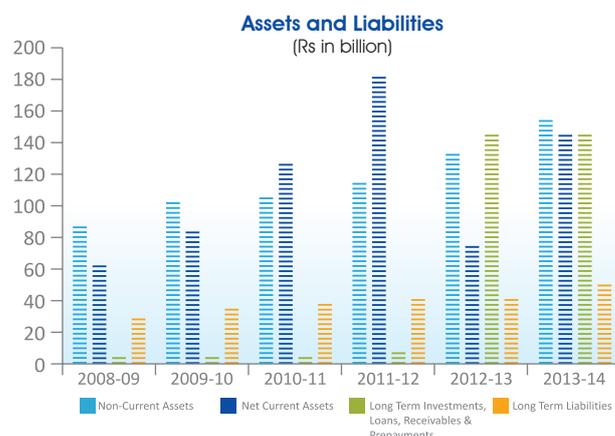
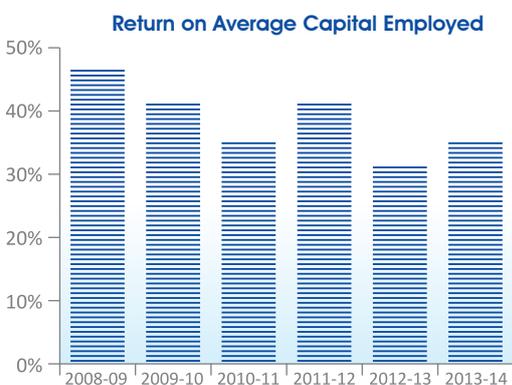
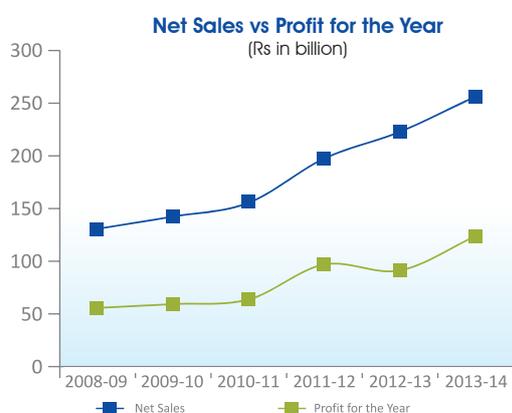
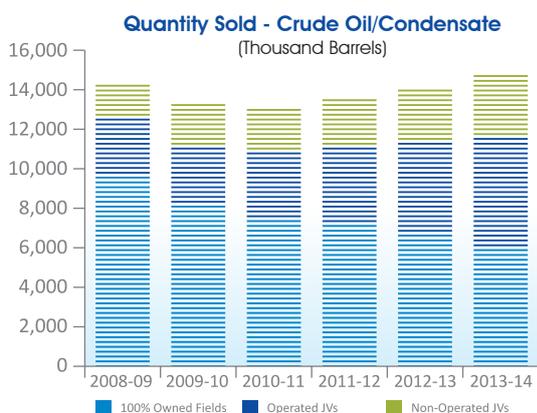
Notes:

Previous year figures have been rearranged and/or reclassified, wherever, necessary for the purpose of comparison

- 366 days have been used for the year 2011-12
- Source: Karachi Stock Exchange

Graphical Presentation

Six Years Operational & Financial Performance



Comments on Six Years Performance

The Company while maintaining its leading position in E&P sector of Pakistan; highest market share in acreage, reserves and production continued to deliver robust financial performance over the span of six (6) fiscal years i.e 2008-09 to 2013-14. A brief analysis of the financial results during the stated years is as follows:

- Net sales for the year 2013-14 increased to Rs 257.01 billion (2008-09: Rs 130.83 billion) showing a rise of Rs 126.18 billion which is 96.4% mainly due to significant enhancement in oil & gas production coupled with higher realized prices of hydrocarbon products and favorable exchange rate;
- Profit after taxation for the year 2013-14 increased to Rs 123.91 billion (2008-09: Rs 55.54 billion) showing a rise of Rs 68.37 billion which is 123.1% owing to higher net sales for the reasons given above and other income;
- Fixed assets for the year 2013-14 increased to Rs 155.77 billion (2008-09: Rs 87.69 billion) showing a rise of Rs 68.08 billion attributable to increase in property, plant & equipment, exploration & evaluation assets and development & production assets;
- Long term investment, loans, receivables and prepayments for the year 2013-14 increased to Rs 146.30 billion (2008-09: Rs 4.84 billion) showing a rise of Rs 141.46 billion mainly due to investment in Privately Placed Term Finance Certificates and Pakistan Investment Bonds;
- Current assets for the year 2013-14 increased to Rs 194.16 billion (2008-09: Rs 85.46 billion) showing a rise of Rs 108.70 billion largely due to trade debts outstanding against oil refineries and gas distribution companies on account of prevailing inter-corporate circular debt issue;
- Cash and cash equivalents at the end of the year 2013-14 increased to Rs 40.11 billion (2008-09: Rs 8.94 billion) showing a rise of Rs 31.17 billion portraying Company's strong liquidity position and financial strength to carry on the planned exploration & development programs;
- Being the leading exploration and production company of Pakistan, a significant contribution of Rs 605.96 billion was made during last six (6) years on account of corporate tax, royalty, general sales tax, excise duty, development surcharge and dividend.

Vertical and Horizontal Analysis

2008-09 2009-10 2010-11 2011-12 2012-13 2013-14

Vertical Analysis

Profit and Loss Account

Net Sales	100.0	100.0	100.0	100.0	100.0	100.0
Royalty	(11.6)	(11.7)	(11.4)	(11.7)	(11.6)	(11.6)
Operating Expenses	(17.3)	(16.6)	(21.2)	(17.4)	(16.5)	(19.0)
Transportation Charges	(1.2)	(1.0)	(1.4)	(1.0)	(1.0)	(0.9)
Gross Profit	69.9	70.6	66.0	69.9	70.9	68.5
Other Income	2.6	2.3	2.1	4.9	7.0	7.4
Exploration and Prospecting Expenditure	(5.7)	(5.5)	(4.3)	(2.0)	(6.7)	(3.4)
G & A Expenses	(1.0)	(1.1)	(1.4)	(1.1)	(1.1)	(1.2)
Finance Cost	(0.7)	(0.9)	(1.0)	(0.9)	(1.0)	(0.9)
Workers' Profit Participation Fund	(3.3)	(3.3)	(3.1)	(3.5)	(3.5)	(3.5)
Share of Profit in Associate	0.0	0.0	0.1	0.0	0.0	0.0
Profit before Taxation	61.9	62.1	58.4	67.3	65.7	67.1
Taxation	(19.4)	(20.6)	(17.6)	(18.3)	(24.9)	(18.8)
Profit for the Year	42.5	41.5	40.8	49.0	40.9	48.2

Balance Sheet

Share Capital and Reserves	70.9	68.8	77.0	77.9	75.4	79.7
Non-Current Liabilities	17.1	16.0	14.7	12.6	10.5	10.6
Current Liabilities	12.0	15.2	8.3	9.5	14.1	9.7
Total Equity and Liabilities	100.0	100.0	100.0	100.0	100.0	100.0
Non-Current Assets	52.0	47.4	42.9	36.5	67.6	60.9
Current Assets	48.0	52.6	57.1	63.5	32.4	39.1
Total Assets	100.0	100.0	100.0	100.0	100.0	100.0

Horizontal Analysis

Profit and Loss Account

Net Sales	100.0	109.0	119.0	151.2	170.7	196.4
Royalty	100.0	110.4	116.8	152.6	170.9	196.1
Operating Expenses	100.0	104.6	145.5	151.6	162.2	215.4
Transportation Charges	100.0	98.0	144.6	133.3	147.8	156.9
Gross Profit	100.0	110.0	112.3	151.2	173.2	192.5
Other Income	100.0	97.9	98.0	286.6	465.6	567.4
Exploration and Prospecting Expenditure	100.0	105.9	88.8	54.3	200.8	116.9
G & A Expenses	100.0	119.9	167.6	165.1	180.2	222.4
Finance Cost	100.0	137.5	160.3	185.6	250.0	238.0
Workers' Profit Participation Fund	100.0	109.4	112.4	164.4	181.4	213.0
Share of Profit in Associate	100.0	111.5	136.4	151.7	182.4	198.1
Profit before Taxation	100.0	109.4	112.4	164.4	181.4	213.0
Taxation	100.0	115.7	108.1	142.5	218.7	190.8
Profit for the Year	100.0	106.5	114.4	174.5	164.3	223.1

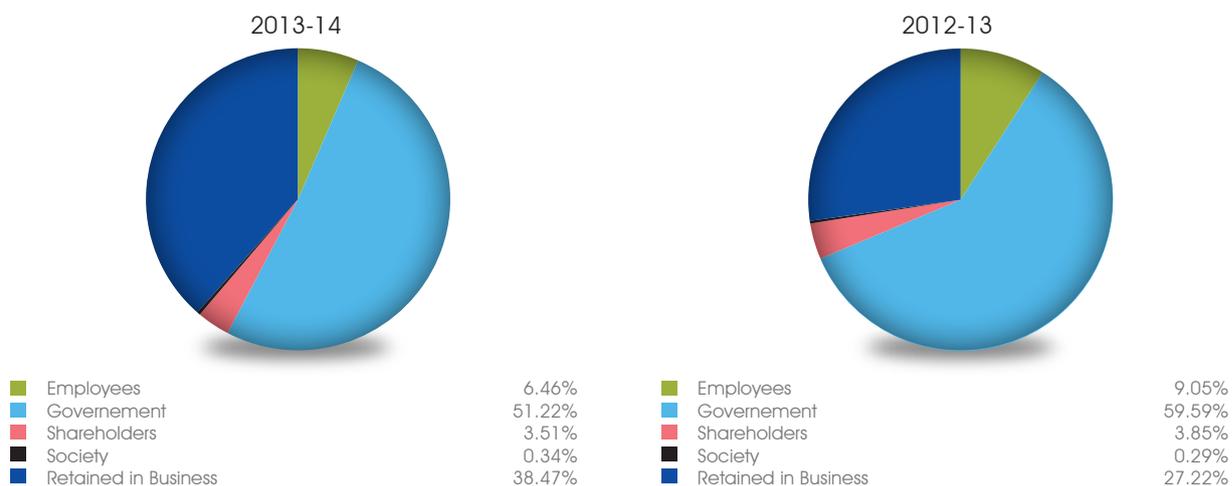
Balance Sheet

Share Capital and Reserves	100.0	124.7	159.8	208.8	247.5	313.6
Non-Current Liabilities	100.0	120.0	125.9	139.8	141.8	172.0
Current Liabilities	100.0	163.7	102.3	151.3	274.2	225.7
Total Equity and Liabilities	100.0	128.6	147.1	190.1	232.6	278.8
Non-Current Assets	100.0	117.2	121.2	133.4	302.3	326.5
Current Assets	100.0	140.9	175.1	251.4	157.1	227.2
Total Assets	100.0	128.6	147.1	190.1	232.6	278.8

Statement of Value Addition

	(Rs in Million)	
	2013-14	2012-13
Gross Revenue	282,099	244,944
Less:		
Operating, General & Administration Expenses, Transportation and Exploration Expenses	23,199	27,934
	258,900	217,010
Add:		
Income from Financial Assets	18,249	14,462
Income from Non-Financial Assets	877	1,233
Other	114	105
Less:		
Other Expenses	2,204	2,315
Total Value Added	275,936	230,494
Distribution:		
Employees as		
Remuneration	16,012	13,951
Other Comprehensive Loss-Remeasurement Loss on Employee Retirement Benefit Plans	1,801	6,907
	17,813	20,858
Government as		
Corporate Tax	48,435	55,536
Dividends	29,021	26,603
Levies - Sales Tax	21,574	18,279
Excise Duty	3,511	3,299
Discount on Crude Oil Price	-	1
Royalty	29,720	25,899
Workers' Profit Participation Fund	9,071	7,727
	141,333	137,344
Shareholders other than the Government as		
Dividends	9,687	8,880
To Society	947	679
Retained in Business		
Capital Reserve	850	850
Depreciation	4,690	4,758
Amortization	18,061	9,093
Net Earnings/Unappropriated Profit	82,555	48,033
	106,156	62,734
Total Value Added	275,936	230,494

Distribution of Value Added



Managing Director's Review



Oil & Gas Development Company Limited (OGDCL), being the largest exploration and production (E&P) Company of Pakistan delivered yet another industry leading performance during the financial year 2013-14.

For the first time in the history of the Company, Profit after Taxation surpassed Rs 100 billion mark and reached a record level of Rs 123.915 billion (2012-13: Rs 91.273 billion) translating into Earnings per Share of Rs 28.81 (2012-13: Rs 21.22). These financial results are driven by enhanced oil and gas production complemented by favorable exchange rate and increase in realized prices of hydrocarbon products. This robust performance testify Company's sustainable growth and financial strength to undertake future exploration and development programs leading to maximization of shareholders wealth in the future.

OGDCL's endeavor to boost oil and gas production resulted in increase of 5.9% in gas production and 3.1% in crude oil production in comparison to the preceding year despite natural decline in some of its mature producing fields. During 2013-14, the Company contributed around 50% of Pakistan's total oil production and 29% of total natural gas production. Besides this, OGDCL contributed a sum of Rs 132.261 billion towards the national exchequer on account of corporate tax, royalty, general sales tax, excise duty and

dividend during the year. Moving on, the Company based on its commitment to carry out aggressive exploration activities and completion of ongoing development projects coupled with maintaining production levels from existing mature fields using Improved/Enhanced Oil Recovery (IOR/EOR) techniques expects significant production surge in the coming years. This growth in the production will generate strong predictable cash flows underpinning Company's forward work programs alongside playing a pivotal role in meeting growing energy demands of oil and gas in the Country.

On the exploration front, OGDCL maintains a balanced concession portfolio comprising exploratory blocks in the promising and unexplored areas. As part of our continuous efforts to augment Company's concession portfolio, twenty nine (29) new exploratory blocks were acquired through competitive bidding of Petroleum Exploration Rights announced by Directorate General of Petroleum Concessions, Ministry of Petroleum & Natural Resources (MP&NR) during the year 2012-13 which are formally awarded to the Company during the year under review. With the acquisition of these blocks, the Company's concession portfolio currently constitutes sixty two (62) owned and operated joint venture exploration licenses covering an area of 112,794 sq. km.

OGDCL with an aim to explore new oil and gas reserves acquired 1,807 Line km of 2D and 867 sq. km of 3D seismic data in various exploratory blocks during the reporting period. The Company also spud seventeen (17) new wells including eight (8) exploratory/appraisal wells and nine (9) development wells. Moreover, exploration success continued during the year with discoveries at Saand-1 exploratory well in district Tando Allah Yar and Maru East-1 exploratory well in district Ghotki, both in Sindh province.

In order to maintain liquidity position and ensure smooth running of exploration, development and production activities, the Company's Management continued to carry out vigorous follow-ups during the year for recovery of overdue receivables outstanding against oil refineries and gas distribution companies. These persistent efforts resulted in record receivable collections for the Company in comparison with the previous years.

Looking forward, OGDCL in pursuit of its ambition to address energy challenges faced by the Country is striving to augment production by focusing on completion of its ongoing development projects along with undertaking fast track exploration and development activities. While doing so, the Company stands firm in utilizing advance reservoir management practices, latest production techniques and innovative technologies to drive functional excellence across E&P operations and maximize hydrocarbon recovery. As we enter in the new fiscal year (2014-15), we plan to meet the stated commitments by banking on the support of all our stakeholders particularly Government of Pakistan, MP&NR, shareholders, Joint Venture partners, employees and able guidance of Board of Directors. We are well positioned to continue our record of delivering industry leading performance while ensuring that health and safety of people and fulfilling social obligations throughout the Country wide operations remain a business priority.

5 August 2014
Islamabad



(Muhammad Rafi)
Managing Director & CEO

Directors' Report



On behalf of the Board of Directors of OGDCL, I am pleased to present the financial & operational performance of the Company and audited financial statements together with Auditors' Report for the year ended 30 June 2014.

During the year under review, OGDCL continued to deliver robust financial results coupled with steady operational performance while successfully maintaining its position as the leading performer in E&P sector in terms of oil & gas reserves, production and exploration acreage in the Country.

Financial Performance Review

Financial year 2013-14 emerged as the landmark in the history of OGDCL with its Profit after Taxation increasing by 35.8% and reaching a new record level of Rs 123.915 billion (2012-13: Rs 91.273 billion) translating into Earnings per Share of Rs 28.81 (2012-13: Rs 21.22). The Company's Sales Revenue exhibit a growth of 15.1% surging to Rs 257.014 billion (2012-13: Rs 223.365 billion). These improved results indicate sustainable business growth and financial strength to undertake future exploration & development programs leading to increased shareholder returns in the future.

OGDCL's financial performance witnessed during the year has been substantially driven by increase in oil and gas production coupled with favorable exchange rate. In addition, increase in realized prices

of crude oil and gas averaging US\$ 87.71/barrel and Rs 282.95/Mcf compared with US\$ 83.40/barrel and Rs 265.88/Mcf respectively during the preceding year, also contributed positively in the Company's financial growth. Furthermore, higher other income owing to increase in return on investments and bank deposits is another significant factor adding to the Company's improved financial performance.

Liquidity and Cash Flow Analysis

During the year 2013-14, the Company's cash flow from operations after working capital changes and payment of income tax of Rs 54.647 billion & royalty of Rs 29.931 billion was Rs 50.390 billion. After adjusting investment and financing activities of Rs 25.468 billion and Rs 27.222 billion respectively, the Company's cash & cash equivalents at the end of the year were Rs 40.114 billion.

In order to maintain the liquidity position and to ensure smooth running of the Company's exploration, development and production activities, efforts for recovery of the overdue receivables continued during the year under review. In this connection, the Company's Management carried out vigorous

follow-ups for recovery of receivables simultaneously requesting GoP for early resolution of prevailing inter-corporate circular debt issue. As a result of these efforts, the Company witnessed higher receivable collection in comparison with the previous years.

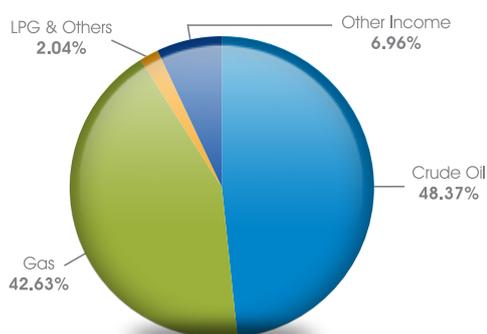
(Rs in billion)		
Profit before taxation		172.350
Taxation		(48.435)
Profit for the year		123.915
Un-appropriated profit brought forward		263.501
Other comprehensive loss		(1.801)
Profit available for appropriations		385.615
Appropriations		
Transfer to capital reserves		(0.850)
Distribution through Dividends		
Final Dividend 2012-13	@ Rs 2.75 per share (27.50%)	(11.828)
First Interim Dividend 2013-14	@ Rs 2.00 per share (20.00%)	(8.602)
Second Interim Dividend 2013-14	@ Rs 2.00 per share (20.00%)	(8.602)
Third Interim Dividend 2013-14	@ Rs 2.25 per share (22.50%)	(9.677)
		(38.709)
Un-appropriated profit carried forward		346.056

Final Dividend

The Board of Directors has recommended the final cash dividend of Rs 3.00 per share in addition to three (3) cumulative interim cash dividends of Rs 6.25

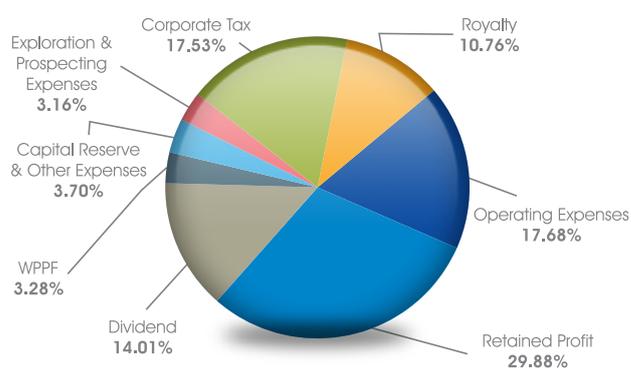
per share already declared and paid during the year. This makes a total dividend of Rs 9.25 per share (92.5%) for the year ended 30 June 2014.

Source of Net Income 2013-14



Total Rs 276.25 billion

Utilization of Net Income 2013-14



Total Rs 276.25 billion

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 and dividend. During the year 2013-14, a sum of Rs 132.261 billion was contributed to the national exchequer. In addition, the Company's oil and gas production has significantly

contributed towards foreign exchange savings as import substitution.

Moreover, OGDCL was declared as top corporate tax payer by the Federal Board of Revenue (FBR) as it paid the highest amount of tax in the "Companies" category in the Tax Year 2013.

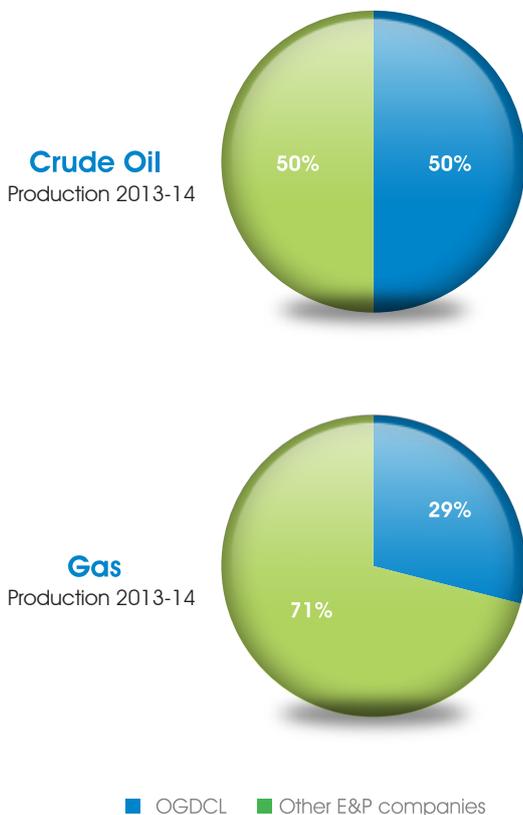
Critical Performance Measures and Indicators

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 given at page 26 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 62 exploration licenses, OGDCL holds the largest exploration acreage in Pakistan covering 31% of the total awarded acreage as of 30 June 2014. The Company holds largest portfolio of recoverable hydrocarbon reserves in Pakistan, at 58% of oil and 41% of natural gas reserves, as at 31 December 2013. In addition, the Company contributed 50% of Pakistan's total oil production and 29% of total natural gas production during fiscal year 2013-14.

(Source: Pakistan Petroleum Information Services)



Exploration and Development Activities

OGDCL in light of exploration-led growth strategy continues to make efforts to strengthen its portfolio that includes a diversified mix of high impact exploration and near term development projects. In this pursuit, the Company through competitive bidding of Petroleum Exploration Rights announced by Director General of Petroleum Concessions, MP&NR in fiscal year 2012-13 acquired twenty nine (29) new exploratory blocks which are formally awarded to the Company during the reporting period. The Company holds the largest exploration acreage in the Country which as a result of the acquisition of new blocks increased to 112,794 sq. km as of 30 June 2014 (30 June 2013: 51,807 sq. km). The Company's concession portfolio currently constitutes sixty two (62) owned and operated joint venture exploration licenses besides holding working interest in six (6) blocks operated by other Exploration and Production companies.

During the year under review, OGDCL with an aim to explore new oil and gas reserves acquired 1,807 Line km of 2D and 867 sq. km of 3D seismic data in blocks namely Mianwali, Dakhni, Nashpa, Pali, Nur-Bagla, Bitrism, Khewari, Chanda Mela, Channi Pul, Nim-Daru, Hetu, Sari/Hundi, Alipur and Mari East. Moreover, the Company carried out 250 Line km of regional geological field work in Central Salt Range and also processed 5,213 Line km of 2D seismic data of various blocks using in-house resources.

During the year, OGDCL spud seventeen (17) new wells including eight (8) exploratory/appraisal wells viz., Jakhro West-1, Maru East-1, Manna-1, Chak 25 C-1, Hanif-1, Pali Deep-1, Zin SML-3 & Saand-2 and nine (9) development wells viz., Qadirpur-50, 51, 52 & 53, Qadirpur HRL-8, Kunnar Deep-9, Rajian-8, Pasahki Deep-4 & Chak 5 Dim-2. Moreover, drilling of eleven (11) wells spud in the previous fiscal year viz., Saand-1, Khurram-1, Soghri-1, Jand-1, Zin Deep-1, Zin SML-2, Nashpa-4, Mela-4, Qadirpur-47, Sara West-4 and Qadirpur HRL-7 also continued during the reporting period.

With respect to the OGDCL's twenty nine (29) new exploratory blocks, a comprehensive work program has been designed with focus and commitment to carry out fast track exploration activities. Moving ahead, the Company based on intensifying exploratory efforts will continue to explore and appraise new possibilities to ensure the sustainability of E&P assets portfolio along with delivering attractive returns to shareholders in the years to come.



Hole drilling to load dynamite for seismic acquisition, district Karak, KPK.

Discoveries

The financial year 2013-14 has witnessed success across the Company's acreage with discoveries at Saand-1 exploratory well in district Tando Allah Yar and Maru East-1 exploratory well in district Ghotki, both in Sindh province. The preliminary reserves estimates accredited to these discoveries are 50.44 billion cubic feet of gas and 0.34 million barrels of condensate, combined 7.24 million barrels of oil equivalent.

Oil and Gas Reserves

OGDCL's total gross remaining recoverable 3P reserves as of 30 June 2014 stood at 200 million barrels of oil and 9,918.89 billion cubic feet of gas. The reported reserves are in accordance with the Reserves Evaluation Study-2010 carried out by an independent consultant TRACS International, UK for all OGDCL operated fields. Original reserves by TRACS have been revised/updated during the period 2010-2014 based on the production performance, workovers and development wells results of individual fields.

During the year under review, Bayphase Limited, UK has been engaged to carry out reserves evaluation study-2014 for all OGDCL fields. In this connection, Bayphase Limited, UK has prepared a Competent Person Report for seventy five (75) fields including sixty one (61) operated and fourteen (14) non-operated fields while the remaining fields will be covered in the ongoing reserve evaluation study.

Production

In an effort to boost nation's energy supply and contribute in economic growth of the Country, OGDCL is striving to enhance oil and gas production from its own and operated joint venture fields by pursuing an aggressive production enhancement strategy involving short, medium and long term exploration & development plans. Progressing towards increase in production, the Company, during the year under review, added 8,500 barrels per day of oil and 270 MMcf per day of gas through addition of new wells namely Nashpa-4, Qadirpur-47, 49 & 50, Rajian-7 & 8, Chak 5 Dim South-2 and Qadirpur HRL-7 & 8 coupled with tie-in of Uch-20, 21, 25, 26, 28, 31 & 32 in the existing gathering system and workover jobs.

During the year 2013-14, OGDCL carried out perforation/re-perforation and Bottom Hole Pressure survey jobs for revival of production at number of wells in Qadirpur, Sinjhor, Tando Alam, Thora, Moolan North, Nim West, Kunnar, Pasahki, Gopang, Uch-I and Nur-Bagla fields. In addition, the Company in order to update reservoir study and induce improvement in current well flow parameters carried out pressure survey campaigns at number of wells at Qadirpur, Nashpa, Chanda, Mela, Dakhni, Tando Alam, Jakhro & Sinjhor fields and via OGDCL slickline unit at Uch-II. Furthermore, Annual Turn Around of Chanda plant was undertaken to improve its operational efficiency while new technology; Duracaps Scale Inhibitors were

injected at number of wells in Pasahki, Tando Alam and Thora fields to help uninterrupted oil production. Apart from the above, OGDCL commissioned Jakhro Gas Condensate field in the month of October 2013 resulting in production start-up of 238 barrels per day of oil and 6 MMcf per day of gas. Regarding Maru-Reti Gas field, the Company is currently supplying around 12 MMcf per day of gas to Engro Fertilizer Limited while supply of gas from Uch-II has also started in February 2014 and currently 340 MMcf per day of gas is being supplied to Uch Power Limited and Uch-II Power Limited from Uch-I & II. In addition, the Company also brought its Dachrapur field on production using processing facilities of Daru field and its production testing resulted in 7.5 MMcf per day of gas.

During the reporting period, OGDCL witnessed increased production against the backdrop of frequent plant problems at Qadirpur & Dakhni fields, less gas intake by power producers and sabotage activities on gas transmission pipelines effecting gas supply from Qadirpur, Pirkoh, Loti, Nandpur & Bahu fields. The Company's net gas production in comparison with the corresponding year augmented by 5.9% primarily on account of increase in production from Uch, Nashpa, Sinjhor, Kunnar & Nur-Bagla fields in conjunction with start-up of production from Maru-Reti & Jakhro fields. Similarly, net crude oil production increased by 3.1% owing to increase in production from Sinjhor, Rajian & Nur-Bagla fields and commencement of production from Nashpa-4 & Jakhro field accompanied by increase in share of crude oil production from non-operated joint venture fields.

The average daily net production of crude oil and gas, during the year under review, including share in both operated and non-operated joint venture fields is as under:

Products	Unit of Measurement	FY 2013-14	FY 2012-13
Crude oil	Barrels per day	41,330	40,101
Gas	MMcf per day	1,173	1,108

In view of OGDCL's strong production profile accompanied with the financial strength to support extensive exploration program and ongoing development projects, the Company is all set to carry on and further accelerate the momentum of increased oil and gas production in the coming years.

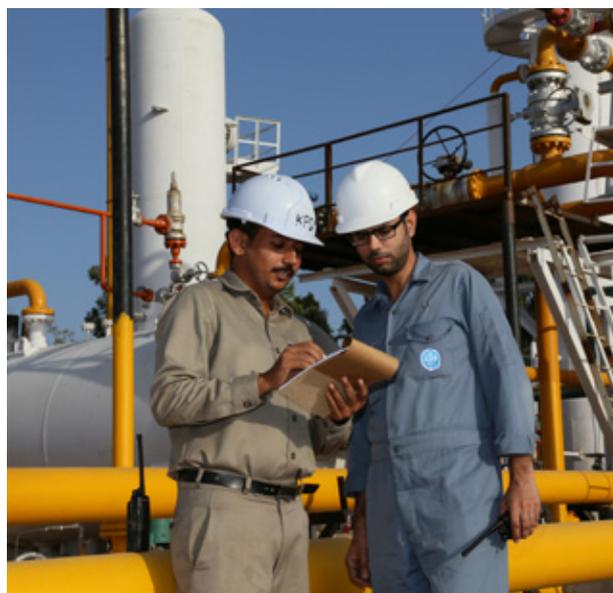
Development Projects

OGDCL in its endeavor to enhance oil and gas production is making all-out efforts for fast track completion of its ongoing development projects which include Kunnar Pasahki Deep-Tando Allah Yar (KPD-TAY), Sinjhor, Uch-II, Jhal Magsi, Nashpa-Mela and Suleiman development project. These development projects upon completion are anticipated to render significant enhancement in the Company's oil, gas and LPG production.

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 (2) phases by using in-house resources. In this regard, phase-I of the project has been completed. At present, 100 MMcf per day of dehydrated gas is being supplied to Sui Southern Gas Company Limited (SSGCL) along with producing 1,100 barrels per day of condensate.

Under phase-II, a contract for Engineering, Procurement, Construction and Commissioning (EPCC) has been signed with Shandong Kerui Petroleum Equipment Company China for design, supply, construction, installation and commissioning of amine sweetening unit, LPG & condensate stabilization units, power generation package, sales gas metering skid, hot oil system and allied utilities. Foundation work for equipments has started and completion of phase-II is expected by December 2014 which would add 130 MMcf per day of gas, 4,000 barrels per day of condensate/NGL and 410 Tons per day of LPG to the current production.



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

Sinjhor Development Project

Sinjhor development project is located near district Sanghar, Sindh province and is a joint venture among OGDCL (62.5%), Ocean Pakistan Limited (15%) and Government Holdings Private Limited (22.5%), with OGDCL as the operator. OGDCL is developing this field using in-house resources in two (2) phases. Phase-I of the project has been completed and is currently producing 750 barrels per day of oil while 9.5 MMcf per day of gas is supplied to SSGCL.

Regarding phase-II, equipment such as feed/sale gas compressor, cooling tower, oily water and treatment packages, utility pumps etc. has been received at site and placed on respective foundations. Completion of phase-II of the project is expected by October 2014 resulting into addition of 1,600 barrels per day of crude oil, 9 MMcf per day of gas and 120 Tons per day of LPG to current production.

Uch-II Development Project

Uch gas field is located about 67 kilometer South East of Dera Bugti in Balochistan province. Uch-II development project is also being completed by employing in-house resources. The Procurement & Construction contract has been signed with TDE-Zealcon and the contractor has been mobilized at site and work is in progress. The project is expected to be completed by September 2014 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. However, under interim arrangement supply of 135 MMcf per day of gas to Uch-II Power Limited has started with effect from February 2014.

Jhal Magsi Development Project

Jhal Magsi gas field is located in district Jhal Magsi, Balochistan province and is a joint venture among OGDCL, Government Holdings Private Limited and Pakistan Oilfields Limited having working interest ownership of 56%, 20% and 24% respectively, with OGDCL as operator. Regarding this project, most of the procurement pertaining to long lead equipments including amine plant, power generation and dehydration package has been completed. Shipment for amine unit, dehydration unit, emergency shutdown valves, blow down valves and wellhead hydraulic control panels has been received. Erection work at field is likely to commence soon.

SSGCL will lay down 85 kilometer gas pipeline and the project is anticipated to be completed by December 2014 leading to an expected production of 15 MMcf per day of gas.

Nashpa-Mela Development Project

Nashpa-Mela fields are located in Karak and Kohat districts of Khyber Pukhtunkhwa province. OGDCL is the operator of these fields with 65% share while joint venture partners include Pakistan Petroleum Limited (30%) and Government Holdings Private Limited (5%). To complete the Nashpa development project, an LOI on EPCC basis has been issued to TDE Consortium, Canada for design, supply, installation and commissioning of gas processing & LPG recovery plants, sales gas compressors and allied facilities at Nashpa field. Regarding Mela development project, EPCC tender is under financial evaluation and tender for laying of 22 kilometer gas transport pipeline from Mela to Nashpa field is being issued.



Uch gas processing plant, Dera Bugti, Balochistan.

Naspha-Mela development project is expected to be completed by November 2015 resulting into incremental production of 10 MMcf per day of gas, 1,120 barrels per day of crude oil and 340 Tons per day of LPG.

Suleiman Development Project

Suleiman Field is located in Khewari Block in districts Khairpur and Shaheed Benazirabad in Sindh province. It is a joint venture between OGDCL (95%) serving as operator and GHPL (5%). The Company plans to install wellhead and gas processing facilities at Suleiman-1 for supply of gas to SSGCL and the project is expected to be completed by January 2015.

Non-Operated Joint Ventures

Tal Concession

Tal Block is located in Khyber Pakhtunkhwa province and spreads over Karak, Kohat, Hangu and Bannu areas. Tal concession is operated by MOL with OGDCL, PPL, POL and GHPL as joint venture partners. OGDCL holds 27.76% working interest in Tal concession. The discoveries accredited to Tal concession to-date include Manzalai, Makori, Mamikhel, Maramzai, Makori East and Tolanj. At present, production from Tal block is around 22,000 barrels per day of crude oil/condensate, 265 MMcf per day of gas and 300 Tons per day of LPG.

Adhi D&PL

Adhi oil field is located in Rawalpindi district and is operated by PPL while OGDCL and POL are joint venture partners. OGDCL holds 50% working interest in Adhi. During the year under review, average crude oil, gas, NGL and LPG production from the field is 4,100 barrels per day, 35 MMcf per day, 2,000 barrels per day and 136 Tons per day respectively. As part of the production enhancement plan, drilling of well Adhi-19 was completed and injected into the system during the month of October 2013. Subsequently, drilling of two (2) more wells namely Adhi-20 and Adhi-21 have also been completed during the month of May 2014.

Pindori D&PL

Pindori field is located in district Chakwal, Punjab province and is operated by POL wherein OGDCL holds 50% share. The main productive reservoirs from this field are fractured carbonates of the Eocene Sakesar Formation and Paleocene Lockhart Formation. To date, eight (8) wells have been drilled including two water injectors wells. Currently one (1) well is on production and is contributing around 270 barrels per day of oil and 0.7 MMcf per day of gas.

Kadanwari, Bhit and Badhra Fields

Kadanwari gas field is located in district Khairpur, Sindh province while Bhit and Badhra fields are located in district Dadu, Sindh province. ENI is operator of these fields and OGDCL has a working interest of 50% in Kadanwari and 20% each in Bhit and Badhra.

During the year under review, average gas sales from Kadanwari is 113.5 MMcf per day of gas while average sales gas from Bhit field is 231 MMcf per day in addition to production of 306 barrels per day of condensate. Badhra field is contributing average production of 28 MMcf per day of gas and Badhra B area is adding an average production of 38.5 MMcf per day of gas.

Offshore Block-G

Block-G covers an area of 7,466 sq. km. It is located in the Deep Offshore Indus Basin about 250 kilometer from the coast of Karachi with water depths between 1,800 and 2,800 meter. The block was awarded to joint venture on 12 December 2012 and is represented by ENI as operator and OGDCL, PPL and UEPL as joint venture partners. Withdrawal notice from UEPL has been received on 28 February 2014 and present joint venture is in a process of reconstitution which is to be represented by ENI Pakistan as operator with 33.34% share and OGDCL & PPL as joint venture partners with 33.33% share each.

During eighteen (18) months extension period granted by the DGPC, G&G studies have been carried out to de-risk the possible drilling operations. Within the Block-G, Kekra structure has been evaluated as "high risk - high reward", a promising carbonate buildup with more than 425 sq. km area and water depth range between 1,800-1,950 meter.

Indus Offshore Blocks-S and U

OGDCL holds 50% and 27.5% working interest in Blocks S and U respectively. During 2013, the operator UEPL had carried out an extensive 3D seismic survey of around 1,000 sq. km. Currently, studies are being carried out to process the seismic data on completion of which a forward plan will be devised.

Badar Field

Badar gas field is located in Kashmore, Sukkur and Ghotki, Sindh province and operated by PEL while OGDCL holds 50% working interest. Currently, the field is producing on average of 13 MMcf per day of gas. Based on the results of regular periodic pressure surveys and G&G work, Badar-2 has been drilled as a development well during the year under review and will be tied to Badar-1 production system.

Miano D&PL

Miano gas field is located in district Sukkur, Sindh and is operated by OMV Pakistan with OGDCL, ENI and PPL as joint venture partners. OGDCL has 52% working interest in D&PL and currently the field is producing an average of 72 MMcf per day of gas. Miano joint venture has established two Tight Gas Sand Reservoirs namely Miano C Sand above and Hot Sand below the main B Sand conventional reservoir.

Dhurnal, Bhangali and Ratana Fields

Dhurnal, Bhangali and Ratana fields are located in districts Attock and Rawalpindi in Punjab province. These fields are operated by Ocean Pakistan Limited (formerly Orient Petroleum International Inc.) while 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 an average of 570 barrels per day of condensate, 10.4 MMcf per day of gas and 19.9 Tons per day of LPG.

Sara and Suri Gas Fields

Sara and Suri gas fields are located in district Ghotki, Sindh and are operated by SEPL with 60% share and OGDCL holds 40% working interest. Sara and Suri gas fields have two (2) dehydration units with capacity

of 25 MMcf per day each, out of which one (1) was completely overhauled in the year 2013-14 and is in operational condition whereas the second one is currently under maintenance.

Drilling of Sara-4 development well to drain remaining reserves of Sara field has been approved by the joint venture partners. Fugro Geodetic team and Spud team have established a new control SARA-G001 based on two (2) existing control stations TS3D-01 and TS3D-06. The proposed well location was stacked at the given co-ordinates on 23 October 2013. Based on the IEE report, No Objection Certificate to carry out drilling operations at planned Sara-4 well has also been granted.

Badin-II, Badin-IIR and Badin-III Fields

Badin fields are located in district Badin, Sindh province and are operated by UEPL. OGDCL holds 49%, 24% and 15% working interest in Badin-II, Badin-IIR and Badin-III fields respectively. Average gross production from Badin fields is around 1,935 barrels per day of oil/condensate and 21 MMcf per day of gas during the year 2013-14. Three (03) wells have been drilled during the reporting period which contributed around 200 barrels per day of oil and 1 MMcf per day of gas. One (01) water injector well was also drilled during 2013-14.



Mr. Muhammad Rafi, Managing Director & CEO, OGDCL receiving Corporate Excellence Award on behalf of the Company.

Awards Conferred

Corporate Excellence Award

OGDCL won the 29th Corporate Excellence Award and was ranked first by the Management Association of Pakistan (MAP) in oil and gas sector. President of Islamic Republic of Pakistan, Mr. Mamnoon Hussain graced the occasion and presented the award to

Mr. Muhammad Rafi, Managing Director & CEO, OGDCL then Executive Director (Finance)/CFO. The award was given to the Company based on the best management practices and financial & operational performance of the Company during the year 2012-13.

Best Corporate Report Award

OGDCL's Annual Report 2012 secured Best Corporate Report Award for the seventh consecutive year. 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) based on Best Corporate Report Awards evaluation criteria 2012.

Board of Directors

The Board of Directors comprises twelve (12) directors including the Chairman and Managing Director & CEO. During the year under review, the composition of the Board has changed as follows:

Chairman

Mr. Zahid Muzaffar was appointed as Chairman Board of Directors on 20 May 2014 in place of Ch. Muhammad Shafi Arshad.

Managing Director & CEO

Mr. Muhammad Rafi has been appointed as the Managing Director & CEO with effect from 13 June 2014 upon superannuation of Mr. Muhammad Riaz Khan. The later took over the charge from Mr. Masood Siddiqui upon his resignation on 23 July 2013.

Directors

Consequent upon reconstitution of the Board, new Board members namely Mr. Hamid Farooq, Prince Ahmed Omar Ahmedzai, Sayed Shafqat Ali Shah, Mr. Muhammad Ali Tabba, Mr. Rehmat Salam Khattak and Mr. Zafar Masud were appointed in place of outgoing Directors Mr. Fahd Shaikh, Mr. Mohamed Anver Ali Rajpar, Mr. Sheraz Hashmi and Mr. Razaullah Khan with effect from 20 May 2014.

The Board recorded its appreciation for the contribution and services rendered by the outgoing Directors and welcomed the new members. The Board appreciated the professional acumen, guidance and services rendered by the outgoing Chairman, Managing Directors and also extended warm welcome to the newly appointed Chairman.

The present Board of Directors comprises the following:

Mr. Zahid Muzaffar	Chairman
Mr. Abid Saeed	Director
Mr. Saif Ullah Chattha*	Director
Mr. Iskander Mohammad Khan	Director
Mr. Hamid Farooq	Director

Mr. Muhammad Ali Tabba	Director
Mr. Zafar Masud	Director
Prince Ahmed Omar Ahmedzai	Director
Sayed Shafqat Ali Shah	Director
Mr. Rehmat Salam Khattak	Director
Mr. Muhammad Yawar Irfan Khan**	Director
Mr. Muhammad Rafi	MD & CEO

* Mr. Saif Ullah Chattha replaced Mr. Babar Yaqoob Fateh Muhammad on 5 August 2014

** Mr. Muhammad Yawar Irfan Khan replaced Syed Masieh-ul-Islam on 17 July 2014

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. The composition of committees and their Terms of Reference are shown on page 16 of the Annual Report 2014.

Investor Relations (IR)

OGDCL acknowledges the importance of communicating and interacting with all stakeholders and maintains an IR function responsible for prompt provision of high-quality and relevant information to its current and potential investors. The pivotal objective of IR function is to keep the investors and market participants informed of all the material information influencing the Company's share price and broadcasting the same in timely and accessible manner. IR program also serves to arrange conference calls with the local and foreign research analysts on the Company's financial results in line with the international best practice.

Furthermore, a dedicated "Investors" section is available on the Company's website (www.ogdcl.com) which is regularly updated to keep stakeholders abreast of all material developments in the Company. The website contains extensive information including Company's share price related data with graphical representations, financial reports, conference call presentations to shareholders with transcript, financial calendar and notices containing material information circulated to stock exchanges. Furthermore, the Company's Annual Report is also dispatched to all the shareholders regularly.

Relationship and Engagement with Stakeholders

As a part of OGDCL's business strategy to foster strong relations with stakeholders and act responsibly, the Company works closely with all related parties including shareholders, Ministries, Divisions & Departments/ Directorates of Federal & Provincial Governments, joint venture partners, customers, suppliers, employees and local communities to create shared prosperity while adhering to high standards of corporate governance and social responsibility. The Company seeks to continuously maintain and improve its engagement by nurturing relationships and building durable bonds with stakeholders to stay connected, informed and engaged as a group.

OGDCL regulators include MP&NR, DGPC and other divisions & departments of Federal & Provincial Governments. The Company fully complies with their directives/guidelines relating to gas pricing, crude oil & gas allocation to refineries & gas distribution companies, concession management etc. Regarding shareholders, the Company fully respects their confidence reposed in it and carries out regular dialogue with them through active Investor Relations coupled with maintaining and updating material information on the Company's website and timely dissemination of the same to the stock exchanges in a transparent manner.

With respect to the employees, the Company appreciates their contribution in making OGDCL a leading E&P Company of Pakistan. The Company focuses on the safety and satisfaction of its employees along with ensuring that their efforts are recognized and valued. The Company also enjoys strong and healthy relations with joint venture partners and works alongside a number of E&P companies through production sharing contracts to explore, develop and produce oil and gas in the Country. Similarly, the Company maintains positive relationships with its customers including crude oil refineries & gas distribution companies, suppliers and local communities with the aim to create long term sustainable value for the benefits of all stakeholders.

Share Price Sensitivity Analysis

Being involved in exploration for and development of hydrocarbons, OGDCL's business is speculative in nature and various factors may produce a potential impact on the Company's share price. In this regard, the key factors are as follows:

Changes in Commodity Prices (Crude Oil/HSFO)

Changes in the international Crude Oil/HSFO prices

impact revenue thus influencing the Company's share price.

Macroeconomic, Political and Security Environment

Changes in macroeconomic factors such as growth in economy, inflation, interest & exchange rates and their outlook also affect the Company's share price. Political stability reduces the Country's risk premium and positively impacts the share price. Moreover, improvement in security situation provides access to hydrocarbon areas along with reducing security related expenditures thus positively impacting OGDCL's share price.

Regulatory and Licensing Regimes

Improvement and stability in the regulatory regime and better pricing policies positively affect future earnings and may lead to a favorable impact on OGDCL's share price.

Success/Failure on Operational Fronts

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

Infrastructure and Technology

Improvement in existing infrastructure and introduction of new technologies reduces exploration & production costs and provides access to untapped hydrocarbons thus creating future growth opportunities and positively impacting the Company's share price and vice versa.

Corporate Governance

Being a listed Company, Code of Corporate Governance and all listing regulations are fully adhered to. The Company is a public sector enterprise and therefore has to operate under the framework of Public Sector Companies (Corporate Governance) Rules, 2013. The Board of Directors ensures that the Company fulfills all reporting and disclosure requirements as envisaged in the Companies Ordinance, Rules, Regulations and the Code.

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.
- The appointment of the Chairman and other members of Board and the terms of their appointment along with the remuneration policy adopted are in the best interests of the Company as well as in line with the best practices.
- 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 2013 are as follows:

Pension and Gratuity Fund	Rs 26,573 million
General Provident Fund	Rs 3,112 million

Formal Orientation and Continuous Professional Development Programs

Based on the recent reconstitution of the Board, orientation sessions with respect to the Company's operations, structure and business were arranged by the management on the sidelines of the Board and Committee meetings. Similarly, briefing sessions at field locations have also been planned.

In addition, the Company focuses on imparting external training through professional institutions including Pakistan Institute of Corporate Governance and Institute of Chartered Accountants of Pakistan. At present, Mr. Muhammad Rafi, Managing Director & CEO and Mr. Hamid Farooq, Director are the certified directors from SECP approved institutions.

Role of Chairman and Managing Director & CEO

Positions of Chairman and Managing Director & CEO in OGDCL are headed by separate individuals. The Chairman is primarily responsible for working of the Company's Board and all matters relevant to governance of the Company, where superintendence of the Board is necessary. The Chairman conducts the Board meetings including fixing the agenda of the meetings.

Managing Director & CEO is involved in the management of day to day operations of the Company and procedures relating to financial and other matters. He is responsible for implementation of strategies and policies approved by the Board, making appropriate arrangements to make sure that business activities are in line with the directives of the Board and safeguarding resources while ensuring their efficient use. In order to effectively discharge these responsibilities, performance evaluation of Managing Director & CEO is carried out by the Board against the objectives stated in the performance contract.

Auditors

The present auditors M/s KPMG Taseer Hadi & Co., Chartered Accountants and M/s A.F. Ferguson & Co., Chartered Accountants have completed their assignment for the year ended 30 June 2014 and shall retire on the conclusion of 17th Annual General Meeting scheduled to be held on 24 October 2014. 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 A.F. Ferguson & Co., Chartered Accountants, as joint statutory auditors for the year 2014-15. The Board of Directors also endorsed the recommendations of the Audit Committee.

Pattern of Shareholding

The pattern of shareholding as on 30 June 2014 is shown on the page 120 of the Annual Report 2014.

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 Public Sector Companies (Corporate Governance) Rules 2013. The internal Audit function serves as an effective appraisal of internal controls which are meant to ensure methods and measures are in place to safeguard the Company's assets, monitoring

compliance with the best practices of Corporate Governance, check the accuracy & reliability of accounting data and encourage adherence to prescribed rules and policies.

Human Resource (HR)

Employees are vital assets and real drivers behind the success and growth of any organization and OGDCL is no exception. OGDCL's status as "leading E&P Company of Pakistan" has much to do with the dedicated and consistent efforts of all its employees. The Company highly values the importance of this asset and is actively managing its workforce to ensure that it remains motivated to accomplish the business goals and objectives in line with the Vision and Mission statements. To encourage delivering productive performance, the Company's HR strategy aims at embedding high performing culture in the organization hinging on business core values namely merit, teamwork, dedication, integrity, safety and innovation.

OGDCL being an equal opportunity employer is committed to eliminate discrimination and encourage diversity amongst its workforce. HR decisions relating to recruitment, development, promotion, compensation, succession planning and performance & appraisal of the employees are made upon merit and are not influenced by factors such as gender, marital status, race, ethnic origin, color, religion, age, disability etc. In this respect, the Company's Code of Conduct provides guidelines on fair employment practices and equitable treatment of the employees. As of 30 June 2014, manpower strength comprised a total of 9,928 regular and contractual employees.

Industrial Relations

Management relations with the Collective Bargaining Agent continued to be friendly and industrial peace prevailed at all locations during the year under review. Moreover, measures such as settlement of differences through bilateral negotiations, maintaining good understanding between the employer & workmen, ensuring security of employment, provision of safe working environment & job satisfaction for the workmen and prompt dealing of cases pertaining to individual grievances helped to ensure that the relations between the workers and the Management remain cordial and conducive towards achieving business goals and objectives of the Company.

Training and Development

OGDCL recognizes the value of acquisition of state-of-the-art petroleum technology and skilled manpower to fulfill the mandate of achieving

energy security for the Country. In this regard, the Company established an Oil & Gas Training Institute in 1979 which was renamed as OGDCL Institute of Science & Technology (OIST) in 2013. Up-gradation of OIST to a degree awarding institute is in progress.



New Technologies Seminar at OIST.

In conformance with the consistently growing needs of training in Pakistan's Petroleum sector, the premier institute has expanded and earned recognition by striving to meet the training needs of all domestic companies of the petroleum sector and allied industry in the Country. Training programs are being offered ranging from technician to management level in the fields of exploration, reservoir, drilling, production and processing activities. The institute also imparts education and training with respect to Health, Safety & Environment, Information Technology and Management. These training programs are developed and delivered by renowned trainers both from within the Company and experts from the local & foreign petroleum industry. To effectively conduct the training programs, OIST is equipped with well established laboratories and other complimentary facilities.

During the year 2013-14, the institute successfully conducted a number of training programs with most of them arranged at OIST and some at OGDCL Head Office and fields to facilitate the participants. Moreover, special training programs pertaining to team building, workplace ethics, stress management and PPRA Rules were also arranged for senior management of the Company.

During the reporting period, 250 professionals attended various workshops, seminars and conferences held in reputed institutions of the Country. Moreover, OIST processed cases of 120 professionals in connection with foreign trainings/visits and arranged promotion courses of more than 180 Company officials at its premises besides offering internships to students in various professional disciplines throughout the year.



Corporate Social Responsibility

OGDCL being National Oil Company seeks to accomplish its social obligations. The Company strives to maintain a balance between overall objectives of achieving corporate excellence vis-à-vis aspires to fulfill social responsibility towards the community. By embedding social responsibility in its core business, the Company has assigned priority to the development of communities residing in vicinity of its operations in particular and society as a whole. The Company continues to fulfill social obligations under respective Petroleum Concession Agreements and its indigenous CSR activities by way of investment in the areas of education, health, water supply, infrastructure development and providing generous donations in case of natural calamities.

Education

The Company continues to play its role to uplift the education level among most deprived communities residing around its areas of operations besides providing technical as well as higher education. During the year 2013-14, OGDCL continued its CSR initiatives by undertaking the following education promotional activities:

- Financed the construction of Girls Hostel at Quaid-e-Azam University, Islamabad
- Provided school books, uniforms and school bags to a number of schools situated in Dera Bugti, Baluchistan and Hyderabad & Ghotki, Sindh
- Construction of building for Government Girls High School, Yousaf Chachar, district Ghotki and provided furniture to Al-Rehman High School & Umar Dahu School
- Construction of class room at Government Higher Secondary School, Chanda, district Khurram, Khyber Pakhtunkhwa

Health

During the year under review, OGDCL continued its commitment of providing free medical facilities to local communities by way of services of doctors, provision of medicines and ambulance services. In this regard, the Company was involved in arranging eye checkup camps, providing free eye treatment and medicines besides giving vision glasses and contact lenses to surrounding villagers of various fields. Special camps with respect to diabetics and measles were also conducted at various locations in the vicinity of its operational areas. Furthermore, the Company held free medical camps for the affected people of 2013 floods and provided two (2) fully equipped ambulances to Taluka Hospitals at Tando Adam, district Sanghar and Daharki, district Ghotki, both in Sindh province.

Supply of Clean Drinking Water

OGDCL is proactively playing its role to help overcome shortage of clean drinking water for the communities residing around its business areas. This includes supply of water to residents of remote locations like Dera Bugti and Loti, Pirkoh, Tando Alam, Daru, Hundi/Sari, Rajian, Chak Nuarang, Dhodak and Chanda-Shakardara fields. In addition, special funds have been allocated for improvement of water channels at Dera Bugti in consultation with local elected representatives.

Donations and Financial Assistance

OGDCL complemented the relief response of the GoP in earthquake-affected areas and contributed Rs 50 million to the Government of Balochistan for the rehabilitation of affected people. The Company for the sake of promoting healthy sport activities in the Country contributed Rs 20 million in Punjab Youth International Festival. An amount of Rs 0.5

million was also contributed to Pakistan Foundation Fighting Blindness in addition to distributing 600 sewing machines to help women belonging to various districts namely Vehari, Jhang, Toba Tek Singh and Sahiwal.

Health, Safety, Environment and Quality (HSEQ)

OGDCL continuously monitors and evaluates all aspects of HSE performance with a goal of ensuring a strong HSE culture across its operations. During the year 2013-14, OGDCL continued its operations without any loss to assets and major injuries. These improved statistics just didn't happen overnight; there have been vigorous professional endeavors that initiated over the years. The highlights of reporting year are as follows:



Energy Conservation

Oil and gas are major components of Pakistan's energy mix, currently fulfilling major portion of the Country's primary energy needs. OGDCL is aware of the Country's needs for conservation to bridge the gap between energy supply and increasing demand. The Company has successfully installed permeate compressors after necessary modification in gas circuit to reduce tons of CO₂- equivalent emissions due to flaring of gas from Qadirpur plant. Previously, permeate gas from the Qadirpur gas field was being flared resulting in large amounts of carbon emitted into the atmosphere without any use of the associated energy. The permeate gas is now being effectively utilized in a modern combined cycle power plant in the private sector for the last few years and electricity generated is supplied to the national grid.

In addition, being an ISO-14001 certified site, management has introduced various protocols to conserve energy in the process operations and other routine activities at Qadirpur field. Optimization of

process parameters has been achieved through monitoring of fuel & chemical usage and preemptively addressing & troubleshooting heating and cooling systems whereby regular examination of the energy conservation and saving opportunities directly or indirectly linked with the results of the heat-volume balance is measured.

Adherence to HSE Standards and Best Practices

During the year under review, two (2) operating fields namely Dakhni and Chanda were selected for ISO-14001 and OHSAS-18001 Certification. In-house teams were formulated to accomplish the prerequisites through hazards identification & risk assessment, executing domain-based monitoring plans and identifying & implementing operational controls for pollution & accidents prevention. Two (2) globally renowned accredited certification bodies namely Bureau Veritas (BvQi) and Société Générale de Surveillance (SGS) have recently been shortlisted to carry out certification audits of these sites by the end of 2014.

Apart from the above, two (2) critical Environment Impact Assessment Studies (EIA) involving exploration activities in Kohat E.L and Nashpa development project were initiated by engaging renowned consultants. Public hearing of EIA of Kohat E.L was successfully conducted whereas EIA study of Nashpa development project is in progress.

Development and Awareness Sessions

HSE awareness events have now become a regular feature in OGDCL. During the year under review, the Company successfully organized HSE awareness events at fields namely Qadirpur, Bobi, Kunnar, Sinjhor, Uch, Nashpa and Nandpur/Punjpir. In addition, fire drills were also conducted on regular basis at all fields to meet the regulatory requirements to bring about proactive safety and exhibiting readiness & response.

During the reporting period, two (2) important sessions on HSE Hazards Identification and Risk Assessment (HIRA) for Managing Risk Register - Applying ERIC-P Controls and Advance (Certificate) Level Training on Auditing Process for Occupational Health, Safety and Environment Management System were also conducted employing the Company's internal resource person. In addition, utilizing internal HSE auditors, the audits of Qadirpur, Kunnar, Chanda & Dakhni fields and Tando Alam Oil Complex were conducted to further identify the gaps and avail opportunities for improvement.

Energy Saving Initiatives

Following energy saving measures are part and parcel of all OGDCL sites and offices:

- Timely maintenance of engines to avoid incomplete combustion which causes wastage of fuel.
- Regular maintenance of drive transmission between pumps and motors as loose belts may cause energy loss from 1% to 20%.
- Preemptive maintenance of machines based on condition monitoring to avoid efficiency drop of 10% to 15%.
- Replacing lights with low energy lamps (or solar lights where feasible) and intelligent lighting controls.
- Cleaning the lamps and fixtures regularly to avoid falling of illumination levels by 20%-30% due to collection of dust.
- Avoiding repeated rewinding of motors which causes efficiency loss up to 5%.

Information Technology (IT)

As part of ongoing technology modernization plan, OGDCL's ERP System infrastructure has been upgraded by deploying state-of-the-art server, storage and backup equipment built on virtualization technology and migration to the latest Oracle database & Operating system software. The upgraded system is engineered for maximum performance drive-up to enhance end user productivity level by delivering faster application response time and service availability including implementation of a Disaster Recovery (DR) setup for ERP System.

Radio-frequency identification (RFID) based access control and attendance system has been deployed at the Company's Head Office building. The system provides an enhanced security for entry into the premises along with rendering time and attendance logging. The Company plans to extend this system to other offices and field locations in the next phase. Also, as part of implementation of Information Security Management System (ISMS), trainings were conducted for Company management on Information Security Standard ISO-27001.

To achieve software license compliance and standardize software products across the Company, an Enterprise Agreement has been signed with the Microsoft Corporation. Under this arrangement, Microsoft will provide technical support on software products being used by the Company and ensure continued access to the latest versions of Microsoft Technologies. In addition, various IT initiatives have been planned with an objective to bring efficacy, transparency and enhanced productivity. These include

automation of Medical Facility Management, Funds Management, Network Performance Management, Secure Wi-Fi System with Centralized Management, Company's Website Revamp and Electronic Content Management.

Risk and Opportunity Report

By the very nature of E&P business, OGDCL is exposed to various risks inherent in its core business activities including finding and developing of oil and gas resources. These activities are speculative in nature and are characterized by inherent uncertainties, geological surprises and complexities which may have a potential impact on the Company's financial conditions and results of operations.

OGDCL Management is well aware of these risks & uncertainties and ensures that the Company is equipped with effective strategies and system to identify and mitigate the adverse impact of these risks. In this regard, a Risk Management Committee has been established to apprise the Board of the risk management policies and procedures pertaining to assessing, treating and monitoring spectrum of risks which the Company faces along with ensuring quality decision making for achieving business goals and objectives.

Risks and uncertainties which are believed to be material in nature coupled with their mitigating techniques are outlined as follows:

Strategic Risk

OGDCL's business strategy aims at optimizing the portfolio and sustaining production growth in a cost effective manner. In this pursuit, while going forward, the Company cannot guarantee maintenance of its high drilling success and effective execution of low cost strategy with respect to finding and developing of oil and gas prospects. To counter this risk of strategic failure, the Company focuses on utilizing latest production techniques and advance technology to exploit new reserves and boost production while ensuring its low cost operator status. In addition, the Company renews and repositions its portfolio to embark upon future growth opportunities in line with the strategic objectives laid out in its strategic plan to grow reserves and increase shareholders value.

Commercial Risk

In view of the rising hydrocarbon demands and prevailing energy crisis in the Country, OGDCL's oil and gas production is readily absorbed in the indigenous market thus bearing no risk regarding sale of hydrocarbon products. However, following factors may unfavorably influence the Company's financial stature:

- **Commodity Price Risk**

The crude oil prices in Pakistan are linked to a basket of Middle East crude oil prices and any volatility in the prices of the crude oil has a significant impact on OGDCL's sales revenue and profit margins. However, gas sales which is a major component of the Company's revenue is less prone to this risk as the gas prices of major fields are capped at fixed crude oil/HSFO prices and sales can only be affected in case the international crude oil prices fall below the capped price.

- **Foreign Currency Risk**

OGDCL's functional and reporting currency is Pak Rupee. The Company is exposed to foreign currency risk with respect to crude oil and gas prices pertaining to its Chanda field and non-operated joint venture fields which are quoted in US dollars and translated into Pak rupees using exchange rate established by the regulatory authority. Therefore, any decline in the value of Pak Rupee against US dollar 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 the Company's pricing mechanism.

- **Credit Risk**

Significant trade debts are payable to OGDCL by crude oil refineries and natural gas distribution companies against supply of crude oil and natural gas products respectively. Settlement of such debts has been slow due to non-availability of funds resulting in Inter Corporate Circular Debt issue in the energy industry.

As a partial settlement of the circular debt, during fiscal year 2012-13, GoP arranged issuance of TFCs and PIBs led OGDCL to settle significant amount of trade debts outstanding against oil refineries and gas distribution companies. While inter corporate debt has started piling up again, the Company's management is carrying out all possible measures including vigorous follow-ups and constant liaison with GoP to recover overdue receivables and avert liquidity problems.

- **Financial Risk**

OGDCL is currently not exposed to financial risk as evident by the Company's strong operating cash flows and a debt free balance sheet. However, delay in settlement of trade debts can put the

Company's cash position and financial standing at risk. This may trigger the need for borrowing in order to carry out planned exploration and development activities/projects alongside ensuring timely discharge of statutory obligations including royalty, taxes/duties, dividend etc.

- **Reserves Risk**

Crude oil and gas reserves data is only estimate and the actual quantity of recoverable reserves may differ 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, the Company internally evaluates its reserves on quarterly basis along with arranging reserve evaluation study which is carried out by independent international experts after every three (3) years for verification/up-dation of the Company's reserves status. In this connection, Bayphase Limited, UK is currently engaged in carrying out reserve evaluation study-2014 for all OGDCL operated and non-operated fields.

- **Operational Risk**

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

- **Exploration, Drilling and Production Risk**

The risks and hazards inherent in OGDCL's operational activities include well blowouts, explosions, uncontrollable leaks, down hole fires, oil spills, mechanical failures, adverse weather conditions etc. These risks may result in substantial losses to the Company in the form of injury to workers, loss of life, severe damage to property & equipment, production loss, pollution and suspension of operations thus adversely affecting the business earnings and growth. In order to mitigate these risks, OGDCL focuses on routine check-ups and repair & maintenance of its plant and machinery in addition to maintaining an insurance coverage against some of the potential risks associated with the Company's operations in line with customary industry practices.

In addition to the above, drilling of exploratory wells involves the risk that no commercially productive oil or gas reservoirs will be encountered. Moreover, exploration and production activities are often conducted in extremely challenging environments which heighten the risks of technical integrity failure and natural disasters. Furthermore, exploring and developing oil & gas fields is a capital intensive activity requiring sufficient cash flows to finance the operations. In order to thrive in this environment and to successfully carry out

exploration and drilling operations, the Company focuses on formulation of strategic alliances with other E&P companies having technical expertise and complementary skills in the areas of operation.

- **Environmental Risk**

Environmental risk comprises natural disasters or operational catastrophes in shape of earthquakes, cyclones, floods, blowouts, fires, explosions and other such events which cause the Company operations to disrupt or be curtailed. In this connection, all insurable risks identified with operations are covered through insurance besides maintaining a contingency fund to cover uninsured damages.

- **Security Risk**

Security risk in shape of insurgency and political instability adversely influence the Company's operations causing threat to the lives of the workers in affected operational areas, suspension of business activities, production limitations etc. The Company is exposed to such risks particularly in the provinces of KPK and Balochistan. To manage this risk, OGDCL relies on its well thought-out plan for curbing or neutralizing potential security threat and collaborates with law enforcement agencies to deploy security personnel in the sensitive areas for protection of its workers and operational facilities.

Competitive Risk

The GoP has taken steps to liberalize E&P sector in Pakistan, particularly with respect to award of exploration concessions which is done on a competitive basis. OGDCL, being a public sector entity, does not enjoy any preferential treatment or relaxation of any sort in bidding for new exploration areas. Moving on, the Company may face increased competition with regard to acquisition of new exploration areas and utilization of advance equipment and technology by the competitors to more efficiently explore and develop oil and gas fields. In order to cope up with this risk, the Company based on its quality asset base, capable workforce and commitment to continuously apply technical solutions and innovative technology will continue to undertake challenging tasks to support long term growth and strengthen business competitive position.

Management Objectives and Strategies

In line with OGDCL's vision and mission statement, management objectives and strategies task at enhancing the exploration, production and development activities in order to expand Company's reserve base

and optimize production leading to value creation for shareholders. In this pursuit, the Company intends to intensify its exploratory efforts in the coming years to create and embark upon high impact future growth opportunities. Likewise, rigorous exploration activities comprising fast track seismic acquisition, data processing/interpretation and active drilling campaigns have been planned for Company's twenty nine (29) new exploratory blocks with an aim to bring potential development into the portfolio sustaining business long term growth.

Regarding OGDCL's strategy to boost oil and gas production, the Company remains committed in deploying capital efficiently in all its operational areas to generate strong and reliable growth in tandem with focusing on seamless development of new discoveries in shortest possible time to achieve production growth and improve operational cash flows. Moreover, the Company will continue to apply advance reservoir management practices and Improved/Enhanced Oil Recovery methods to maximize hydrocarbon recovery from mature fields and at the same time making efforts to accelerate the process of bringing its dormant fields on production. The Company is also focused on expediting the completion of its ongoing development projects which are expected to yield substantial enhancement in crude oil, gas and LPG production.

Apart from the above, OGDCL has initiated a shale gas potential evaluation study in its existing exploration area. In addition, the Company seeks to establish its footprints abroad by undertaking farm-in/farm-out opportunities in exploration as well as acquisition of oil reserves in domestic and international market. In this regard, Company's Techno Commercial Business Development Team comprising professionals from technical and commercial departments is involved in evaluation of various overseas opportunities in pursuit of OGDCL's vision to be a leading multinational E&P Company.

While pursuing the corporate objectives, OGDCL is committed to carry on and fulfill all social obligations paving the way for the progress and prosperity of the local communities residing in the areas of its operations. The Company will continue to support educational, health, infrastructure development and environmental projects to contribute to the wellbeing of the communities where it operates.

Future Outlook

Keeping in view prevailing energy crisis in the Country, OGDCL, being a state owned enterprise and market leader in E&P sector of Pakistan is cognizant of its

responsibility to play its part in meeting the growing energy demands of oil and gas in the Country. In this pursuit, the Company on the exploration front aims to create value by maintaining a mixed portfolio of onshore exploration concessions in the established, promising and unexplored areas while keeping a balance between accelerating exploration activities and risk mitigation with acceptable drilling success ratio and focus on reserve addition. As part of the Company's work program relating to twenty nine (29) new exploratory blocks, an extensive work program has been designed to tap additional reserves and further enrich the portfolio.

On the production front, the Company is endeavoring to explore new possibilities in addition to improving the existing hydrocarbon production by employing latest production techniques accompanied with expediting connectivity of new exploratory and development wells in the system. As a result of pursuing an aggressive production enhancement strategy, the Company during the year witnessed increased crude oil and gas production in comparison with the preceding year. Additionally, with a quality pipeline of ongoing development projects, significant surge in the production volumes is expected upon completion of these projects supporting the Company's growing trend of production in the years to come.

In addition to the above, OGDCL will continue to focus on formulation of joint ventures with leading E&P companies both within the Country and abroad to introduce new partners with complementary skills for ensuring that ventures and projects are value driven. The Company also plans to increase capital expenditures governed by strong financial discipline in the coming years to seek production growth and improve future returns.

Looking forward, OGDCL based on its aggressive exploration strategy coupled with near term completion of development projects and a strong financial position is well positioned to deliver upstream growth and improved profit margins. With operational and technical expertise in hand, the Company will continue to undertake new development activities and accept new challenges for adding reserves and optimizing production while keeping with the long held strategy of creating and maximizing value for shareholders.

Acknowledgement

At the end, I would like to state that operational and financial performance rendered by OGDCL is attributable to the ongoing collaboration with all the

Company's stakeholders. In this respect, I am thankful to the Ministry of Petroleum & Natural Resources, Ministry of Finance and other divisions & departments of Federal and Provincial Governments for their resolute support and cooperation extended to the Company. I would also like to convey my sincere appreciation to the Company's Board of Directors for their prudent role and invaluable counsel along with expressing my gratitude to the Company's shareholders for bestowing confidence and trust in OGDCL. At the end, I would like to pay due credit to the employees working at all levels to mark another successful year in the Company's history while optimistically looking forward to the leading role OGDCL will continue to play in E&P industry of Pakistan in not only addressing energy challenges but in parallel returning significant value to the shareholders in a socially responsible manner.

On behalf of the Board

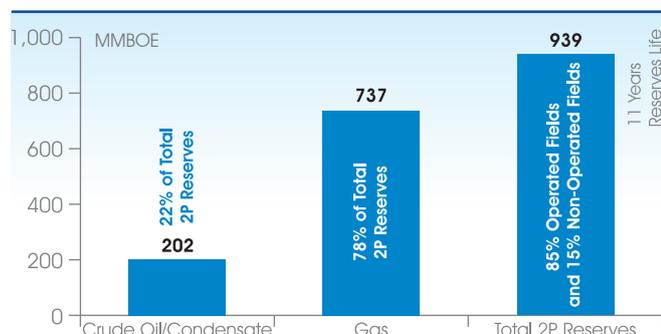


(Zahid Muzaffar)
Chairman

5 August 2014
Islamabad

Large Reserves Base and Strong Production Profile

OGDCL's Net 2P Reserves



These 2P reserves estimates are based on an independent reserve study carried out by Bayphase Limited, UK as of 1 July 2014 covering approximately 90% of the total 2P reserves of the Company.

Key Statistics

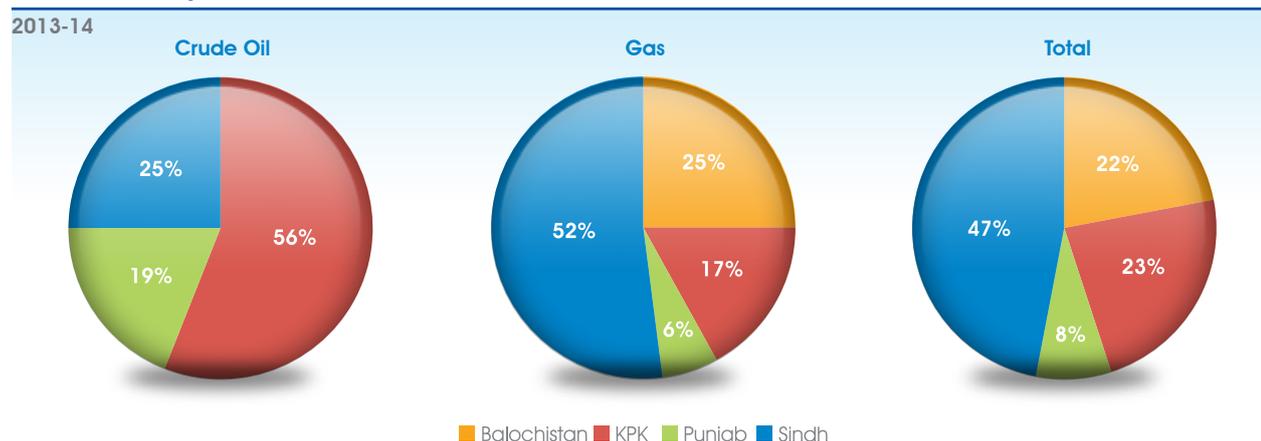
As of 30 June 2014	
	Numbers
Operated Production Fields	45
Oil	21
Gas	10
Gas Condensate	14
Development & Production/Mining Leases	100
Exploration Licenses	68

Assets Summary

Fields	Working Interest (%)	Net 2P Reserves (MMBOE)	Gas (%)	Average Daily Net Production 2013-14	
				Crude Oil (Barrels)	Gas (MMcf)
Operated Fields					
Qadirpur *	75	153.0	99	601	339
Uch *	100	111.0	100	40	230
Nashpa *	56.45	145.0	39	10,568	36
Dakhni Gas/Condensate	100	30.3	93	1,078	42
Kunnar *	100	7.3	10	3,522	-
Tando Alam Oil Complex	100	7.9	3	2,302	-
Mela	56.45	5.8	60	1,192	6
Others	30-100	333.6	84	12,990	226
Total Operated		793.9	80	32,293	879
Non-Operated Fields					
Tal	27.76	56.8	62	4,789	80
Kadanwari	50	19.2	99	-	73
Bhit & Badhra	20	11.3	100	57	68
Adhi	50	53.9	66	3,097	19
Others	15-52	4.0	70	1,094	55
Total Non-Operated		145.2	71	9,037	294
Grand Total		939.1	78	41,330	1,173

* Major Fields Main Customers
 Qadirpur SNGPL, Engro Power, Liberty Power
 Uch Uch Power Limited
 Nashpa ARL, PARCO, BYCO, SNGPL
 Kunnar Enar Petroleum Refining Facility

Production by Province



Three Years Historical Production



Net Production 2013-14

Operated Fields:

- Qadirpur: 29% (339 MMcf per day)
- Uch: 20% (230 MMcf per day)

Non-Operated Fields:

- Kadanwari: 7% (73 MMcf per day)

Operated Fields:

- Nashpa: 26% (10,568 barrels per day)
- Kunnar Oil Field: 9% (3,522 barrels per day)

Non-Operated Fields:

- Tal Block: 12% (4,789 barrels per day)

Net Sales

	Rs in Million		
	2011-12	2012-13	2013-14
Crude Oil	104,205	115,184	133,629
Gas	87,278	104,361	117,774
LPG	5,552	3,413	4,958
Sulphur	517	334	493
Gasoline	149	-	-
Kerosene	41	-	-
Other Operating Revenue	97	74	160
Net Sales	197,839	223,365	257,014

Petroserv Directorate

Petroserv Directorate is OGDCL's in-house technical services division, which separates technical support services from its core E&P activities, catering primarily to the service needs of internal E&P division and extends its excess capacity to other E&P companies operating in Pakistan. Petroserv Directorate consists of following three (3) departments:

- **Drilling Operations:** Drills exploratory, appraisal & development wells and carries out additional drilling operations on existing wells.
- **Drilling Services:** Plans, supervises and implements mud and cementation programmes through Mud Services and Cementation/Stimulation Division, shifting of rigs and drilling, production and plant operations equipment through Logistics Division and maintains and upgrades owned rigs through Rig Maintenance Department.
- **Construction and Engineering Support:** Provides services for rig deployment, gas gathering systems and infrastructure development around operational fields.

Key Development Projects

Project	Working Interest (%)	Partners	Expected Gross Incremental Daily Production			Comments	
			Oil (Barrels)	Gas (MMcf)	LPG (Tons)		
Operated	KPD-TAY	100.00% – KPD 77.50% – TAY	GHPL (22.50%)	4,000	130	410	<ul style="list-style-type: none"> • Expected completion in December 2014 and phase-I already completed • One of the largest development projects including 15 gas and condensate fields with \$434 million total gross capex
	Uch II	100.00%	-	-	30	-	<ul style="list-style-type: none"> • Expected completion in September 2014 • Further development with 36 wells drilled • \$188 million total gross capex
	Nashpa-Mela	56.45%	PPL (28.55%) GHPL (15.00%)	1,120	10	340	<ul style="list-style-type: none"> • Expected completion in November 2015 • Consultant engaged for designing of facilities • \$198 million total gross capex
	Sinjhero	62.50%	GHPL (22.50%) OPL (15.00%)	1,600	9	120	<ul style="list-style-type: none"> • Expected completion in October 2014 and phase-I already completed • \$64 million total gross capex
	Jhal-Magsi	56.00%	POL (24.00%) GHPL (20.00%)	-	15	-	<ul style="list-style-type: none"> • Expected completion in December 2014 • \$25 million total gross capex
Total Operated			6,720	194	870		
Non-Operated	Adhi JV	50.00%	PPL (39.00%) POL (11.00%)	2,000	25	125	<ul style="list-style-type: none"> • Expected completion in August 2015 • Drilling of 6 additional wells is planned with gross capex of \$104 million
	Tal JV	27.76%	PPL (27.76%) POL (21.05%) GHPL (15.00%) MOL (8.42%)	-	65	-	<ul style="list-style-type: none"> • Expected completion of Manzalai compression facility is by the end of 2015 with gross capex of \$4.6 million • Expected completion of Manzalai compression facility to service the other fields is by the end of 2016 with gross capex of \$75 million • Total incremental recovery projected at 122.3 Bcf is by the end of 2022
	Kirthar JV	20.00%	ENI (40.00%) PKP KP (28.00%) PKP KIR (6.00%) KPK KIR II (6.00%)	-	18	-	<ul style="list-style-type: none"> • Expected first increase in production by 2020 • Bhit Compression phase-II project involves compression facilities at 10 well sites with gross capex of \$57.3 million • Total incremental recovery projected at 53.9 Bcf is by the end of 2022
Total Non-Operated			2,000	108	125		

Targets for the year 2014-15

OGDCL has planned to carry out 2,745 Line km of 2D seismic survey and 2,075 sq. km of 3D seismic survey. Thirty five (35) new wells including nineteen (19) exploratory/appraisal wells and sixteen (16) development wells are planned to be drilled. Expected average daily net production of crude oil and gas is 44,732 barrels and 1,311 MMcf respectively, combined 280,736 barrels of oil equivalent per day representing 11% increase in comparison with FY 2013-14. Net capital expenditure during FY 2014-15 is estimated at Rs 87.5 billion; Rs 34.5 billion on exploratory and development wells (net of estimated dry hole cost of Rs 17.3 billion), Rs 28.1 billion on development projects and Rs 24.9 billion on property, plant & equipment.

Review Report to the Members

on the Statement of Compliance with the Code of Corporate Governance and Public Sector Companies (Corporate Governance) Rules, 2013

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance and Public Sector Companies (Corporate Governance) Rules, 2013 (both herein referred to as 'Codes') prepared by the Board of Directors of Oil & Gas Development Company Limited for the year ended 30 June 2014 to comply with the requirements of Listing Regulations of the Karachi, Lahore and Islamabad Stock Exchanges where the Company is listed and provisions of Public Sector Companies (Corporate Governance) Rules, 2013.

The responsibility for compliance with the Codes 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 Codes and report if it does not and to highlight any non-compliance with the requirements of the Codes. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Codes.

As a part of our audit of the 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 of Directors' 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.

The Codes require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its 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 and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of 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. Moreover, the Public Sector Companies (Corporate Governance) Rules, 2013 also require the Board to ensure compliance with the law as well as the Company's internal rules and procedures relating to public procurement, tender regulations, and purchasing and technical standards, when dealing with suppliers of goods and services, in accordance with the PPRA Rules. Compliance with the above stated requirements of PPRA Rules has been checked, on a test basis, as part of the audit of the financial statements of the Company for the purpose of expressing an opinion on those financial statements.

Based on our review, 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 aspects with the Codes as applicable to the Company for the year ended 30 June 2014.

Further, we highlight instances of non-compliance with the requirements of the Codes as reflected in Schedule II to the Statement of Compliance.



A. F. Ferguson & Co.
Chartered Accountants
Islamabad

5 August 2014
Engagement Partner: Asim Masood Iqbal



KPMG Taseer Hadi & Co.
Chartered Accountants
Islamabad

5 August 2014
Engagement Partner: Syed Bakhtiyar Kazmi

Statement of Compliance

with the Code of Corporate Governance and Public Sector Companies (Corporate Governance) Rules, 2013

SCHEDULE I

[See paragraph 2(1)]

- I. This statement is being presented to comply with Code of Corporate Governance ("CCG") contained in the listing regulations of Karachi, Lahore and Islamabad Stock Exchanges and Public Sector Companies (Corporate Governance) Rules, 2013 (hereinafter called "the Rules") issued for the purpose of establishing a framework of good governance, whereby a public sector company is managed in compliance with the best practices of public sector governance. In case where there is inconsistency with the CCG, the provisions of Rules shall prevail.
- II. The Company has complied with the provisions of the Rules in the following manner:

Sr. No.	Provision of the Rules	Rule No.	Y	N	Remarks																														
			Tick the relevant box																																
1.	The Independent Directors meet the criteria of independence as defined under the Rules.	2(d)	✓																																
2.	The Board has the requisite percentage of independent directors. At 30 June 2014 the Board includes:	3(2)	✓																																
	<table border="1"> <thead> <tr> <th>Category</th> <th>Names</th> <th>Date of appointment</th> </tr> </thead> <tbody> <tr> <td rowspan="8">Independent Directors</td> <td>✓ Mr. Zahid Muzaffar</td> <td>20.05.14</td> </tr> <tr> <td>✓ Mr. Iskander Mohammed Khan</td> <td>25.07.12</td> </tr> <tr> <td>✓ Mr. Muhammad Ali Tabba</td> <td>20.05.14</td> </tr> <tr> <td>✓ Sayed Shafqat Ali Shah</td> <td>20.05.14</td> </tr> <tr> <td>✓ Mr. Rehmat Salam Khattak</td> <td>20.05.14</td> </tr> <tr> <td>✓ Mr. Hamid Farooq</td> <td>20.05.14</td> </tr> <tr> <td>✓ Mr. Zafar Masud</td> <td>20.05.14</td> </tr> <tr> <td>✓ Prince Ahmed Omar Ahmedzai</td> <td>20.05.14</td> </tr> <tr> <td></td> <td>✓ Syed Masieh-ul-Islam</td> <td>28.09.11</td> </tr> <tr> <td>Executive Director</td> <td>✓ Mr. Muhammad Rafi</td> <td>13.06.14</td> </tr> <tr> <td rowspan="2">Non-Executive Directors</td> <td>✓ Mr. Babar Yaqoob Fateh Muhammad</td> <td>09.08.12</td> </tr> <tr> <td>✓ Mr. Abid Saeed (All Independent Directors are also Non-Executive Directors)</td> <td>28.09.11</td> </tr> </tbody> </table>	Category	Names	Date of appointment	Independent Directors	✓ Mr. Zahid Muzaffar	20.05.14	✓ Mr. Iskander Mohammed Khan	25.07.12	✓ Mr. Muhammad Ali Tabba	20.05.14	✓ Sayed Shafqat Ali Shah	20.05.14	✓ Mr. Rehmat Salam Khattak	20.05.14	✓ Mr. Hamid Farooq	20.05.14	✓ Mr. Zafar Masud	20.05.14	✓ Prince Ahmed Omar Ahmedzai	20.05.14		✓ Syed Masieh-ul-Islam	28.09.11	Executive Director	✓ Mr. Muhammad Rafi	13.06.14	Non-Executive Directors	✓ Mr. Babar Yaqoob Fateh Muhammad	09.08.12	✓ Mr. Abid Saeed (All Independent Directors are also Non-Executive Directors)	28.09.11			
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3.	All casual vacancies occurring on the Board were filled up by the Directors within 90 days.	3(4)	✓																																
4.	The Directors have confirmed that none of them is serving as a director on more than five public sector companies and listed companies simultaneously, except their subsidiaries.	3(5)	✓																																
5.	The appointing authorities have applied the fit and proper criteria given in the Annexure to the Rules in making nominations of the persons for election as Board members under the provisions of the Ordinance.	3(7)			All the nominations on the Board of Directors are made by the GoP.																														
6.	The Chairman of the Board is working separately from the Chief Executive of the Company.	4(1)	✓																																
7.	The Chairman has been elected from amongst the Independent Directors.	4(4)	✓																																
8.	During the year, acting charge of CEO was given to the Executive Director (Finance). However, the process to evaluate the candidates for the position of the Chief Executive on the basis of the fit and proper criteria as well as the guidelines specified by the Commission is in process.	5(2)	✓																																

Sr. No.	Provision of the Rules	Rule No.	Y	N	Remarks
			Tick the relevant box		
9.	(a) 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, including posting the same on the Company's website (www.ogdcl.com).	5(4)	✓		
	(b) The Board has set in place adequate systems and controls for the identification and redressal of grievances arising from unethical practices.		✓		
10.	The Board has established a system of sound internal control, to ensure compliance with the fundamental principles of probity and propriety; objectivity, integrity and honesty; and relationship with the stakeholders, in the manner prescribed in the Rules.	5(5)	✓		
11.	The Board has developed and enforced an appropriate conflict of interest policy to lay down circumstances or considerations when a person may be deemed to have actual or potential conflict of interests and the procedure for disclosing such interest.	5(5) (b)(ii)	✓		
12.	The Board has developed and implemented a policy on anti-corruption to minimize actual or perceived corruption in the Company.	5(5) (b)(vi)	✓		
13.	(a) The Board has ensured equality of opportunity by establishing open and fair procedures for making appointments and for determining terms and conditions of service.	5(5) (c)(ii)	✓		
	(b) A Committee has been formed to investigating deviations from the Company's code of conduct.	5(4) & 5(5) (c)(ii)		✓	
14.	The Board has ensured compliance with the law as well as the Company's internal rules and procedures relating to public procurement, tender regulations, and purchasing and technical standards, when dealing with suppliers of goods and services, in accordance with the PPRA Rules.	5(5) (c)(iii)	✓		
15.	The Board has developed a vision or mission statement, 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.	5(6)	✓		
16.	The Board has quantified the outlay of any action in respect of any service delivered or goods sold by the Company as a public service obligation, and has submitted its request for appropriate compensation to the Government for consideration.	5(8)			None
17.	(a) The Board has met at least four times during the year.	6(1)	✓		
	(b) Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings.	6(2)	✓		
	(c) The minutes of the meetings were appropriately recorded and circulated.	6(3)	✓		
18.	The Board has carried out performance evaluation of its members, including the Chairman and the Chief Executive, on the basis of a process, based on specified criteria, developed by it.	8		✓	
	The Board has also monitored and assessed the performance of Senior Management on annual basis.		✓		
19.	The Board has reviewed and approved the related party transactions placed before it after recommendations of the Audit Committee. A party wise record of transactions entered into with the related parties during the year has been maintained.	9	✓		
20.	The Board has approved the profit and loss account for, and balance sheet as at the end of, the first, second and third quarter of the year as well as the financial year end, and has placed the annual financial statements on the Company's website. Monthly accounts were also prepared and circulated amongst the Board members.	10	✓		
21.	All the Board members underwent an orientation course arranged by the Company to apprise them of the material developments and information as specified in the Rules.	11	✓		

Sr. No.	Provision of the Rules	Rule No.	Y	N	Remarks																				
			Tick the relevant box																						
22.	(a) The Board has formed the requisite Committees, as specified in the Rules.	12	✓																						
	(b) The Committees were provided with written terms of reference defining their duties, authority and composition.		✓																						
	(c) The minutes of the meetings of the Committees were circulated to all the Board members.		✓																						
	(d) The Committees were chaired by the following Non-Executive Directors:		✓																						
	<table border="1"> <thead> <tr> <th>Committee</th> <th>No. of Members</th> <th>Name of Chair</th> </tr> </thead> <tbody> <tr> <td>Audit Committee</td> <td>5</td> <td>Mr. Iskander Mohammed Khan</td> </tr> <tr> <td>Risk Management Committee</td> <td>5</td> <td>Syed Masieh-ul-Islam</td> </tr> <tr> <td>Human Resources Committee</td> <td>5</td> <td>Mr. Abid Saeed</td> </tr> <tr> <td>Procurement Committee</td> <td>5</td> <td>Mr. Hamid Farooq</td> </tr> <tr> <td>Nomination Committee</td> <td>5</td> <td>Mr. Abid Saeed</td> </tr> </tbody> </table>		Committee	No. of Members		Name of Chair	Audit Committee	5	Mr. Iskander Mohammed Khan	Risk Management Committee	5	Syed Masieh-ul-Islam	Human Resources Committee	5	Mr. Abid Saeed	Procurement Committee	5	Mr. Hamid Farooq	Nomination Committee	5	Mr. Abid Saeed				
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Risk Management Committee	5	Syed Masieh-ul-Islam																							
Human Resources Committee	5	Mr. Abid Saeed																							
Procurement Committee	5	Mr. Hamid Farooq																							
Nomination Committee	5	Mr. Abid Saeed																							
23.	The Board has approved appointment of Chief Financial Officer, Company Secretary and Chief Internal Auditor, with their remuneration and terms and conditions of employment, and as per their prescribed qualifications.	13/14	✓																						
24.	The Company has adopted International Financial Reporting Standards notified by the Commission under clause (i) of sub-section (3) of section 234 of the Ordinance.	16	✓																						
25.	The Directors' Report for this year has been prepared in compliance with the requirements of the Ordinance and the Rules and fully describes the salient matters required to be disclosed.	17	✓																						
26.	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.	18	✓																						
27.	A formal and transparent procedure for fixing the remuneration packages of individual directors, who only includes one Executive Director, has been set in place. The criteria and details of remuneration of such director is adequately disclosed in Annual Report.	19	✓																						
28.	The financial statements of the Company were duly endorsed by the Chief Executive and Chief Financial Officer, before approval of the Board.	20	✓																						
29.	The Board has formed an Audit Committee, with defined and written terms of reference, and having the following members as at 30 June 2014:	21	✓																						
	<table border="1"> <thead> <tr> <th>Name of Member</th> <th>Category</th> <th>Professional background</th> </tr> </thead> <tbody> <tr> <td>Mr. Iskander Mohammed Khan</td> <td>Independent Director</td> <td>Chartered Accountant</td> </tr> <tr> <td>Mr. Abid Saeed</td> <td>Non-Executive Director</td> <td>Secretary Ministry of Petroleum & Natural Resources</td> </tr> <tr> <td>Mr. Babar Yaqoob Fateh Muhammad</td> <td>Non-Executive Director</td> <td>Chief Secretary Balochistan</td> </tr> <tr> <td>Mr. Hamid Farooq</td> <td>Independent Director</td> <td>Business Executive</td> </tr> <tr> <td>Mr. Rehmat Salam Khattak</td> <td>Independent Director</td> <td>Educationist</td> </tr> </tbody> </table>					Name of Member	Category	Professional background	Mr. Iskander Mohammed Khan	Independent Director	Chartered Accountant	Mr. Abid Saeed	Non-Executive Director	Secretary Ministry of Petroleum & Natural Resources	Mr. Babar Yaqoob Fateh Muhammad	Non-Executive Director	Chief Secretary Balochistan	Mr. Hamid Farooq	Independent Director	Business Executive	Mr. Rehmat Salam Khattak	Independent Director	Educationist		
	Name of Member					Category	Professional background																		
	Mr. Iskander Mohammed Khan					Independent Director	Chartered Accountant																		
	Mr. Abid Saeed					Non-Executive Director	Secretary Ministry of Petroleum & Natural Resources																		
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	Mr. Hamid Farooq					Independent Director	Business Executive																		
Mr. Rehmat Salam Khattak	Independent Director	Educationist																							
	The Chief Executive and Chairman of the Board are not members of the Audit Committee.																								
30.	The Board has set up an effective internal audit function, which has an audit charter, duly approved by the Audit Committee, and which worked in accordance with the applicable standards.	22	✓																						

Sr. No.	Provision of the Rules	Rule No.	Y	N	Remarks
			Tick the relevant box		
31.	The Company has appointed its external auditors in line with the requirements envisaged under the Rules.	23	✓		
32.	The external auditors of the Company have confirmed that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as applicable in Pakistan.	23(4)	✓		
33.	The external joint auditors have not been appointed to provide non-audit services except that one of the joint auditors provides Taxation Services to the Company, and the joint auditors have confirmed that they have observed applicable guidelines issued by IFAC in this regard.	23(5)	✓		
34.	The Company has complied with all the corporate and financial reporting requirements of the Rules.		✓		

Certain additional disclosures as required under Code of Corporate Governance (CCG) 2012

- All the resident Directors of the Company are registered as tax payers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
- 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/shareholders.
- Two Directors of the Company have obtained certification as required under CCG.
- 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.
- The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to Directors, employees and stock exchange(s).
- Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).



(Muhammad Rafi)
Managing Director & CEO

5 August 2014
Islamabad



(Zahid Muzaffar)
Chairman

SCHEDULE II

[See paragraph 2(3)]

Explanation for Non-Compliance with the Code of Corporate Governance and Public Sector Companies (Corporate Governance) Rules, 2013

We confirm that all other material requirements envisaged in the CCG and the Rules have been complied with except for the following, toward which reasonable progress is being made by the Company to seek compliance by the end of next accounting year:

Sr. No.	Rule/sub-rule No.	Reasons for non-compliance	Future course of action
1.	5(5)(c)(ii)	Matters involving misconduct are examined at the Management level in the light of Company Rules. Committees are formed depending on the nature and subject matter of the issue involved.	A Committee to deal with the subject at the Management level is being constituted with the mandate envisaged in the rules.
2.	8	Due to reconstitution of the Board requisite mechanism could not be finalized.	The Company has initiated necessary measures for developing an evaluation mechanism and full compliance in this regard would be ensured.



(Muhammad Rafi)
Managing Director & CEO

5 August 2014
Islamabad



(Zahid Muzaffar)
Chairman

Auditors' Report to the Members

We have audited the annexed Balance Sheet of Oil & Gas Development Company Limited ("the Company") as at 30 June 2014 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, except for the change as stated in Note 3.1.2 to the financial statements with which we concur;
 - (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 the 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 2014 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 the 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.

The financial statements of the Company for the year ended 30 June 2013 were jointly audited by KPMG Taseer Hadi & Co. Chartered Accountants and M. Yousuf Adil Saleem & Co. Chartered Accountants whose report dated 6 August 2013 expressed an unqualified opinion thereon. However, their aforementioned report included emphasis of matter paragraph relating to the recoverability of sales tax paid to Federal Board of Revenue from a customer.



A. F. Ferguson & Co.
Chartered Accountants
Islamabad

5 August 2014
Engagement Partner: Asim Masood Iqbal



KPMG Taseer Hadi & Co.
Chartered Accountants
Islamabad

5 August 2014
Engagement Partner: Syed Bakhtiyar Kazmi

Balance Sheet

As at 30 June 2014

		2014	2013	2012
	Note		Restated	Restated
(Rupees '000)				
SHARE CAPITAL AND RESERVES				
Share capital	4	43,009,284	43,009,284	43,009,284
Capital reserves	5	6,606,000	5,756,000	4,906,000
Unappropriated profit		346,055,921	263,500,737	215,467,790
		<u>395,671,205</u>	<u>312,266,021</u>	<u>263,383,074</u>
NON CURRENT LIABILITIES				
Deferred taxation	6	22,270,517	13,727,898	18,560,208
Deferred employee benefits	7	9,827,561	9,564,797	6,940,301
Provision for decommissioning cost	8	20,417,830	19,993,556	17,193,813
		<u>52,515,908</u>	<u>43,286,251</u>	<u>42,694,322</u>
CURRENT LIABILITIES				
Trade and other payables	9	48,045,567	56,138,527	29,791,891
Provision for taxation	21	-	2,238,065	2,421,831
		<u>48,045,567</u>	<u>58,376,592</u>	<u>32,213,722</u>
		<u><u>496,232,680</u></u>	<u><u>413,928,864</u></u>	<u><u>338,291,118</u></u>
CONTINGENCIES AND COMMITMENTS	10			

The annexed notes 1 to 44 form an integral part of these financial statements.



Chief Executive

		2014	2013	2012
			Restated	Restated
Note		(Rupees '000)		
NON CURRENT ASSETS				
Fixed assets				
	Property, plant and equipment	11	71,803,994	52,605,226
	Development and production assets - intangibles	12	74,329,473	74,651,460
	Exploration and evaluation assets	13	9,637,788	7,275,329
			155,771,255	134,532,015
	Long term investments	14	140,393,508	140,416,803
	Long term loans and receivable	15	5,170,798	4,152,258
	Long term prepayments		736,992	580,432
			302,072,553	279,681,508
				123,444,782
CURRENT ASSETS				
	Stores, spare parts and loose tools	16	18,502,922	16,628,579
	Stock in trade		420,626	263,204
	Trade debts	17	100,510,995	55,874,924
	Loans and advances	18	7,909,281	6,408,762
	Deposits and short term prepayments	19	1,336,238	1,158,516
	Interest accrued		10,110,450	10,125,851
	Other receivables	20	661,017	1,180,494
	Income tax - advance	21	14,319,141	-
	Other financial assets	22	37,537,297	39,897,151
	Cash and bank balances	23	2,852,160	2,709,875
			194,160,127	134,247,356
			496,232,680	413,928,864
				338,291,118



Director

Profit and Loss Account

For the year ended 30 June 2014

		2014	2013
	Note	----- (Rupees '000) -----	Restated
Sales - net	24	257,014,254	223,365,490
Royalty		(29,720,093)	(25,899,469)
Operating expenses	25	(48,833,114)	(36,783,454)
Transportation charges		(2,388,243)	(2,250,087)
		(80,941,450)	(64,933,010)
Gross profit		176,072,804	158,432,480
Other income	26	19,126,253	15,694,460
Exploration and prospecting expenditure	27	(8,722,796)	(14,979,612)
General and administration expenses	28	(2,964,932)	(2,401,627)
Finance cost	29	(2,204,287)	(2,315,324)
Workers' profit participation fund	20.1	(9,071,048)	(7,726,763)
Share of profit in associate - net of taxation	14.1	113,911	104,892
Profit before taxation		172,349,905	146,808,506
Taxation	30	(48,435,355)	(55,535,887)
Profit for the year		123,914,550	91,272,619
Earnings per share - basic and diluted (Rupees)	31	28.81	21.22

The annexed notes 1 to 44 form an integral part of these financial statements.



Chief Executive



Director

Statement of Comprehensive Income

For the year ended 30 June 2014

	2014	2013 Restated
	----- (Rupees '000) -----	
Profit for the year	123,914,550	91,272,619
Other comprehensive income/(loss) for the year		
Items that will not be reclassified to profit or loss		
Remeasurement loss on employee retirement benefit plans	(3,603,463)	(13,819,551)
Tax credit related to remeasurement loss on employee retirement benefit plans		
Current tax credit	13,204,249	-
Deferred tax (charge)/credit	(11,401,796)	6,912,539
	1,802,453	6,912,539
	(1,801,010)	(6,907,012)
Total comprehensive income for the year	122,113,540	84,365,607

The annexed notes 1 to 44 form an integral part of these financial statements.



Chief Executive



Director

Cash Flow Statement

For the year ended 30 June 2014

	2014	2013 Restated
Note	----- (Rupees '000) -----	-----
Cash flows from operating activities		
Profit before taxation	172,349,905	146,808,506
Adjustments for:		
Depreciation	4,689,848	4,757,504
Amortization of development and production assets	18,061,296	9,093,310
Impairment on assets	720,860	154,847
Reversal of impairment assets	(583,758)	-
Royalty	29,720,093	25,899,469
Workers' profit participation fund	9,071,048	7,726,763
Provision for employee benefits	4,001,835	3,673,088
Un-winding of discount on provision for decommissioning cost	2,189,397	2,305,246
Interest income	(18,608,772)	(11,190,876)
Un-realized gain on investments at fair value through profit or loss	(82,997)	(55,165)
Dividend income	(17,026)	(15,891)
Gain on disposal of property, plant and equipment	(16,368)	(46,639)
Provision for slow moving, obsolete and in transit stores	218,501	-
Share of profit in associate	(113,911)	(104,892)
Stores inventory written off	12,262	7,219
	<u>221,612,213</u>	<u>189,012,489</u>
Working capital changes		
(Increase)/decrease in current assets:		
Stores, spare parts and loose tools	(2,105,106)	(3,775,075)
Stock in trade	(157,422)	(52,681)
Trade debts	(44,636,071)	82,220,840
Deposits and short term prepayments	(177,722)	(173,720)
Advances and other receivables	(2,096,089)	(1,873,611)
(Decrease)/increase in current liabilities:		
Trade and other payables	(10,349,503)	12,754,728
Cash generated from operations	<u>162,090,300</u>	<u>278,112,970</u>
Royalty paid	(29,930,863)	(26,091,022)
Employee benefits paid	(17,990,983)	(4,509,483)
Long term prepayments	(156,560)	(234,019)
Payments of workers' profit participation fund - net	(8,974,541)	(7,954,359)
Income taxes paid	(54,647,490)	(53,639,424)
	<u>(111,700,437)</u>	<u>(92,428,307)</u>
Net cash from operating activities	<u>50,389,863</u>	<u>185,684,663</u>
Cash flows from investing activities		
Capital expenditure	(44,288,271)	(30,152,067)
Interest received	19,116,848	1,597,612
Dividends received	86,557	83,989
Purchase of investments	(425,000)	(136,392,376)
Proceeds from disposal of property, plant and equipment	41,763	63,668
Net cash used in investing activities	<u>(25,468,103)</u>	<u>(164,799,174)</u>
Cash flows from financing activities		
Dividends paid	(27,222,326)	(33,921,898)
Net cash used in financing activities	<u>(27,222,326)</u>	<u>(33,921,898)</u>
Net decrease in cash and cash equivalents	<u>(2,300,566)</u>	<u>(13,036,409)</u>
Cash and cash equivalents at beginning of the year	42,414,472	55,450,881
Cash and cash equivalents at end of the year	<u>40,113,906</u>	<u>42,414,472</u>

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The annexed notes 1 to 44 form an integral part of these financial statements.



Chief Executive



Director

Statement of Changes in Equity

For the year ended 30 June 2014

	Share capital	Capital reserves		Unappropriated profit	Total equity
		Capital reserve	Self insurance		
----- (Rupees '000) -----					
Balance at 1 July 2012 - previously reported	43,009,284	836,000	4,070,000	220,449,368	268,364,652
Change in accounting policy for remeasurement of employee retirement benefit plans-note 3.1.2	-	-	-	(4,981,578)	(4,981,578)
Balance at 1 July 2012 - restated	43,009,284	836,000	4,070,000	215,467,790	263,383,074
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 - restated	-	-	-	91,272,619	91,272,619
Other comprehensive loss - restated	-	-	-	(6,907,012)	(6,907,012)
Total comprehensive income for the year	-	-	-	84,365,607	84,365,607
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 - restated	43,009,284	836,000	4,920,000	263,500,737	312,266,021
Balance at 1 July 2013 - restated	43,009,284	836,000	4,920,000	263,500,737	312,266,021
Transfer to self insurance reserve	-	-	855,111	(855,111)	-
Charged to self insurance reserve	-	-	(5,111)	5,111	-
Total comprehensive income for the year					
Profit for the year	-	-	-	123,914,550	123,914,550
Other comprehensive loss	-	-	-	(1,801,010)	(1,801,010)
Total comprehensive income for the year	-	-	-	122,113,540	122,113,540
Transactions with owners, recorded directly in equity					
Final dividend 2013: Rs 2.75 per share	-	-	-	(11,827,553)	(11,827,553)
First interim dividend 2014: Rs 2.00 per share	-	-	-	(8,601,857)	(8,601,857)
Second interim dividend 2014: Rs 2.00 per share	-	-	-	(8,601,857)	(8,601,857)
Third interim dividend 2014: Rs 2.25 per share	-	-	-	(9,677,089)	(9,677,089)
Total distributions to owners	-	-	-	(38,708,356)	(38,708,356)
Balance at 30 June 2014	43,009,284	836,000	5,770,000	346,055,921	395,671,205

The annexed notes 1 to 44 form an integral part of these financial statements.



Chief Executive



Director

Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2014

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 Company was established to undertake exploration and development of oil and gas resources, including production and sale of oil and gas and related activities formerly carried on by Oil and Gas Development Corporation, which was established in 1961. 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 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 described 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 judgements, 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 judgement 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.

Judgements 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.

Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2014

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 judgement 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. Judgement is applied by the management in determining when a project is economically viable. In exercising this judgement, 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 judgement 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 judgement 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 and impairment, if any, in the financial statements for fixed assets related to hydrocarbon production activities.

During the year, the Company revised its estimates of reserves based on report from independent consultant hired for this purpose. The change has been accounted for prospectively, in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

Following line items would have been effected had there been no change in estimates:

	Rupees in million
Amortization charge would have been lower by	2,676
Development and production assets would have been higher by	2,676
Deferred tax liability and deferred tax expense would have been higher by	886
Total comprehensive income for the year would have been higher by	1,790

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 judgement 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 annually and adjusted to take account of such changes.

During the year, the Company revised its estimates of outflows of resources to settle decommissioning liability, estimates of field lives and estimates of discount and inflation rates. This has been treated as change in accounting estimates, applied prospectively, in accordance with IFRIC Interpretation-1 'Changes in Existing Decommissioning, Restoration and Similar Liabilities'.

Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2014

Following line items would have been effected had there been no change in estimates:

	Rupees in million
Provision for decommissioning cost would have been higher by	1,934
Property, plant and equipment would have been higher by	241
Development and production assets would have been higher by	958
Amortization charge would have been higher by	735
Total comprehensive income would have been lower by	455

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 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.

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 net liability/(asset) in respect of employee's service in previous years. 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 standards, interpretations and the amendments are effective for accounting periods beginning from the dates specified below and 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.

- Amendments to IAS 19 'Employee Benefits' Employee contributions – a practical approach (effective for annual periods beginning on or after 1 July 2014). The practical expedient addresses an issue that arose when amendments were made in 2011 to the previous pension accounting requirements. The amendments introduce a relief that will reduce the complexity and burden of accounting for certain contributions from employees or third parties. The amendments are relevant only to defined benefit plans that involve contributions from employees or third parties meeting certain criteria.
- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) – (effective for annual periods beginning on or after 1 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.

Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2014

- Amendment to IAS 36 'Impairment of Assets' Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after 1 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.
- Amendments to IAS 38 'Intangible Assets' and IAS 16 'Property, Plant and Equipment' (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue.
- Amendments to IAS 39 'Financial Instruments: Recognition and Measurement' Continuing hedge accounting after derivative novation (effective for annual periods beginning on or after 1 January 2014). The amendments add a limited exception to IAS 39, to provide relief from discontinuing an existing hedging relationship when a novation that was not contemplated in the original hedging documentation meets specific criteria.
- Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 'Property, Plant and Equipment' for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction.
- IFRIC 21- Levies 'an Interpretation on the accounting for levies imposed by governments' (effective for annual periods beginning on or after 1 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.
- Annual Improvements 2010-2012 and 2011-2013 cycles (most amendments will apply prospectively for annual period beginning on or after 1 July 2014). The new cycle of improvements contain amendments to the following standards:

IAS 16 'Property, plant and equipment' and IAS 38 'Intangible Assets'. The amendments clarify the requirements of the revaluation model in IAS 16 and IAS 38, recognizing that the restatement of accumulated depreciation/(amortization) is not always proportionate to the change in the gross carrying amount of the asset.

IAS 24 'Related Party Disclosure'. The definition of related party is extended to include a management entity that provides key management personnel services to the reporting entity, either directly or through a group entity.

IAS 40 'Investment Property'. IAS 40 has been amended to clarify that an entity should: assess whether an acquired property is an investment property under IAS 40 and perform a separate assessment under IFRS 3 to determine whether the acquisition of the investment property constitutes a business combination.

IFRS 2 'Share-based Payment'. IFRS 2 has been amended to clarify the definition of 'vesting condition' by separately defining 'performance condition' and 'service condition'. The amendment also clarifies both: how to distinguish between a market condition and a non-market performance condition and the basis on which a performance condition can be differentiated from a vesting condition.

IFRS 3 'Business Combinations'. These amendments clarify the classification and measurement of contingent consideration in a business combination. Further IFRS 3 has also been amended to clarify that the standard does not apply to the accounting for the formation of all types of joint arrangements including joint operations in the financial statements of the joint arrangement themselves.

Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2014

IFRS 8 'Operating Segments' has been amended to explicitly require the disclosure of judgments made by management in applying the aggregation criteria. In addition this amendment clarifies that a reconciliation of the total of the reportable segment's assets to the entity assets is required only if this information is regularly provided to the entity's chief operating decision maker. This change aligns the disclosure requirements with those for segment liabilities.

- IFRS 14 'Regulatory Deferral Accounts' (effective for annual periods beginning on or after 1 January 2016) specifies the financial reporting requirements for 'regulatory deferral account balances' that arise when an entity provides goods or services to customers at a price or rate that is subject to rate regulation. IFRS 14 is permitted, but not required, to be applied where an entity conducts rate-regulated activities and has recognised amounts in its previous financial statements that meet the definition of 'regulatory deferral account balances' also referred as the 'regulatory assets' and 'regulatory liabilities'.
- IFRS 15 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 1 January 2017) specifies how and when an IFRS compliant entity will recognise revenue as well as requiring such entities to provide users of financial statements with more informative and relevant disclosures. The standard provides a single principle-based five-step model to be applied to all contracts with customers. The objective of IFRS 15 is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been notified locally by the Securities and Exchange Commission of Pakistan (SECP) as at 30 June 2014:

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

The following interpretations issued by the IASB have been waived off by SECP effective 16 January 2012:

- IFRIC 4 – Determining Whether an Arrangement Contains a Lease. Also refer note 39 to the financial statements.
- IFRIC 12 – Service Concession Arrangements

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, except as disclosed in note 3.1.2.

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.

Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2014

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 2014. 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 present value of the 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.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the year in which they arise.

Past service costs are recognized immediately in profit and loss account.

3.1.2 Change in accounting policy due to application of IAS 19 (as revised in June 2011)

During the year, the Company changed its accounting policy for defined benefit plans because of application of IAS 19 (as revised in June 2011) 'Employee Benefits'. The amendments to IAS 19 have changed accounting for employees' pension fund and deferred employee benefits. The most significant change relates to the accounting for changes in defined benefit obligation and plan assets. The amendments require the recognition of changes in defined benefit obligation and fair value of plan assets when they occur, and hence eliminate 'corridor approach' permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. All actuarial gains and losses are recognized immediately through other comprehensive income. Furthermore, the interest cost and expected return on plan assets used in previous version of IAS 19 are replaced with a 'net-interest' amount under IAS 19 (as revised in June 2011), which is calculated by applying the discount rate to the net defined benefit liability or asset. IAS 19 (as revised in June 2011) introduces certain changes in the presentation of the defined benefit cost including more extensive disclosures. Effects of retropective application of this change in accounting policy are disclosed below:

	Effect for the year ended 30 June 2013 (Rupees '000)
Profit and loss account	
Decrease in operating expenses	766,533
Decrease in general and administration expenses	277,907
(Increase) in workers' profit participation fund	(52,222)
(Increase) in provision for taxation	(496,308)
Net effect	<u>495,910</u>
Statement of comprehensive income	
Remeasurement loss on employee retirement benefit plans	(13,819,551)
Tax credit related to remeasurement loss on employee retirement benefit plans	6,912,539
Net effect	<u>(6,907,012)</u>

Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2014

Balance sheet

	Cumulative effect upto 30 June 2013	Cumulative effect upto 30 June 2012
	----- (Rupees `000) -----	
(Increase) in trade and other payables		
- Employees' pension trust	(19,635,601)	(7,620,040)
(Increase) in deferred employee benefits	(3,076,698)	(2,317,148)
(Decrease) in other receivables		
- Workers' profit participation fund	(82,177)	(29,955)
Decrease in deferred taxation	11,401,796	4,985,565
Decrease in unappropriated profit	<u>(11,392,680)</u>	<u>(4,981,578)</u>

There was no impact on cash flow statement except that certain figures have been reclassified within cash flow from operating activities as a result of the above restatement.

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.

Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2014

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 11 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.

Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2014

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 acquisition 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.

Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2014

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 six 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.

Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2014

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

Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2014

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 operations.

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.

Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2014

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.

3.21 OPERATING SEGMENTS

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions. The management has determined that the Company has a single reportable segment as the Board of Directors views the Company's operations as one reportable segment.

Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2014

4 SHARE CAPITAL

Authorized share capital

2014		2013		
----- (Number of shares) -----		----- (Rupees '000) -----		
<u>5,000,000,000</u>	<u>5,000,000,000</u>	Ordinary shares of Rs 10 each	<u>50,000,000</u>	<u>50,000,000</u>
Issued, subscribed and paid up capital				
<u>1,075,232,100</u>	<u>1,075,232,100</u>	Ordinary shares of Rs 10 each issued for consideration other than cash (note 4.1)	<u>10,752,321</u>	<u>10,752,321</u>
<u>3,225,696,300</u>	<u>3,225,696,300</u>	Ordinary shares of Rs 10 each issued as fully paid bonus shares	<u>32,256,963</u>	<u>32,256,963</u>
<u>4,300,928,400</u>	<u>4,300,928,400</u>		<u>43,009,284</u>	<u>43,009,284</u>

- 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 Government of Pakistan on 23 October 1997. Currently, the Government of Pakistan (GoP) holds 74.97% (2013: 74.97%) paid up capital of the Company.
- 4.2 GoP through the Privatization Commission, intends to further divest upto 10% of its equity holding in the Company through issuance of shares and Global Depository Shares (GDSs). The GDSs will be listed on the London Stock Exchange.

	Note	2014	2013
		----- (Rupees '000) -----	
5 CAPITAL RESERVES			
Capital reserve	5.1	<u>836,000</u>	<u>836,000</u>
Self insurance reserve	5.2	<u>5,770,000</u>	<u>4,920,000</u>
		<u>6,606,000</u>	<u>5,756,000</u>

- 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 14.2.1 for investments against this reserve. Accordingly, the reserve is not available for distribution to shareholders.

	2014	2013
	----- (Rupees '000) -----	
		Restated

6 DEFERRED TAXATION

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

Accelerated depreciation on property, plant and equipment	<u>6,524,059</u>	<u>5,473,879</u>
Expenditure of exploration and evaluation, development and production assets	<u>19,895,341</u>	<u>23,253,486</u>
Provision for decommissioning cost	<u>(3,286,920)</u>	<u>(2,894,689)</u>
Remeasurement loss on employee retirement benefit plans	<u>-</u>	<u>(11,401,796)</u>
Long term investment in associate	<u>30,231</u>	<u>25,793</u>
Provision for doubtful debts, claims and advances	<u>(102,756)</u>	<u>(91,344)</u>
Provision for slow moving and obsolete stores	<u>(789,438)</u>	<u>(637,431)</u>
	<u>22,270,517</u>	<u>13,727,898</u>

Deferred tax has been calculated at the current effective tax rate of 33.12% (2013: 29.44%) 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.

Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2014

		2014	2013 Restated
	Note	----- (Rupees '000) -----	-----
7 DEFERRED EMPLOYEE BENEFITS			
Post retirement medical benefits	7.1	6,770,977	6,494,991
Accumulating compensated absences	7.2	3,056,584	3,069,806
		<u>9,827,561</u>	<u>9,564,797</u>
7.1 Post retirement medical benefits			
Movement in the present value of defined benefit obligation is as follows:			
Present value of defined benefit obligation at beginning of the year		6,494,991	4,998,860
Current service cost		211,400	168,172
Interest cost		761,659	583,388
Benefits paid		(297,192)	(274,588)
Remeasurement (gain)/loss recognised in Other Comprehensive Income		(399,881)	1,019,159
Present value of defined benefit obligation at end of the year		<u>6,770,977</u>	<u>6,494,991</u>
Movement in liability recognized in the balance sheet is as follows:			
Opening liability		6,494,991	4,998,860
Expense for the year		973,059	751,560
Benefits paid		(297,192)	(274,588)
Remeasurement (gain)/loss recognised in Other Comprehensive Income		(399,881)	1,019,159
Closing liability		<u>6,770,977</u>	<u>6,494,991</u>
Expense recognized in profit and loss account is as follows:			
Current service cost		211,400	168,172
Interest cost		761,659	583,388
		<u>973,059</u>	<u>751,560</u>
The expense is recognized in the following line items in profit and loss account:			
Operating expenses		498,163	310,840
General and administration expenses		128,425	82,156
Technical services		346,471	358,564
		<u>973,059</u>	<u>751,560</u>
		2014	2013
Significant actuarial assumptions used were as follows:			
Discount rate per annum		13.50%	12%
Medical inflation rate per annum		9%	8%
Exposure inflation rate per annum		3%	3%
Mortality rate		SLIC 2001-2005	SLIC 2001-2005
Withdrawal rate		Moderate	Moderate
Weighted average duration of the obligation		10 years	10 years

The calculation of the defined benefit obligation is sensitive to assumptions set out above. The following table summarizes how the impact on the defined benefit obligation at the end of the reporting period would have increased/(decreased) as a result of a change in respective assumptions.

	Change in assumption	Impact on defined benefit obligation	
		Increase in assumption	Decrease in assumption
		----- (Rupees '000) -----	
Discount	1%	(946,126)	961,617
Medical indexation	1%	1,087,804	(885,154)
Withdrawal	10%	2,708	(2,031)
		1 year setback	1 year setforward
		----- (Rupees '000) -----	
Mortality		(60,939)	63,647

The impact of changes in assumptions has been determined by revaluation of the obligation on different rates.

The expected medical expense for the next financial year is Rs 1,093.108 million.

Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2014

	2014	2013
	----- (Rupees '000) -----	
7.2 Accumulating compensated absences		
Liability/present value of defined benefit obligation at beginning of the year	3,069,806	1,941,441
Charge for the year - net	969,140	1,587,371
Payment made during the year	(982,362)	(459,006)
Liability/present value of defined benefit obligation at end of the year	<u>3,056,584</u>	<u>3,069,806</u>

The rates of discount and salary increase were assumed at 13.50% (2013: 12%) and 13% (2013: 12%) per annum respectively.

	2014	2013
	----- (Rupees '000) -----	
8 PROVISION FOR DECOMMISSIONING COST		
Balance at beginning of the year	19,993,556	17,193,813
Provision during the year	635,378	494,497
	<u>20,628,934</u>	<u>17,688,310</u>
Revision due to change in estimates	(1,934,137)	-
Adjustment during the year	(466,364)	-
Unwinding of discount on provision for decommissioning cost	2,189,397	2,305,246
Balance at end of the year	<u>20,417,830</u>	<u>19,993,556</u>
The above provision for decommissioning cost is analyzed as follows:		
Development and production wells	7,863,805	8,990,485
Production facilities	1,645,073	2,283,516
Unwinding of discount on provision for decommissioning cost		
Development and production wells	9,776,200	7,565,035
Production facilities	1,132,752	1,154,520
	<u>10,908,952</u>	<u>8,719,555</u>
	<u>20,417,830</u>	<u>19,993,556</u>

	2014	2013
Significant assumptions used were as follows:		
Discount rate per annum	12.88%	13.36%
Inflation rate per annum	11.39%	12.46%

Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2014

		2014	2013
			Restated
	Note	----- (Rupees `000) -----	-----
9	TRADE AND OTHER PAYABLES		
Creditors		1,534	53,440
Payable to Government of Pakistan - on account of Kunnar discount	9.1	2,085,112	-
Accrued liabilities		5,461,545	4,890,813
Royalty payable		5,030,253	5,241,023
Excise duty payable		263,989	301,799
General sales tax payable		1,843,507	1,659,507
Provincial sales tax payable		7,528	-
Payable to joint venture partners		4,554,969	9,040,238
Retention money		1,617,016	710,260
Trade deposits		73,478	76,910
Employees' pension trust	9.2	11,791,096	20,809,813
Un-paid dividend	9.3	13,936,304	2,468,708
Un-claimed dividend		416,219	397,785
Payable to benevolent fund		15	706
Advances from customers		873,443	10,450,172
Other payables		89,559	37,353
		<u>48,045,567</u>	<u>56,138,527</u>

9.1 This represents payable to Ministry of Finance in respect of price discount on Kunnar crude sale, withheld by the Company due to related receivable from a customer and tax recoveries made by tax authorities. Also refer note 10.1.1 and 24.3 to the financial statements.

	2014	2013
		Restated
	----- (Rupees `000) -----	-----
9.2	Employees' pension trust	

The amount recognized in the balance sheet is as follows:

Present value of defined benefit obligation	54,402,957	45,828,738
Fair value of plan assets	(42,611,861)	(25,018,925)
Net liability at end of the year	<u>11,791,096</u>	<u>20,809,813</u>

The movement in the present value of defined benefit obligation is as follows:

Present value of defined benefit obligation at beginning of the year	45,828,738	28,724,023
Current service cost	1,779,840	1,094,444
Interest cost	5,326,834	3,489,403
Benefits paid	(2,576,490)	(1,617,602)
Past service cost	-	1,486,437
Remeasurement loss	4,044,035	12,652,033
Present value of defined benefit obligation at end of the year	<u>54,402,957</u>	<u>45,828,738</u>

Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2014

	2014	2013 Restated
	----- (Rupees '000) -----	
The movement in the fair value of plan assets is as follows:		
Fair value of plan assets at beginning of the year	25,018,925	20,136,908
Expected return on plan assets	3,417,306	2,664,952
Contributions	16,711,429	3,983,026
Benefits paid	(2,576,490)	(1,617,602)
Remeasurement gain/(loss)	40,691	(148,359)
Fair value of plan assets at end of the year	<u>42,611,861</u>	<u>25,018,925</u>
The movement in liability recognized in the balance sheet is as follows:		
Opening liability	20,809,813	8,587,115
Expense for the year	3,689,368	3,405,332
Remeasurement loss recognized in Other Comprehensive Income (OCI) during the year	4,003,344	12,800,392
Payments to the fund during the year	(16,711,429)	(3,983,026)
Closing liability	<u>11,791,096</u>	<u>20,809,813</u>
Expense recognized in profit and loss account is as follows:		
Current service cost	1,779,840	1,094,444
Interest cost	1,909,528	824,451
Past service cost	-	1,486,437
	<u>3,689,368</u>	<u>3,405,332</u>
Remeasurement loss recognized in Other Comprehensive Income (OCI):		
Remeasurement loss on defined benefit obligation	4,044,035	12,652,033
Remeasurement (gain)/loss on plan assets	(40,691)	148,359
	<u>4,003,344</u>	<u>12,800,392</u>

	2014			2013		
	----- (Rupees '000) -----			----- (Rupees '000) -----		
Plan assets comprise of:	Quoted	Unquoted	Total	Quoted	Unquoted	Total
Bonds	-	20,553,108	20,553,108	-	3,446,979	3,446,979
Mutual funds	1,202,034	-	1,202,034	859,392	-	859,392
Term deposits Receipts (TDRs)	-	18,888,610	18,888,610	-	20,331,350	20,331,350
Cash and bank balances	-	1,968,109	1,968,109	-	381,204	381,204
	<u>1,202,034</u>	<u>41,409,827</u>	<u>42,611,861</u>	<u>859,392</u>	<u>24,159,533</u>	<u>25,018,925</u>

Quoted plan assets comprise of 2.82% (2013: 3.44%) of total plan assets.

Funds covered were invested within limits specified by regulations governing investment of approved retirement funds in Pakistan. The funds have no investment in the Company's own securities.

The pension plan is a defined benefits final salary plan invested through approved trust fund. The trustees of the fund are responsible for plan administration and investment. The Company appoints the trustees. All trustees are employees of the Company.

The plan exposes the Company to various actuarial risks: investment risk, salary risk and longevity risk from the pension plan.

Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2014

	2014	2013 Restated
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----- (Rupees '000) -----

The expense is recognized in the following line items in profit and loss account:

Operating expenses	1,716,163	1,358,500
General and administration expenses	689,944	541,358
Technical services	1,283,261	1,505,474
	<u>3,689,368</u>	<u>3,405,332</u>
Actual return on plan assets	<u>3,457,999</u>	<u>2,516,593</u>

Significant actuarial assumptions used were as follows:

	2014	2013
Discount rate per annum	13.50%	12%
Rate of increase in future compensation levels per annum	13%	12%
Expected rate of return on plan assets per annum	13.50%	12%
Pension indexation rate per annum	8.50%	7%
Mortality rate	SLIC 2001-2005	SLIC 2001-2005
Withdrawal rate	Moderate	Moderate
Weighted average duration of the obligation	10 years	10 years

The calculation of the defined benefit obligation is sensitive to assumptions set out above. The following table summarizes how the impact on the defined benefit obligation at the end of the reporting period would have increased/(decreased) as a result of a change in respective assumptions.

	Change in assumption	Impact on defined benefit obligation	
		Increase in assumption	Decrease in assumption
		----- (Rupees '000) -----	
Discount	1%	(2,964,961)	1,245,828
Salary increase	1%	1,447,119	(3,182,573)
Pension indexation	1%	3,940,554	(2,547,106)
Withdrawal	10%	21,761	(16,321)
		<u>1 year setback</u>	<u>1 year setforward</u>
		----- (Rupees '000) -----	
Mortality		(489,883)	511,740

The impact of changes in assumptions has been determined by revaluation of the obligation on different rates.

The Company expects to make a contribution of Rs 15,122 million (2013: Rs 6,657 million) to the employees' pension trust during the next financial year.

- 9.3 This includes an amount of Rs 5,228 million (2013: Rs 756 million) payable to OGDCL Employees' Empowerment Trust. The payment of dividend has been withheld pursuant to the instruction from the trustees since the GoP is considering to revamp Benazir Employees' Stock Option Scheme (BESOS) as communicated to the Company by Privatization Commission of Pakistan through Letter No. 13(4)12/PC(BESOS)/OGDCL dated 17 April 2013.

Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2014

10 CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

- 10.1.1** During the year, tax authorities have raised demands of Rs 13,370 million by disallowing effect of price discount on sale of crude from Kunnar field. Upto 30 June 2014, the tax authorities have recovered Rs 1,375 million from the Company. The Company has filed an appeal before Appellate Tribunal Inland Revenue (ATIR) which is currently pending. Management is of the view that the price discount is not income of the Company and hence not liable to tax. Accordingly, management is confident that the matter will be resolved in favour of the Company as the discounted price for Kunnar field was finally determined by the Ministry of Petroleum and Natural Resources (MNPR) and major portion of price discount amount was paid to the Government of Pakistan (GoP) during the year upon directions from the Ministry of Finance, to this effect. Also refer note 9.1 and 24.3 to the financial statements.
- 10.1.2** Claims against the Company not acknowledged as debts amounted to Rs 1,486.038 million at year end (2013: Rs 967.414 million).
- 10.1.3** Certain banks have issued guarantees on behalf of the Company in ordinary course of business aggregating Rs 1.707 million (2013: Rs 1.707 million), refer note 23.1 to the financial statements.
- 10.1.4** The Company's share of associate contingencies based on the financial information of associate for the period ended 31 March 2014 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 (2013: Rs 1.045 million).
 - Contractor's claim not acknowledged as debt of Rs 6.784 million (2013: Rs 6.784 million).

10.2 Commitments

- 10.2.1** Commitments outstanding at year end amounted to Rs 47,553.857 million (2013: Rs 32,434.898 million). These include amounts aggregating to Rs 27,035.950 million (2013: Rs 5,239.194 million) representing the Company's share in the minimum work commitments under Petroleum Concession Agreements.
- 10.2.2** 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 28,731.248 million (2013: Rs 23,727.495 million).
- 10.2.3** The Company's share of associate commitments based on the financial information of associate for the period ended 31 March 2014 (2013: 31 March 2013) are as follows:

	2014	2013
	----- (Rupees '000) -----	
Capital expenditure:		
Share in joint ventures	710,046	760,287
Others	487,041	488,733
	1,197,087	1,249,020
Operating lease rentals due:		
Less than one year	5,507	5,175
More than one year but less than five years	11,890	10,894
	17,397	16,069
	<u>1,214,484</u>	<u>1,265,089</u>

Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2014

11 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	Decommissioning cost	Capital work in progress (Note 11.3)	Stores held for capital expenditure	Total
Cost															
Balance as at 1 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)	(140,990)	-	(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
Balance as at 1 July 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
Additions during the year	364	-	527,424	973,440	11,190,956	2,950,401	1,425,869	61,249	195,848	12,490	352,682	69,339	18,684,028	1,308,572	37,752,662
Revision due to change in estimate	-	-	-	-	-	-	-	-	-	-	-	(241,418)	-	-	(241,418)
Disposals/transfers during the year	-	-	-	-	(30,913)	(18,942)	(35,727)	(4,208)	(15,506)	-	(108,166)	-	(11,955,196)	(244,709)	(12,413,367)
Adjustments	-	(2,387,141)	(31,807)	2,387,141	32,831	-	-	77	71	-	(1,172)	(466,364)	-	-	(466,364)
Balance as at 30 June 2014	248,974	54,039	4,274,867	5,242,730	76,072,649	5,047,366	11,999,816	784,562	1,681,181	122,234	5,260,728	1,645,073	20,636,857	2,113,359	135,184,435
Depreciation															
Balance as at 1 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
Balance as at 1 July 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
Charge for the year	-	2,145	230,136	207,352	3,638,126	260,245	426,840	52,432	165,131	10,271	442,334	68,331	-	(18,201)	5,485,142
On disposals	-	-	-	-	(30,748)	(18,917)	(32,900)	(4,121)	(14,543)	-	(86,836)	-	-	-	(188,065)
Adjustments	-	(285,035)	(1,578)	285,035	1,469	-	-	4	125	-	(20)	-	-	-	-
Balance as at 30 June 2014	-	48,694	1,669,085	1,357,479	41,730,757	1,408,269	9,147,748	632,644	1,346,977	88,677	4,416,098	1,226,261	-	172,084	63,244,773
Impairment															
Balance as at 1 July 2013	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Charge for the year	-	-	-	-	135,008	-	333	-	-	-	-	327	-	-	135,668
Balance as at 30 June 2014	-	-	-	-	135,008	-	333	-	-	-	-	327	-	-	135,668
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
Carrying amount - 30 June 2014	248,974	5,345	2,605,782	3,885,251	34,206,884	3,639,097	2,851,735	151,918	334,204	33,557	844,630	418,485	20,636,857	1,941,275	71,803,994
Rates of depreciation (%)	-	3.3-4	2.5-8	2.5-8	4-20	10	10	15	33.33	10	20	2.5-10	-	-	-

Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2014

11.1 Cost and accumulated depreciation as at 30 June 2014 include Rs 35,925 million (2013: Rs 27,493 million) and Rs 20,025 million (2013: Rs 17,810 million) respectively being the Company's share in property, plant and equipment relating to joint ventures operated by other working interest owners.

	Note	2014 ----- (Rupees '000) -----	2013 -----
11.2 The depreciation charge has been allocated to:			
Operating expenses	25	4,490,439	4,538,258
General and administration expenses	28	199,409	219,246
Technical services		795,294	684,842
		<u>5,485,142</u>	<u>5,442,346</u>
11.3 Capital work in progress			
Production facilities and other civil works in progress:			
Wholly owned		16,709,688	5,211,308
Joint ventures		3,841,294	8,638,849
		<u>20,550,982</u>	<u>13,850,157</u>
Construction cost of field offices and various bases/offices owned by the Company		85,875	57,868
		<u>20,636,857</u>	<u>13,908,025</u>

Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2014

11.4 Details of property, plant and equipment sold:

Cost Book Value Sale proceeds
----- (Rupees '000) -----

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

Mr. Iftikhar Ahmad	1,691	1,342	1,342
Mr. Zahid Imran Farani	1,569	850	850
Mr. Abdul Majeed	1,569	792	792
Capt (R) Ayaz Khan	1,569	765	765
Mr. Nadeem Ahmed Ansari	1,569	805	805
Mr. Midhat Ali Jafri	1,569	737	737
Mr. Shahid Ahmad Pathan	1,569	1,105	1,105
Mr. Mehmood Abbas	1,546	837	837
Mr. Muhammad Siddiq Hassan	1,539	999	999
Mr. Shamim Iftikhar Zaidi	1,539	813	813
Mr. Muhammad Ajmal Khan	1,429	299	299
Mr. Muhammad Riaz Khan	1,429	293	293
Mr. Abdul Rab	1,429	470	470
Mr. Mukhtar Ahmad	1,404	1	1
Mr. Rashid Javaid	1,404	1	140
Mr. Mushtaq Ahmed Tahir	1,404	1	140
Mr. Muhammad Zafar Ullah	1,404	1	140
Mr. Muhammad Ajmal Khan	1,404	1	140
Mr. Mujahid Hussain	1,404	1	140
Mr. Syed Ahmad Naeem	1,404	1	140
Mr. Qamar Ul Haq	1,404	1	140
Mr. Shahid Rafeeq Ahmad	1,404	1	140
Mr. Aurangzeb Khan	1,399	183	183
Mr. Manzoor Ahmad	1,369	257	257
Mr. Rais Ahmed	1,355	1,023	1,023
Mr. Aijaz Muhammad Khan	1,329	991	991
Mr. Khalid Pervaz	1,328	859	859
Mr. Abdul Rasheed Memon	1,236	509	509
Mr. Khalid Subhani	1,210	491	491
Mr. Noor Zaman	1,210	293	293
Mr. Khalid Faiz	1,003	812	812
Mr. Muhammad Shaheer Baig	1,003	833	833
Dr. Abid Ali Balbani	925	524	524
Dr. Muhammad Yousaf	925	623	623
Capt (R) Jehangir Memon	925	571	571
Mr. Muhammad Shabbir	818	198	198
Mr. Idress Ahmed Bhatti	818	188	188
Mr. Muhammad Khalid	818	193	193
Mr. Muhammad Shareef Gohar	799	203	203
Mr. Abdul Rashed Ahmad	799	150	150
Mr. Ghulam Abbas Soomro	797	1	80
Mr. Muhammad Iqbal Mirza	797	1	80
Mr. Rizwan Ul Haq	797	1	80
Mr. Nisar Muhammad	797	1	80
Mr. Qamar Hasnain Naqvi	797	1	80
Mr. Muhammad Irfanullah	797	1	80
Mr. Muhammad Haroon Abbasi	797	1	80

Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2014

	Cost	Book Value	Sale proceeds
	(Rupees '000)		
Vehicles sold to following in-service/retiring employees as per Company's policy - Continued			
Mr. Mian Naik Namdar	797	1	80
Mr. Liaqat Ali Bhatti	797	1	80
Mr. Raza Muhammad Khoso	797	1	80
Mr. Altaf Hussain	797	1	80
Mr. Noor Muhammad	797	1	80
Mr. Muhammad Nadeem	797	1	80
Mr. Raees Ahmed	797	1	80
Mr. Rahmatullah Khattak	797	1	80
Mr. Zia-Ul-Haq	797	1	80
Mr. Manzoor Ahmad	797	1	80
Mr. Muhammad Ismail	797	1	80
Mr. Muhammad Dawood	797	1	80
Mr. Muhammad Aslam	797	1	80
Mr. Amjad Ali	797	1	80
Mr. Safdar Shah	797	1	80
Mr. Imtiaz Ahmed	797	41	41
Mr. Muhammad Javed Iqbal	797	49	49
Mr. Anwar Shah	797	93	93
Mr. Asad Ullah Sajid	682	126	126
Mr. Amir Muhammad Afzal	682	140	140
Mr. Hamid Raza	555	1	56
Mr. Abdul Jabbar Qureshi	555	1	1
Mr. Zubair Saeed	555	1	1
	74,875	19,491	22,396
Computers/mobiles sold to employees as per Company's policy	4,085	769	895
Aggregate of other items of property, plant and equipment with individual book value not exceeding Rs 50,000, sold through public auction	87,436	410	18,472
Items written off during the year	47,066	4,725	-
30 June 2014	213,462	25,395	41,763
30 June 2013	189,568	17,029	63,668

Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2014

12 DEVELOPMENT AND PRODUCTION ASSETS - intangibles

Description	Producing fields		Shut-in fields		Wells in progress (Note 12.1)	Sub total	Decommissioning cost	(Rupees '000)
	Wholly owned	Joint ventures	Wholly owned	Joint ventures				Total
Cost								
Balance as at 1 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
Balance as at 1 July 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
Adjustment	1,441,279	966,149	(1,441,279)	(966,149)	-	-	-	-
Additions during the year	-	-	-	-	17,623,212	17,623,212	566,039	18,189,251
Revision due to change in estimate	-	-	-	-	-	-	(1,692,719)	(1,692,719)
Transfer from exploration and evaluation assets during the year	1,192	263,451	7,336	972,232	-	1,244,211	-	1,244,211
Transfers in/(out) during the year	5,576,249	12,851,415	560,362	1,704,690	(20,692,716)	-	-	-
Balance as at 30 June 2014	56,662,299	77,159,798	5,628,217	15,560,634	4,894,681	159,905,629	7,863,805	167,769,434
Amortization								
Balance as at 1 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
Balance as at 1 July 2013	33,469,435	33,626,735	322,631	780,009	-	68,198,810	6,222,906	74,421,716
Adjustment	-	318,006	-	(318,006)	-	-	-	-
Charge/(reversal) of charge for the year	4,117,303	14,217,574	-	-	-	18,334,877	(273,581)	18,061,296
Balance as at 30 June 2014	37,586,738	48,162,315	322,631	462,003	-	86,533,687	5,949,325	92,483,012
Impairment								
Balance as at 1 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
Balance as at 1 July 2013	-	-	858,436	-	-	858,436	97,079	955,515
Charge for the year	545,089	-	-	-	-	545,089	40,103	585,192
Reversal during the year	-	-	(526,423)	-	-	(526,423)	(57,335)	(583,758)
Balance as at 30 June 2014	545,089	-	332,013	-	-	877,102	79,847	956,949
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
Carrying amounts - 30 June 2014	18,530,472	28,997,483	4,973,573	15,098,631	4,894,681	72,494,840	1,834,633	74,329,473

2014 2013

----- (Rupees '000) -----

12.1 Wells in progress

Wholly owned	759,963	2,803,414
Joint ventures	4,134,718	5,160,771
	4,894,681	7,964,185

Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2014

	Note	2014 ----- (Rupees `000) -----	2013 -----
13 EXPLORATION AND EVALUATION ASSETS			
Balance at beginning of the year		4,811,334	7,530,825
Additions during the year		8,784,888	8,860,761
		<u>13,596,222</u>	<u>16,391,586</u>
Cost of dry and abandoned wells during the year	27	(4,438,935)	(8,002,758)
Cost of wells transferred to development and production assets during the year		(1,244,211)	(3,577,494)
		<u>(5,683,146)</u>	<u>(11,580,252)</u>
		<u>7,913,076</u>	<u>4,811,334</u>
Stores held for exploration and evaluation activities	13.1	1,724,712	2,463,995
Balance at end of the year		<u>9,637,788</u>	<u>7,275,329</u>
13.1 Stores held for exploration and evaluation activities			
Balance at beginning of the year		2,463,995	2,875,331
Additions		350,706	543,418
Issuances		(1,089,989)	(954,754)
Balance at end of the year		<u>1,724,712</u>	<u>2,463,995</u>
13.2 Liabilities, other assets and expenditure incurred on exploration and evaluation activities are:			
Liabilities related to exploration and evaluation		<u>1,089,964</u>	<u>384,845</u>
Current assets related to exploration and evaluation		<u>50,236</u>	<u>54,029</u>
Exploration and prospecting expenditure	27	<u>8,722,796</u>	<u>14,979,612</u>
14 LONG TERM INVESTMENTS			
Investment in related party	14.1	375,807	331,427
Investments held to maturity	14.2	140,017,701	140,085,376
		<u>140,393,508</u>	<u>140,416,803</u>
14.1 Investment in related party - associate, quoted			
Mari Petroleum Company Limited (MPCL)			
Cost of investment (18,375,000 (2013: 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		257,927	221,133
		<u>331,427</u>	<u>294,633</u>
Share of profit for the year - net of taxation		113,911	104,892
Dividend received		(69,531)	(68,098)
		<u>44,380</u>	<u>36,794</u>
		<u>375,807</u>	<u>331,427</u>

Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2014

	31 March 2014	31 March 2013 Restated
	----- (Rupees '000) -----	
Summarized financial information in respect of MPCL is set out below:		
Total assets	51,411,350	34,316,769
Total liabilities	35,319,010	20,760,036
Total revenue for the period	10,285,583	8,673,240
Total distributable profit for the period	440,561	379,850

The latest available unaudited financial statements of MPCL are that of 31 March 2014. For the purpose of applying equity method of accounting, the assets, liabilities and results are based on unaudited financial information of MPCL for the period ended 31 March 2014 (2013 Restated: 31 March 2013) prorated for the year as the financial statements for the year ended 30 June 2014 were not issued till the date of authorization of financial statements of the Company.

Under the terms of Well Head Price Agreement between MPCL and the President of Islamic Republic of Pakistan, the shareholders of MPCL 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 in MPCL only to the extent of profit which is available for distribution among the shareholders.

The Company has 20% (2013: 20%) holding in the associate. The market value of the investment in associate as of the year end was Rs 6,861.776 million (2013: Rs 2,509.474 million).

		2014	2013
	Note	----- (Rupees '000) -----	
14.2 Investments held to maturity			
Term Deposit Receipts (TDRs)	14.2.1	5,345,000	4,920,000
Investment in Pakistan Investment Bonds	14.2.2	52,672,701	53,165,376
Investment in Term Finance Certificates	14.2.3	82,000,000	82,000,000
		<u>140,017,701</u>	<u>140,085,376</u>

14.2.1 These represent investments in local currency TDRs. Face value of these investments is Rs 5,345 million (2013: Rs 4,920 million) and carry effective interest rate of 10.75% (2013: 9.81%) 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 self insurance reserve as explained in note 5.2 to the financial statements.

14.2.2 In 2013, Ministry of Finance, Government of Pakistan, approved the plan for partial settlement of circular debt issue prevailing in the energy sector. These PIBs were subscribed by the company in order to settle its overdue receivables from oil refineries and gas companies. 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. Premium on investment is amortised over the remaining term of the investment using effective interest method.

14.2.3 This represents investment in Privately Placed Term Finance Certificates (TFCs) amounting to Rs 82 billion. In 2013, 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 were subscribed by the Company in order to settle its overdue receivables from oil refineries and gas companies.

Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2014

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. 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 2014 was Rs 6,911 million (2013: Rs 7,209 million) of which Rs 4,083 million (2013: Rs 4,647 million) was past due as of the balance sheet date.

	Note	2014 ----- (Rupees '000) -----	2013 -----
15 LONG TERM LOANS AND RECEIVABLE			
Long term loans:			
Secured	15.1	4,931,060	3,979,115
Unsecured	15.2	239,738	173,143
Long term receivable - unsecured	15.3	-	-
		<u>5,170,798</u>	<u>4,152,258</u>
15.1 Long term loans - secured			
Considered good:			
Executives		2,738,512	1,894,544
Other employees		2,983,867	2,760,632
		<u>5,722,379</u>	<u>4,655,176</u>
Current portion shown under loans and advances	18	(791,319)	(676,061)
		<u>4,931,060</u>	<u>3,979,115</u>

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

	Balance as at 1 July 2013	Disbursement during the year	Adjustments during the year	Repayments during the year	Balance as at 30 June 2014
	----- (Rupees '000) -----				
Due from:					
Executives	1,894,544	660,787	421,480	(238,299)	2,738,512
Other employees	2,760,632	1,138,782	(421,480)	(494,067)	2,983,867
30 June 2014	<u>4,655,176</u>	<u>1,799,569</u>	<u>-</u>	<u>(732,366)</u>	<u>5,722,379</u>
30 June 2013	<u>3,497,948</u>	<u>1,694,377</u>	<u>-</u>	<u>(537,149)</u>	<u>4,655,176</u>

15.1.2 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 4,610.779 million (2013: Rs 3,670.178 million) which carry no interest. The balance amount carries an effective interest rate of 10.65% (2013: 12.64%) 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 2,738.512 million (2013: Rs 1,894.544 million).

15.2 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 Rs 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

Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2014

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 239.738 million as on 30 June 2014 (2013: Rs 173.143 million) represents the Company's net share, based on effective working interest ownership of 38.05% (2013: 38.05%) which have not been discounted as required by IAS 39 'Financial Instruments: Recognition and Measurement' as the amount involved is deemed immaterial.

		2014	2013
	Note	----- (Rupees '000) -----	-----
15.3 Long term receivable - unsecured			
Considered good		150,609	606,937
Current portion shown under other receivables	20	(150,609)	(606,937)
		<u>-</u>	<u>-</u>

This represents receivable from K-Electric Limited (formally Karachi Electric Supply Company Limited), as a result of inter corporate debt adjustment approved by the Government of Pakistan 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 was receivable in 32 equal installments commencing from February 2004. The 20th installment amounting to Rs 46.688 million was received during the year. Further, based on mutual agreement during the year, K-Electric Limited paid further Rs 409.640 million and the remaining balance will be paid by K-Electric Limited in six monthly equal installments.

		2014	2013
	Note	----- (Rupees '000) -----	-----
16 STORES, SPARE PARTS AND LOOSE TOOLS			
Stores, spare parts and loose tools		18,903,577	17,229,896
Stores and spare parts in transit		1,982,914	1,563,751
		<u>20,886,491</u>	<u>18,793,647</u>
Provision for slow moving, obsolete and in transit stores	16.1	(2,383,569)	(2,165,068)
		<u>18,502,922</u>	<u>16,628,579</u>
16.1 Movement of provision for slow moving, obsolete and in transit stores			
Balance as at 1 July		2,165,068	2,164,937
Provision for the year		218,501	-
Provision written back during the year		-	131
Balance as at 30 June		<u>2,383,569</u>	<u>2,165,068</u>

Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2014

	2014	2013
	----- (Rupees '000) -----	
17 TRADE DEBTS		
Un-secured, considered good	100,510,995	55,874,924
Un-secured, considered doubtful	112,782	112,782
	<u>100,623,777</u>	<u>55,987,706</u>
Provision for doubtful debts	(112,782)	(112,782)
	<u>100,510,995</u>	<u>55,874,924</u>

17.1 Trade debts include overdue amount of Rs 53,265 million (2013: Rs 37,499 million) mainly on account of Inter-Corporate Circular debt, receivable from oil refineries and gas companies. Based on the measures being undertaken by the Government of Pakistan (GoP) to resolve Inter-Corporate Circular debt issue, the Company considers this amount to be fully recoverable.

	2014	2013
	----- (Rupees '000) -----	
18 LOANS AND ADVANCES		
Advances considered good:		
Suppliers and contractors	3,102,805	1,806,067
Joint venture partners	731,317	670,653
Others	3,283,840	3,255,981
	7,117,962	5,732,701
Current portion of long term loans - secured	791,319	676,061
	7,909,281	6,408,762
Advances considered doubtful	187,033	187,033
	8,096,314	6,595,795
Provision for doubtful advances	(187,033)	(187,033)
	<u>7,909,281</u>	<u>6,408,762</u>

18.1 This includes an amount of Rs 3,180 million (2013: Rs 3,180 million) paid under protest to 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. Based on Sales Tax General Order (STGO) 1 of 2000 dated 24 January 2000, the matter was argued before various appellate forums, however, the Supreme Court of Pakistan finally decided the issue against the Company on 15 April 2013. Further, the Federal Board of Revenue (FBR) granted time relaxation to the Company for issuance of debit note for an amount of Rs 750 million for the period April 2011 to May 2012. Uch Power Limited challenged the grant of time relaxation to the Company by FBR before Islamabad High Court. During the year, the Honourable Court vide its decision dated 27 December 2013 decided the matter in favour of the Company. In light of the Islamabad High Court decision, the Company has applied to FBR for obtaining condonation of time limit for issuing debit notes to Uch Power Limited for the remaining amount of Rs 3,180 million for the period from July 2004 to March 2011 and currently the matter is pending with FBR.

	2014	2013
	----- (Rupees '000) -----	
19 DEPOSITS AND SHORT TERM PREPAYMENTS		
Security deposits	20,994	14,921
Short term prepayments	1,315,244	1,143,595
	<u>1,336,238</u>	<u>1,158,516</u>

Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2014

		2014	2013
	Note	----- (Rupees '000) -----	Restated
20	OTHER RECEIVABLES		
Development surcharge		80,391	80,357
Current portion of long term receivable - unsecured	15.3	150,609	606,937
Claims receivable		16,089	20,266
Workers' profit participation fund - net	20.1	346,775	443,282
Others		67,153	29,652
		<u>661,017</u>	<u>1,180,494</u>
Claims considered doubtful		10,439	10,439
		<u>671,456</u>	<u>1,190,933</u>
Provision for doubtful claims		(10,439)	(10,439)
		<u>661,017</u>	<u>1,180,494</u>
20.1	Workers' profit participation fund - net		
Receivable at beginning of the year		443,282	215,686
Received from fund during the year		(525,459)	(245,641)
		<u>(82,177)</u>	<u>(29,955)</u>
Paid to the fund during the year		9,500,000	8,200,000
		<u>9,417,823</u>	<u>8,170,045</u>
Charge for the year		(9,071,048)	(7,726,763)
Receivable at end of the year		<u>346,775</u>	<u>443,282</u>
		<u>2014</u>	<u>2013</u>
21	INCOME TAX - ADVANCE	----- (Rupees '000) -----	-----
Provision for taxation at beginning of the year		(2,238,065)	(2,421,831)
Income tax paid during the year		53,272,836	53,639,424
Income tax recovered by tax authorities	10.1.1	1,374,654	-
Provision for current taxation for the year - Profit and loss account	30	(52,258,517)	(42,567,340)
Tax credit related to remeasurement loss on employee retirement benefit plans for the year - other comprehensive income		13,204,249	-
Provision for taxation - prior years	30	963,984	(10,888,318)
Income tax - advance/(provision for taxation) at end of the year		<u>14,319,141</u>	<u>(2,238,065)</u>
22	OTHER FINANCIAL ASSETS		
Investments:			
At fair value through profit or loss - NIT units		275,551	192,554
Investment in Term Deposits	22.1	37,261,746	39,704,597
		<u>37,537,297</u>	<u>39,897,151</u>
22.1	This represents foreign currency TDRs amounting to USD 319.401 million (2013: USD 304.309 million), carrying interest rate ranging from 3.25% to 3.95% (2013: 1.55% to 2.45%) per annum, these TDRs are having maturities between one month to six months. These also includes local currency TDRs amounting to Rs 5,587 million (2013: Rs 9,373.712 million), carrying interest rate of 9.85% to 9.90% (2013: 9.25% to 9.81%) per annum having maturities up to three months.		

Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2014

	Note	2014 ----- (Rupees '000) -----	2013 -----
23 CASH AND BANK BALANCES			
Cash at bank:			
Deposit accounts	23.1	2,698,137	2,474,378
Current accounts		88,952	190,944
		<u>2,787,089</u>	<u>2,665,322</u>
Cash in hand		65,071	44,553
		<u>2,852,160</u>	<u>2,709,875</u>

23.1 These deposit accounts carry interest rate of 0.20% to 9.70% (2013: 0.20% to 9.81%) per annum and include foreign currency deposits amounting to USD 6.764 million (2013: USD 3.920 million). Deposits amounting to Rs 1.707 million (2013: Rs 1.707 million) with banks were under lien to secure bank guarantees issued on behalf of the Company.

	Note	2014 ----- (Rupees '000) -----	2013 -----
24 SALES - net			
Gross sales			
Crude oil		133,629,099	119,046,724
Gas		141,898,570	124,906,242
Liquefied petroleum gas		5,807,851	4,372,696
Sulphur		577,336	387,761
Other operating revenue	24.1	186,280	93,115
		<u>282,099,136</u>	<u>248,806,538</u>
Effect of price discount on crude oil - net of government levies	24.3	-	(3,862,297)
Government levies			
Excise duty		(3,511,180)	(3,298,740)
General sales tax		(21,557,429)	(18,279,304)
Provincial sales tax		(16,273)	-
Discount on crude oil price		-	(707)
		<u>(25,084,882)</u>	<u>(21,578,751)</u>
		<u>257,014,254</u>	<u>223,365,490</u>
24.1 Other operating revenue			
Drilling services		117,979	-
Gas processing		68,301	92,827
Geophysical services		-	288
		<u>186,280</u>	<u>93,115</u>

24.2 Oil and gas sales include sales from Dhachrapur, Nur-Bagla and Jakhro 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.

Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2014

- 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. However, the MPNR advised that the Kunnar COSA should 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. Accordingly, the Company made a cumulative adjustment of Rs 25,199 million upto 30 June 2013. Also refer note 9.1 to the financial statements.
- 24.4** On 20 February 2012, OGDCL entered into an agreement with Jamshoro Joint Venture Limited (JJVL) to process gas from Kunnar Pasahki Deep (KPD) to produce NGL and LPG and condensate in consideration of gas processing charges. However, based on the applicable Pakistan Petroleum Production Rules, SSGC claimed that it has the first right on Gas supplied from the KPD field. The matter was than later decided between SSGC and the OGDCL and term sheet was signed in 2013, based on which OGDCL renounced its rights on LPG production. Consequently, in previous year, the Company issued a provisional credit note of Rs 2,285 million related to revenue from sale of LPG, NGL & condensate from the JJVL field net of processing and other ancillary charges. OGDCL also recorded a provisional debit note amounting to Rs 164.445 million relating to additional gas sales revenue to SSGC on account of the change in delivery from ex-JJVL to ex-KPD. These credit and debit note recoded in the books of accounts are provisional and the final prices will be agreed among SSGC and OGDCL upon execution of Gas Sales Agreement (GSA) and adjustments, if any, will be incorporated in the books on finalization of GSA.

		2014	2013 Restated
	Note	----- (Rupees '000) -----	-----
25 OPERATING EXPENSES			
Salaries, wages and benefits	25.1	11,923,960	10,211,540
Stores and supplies consumed		2,051,789	1,855,494
Contract services		2,406,876	2,042,068
Joint venture expenses		1,642,082	884,465
Workover charges		1,043,665	1,055,381
Traveling and transportation		1,240,273	1,015,299
Repairs and maintenance		661,057	1,577,687
Rent, fee and taxes		558,081	516,146
Insurance		480,092	493,545
Communication		41,799	39,795
Utilities		93,148	61,918
Land and crops compensation		353,808	336,727
Desalting, decanting and naphtha storage charges		75,036	96,514
Welfare of locals at fields		896,450	678,862
Provision for slow moving, obsolete and in transit stores		218,501	-
Stores inventory written off		12,262	7,219
Depreciation	11.2	4,490,439	4,538,258
Amortization of development and production assets	12	18,061,296	9,093,310
Impairment on development and production assets	12	585,192	154,847
Impairment on property, plant and equipment	11	135,668	-
Reversal of impairment on development and production assets	12	(583,758)	-
Transfer from general and administration expenses	28	2,594,330	2,169,911
Miscellaneous		8,490	7,149
		48,990,536	36,836,135
Stock of crude oil and other products:			
Balance at beginning of the year		263,204	210,523
Balance at end of the year		(420,626)	(263,204)
		48,833,114	36,783,454

- 25.1** These include charge against employee retirement benefits of Rs 2,214 million (2013 Restated: Rs 1,669 million).

Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2014

		2014	2013
	Note	----- (Rupees '000) -----	
26	OTHER INCOME		
	Income from financial assets		
	Interest income on:		
	Investments and bank deposits	18,594,933	11,190,876
	Delayed payments from joint venture partners	-	39,105
	Delayed payments from customers	13,839	965,869
		18,608,772	12,195,850
	Dividend income from NIT units	17,026	15,891
	Un-realized gain on investments at fair value through profit or loss	82,997	55,165
	Exchange (loss)/gain - net	(459,865)	2,195,021
		18,248,930	14,461,927
	Income from non financial assets		
	Gain on disposal of property, plant and equipment	16,368	46,639
	Gain on disposal of stores, spare parts and loose tools	70,768	43,504
	Others	790,187	1,142,390
		877,323	1,232,533
		19,126,253	15,694,460
27	EXPLORATION AND PROSPECTING EXPENDITURE		
	Cost of dry and abandoned wells	4,438,935	8,002,758
	Prospecting expenditure	4,283,861	6,976,854
		8,722,796	14,979,612

Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2014

		2014	2013 Restated
	Note	----- (Rupees '000) -----	
28 GENERAL AND ADMINISTRATION EXPENSES			
Salaries, wages and benefits	28.1	4,088,287	3,739,241
Joint venture expenses		891,573	580,075
Unallocated expenses of technical services		725,013	356,224
Traveling and transportation		404,166	356,892
Repairs and maintenance		136,590	136,011
Stores and supplies consumed		136,192	60,842
Rent, fee and taxes		107,583	90,314
Communication		53,094	49,035
Utilities		65,408	60,316
Training and scholarships		29,003	22,584
Legal and professional services		32,152	31,663
Contract services		124,338	149,061
Auditors' remuneration	28.2	19,838	12,468
Advertising		95,468	129,975
Insurance		3,315	2,262
Donations	28.3	50,200	-
Depreciation	11.2	199,409	219,246
Miscellaneous		17,077	21,229
		7,178,706	6,017,438
Allocation of expenses to:			
Operations	25	(2,594,330)	(2,169,911)
Technical services		(1,619,444)	(1,445,900)
		(4,213,774)	(3,615,811)
		2,964,932	2,401,627

28.1 These include charge against employee retirement benefits of Rs 818 million (2013 Restated: Rs 624 million).

Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2014

	2014	2013
	----- (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	3,629	3,549
Audit fee for claims lodged by employees under BESOS	270	270
Verification of Central Depository Company record	110	100
Certification of fee payable to OGRA	110	110
Dividend certification	200	200
Audit of Employees Empowerment Trust (OEET)	225	-
	6,744	6,429
M/s A. F. Ferguson & Co., Chartered Accountants		
Annual audit fee	1,600	-
Half yearly review	400	-
Out of pocket expenses	200	-
Concession audit fee	3,161	-
Tax services	7,733	-
	13,094	-
M/s Yousuf Adil Saleem & Co., Chartered Accountants		
Annual audit fee	-	1,600
Half yearly review	-	400
Concession audit fee	-	2,914
Out of pocket expenses	-	200
Verification of Central Depository Company record	-	100
Monitoring fee for Central Depository Company compliance	-	125
Dividend certification	-	200
Audit of Workers' profit participation fund	-	100
Verification of financial impact of revised salary package	-	400
	-	6,039
	19,838	12,468

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

		2014	2013
	Note	----- (Rupees '000) -----	
29 FINANCE COST			
Unwinding of discount on provision for decommissioning cost	8	2,189,397	2,305,246
Others		14,890	10,078
		2,204,287	2,315,324

Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2014

	2014	2013 Restated
	----- (Rupees '000) -----	
30 TAXATION		
Provision for taxation:		
- for the year	52,258,517	42,567,340
- prior years	(963,984)	10,888,318
	<u>51,294,533</u>	<u>53,455,658</u>
Deferred:		
- for the year	303,381	2,080,229
- prior years	(3,162,559)	-
	<u>(2,859,178)</u>	<u>2,080,229</u>
	<u>48,435,355</u>	<u>55,535,887</u>

30.1 Reconciliation of tax charge for the year:

Accounting profit	172,349,905	146,808,506
Tax rate	50.15%	48.60%
Tax on accounting profit at applicable rate	86,433,477	71,348,934
Tax effect of royalty allowed for tax purposes	(11,680,954)	(10,809,317)
Tax effect of depletion and other allowances	(15,649,858)	(16,517,623)
Tax effect of amount not admissible for tax purposes	(1,496,419)	(402,717)
Tax effect of exempt income	(8,539)	(7,722)
Tax effect of income chargeable to tax at reduced corporate rate	(2,910,958)	(1,697,387)
Tax effect of litigious taxation issues	-	5,937,553
Tax effect of prior years	(4,126,543)	10,888,318
Others	(2,124,851)	(3,204,152)
	<u>48,435,355</u>	<u>55,535,887</u>

30.2 Various appeals in respect of assessment years 1992-93 to 2002-03, tax years 2003 to 2013 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 2003-2013 amounts to Rs 49,164 million out of which an amount of Rs 47,594 million has been paid to tax authorities.

	2014	2013 Restated
31 EARNINGS PER SHARE - BASIC AND DILUTED		
Profit for the year (Rupees '000)	123,914,550	91,272,619
Average number of shares outstanding during the year ('000)	4,300,928	4,300,928
Earnings per share - basic (Rupees)	28.81	21.22

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

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32 OPERATING SEGMENTS

The financial statements have been prepared on the basis of a single reportable segment. Revenue from external customers for products of the Company is disclosed in note 24.

Revenue from five major customers of the Company constitutes 79% (2013: 86%) of the total revenue during the year ended 30 June 2014.

33 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 Board's Risk Management Committee assists the Board in the identification and monitoring of the principal risks and opportunities of the Company ensuring that appropriate systems and internal control framework are in place to manage these risks and opportunities, including, safeguarding the public reputation of the Company. The Committee is required to over-see, report and make recommendations to the Board in respect of financial and non-financial risks faced by the Company.

33.1 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:

33.1.1 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 months' average prices of Saudi Aramco. Sale of refined petroleum products is made at prices notified by OGRA.

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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.

33.1.2 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:

	2014	2013
	----- (Rupees '000) -----	
Long term investments	140,017,701	140,085,376
Long term loans and receivable	5,170,798	4,152,258
Trade debts - net of provision	100,510,995	55,874,924
Loans and advances	731,317	670,653
Deposits	20,994	14,921
Other receivables	233,851	656,855
Interest accrued	10,110,450	10,125,851
Other financial assets	37,261,746	39,704,597
Bank balances	2,787,089	2,665,322
	<u>296,844,941</u>	<u>253,950,757</u>

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

	2014	2013
	----- (Rupees '000) -----	
Oil refining companies	25,069,241	6,417,387
Oil and gas marketing companies	69,093,088	46,705,125
Power generation companies	5,780,981	2,495,235
Banks and financial institutions	190,176,986	192,581,146
Others	6,724,645	5,751,864
	<u>296,844,941</u>	<u>253,950,757</u>

The Company's most significant customers, an oil refining company and a gas marketing company, accounts for Rs 68,730 million of the trade debts carrying amount at 30 June 2014 (2013: Rs 49,288 million).

Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2014

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

	2014	2013
	----- (Rupees `000) -----	
Crude oil	25,069,138	6,417,387
Gas	75,043,656	49,217,223
Kerosene oil	1,984	2,064
High speed diesel oil	86	86
Naphtha	103	103
Liquefied petroleum gas	278,111	99,041
Other operating revenue	117,917	139,020
	<u>100,510,995</u>	<u>55,874,924</u>

33.1.3 Impairment losses

The aging of trade debts at the reporting date was:

	30 June 2014		30 June 2013	
	Gross debts	Impaired	Gross debts	Impaired
	----- (Rupees `000) -----			
Not past due	45,410,817	-	35,570,694	-
Past due 0 - 30 days	8,624,970	-	4,415,200	-
Past due 31 - 60 days	4,383,406	-	3,487,748	-
Past due 61 - 90 days	2,402,750	-	2,954,669	-
Over 90 days	39,801,834	(112,782)	9,559,395	(112,782)
	<u>100,623,777</u>	<u>(112,782)</u>	<u>55,987,706</u>	<u>(112,782)</u>

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The aging of trade debts from related parties 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 in '000) -----						
June 2014						
Enar Petrotech Services Limited	2,009,281	2,222,526	-	-	(213,245)	-
Pak Arab Refinery Company Limited	2,829,766	2,303,716	526,050	-	-	-
Sui Northern Gas Pipelines Limited	12,908,591	9,256,353	1,906,018	1,414,541	331,679	-
Sui Southern Gas Company Limited	56,182,426	10,061,204	5,113,013	5,216,436	35,791,773	-
WAPDA	21,282	-	-	-	21,282	(21,282)
Pakistan State Oil	1,867	-	-	-	1,867	-
	73,953,213	23,843,799	7,545,081	6,630,977	35,933,356	(21,282)

June 2013

Enar Petrotech Services Limited	2,112,286	2,324,724	-	-	(212,438)	-
Sui Northern Gas Pipelines Limited	10,143,787	8,219,316	1,144,555	255,383	524,533	-
Sui Southern Gas Company Limited	36,559,189	6,904,325	2,189,166	4,638,593	22,827,105	-
WAPDA	21,282	-	-	-	21,282	(21,282)
Pakistan State Oil	1,946	-	-	-	1,946	-
	48,838,490	17,448,365	3,333,721	4,893,976	23,162,428	(21,282)

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

	2014	2013
----- (Rupees '000) -----		
Balance at beginning of the year	112,782	112,782
Provision made during the year	-	-
Balance at end of the year	112,782	112,782

As explained in note 17 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.

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For the year ended 30 June 2014

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

	2014	2013
	----- (Rupees '000) -----	
Balance at beginning of the year	197,472	197,472
Provision made during the year	-	-
Balance at end of the year	<u>197,472</u>	<u>197,472</u>

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:

	2014	2013
	----- (Rupees '000) -----	
Not past due	2,828,034	2,561,478
Past due 0 - 30 days	-	-
Past due 31 - 60 days	-	-
Past due 61 - 90 days	-	-
Over 90 days	4,082,567	4,647,782
	<u>6,910,601</u>	<u>7,209,260</u>

33.2 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:

Trade and other payables	30 June 2014		30 June 2013	
	Carrying amount	Contractual cash flows	Carrying amount	Contractual cash flows
	----- (Rupees '000) -----			
All the trade and other payables have maturity upto one year	<u>28,235,736</u>	<u>28,235,736</u>	<u>17,675,507</u>	<u>17,675,507</u>

33.3 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.

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33.3.1 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:

	2014	2013
	----- ('000) -----	
USD (\$)		
Trade debts	121,273	4,578
Investments held to maturity	319,401	304,309
Cash and bank balances	6,764	3,920
Trade and other payables	(70,351)	(101,086)
	<u>377,087</u>	<u>211,721</u>
Euro (€)		
Trade and other payables	6,378	2,167

Foreign currency commitments outstanding at year end are as follows:

	2014	2013
	----- (Rupees '000) -----	
Euro (€)	11,011,800	15,104,706
USD (\$)	35,369,911	34,254,944
GBP (£)	266,508	196,121
	<u>46,648,219</u>	<u>49,555,771</u>

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The following significant exchange rates were applied during the year:

	Average rate		Reporting date mid spot rate	
	2014	2013	2014	2013
	----- (Rupees) -----			
USD (\$) 1	103.40	97.37	99.37	99.77

Foreign currency sensitivity analysis

A 10 percent strengthening of the PKR against the USD at 30 June 2014 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 2013.

	2014	2013
	----- (Rupees '000) -----	
Profit and loss account	3,747,015	2,112,340

A 10 percent weakening of the PKR against the USD at 30 June 2014 would have had the equal but opposite effect on USD to the amounts shown above, on the basis that all other variables remain constant.

33.3.2 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:

	2014	2013	2014	2013
	----- % -----		----- (Rupees '000) -----	
Fixed rate instruments				
Financial assets				
Long term investments	10.75 to 11.5	9.81 to 11.5	58,017,701	58,085,376
Long term loans	10.65	12.64	1,129,098	984,998
Other financial assets	3.25 to 9.90	1.55 to 9.81	37,261,746	39,704,597
Cash and bank balances	0.20 to 9.70	0.20 to 9.81	2,698,137	2,474,378
			99,106,682	101,249,349
Financial liabilities			-	-
			99,106,682	101,249,349

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.

33.3.3 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.

Notes to and Forming Part of the Financial Statements

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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 (2013: 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 7,320 million (2013: Rs 7,075 million) on the basis that all other variables remain constant.

33.4 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	Held to maturity	Total
30 June 2014 -----(Rupees '000)-----				
Financial assets				
Long term investments	375,807	-	140,017,701	140,393,508
Long term loans and receivable	5,170,798	-	-	5,170,798
Trade debts - net of provision	100,510,995	-	-	100,510,995
Loans and advances	731,317	-	-	731,317
Deposits	20,994	-	-	20,994
Interest accrued	10,110,450	-	-	10,110,450
Other receivables	233,851	-	-	233,851
Other financial assets	37,261,746	275,551	-	37,537,297
Cash and bank balances	2,852,160	-	-	2,852,160
Total financial assets	157,268,118	275,551	140,017,701	297,561,370
Non financial assets				198,671,310
Total assets				496,232,680
Other financial liabilities				
----- (Rupees '000) -----				
Financial liabilities				
Trade and other payables			28,235,736	28,235,736
			28,235,736	28,235,736
Non financial liabilities				72,325,739
Total liabilities				100,561,475

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Financial assets and liabilities	Loans and receivables	Held at fair value through profit or loss	Held to maturity	Total
30 June 2013	----- (Rupees '000) -----			
Financial assets				
Long term investments	331,427	-	140,085,376	140,416,803
Long term loans and receivable	4,152,258	-	-	4,152,258
Trade debts - net of provision	55,874,924	-	-	55,874,924
Loans and advances	670,653	-	-	670,653
Deposits	14,921	-	-	14,921
Interest accrued	10,125,851	-	-	10,125,851
Other receivables	656,855	-	-	656,855
Other financial assets	39,704,597	192,554	-	39,897,151
Cash and bank balances	2,709,875	-	-	2,709,875
Total financial assets	114,241,361	192,554	140,085,376	254,519,291
Non financial assets				159,409,573
Total assets				413,928,864
			Other financial liabilities	Total
			----- (Rupees '000) -----	
Financial liabilities				
Trade and other payables			17,675,507	17,675,507
			17,675,507	17,675,507
Non financial liabilities				83,987,336
Total liabilities				101,662,843

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).

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	Level 1	Level 2	Level 3
	----- (Rupees '000) -----		
30 June 2014			
Assets carried at fair value			
Investments at fair value through profit and loss account	275,551	-	-
30 June 2013			
Assets carried at fair value			
Investments at fair value through profit and loss account	192,554	-	-

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.

33.5 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.

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		2014	2013
	Note	----- (Rupees '000) -----	-----
34 CASH AND CASH EQUIVALENTS			
Cash and bank balances	23	2,852,160	2,709,875
Short term highly liquid investments	22	37,261,746	39,704,597
		<u>40,113,906</u>	<u>42,414,472</u>

		2014	2013
35 NUMBER OF EMPLOYEES			
Total number of employees at the end of the year were as follows:			
Regular		9,905	9,891
Contractual		23	401
		<u>9,928</u>	<u>10,292</u>
Average number of employees during the year were as follows:			
Regular		9,898	10,038
Contractual		212	310
		<u>10,110</u>	<u>10,348</u>

36 RELATED PARTIES TRANSACTIONS

Government of Pakistan owns 74.97% (2013: 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:

	2014	2013
	----- (Rupees '000) -----	-----
Associated company		
Share of profit in associate - net of taxation	113,911	104,892
Major shareholders		
Government of Pakistan		
Dividend paid	21,765,652	26,602,464
Payable as at 30 June	2,085,112	-
OGDCL Employees' Empowerment Trust (OEEET)		
Dividend paid	-	2,519,424
Related parties by virtue of common directorship and GoP holdings		
Government Holdings (Private) Limited (GHPL)		
GHPL share (various fields)	460,501	106,612
Power Holding (Private) Limited (PHPL)		
Purchase of investment (Term Finance Certificate)	-	82,000,000
Markup earned	8,590,208	7,209,260
Receivable as at 30 June	88,910,600	89,209,260

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	2014	2013
Note	----- (Rupees '000) -----	-----
RELATED PARTY TRANSACTIONS - Continued		
State Bank of Pakistan		
Purchase of investment (Pakistan Investment Bonds)	-	55,728,926
Interest earned on Pakistan Investment Bonds (PIBs)	5,838,861	2,607,491
Receivable as at 30 June	53,380,191	53,380,191
Pak Arab Refinery Company Limited		
Sale of crude oil	9,435,144	18,436,012
Trade debts as at 30 June	2,829,766	-
Advance as at 30 June	-	6,684,668
Sui Northern Gas Pipelines Limited		
Sale of natural gas	62,382,509	56,626,747
Purchase of high BTU value gas	3,769,548	2,915,121
Qadirpur interim compression project payment	-	19,465
Trade debts as at 30 June	12,908,591	10,143,787
Payable as at 30 June	1,098	-
Sui Southern Gas Company Limited		
Sale of natural gas	60,353,701	54,728,922
Pipeline rental charges	46,359	26,258
Trade debts as at 30 June	56,182,426	36,559,189
Pakistan State Oil Company Limited		
Sale of liquefied petroleum gas	-	23,418
Purchase of petroleum, oil and lubricants	4,550,131	3,995,009
Trade debts as at 30 June	1,867	1,946
Payable as at 30 June	5,500	9,405
National Insurance Company Limited		
Insurance premium paid	683,505	1,165,493
National Logistic Cell		
Crude transportation charges paid	1,360,461	1,719,309
Payable as at 30 June	413,593	431,615
Enar Petrotech Services Limited		
Consultancy services	128,726	84,558
Sale of crude oil	13,651,244	6,414,700
Trade debts as at 30 June	2,009,280	2,112,286
Payable as at 30 June	5,280	5,147
Other related parties		
Contribution to staff benefit funds	16,711,429	3,983,026
Remuneration including benefits and perquisites of key management personnel	36.1 440,579	438,765

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36.1 Key management personnel

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

	2014	2013
	----- (Rupees '000) -----	
Managerial remuneration	151,806	144,111
Housing and utilities	109,813	98,018
Other allowances and benefits	118,284	135,766
Medical benefits	2,614	2,302
Leave encashment	11,910	2,422
Contribution to pension fund	46,152	56,146
	<u>440,579</u>	<u>438,765</u>
Number of persons	<u>39</u>	<u>38</u>

36.2 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.

37 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:

	2014		2013	
	Chief Executive	Executives	Chief Executive	Executives
	----- (Rupees '000) -----			
Managerial remuneration	6,197	2,901,758	15,500	2,024,367
Housing and utilities	4,525	2,161,721	7,435	1,492,245
Other allowances and benefits	4,747	2,672,569	5,681	2,358,217
Medical benefits	135	190,743	86	165,428
Leave encashment	3,587	44,620	-	33,714
Contribution to pension fund	1,612	887,605	-	883,753
	<u>20,803</u>	<u>8,859,016</u>	<u>28,702</u>	<u>6,957,724</u>
Number of persons including those who worked part of the year	<u>3</u>	<u>2,067</u>	<u>1</u>	<u>1,475</u>

- Executive means any employee whose basic salary exceeds Rs 500,000 (2013: 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 15.1.2 to the financial statements.
- The aggregate amount charged in these financial statements in respect of fee to 14 directors (2013: 11) was Rs 8.538 million (2013: Rs 8.752 million).

Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2014

38 INFORMATION RELATING TO PROVIDENT FUND

Oil and Gas Development Company Limited (OGDCL) Employees' Provident Fund is a contribution plan for benefit of permanent employees of the Company. The Company does not contribute to the fund and the contributions are made by the employees only. The details are as follow:

	2014 (Un-audited)	2013 (Audited)
Net assets (Rupees '000)	3,961,057	3,183,663
Cost of investments made (Rupees '000)	3,629,433	3,112,331
Percentage of investments made	92%	98%
Fair value of investments (Rupees '000)	3,772,436	3,140,368
Break-up of investments at cost:		
NIT units (Rupees '000)	545,229	545,229
Term Deposit Receipts (Rupees '000)	2,925,339	2,339,053
Regular Income Certificates (Rupees '000)	100,000	100,000
Bank Balances (Rupees '000)	58,865	128,049
	3,629,433	3,112,331

All investments out of Provident Fund have been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

39 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 1 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 S.R.O No. 24 (I)/2012 has exempted application of IFRIC 4 for all companies. 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:

	2014	2013 Restated
	----- (Rupees '000) -----	
Profit for the year	123,914,550	91,272,619
Amortization reversed	500,876	266,666
Finance income recognized	4,354,321	3,984,747
Addition to property, plant and equipment reversed	(867,690)	(261,226)
Addition to development and production assets reversed	(17,267)	(464,767)
Sales revenue reversed	(4,573,156)	(4,236,640)
Tax impact at estimated effective rate	199,686	209,383
Adjusted profit for the year	123,511,320	90,770,782

Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2014

	2014	2013 Restated
	----- (Rupees '000) -----	
Carried forward balance of unappropriated profit at the end of year would have been as follows:		
Adjusted unappropriated profit brought forward	266,690,969	219,159,859
Adjusted profit for the year	123,511,320	90,770,782
	390,202,289	309,930,641
Transfer to capital reserve	(850,000)	(850,000)
Other Comprehensive Income	(1,801,010)	(6,907,012)
Dividend paid	(38,708,356)	(35,482,660)
Adjusted unappropriated profit at end of year	<u>348,842,923</u>	<u>266,690,969</u>
Unadjusted profit - restated	<u>346,055,921</u>	<u>263,500,737</u>

40 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.

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 No. CAIDTS/PS& TAC/2011-2036 dated 2 February 2011 has granted exemption to such entities from the application of IFRS 2 to the Scheme vide SRO 587 (I)/2011 dated 7 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 (2013: Rs 6,027 million), profit after taxation and unappropriated profit would have been lower by Rs 6,027 million (2013: Rs 6,027 million), earnings per share would have been lower by Rs 1.40 (2013: Rs 1.40) per share and reserves would have been higher by Rs 29,384 million (2013: Rs 23,356 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 2014.

Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2014

41 CORRESPONDING FIGURES

Certain corresponding figures have been changed as a result of restatement of prior year figures as referred in note 3.1.2.

42 NON ADJUSTING EVENT AFTER BALANCE SHEET DATE

The Board of Directors approved final dividend at the rate of Rs 3.00 per share amounting to Rs 12,903 million in its meeting held on 5 August 2014.

43 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 5 August 2014 by the Board of Directors of the Company.

44 GENERAL

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

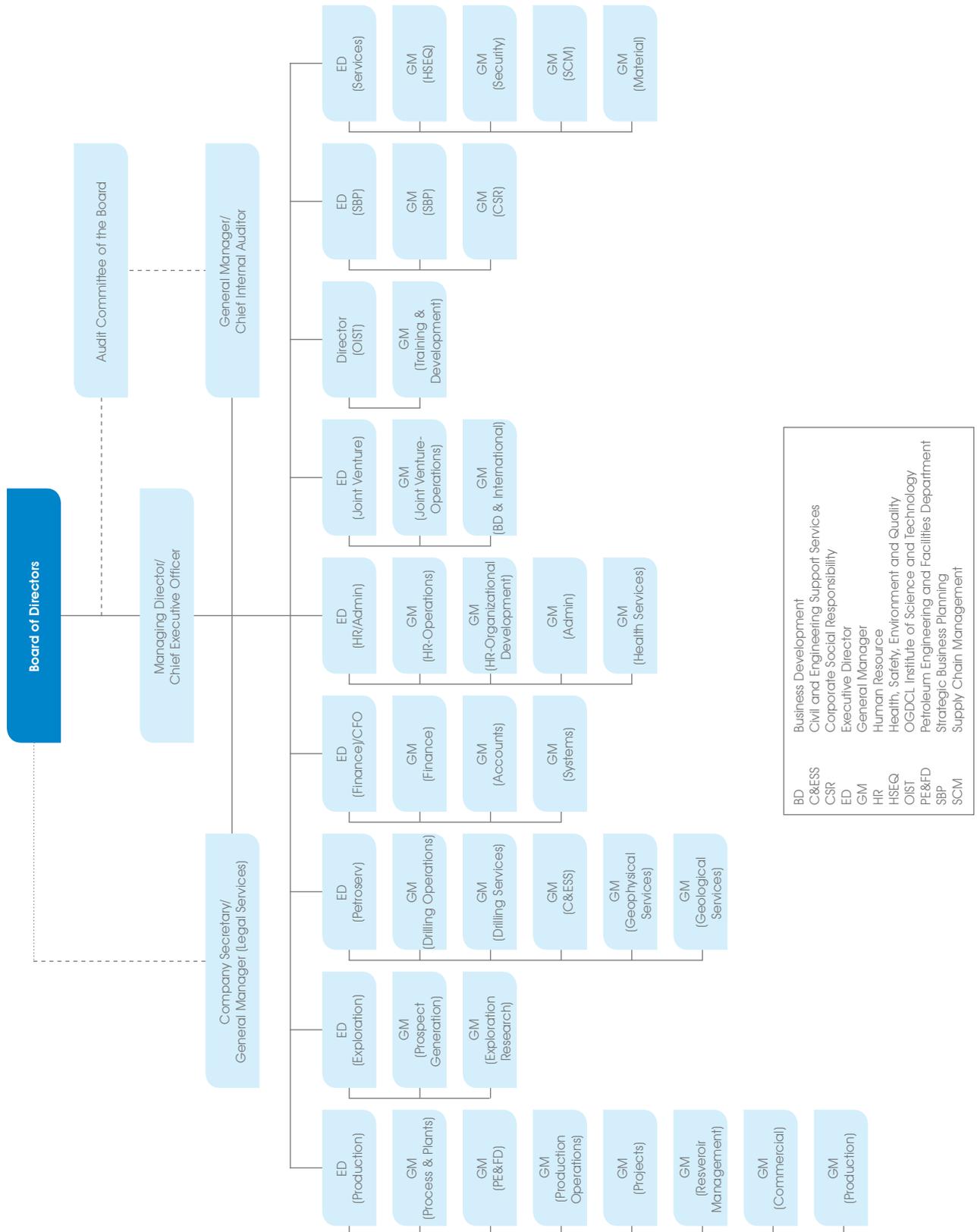


Chief Executive



Director

Organizational Chart



Pattern of Shareholding

As of 30 June 2014

Number of Shareholders	Shareholding Slab		Total Shares Held
	from	to	
1304	1	100	64,256
8437	101	500	4,008,325
5719	501	1000	5,582,051
3606	1001	5000	7,878,661
456	5001	10000	3,395,331
145	10001	15000	1,845,171
89	15001	20000	1,581,595
70	20001	25000	1,623,828
39	25001	30000	1,087,640
17	30001	35000	554,904
21	35001	40000	801,825
14	40001	45000	587,866
19	45001	50000	904,207
10	50001	55000	527,355
13	55001	60000	754,912
4	60001	65000	256,280
2	65001	70000	140,000
6	70001	75000	427,944
8	75001	80000	623,056
1	80001	85000	82,000
4	85001	90000	345,400
6	90001	95000	558,826
4	95001	100000	397,000
1	100001	105000	102,465
6	105001	110000	646,807
4	110001	115000	452,476
3	115001	120000	354,317
3	120001	125000	371,400
3	125001	130000	385,787
1	135001	140000	140,000
1	145001	150000	145,800
8	150001	155000	1,220,411
1	160001	165000	160,400
2	165001	170000	333,706
2	170001	175000	349,100
2	175001	180000	358,428
1	180001	185000	183,700
2	185001	190000	371,200
2	190001	195000	386,000
5	195001	200000	994,600
1	210001	215000	211,380
1	215001	220000	216,400
2	220001	225000	442,121
1	225001	230000	227,000
1	230001	235000	231,700
1	235001	240000	239,346
1	240001	245000	244,074
2	245001	250000	497,303
2	250001	255000	507,200
1	255001	260000	259,935
1	260001	265000	261,500
2	270001	275000	549,400
1	285001	290000	288,300

Pattern of Shareholding

As of 30 June 2014

Number of Shareholders	Shareholding Slab		Total Shares Held
	from	to	
3	295001	300000	900,000
1	300001	305000	300,800
2	310001	315000	628,263
1	315001	320000	316,258
1	330001	335000	333,300
1	335001	340000	338,586
1	355001	360000	355,095
1	360001	365000	361,885
2	390001	395000	783,962
3	410001	415000	1,239,843
1	415001	420000	419,800
1	435001	440000	436,016
3	440001	445000	1,328,394
1	445001	450000	447,466
1	450001	455000	454,800
1	475001	480000	477,400
2	485001	490000	975,000
1	495001	500000	500,000
1	510001	515000	510,652
1	525001	530000	527,500
1	575001	580000	578,450
1	585001	590000	585,678
1	635001	640000	638,538
1	645001	650000	649,300
2	650001	655000	1,303,062
1	675001	680000	677,555
1	680001	685000	680,347
1	710001	715000	711,684
2	720001	725000	1,445,800
1	725001	730000	726,874
1	785001	790000	789,600
1	795001	800000	800,000
1	860001	865000	860,444
1	915001	920000	916,216
1	955001	960000	955,584
1	980001	985000	981,363
1	995001	1000000	999,400
1	1025001	1030000	1,027,001
1	1030001	1035000	1,030,700
1	1045001	1050000	1,048,900
1	1065001	1070000	1,068,300
1	1100001	1105000	1,101,300
1	1130001	1135000	1,132,000
1	1190001	1195000	1,192,465
1	1260001	1265000	1,262,300
1	1295001	1300000	1,295,796
1	1330001	1335000	1,330,401
1	1345001	1350000	1,348,800
1	1370001	1375000	1,372,143
1	1465001	1470000	1,466,559
1	1530001	1535000	1,531,600
1	1580001	1585000	1,580,100
1	1625001	1630000	1,629,793

Pattern of Shareholding

As of 30 June 2014

Number of Shareholders	Shareholding Slab		Total Shares Held
	from	to	
1	1795001	1800000	1,796,149
1	1820001	1825000	1,824,900
2	1885001	1890000	3,776,660
1	1890001	1895000	1,890,991
1	2015001	2020000	2,015,581
1	2125001	2130000	2,130,000
1	2165001	2170000	2,165,600
1	2170001	2175000	2,170,341
1	2280001	2285000	2,284,471
1	2295001	2300000	2,295,800
1	2395001	2400000	2,400,000
1	2430001	2435000	2,430,362
1	2530001	2535000	2,532,800
1	2775001	2780000	2,776,497
1	2870001	2875000	2,874,500
1	2875001	2880000	2,875,400
1	2885001	2890000	2,887,800
1	2905001	2910000	2,909,500
1	3220001	3225000	3,220,100
1	3260001	3265000	3,264,272
1	3345001	3350000	3,350,000
1	3500001	3505000	3,501,900
1	3585001	3590000	3,588,800
1	3805001	3810000	3,809,200
1	3995001	4000000	4,000,000
1	4095001	4100000	4,099,737
1	4295001	4300000	4,296,500
1	4850001	4855000	4,853,697
1	5810001	5815000	5,810,494
1	7145001	7150000	7,147,200
1	7445001	7450000	7,445,900
1	7495001	7500000	7,500,000
1	9740001	9745000	9,744,400
1	11300001	11305000	11,303,272
1	15205001	15210000	15,209,386
1	17405001	17410000	17,405,800
1	18495001	18500000	18,495,536
1	43560001	43565000	43,563,549
1	326965001	326970000	326,969,423
1	431500000	431500000	432,189,039
1	3224000000	3224000000	3,224,609,081
20164			4,300,928,400

Categories of Shareholders

As of 30 June 2014

Categories of Shareholders	Shareholders	Shares Held	Percentage
Government			
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	-	-	-
Mutual Funds	63	30,805,306	0.72
Directors and their Spouse(s) and Minor Children			
Hamid Farooq	1	2,353	0.00
Executives	-	-	-
Public Sector Companies and Corporations	8	18,483,444	0.43
Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Takaful Companies and Modarabas	42	12,894,442	0.30
General Public			
A. Local	19,621	31,188,834	0.73
B. Foreign	120	543,223,612	12.63
Others	307	7,532,289	0.18
Total	20,164	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
Franklin Templeton Investment Funds [1610-5]	1	326,969,423	7.60

Categories of Shareholders

Name Wise Detail as of 30 June 2014

S. No.	Folio No.	Name of Shareholder	Number of Shares Held	Percentage
Shareholders holding 10% and above shares				
1		Government of Pakistan	3,224,609,081	74.97
2		OGDCL Employees Empowerment Trust	432,189,039	10.05
			3,656,798,120	85.02
Associated Companies, Undertakings and Related Parties				
		NIL		
Mutual Funds				
1	00364-19255	PRUDENTIAL STOCKS FUND LTD (03360)	6,500	0.00
2	05371-28	CDC - TRUSTEE PAKISTAN STOCK MARKET FUND	313,263	0.01
3	05454-28	MCBFSL - TRUSTEE JS VALUE FUND	254,700	0.01
4	05819-23	CDC - TRUSTEE PAK STRATEGIC ALLOC. FUND	114,476	0.00
5	05959-27	CDC - TRUSTEE ATLAS STOCK MARKET FUND	275,000	0.01
6	05991-23	CDC - TRUSTEE MEEZAN BALANCED FUND	447,466	0.01
7	06197-29	CDC - TRUSTEE ALFALAH GHP VALUE FUND	92,036	0.00
8	06221-24	CDC - TRUSTEE JS AGGRESSIVE ASSET ALLOCATION FUND	26,000	0.00
9	06411-21	CDC - TRUSTEE AKD INDEX TRACKER FUND	153,772	0.00
10	06437-29	CDC - TRUSTEE PICIC ENERGY FUND	652,192	0.02
11	06726-23	CDC - TRUSTEE PAK. INT. ELEMENT ISLAMIC ASSET ALLOCATION FUND	500	0.00
12	06825-21	MC FSL - TRUSTEE JS KSE-30 INDEX FUND	28,610	0.00
13	07062-23	CDC - TRUSTEE AL MEEZAN MUTUAL FUND	981,363	0.02
14	07070-22	CDC - TRUSTEE MEEZAN ISLAMIC FUND	5,810,494	0.14
15	07377-26	CDC - TRUSTEE UBL STOCK ADVANTAGE FUND	1,262,300	0.03
16	09449-25	CDC - TRUSTEE ATLAS ISLAMIC STOCK FUND	300,000	0.01
17	09456-24	CDC - TRUSTEE AL-AMEEN SHARIAH STOCK FUND	999,400	0.02
18	09480-21	CDC - TRUSTEE NAFA STOCK FUND	150,581	0.00
19	09506-26	CDC - TRUSTEE NAFA MULTI ASSET FUND	91,896	0.00
20	10108-22	CDC - TRUSTEE ASKARI ASSET ALLOCATION FUND	10,000	0.00
21	10397-29	CDC - TRUSTEE MEEZAN TAHAFFUZ PENSION FUND - EQUITY SUB FUND	436,016	0.01
22	10603-21	CDC - TRUSTEE APF-EQUITY SUB FUND	45,000	0.00
23	10710-28	CDC - TRUSTEE ALFALAH GHP ISLAMIC FUND	111,100	0.00
24	10728-27	CDC - TRUSTEE HBL - STOCK FUND	1,048,900	0.02
25	10801-27	CDC - TRUSTEE NAFA ISLAMIC ASSET ALLOCATION FUND	58,040	0.00
26	10900-25	CDC - TRUSTEE APIF - EQUITY SUB FUND	55,000	0.00
27	11049-29	MC FSL - TRUSTEE JS GROWTH FUND	288,300	0.01
28	11056-28	CDC - TRUSTEE HBL MULTI - ASSET FUND	106,507	0.00
29	11106-21	CDC - TRUSTEE KASB ASSET ALLOCATION FUND	116,000	0.00
30	11809-26	CDC - TRUSTEE IGI STOCK FUND	121,400	0.00
31	11924-22	CDC - TRUSTEE ALFALAH GHP ALPHA FUND	53,100	0.00
32	12021-20	CDC - TRUSTEE NIT STATE ENTERPRISE FUND	11,303,272	0.26
33	12120-28	CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	1,330,401	0.03
34	12195-21	CDC - TRUSTEE ABL STOCK FUND	107,500	0.00
35	12278-21	MCFSL - TRUSTEE ASKARI ISLAMIC ASSET ALLOCATION FUND	5,000	0.00
36	12310-25	CDC - TRUSTEE FIRST HABIB STOCK FUND	24,969	0.00
37	12336-23	CDC - TRUSTEE LAKSON EQUITY FUND	300,800	0.01
38	12419-23	CDC - TRUSTEE CROSBY DRAGON FUND	54,709	0.00
39	12625-27	CDC - TRUSTEE NAFA ASSET ALLOCATION FUND	154,200	0.00
40	12880-27	CDC - TRUSTEE NAFA SAVINGS PLUS FUND - MT	600	0.00
41	13052-26	CDC - TRUSTEE AKD AGGRESSIVE INCOME FUND - MT	4,100	0.00
42	13367-29	CDC - TRUSTEE PICIC INCOME FUND - MT	19,000	0.00
43	13391-26	CDC - TRUSTEE HBL ISLAMIC STOCK FUND	239,346	0.01
44	13532-27	TRUSTEE - PAKISTAN PENSION FUND - EQUITY SUB FUND	50,960	0.00
45	13581-22	CDC - TRUSTEE MEEZAN CAPITAL PROTECTED FUND-II	55,100	0.00
46	13607-28	CDC - TRUSTEE PICIC STOCK FUND	37,000	0.00
47	13698-29	CDC - TRUSTEE HBL IPF EQUITY SUB FUND	20,400	0.00
48	13714-25	CDC - TRUSTEE HBL PF EQUITY SUB FUND	23,800	0.00
49	13813-23	CDC - TRUSTEE ASKARI EQUITY FUND	11,000	0.00
50	13946-28	CDC - TRUSTEE KSE MEEZAN INDEX FUND	440,394	0.01
51	14126-26	CDC - TRUSTEE FIRST HABIB ISLAMIC BALANCED FUND	45,500	0.00

Categories of Shareholders

Name Wise Detail as of 30 June 2014

S. No.	Folio No.	Name of Shareholder	Number of Shares Held	Percentage
52	14134-25	CDC - TRUSTEE ATLAS INCOME FUND - MT	12,800	0.00
53	14373-27	MCBFSL - TRUSTEE ABL ISLAMIC STOCK FUND	333,300	0.01
54	14514-28	CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	44,900	0.00
55	14688-29	CDC - TRUSTEE NIT INCOME FUND - MT	14,900	0.00
56	14704-25	CDC - TRUSTEE NAFA ISLAMIC PRINCIPAL PROTECTED FUND - I	129,500	0.00
57	14761-29	CDC - TRUSTEE PIML ISLAMIC EQUITY FUND	30,000	0.00
58	14803-23	CDC - TRUSTEE FAYSAL SAVINGS GROWTH FUND - MT	17,000	0.00
59	14845-29	CDC - TRUSTEE AL-AMEEN ISLAMIC RET. SAV. FUND-EQUITY SUB FUND	85,500	0.00
60	14860-27	CDC - TRUSTEE UBL RETIREMENT SAVINGS FUND - EQUITY SUB FUND	113,000	0.00
61	14902-21	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1,372,143	0.03
62	14415-21	CDC - TRUSTEE NAFA PENSION FUND EQUITY SUB - FUND ACCOUNT	7,500	0.00
63	14431-29	CDC - TRUSTEE NAFA ISLAMIC PENSION FUND EQUITY ACCOUNT	6,800	0.00
			30,805,306	0.72
Directors and their spouse(s) and minor children				
1	01826-3202	HAMID FAROOQ	2,353	0.00
			2,353	0.00
Executives				
		NIL		
Public Sector Companies and corporations				
1	01867-22	PAKISTAN KUWAIT INVESTMENT CO. (PVT) LTD.	649,300	0.02
2	02659-34	PAK LIBYA HOLDING COMPANY (PVT.) LIMITED	100,000	0.00
3	03889-28	NATIONAL BANK OF PAKISTAN	477	0.00
4	03889-44	NATIONAL BANK OF PAKISTAN	2,015,581	0.05
5	04812-24	PAK-OMAN INVESTMENT COMPANY LTD.	183,700	0.00
6	07088-47	THE BANK OF PUNJAB, TREASURY DIVISION.	125,000	0.00
7	10819-26	PAK BRUNEI INVESTMENT COMPANY LIMITED	200,000	0.00
8	02683-23	STATE LIFE INSURANCE CORP. OF PAKISTAN	15,209,386	0.35
			18,483,444	0.43
Banks, Development Financial Institutions, Non-Banking Financial Institutions, Insurance Companies, Takaful and Modarabas				
1	00307-40281	INNOVATIVE INVESTMENT BANK LIMITED	34,000	0.00
2	02246-42	HABIB BANK LIMITED - TREASURY DIVISION	2,400,000	0.06
3	02295-39	FAYSAL BANK LIMITED	485,300	0.01
4	02618-20	HABIB METROPOLITAN BANK LIMITED	489,700	0.01
5	02832-32	MEEZAN BANK LIMITED	1,889,365	0.04
6	03079-42	SONERI BANK LIMITED - ORDINARY SHARES	1,132,000	0.03
7	03111-46	UNITED BANK LIMITED - TRADING PORTFOLIO	2,130,000	0.05
8	03335-57	BANK ALFALAH LIMITED	1,580,100	0.04
9	03798-52	THE BANK OF KHYBER	55,300	0.00
10	03798-60	THE BANK OF KHYBER	168,000	0.00
11	04127-28	MCB BANK LIMITED - TREASURY	259,935	0.01
12	04606-29	SILKBANK LIMITED	180,000	0.00
13	05132-26	ASKARI BANK LIMITED	445,000	0.01
14	07393-24	SUMMIT BANK LIMITED	60,000	0.00
15	07419-9153	INVEST CAPITAL INVESTMENT BANK LIMITED	5,000	0.00
16	10157-27	BURJ BANK LIMITED	300,000	0.01
17	11940-2810	ESCORTS INVESTMENT BANK LIMITED	6,500	0.00
18	11940-4410	ESCORTS INVESTMENT BANK LIMITED	1,107	0.00
19	13995-23	SONERI BANK LIMITED - MT	2,500	0.00
20	14506-11	NIB BANK LIMITED - MT	3,000	0.00
21	02139-29	PREMIER INSURANCE LIMITED	106,700	0.00
22	02451-21	JUBILEE GENERAL INSURANCE COMPANY LIMITED	53,300	0.00
23	03277-2184	EFU GENERAL INSURANCE LIMITED	125,000	0.00
24	03277-2538	EFU LIFE ASSURANCE LTD	527,500	0.01
25	03277-6454	ALPHA INSURANCE CO. LTD.	86,300	0.00
26	03277-7330	RELIANCE INSURANCE COMPANY LTD.	25,076	0.00
27	03277-9371	JUBILEE LIFE INSURANCE COMPANY LIMITED	128,487	0.00
28	03277-10526	HABIB INSURANCE CO. LIMITED	13,000	0.00
29	03277-12023	EAST WEST INSURANCE CO. LTD	8,572	0.00

Categories of Shareholders

Name Wise Detail as of 30 June 2014

S. No.	Folio No.	Name of Shareholder	Number of Shares Held	Percentage
30	03277-57588	ATLAS INSURANCE LIMITED	12,000	0.00
31	03277-69871	ASIA CARE HEALTH & LIFE INSURANCE CO. LTD.	100	0.00
32	03459-996	ASKARI GENERAL INSURANCE CO. LTD.	8,000	0.00
33	06494-23	PICIC INSURANCE LIMITED	10,000	0.00
34	12666-619	ALFALAH INSURANCE COMPANY LIMITED	10,300	0.00
35	13748-600	ADAMJEE LIFE ASSURANCE CO. LTD. - AMAANAT FUND	9,600	0.00
36	13755-21	ADAMJEE INSURANCE COMPANY LIMITED	110,000	0.00
37	14357-29	ALFALAH INSURANCE COMPANY LIMITED	9,900	0.00
38	02113-21	FIRST EQUITY MODARABA	3,500	0.00
39	03277-7520	FIRST HABIB MODARABA	2,000	0.00
40	06122-3749	FIRST PAK MODARABA	1,000	0.00
41	11544-4475	FIRST PRUDENTIAL MODARABA	10,000	0.00
42	03277-72917	DAWOOD FAMILY TAKAFUL LIMITED	7,300	0.00
			12,894,442	0.30
General Public-Foreign				
1	93263	M/S STATE STREET BANK & TRUST CO	1	0.00
2	00364-15220	RAFIQUE SULEMAN	3,128	0.00
3	00364-137065	DR. OMAR ABDUL MONEM YOUSUF AL ZAWAWI	20,000	0.00
4	00521-528	THE BANK OF NEW YORK MELLON	195,000	0.00
5	00521-700	DEUTSCHE BANK LONDON GLOBAL EQUITIES	2,776,497	0.06
6	00521-2094	ALLIANZ GLOBAL INVESTORS SELECTION FUND PLC	70,968	0.00
7	00521-2680	ROBECO CAPITAL GROWTH FUNDS	2,430,362	0.06
8	00521-2920	EATON VANCE COLLECTIVE INV TRT FOR EMP BENEFIT PLANS	723,200	0.02
9	00521-2938	LAZARD/WILMINGTON COLLECTIVE TRUST (SUDAN FREE)	4,853,697	0.11
10	00521-2979	LAZARD RETIREMENT EMERGING MKT EQT PRFL	2,909,500	0.07
11	00521-2987	LAZARD/WILMINGTON COLLECTIVE TRUST	585,678	0.01
12	00521-2995	LAZARD EMERGING MARKETS EQUITY PORTFOLIO	43,563,549	1.01
13	00521-3068	SANOVI-AVENTIS US PENSION TRUST	413,900	0.01
14	00521-3092	AMERICAN FNDS INSU SERIES NEW WORLD FND	4,000,000	0.09
15	00521-3266	CALIFORNIA STATE TEACHERS RTM SYT-LAZARD ASSET MNG LLC	4,296,500	0.10
16	00521-3399	CALIFORNIA PUBLIC EMP RTM SYT-STRUCTURED EMERGING MKT	338,586	0.01
17	00521-3415	CALIFORNIA PUBLIC EMPLOYEES RTM SYT-FUNDAMENTAL EMRG MKT	178,428	0.00
18	00521-3431	CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM-EMER MKT INDEX	711,684	0.02
19	00521-3449	CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYT-LAZARD EMER MKTS	3,809,200	0.09
20	00521-3456	MORGAN STANLEY FRONTIER EMERGING MARKET FUND INC	4,099,737	0.10
21	00521-3472	RUSSELL INSTI FNDS PLC - CONSILIUM INVESTMENT MANAGEMENT	274,400	0.01
22	00521-3498	GENERAL CONFERENCE CORPORATION OF SEVENTH DAY ADVENTISTS	174,100	0.00
23	00521-3530	STATE OF NEW JERSEY COMMON PENSION FUND D	1,796,149	0.04
24	00521-3639	UPS GROUP TRUST	2,284,471	0.05
25	00521-3654	EMERGING MARKETS EQUITY MANAGERS PTF 1 OFFSHORES MASTER LP	22,200	0.00
26	00521-3662	EATON VANCE STRUCTURED EMERGING MARKETS FUND	1,890,991	0.04
27	00521-3688	EATON VANCE TAX MANAGED EMERGING MARKETS FUND	1,348,800	0.03
28	00521-3779	PPL SERVICES CORPORATION MASTER TRUST	59,800	0.00
29	00521-3845	LAZARD EMERGING MARKETS FUND	2,295,800	0.05
30	00521-3944	PUBLIC EMPLOYEES RETIREMENT SYSTEM OF MISSISSIPPI	2,874,500	0.07
31	00521-3951	GOLDMAN SACHS FUNDS-GOLDMAN SACHS N-11 (R) EQUITY PORTFOLIO	7,445,900	0.17
32	00521-3985	INVESTERINGSFORENINGEN NYKREDIT INVEST ENGROS VAEKSTLAND	414,600	0.01
33	00521-4082	THE JAMES IRVINE FOUNDATION	196,000	0.00
34	00521-4785	PENSION PROTECTION FUND	1,068,300	0.02
35	00521-4793	TEACHER RETIREMENT SYSTEM OF TEXAS	454,800	0.01
36	00521-4801	TEACHER RETIREMENT SYSTEM OF TEXAS	2,887,800	0.07
37	00521-4918	LAZARD INVESTMENT FUNDS-LAZARD EMERGING MARKETS FUND	1,887,295	0.04
38	00521-4934	EMERGING MARKETS EQUITY GROUP TRUST	3,220,100	0.07
39	00521-4942	EARNST INSTITUTIONAL LLC	36,646	0.00
40	00521-5162	ADVANCE SERIES TRUST - AST PARAMETRIC EMERGING MKTS EQT PRFL	231,700	0.01
41	00521-5196	RTCC EMP BENEFIT FDS TRT RUSSELL FRONTIER MKT EQT FD	71,800	0.00
42	00521-5246	EATON VANCE TRT CO CM TRT FD - PARMTC STR EME MKT EQT CM TRT F	48,100	0.00
43	00521-5329	ONTARIO PENSION BOARD	1,101,300	0.03

Categories of Shareholders

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S. No.	Folio No.	Name of Shareholder	Number of Shares Held	Percentage
44	00521-5378	INVESCO ASIA INFRASTRUCTURE FUND	7,500,000	0.17
45	00521-5659	EURIZON EASYFUND	955,584	0.02
46	00521-5774	BLACKROCK FRONTIER MKTS EX-GULF COOP COUNCIL COUNTRIES FUN B	1,295,796	0.03
47	00521-5782	BLACKROCK FRONTIER MARKETS PORTFOLIO	145,800	0.00
48	00521-5790	BLACKROCK FRONTIER MARKETS FUND	2,165,600	0.05
49	00521-5808	BLACKROCK FRONTIER MARKETS FUND B	1,629,793	0.04
50	00521-5931	OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM	361,885	0.01
51	00521-5980	ISHARES MSCI FRONTIER 100 ETF	3,588,800	0.08
52	00521-6269	MSAM SA ACTING ON BEHALF OF MORGAN STANLEY GALAXY FUND	3,350,000	0.08
53	00521-6368	STICHTING F&C MULTI MANAGER EMERGING EQUITY ACTIVE	510,652	0.01
54	00521-6483	MONETARY AUTHORITY OF SINGAPORE	722,600	0.02
55	00521-6491	GOLDMAN SACHS FUNDS-GOLDMAN SACHS GROWTH MKTS PLUS EQT PORT	70,400	0.00
56	00521-6558	DECKER & CO LLC	50,000	0.00
57	00521-6590	CITY OF NEW YORK GROUP TRUST	152,900	0.00
58	00521-6616	QUAESTIO INVESTMENTS S.A.	638,538	0.01
59	00521-6640	CONSILIUM FRONTIER EQUITY FUND LP	1,027,001	0.02
60	00521-6673	NATIONAL PENSION SERVICE	1,531,600	0.04
61	00521-6707	CONSILIUM EMERGING MARKETS SMALL CAP FUND	40,962	0.00
62	00547-2068	MERRILL LYNCH INTERNATIONAL	93,214	0.00
63	00547-2142	LEGAL AND GENERAL ASSURANCE SOCIETY LTD.	52,500	0.00
64	00547-2407	LEGAL & GENERAL ASSURANCE (PENSIONS MANAGEMENT) LTD	2,170,341	0.05
65	00547-2621	SIMPLICITY ASIEN	70,000	0.00
66	00547-6143	THE NORTHERN TRUST GLOBAL SERVICES LIMITED	390,200	0.01
67	00547-6267	THE NORTHERN TRUST COMPANY	28,490	0.00
68	00547-6622	BNP PARIBAS ARBITRAGE	1,101	0.00
69	00547-6903	THE ROYAL BANK OF SCOTLAND PLC	916,216	0.02
70	00547-6945	HSBC TRSTE (CAYMAN) LTD AS TRSTE OF FULLERTON FND C1 - F.VPIC F	680,347	0.02
71	00547-7034	JP MORGAN ASIA NEW FRONTIERS FUND	216,400	0.01
72	00547-7133	NWB PLC AS TRUSTEE OF L&G GLOBAL EMERGING MARKETS INDEX FUND	119,904	0.00
73	00547-7406	HARDING LOEVNER FUNDS,INC FRONTIER EMERGING MARKET PORTFOLIO	789,600	0.02
74	00547-7729	MACQUARIE BANK LIMITED	77,720	0.00
75	00547-8073	CITIGROUP GLOBAL MARKETS MAURITIUS PRIVATE LIMITED	316,258	0.01
76	00547-8115	EATON VANCE INTL IRLEND F.P-EATN V.INTL IRLND PRAMTRIC E.M.F	650,870	0.02
77	00547-8131	ASIA FN SC S.F 4 S.F AF TO TP B FKLN TMP UMB FND OF AKBK TAS	86,800	0.00
78	00547-8222	TUNDRA PAKISTAN FOND	1,824,900	0.04
79	00547-8487	NTGI-QM COMMON DIVERSIFIED FRONTIER MARKETS INDEX FUND	860,444	0.02
80	00547-8545	TUNDRA FRONTIER OPPORTUNITIES FUND	1,030,700	0.02
81	00547-8859	THE HARDING LOEVNER FRONTIER MARKETS EQUITY FUND	42,000	0.00
82	00547-9089	UNILEVER OVERSEAS HOLDINGS LIMITED	100	0.00
83	00695-3242	THE BANK OF NEW YORK [414-2]	9,744,400	0.23
84	00695-4562	UNIEM FERNOST (586-5)	800,000	0.02
85	00695-5049	SCHRODER INTERNATIONAL SELECTION FUND [634-5]	7,147,200	0.17
86	00695-5148	MORGAN STANLEY & CO INT'L PLC [644-1]	1,659	0.00
87	00695-8381	BARCLAYS CAPITAL SECURITIES LIMITED (967-4)	411,343	0.01
88	00695-8464	MORGAN STANLEY INVESTMENT FUNDS (975-6)	1,192,465	0.03
89	00695-9892	MORGAN STANLEY MAURITIUS COMPANY LIMITED(1130-1)	77,348	0.00
90	00695-10163	JNL/LAZARD EMERGING MARKETS FUND (1155-6)	3,264,272	0.08
91	00695-10320	The Namura Trust and Banking Co. Ltd (1172-0)	39,400	0.00
92	00695-10353	STICHTING DEPOSITARY APG EMERGING MARKETS EQUITY POOL	18,495,536	0.43
93	00695-10817	GOLDMAN SACHS INVESTMENTS (MAURITIUS) I LIMITED [1400-5]	1,466,559	0.03
94	00695-10874	CONSULTING GROUP CAPITAL MARKETS FUNDS [1363-5]	393,762	0.01
95	00695-10916	PUBLIC EMP RETIREMENT ASSOCIATION OF NEW MEXICO [1404-0]	77,900	0.00
96	00695-11096	UBS AG LONDON BRANCH [1408-2]	14,411	0.00
97	00695-11302	GOLDMAN SACHS TRUST -GOLDMAN SACHS N-11 EQUITY FUND [1443-1]	2,532,800	0.06
98	00695-11310	THE NOMURA TRUST AND BANKING CO., LTD. [1444-5]	160,400	0.00
99	00695-11450	FRANKLIN TEMPLETON INVESTMENTS CORP. [1453-4]	3,501,900	0.08
100	00695-11716	PFA PROFESSIONEL FORENING [1484-3]	2,875,400	0.07
101	00695-11724	FIDELITY SALEM STREET TRUST [1486-4]	53,217	0.00

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S. No.	Folio No.	Name of Shareholder	Number of Shares Held	Percentage
102	00695-12193	VANGUARD FUNDS PLC - VG FTSE ALL-WORLD UCITS ETF [1533-0]	2,700	0.00
103	00695-12201	VANGUARD FUNDS PLC - VANGUARD FTSE EM UCITS ETF [1534-4]	9,200	0.00
104	00695-12284	THE NOMURA TRUST AND BANKING CO. LTD (1542-6)	57,000	0.00
105	00695-12342	FAMANDSFORENINGEN LAERERNES PENSION INVEST [1547-5]	191,000	0.00
106	00695-12391	SCHRODER FRONTIER MARKETS EQUITY PORTFOLIO L.P. [1554-3]	261,500	0.01
107	00695-12417	BMA FUNDS LIMITED [PK1555-0]	30,000	0.00
108	00695-12524	BMA FUNDS LIMITED - DELIVERABLE FUTURES TRADES	7,000	0.00
109	00695-12920	TEMPLETON EMERGING MARKETS INVESTMENT TRUST PLC [1607-2]	17,405,800	0.40
110	00695-12938	NATIONWIDE BAILARD INTERNATIONAL EQUITIES FUND [1608-6]	250,000	0.01
111	00695-12953	FRANKLIN TEMPLETON INVESTMENT FUNDS [1610-5]	326,969,423	7.60
112	00695-12987	GLOBAL X FUNDS [000910600030]	109,800	0.00
113	00695-13100	NATIONWIDE BAILARD EMERGING MARKETS EQUITY FD [000911900252]	100,000	0.00
114	02832-2764	H.E. SH. EBRAHIM KHALIFA ALI AL KHALIFA	26,000	0.00
115	03533-698	HABIB BANK AG ZURICH, ZURICH, SWITZERLAND	221,721	0.01
116	03533-722	HABIB BANK AG ZURICH, DEIRA, DUBAI	58,963	0.00
117	03590-2631	FAZAL REHMAN	12,900	0.00
118	06452-27426	MOHAMMED ANWAR PERVEZ	443,000	0.01
119	06502-755	HABIBSONS BANK LTD - CLIENT ACCOUNT	578,450	0.01
120	06502-5283	TARIIC HOLDING COMPANY BSC (CLOSED)	18,000	0.00
			543,223,612	12.63
General Public-Local				
		19,621	31,188,834	0.73
Others				
1	03277-41265	MANAGEMENT & ENTERPRISES (PVT) LIMITED	1,602	0.00
2	05884-4606	ORION INVESTMENTS (PVT) LTD. 001158	500	0.00
3	06700-751	SHIRAZI INVESTMENTS (PVT) LTD	1,000	0.00
4	06122-8771	TRUSTEE BALUCHISTAN GOVERNMENT SERVANTS BENEVOLENT FUND	100,000	0.00
5	194	M/S GILLETTE PAKISTAN LTD.EMP.P.F.	5,662	0.00
6	483	M/S ALBARAKA ISLAMIC BANK EMPLOYEES PROVIDENT FUND	2,053	0.00
7	8369	M/S TRUSTEES NRL WORKMEN PROVIDENT FUND	30,925	0.00
8	8455	M/S ZEENAT HUSSAIN FOUNDATION	5,511	0.00
9	9214	M/S RELIANCE COMMODITIES (PVT) LTD	12,880	0.00
10	9893	M/S TRI-PACK FILMS LTD. EMPLOYEES GRATUITY FUND	5,361	0.00
11	9894	M/S TRI-PACK FILMS LTD. EMPLOYEES PROVIDEND FUND	5,361	0.00
12	13522	M/S SEC MANAGEMENT PENSION FUND	15,888	0.00
13	13898	M/S SHAIKH SALIM ALI ALLY ARMS CO.	1,000	0.00
14	16323	M/S EMPLOYEES PENSION FUND-PAKISATAN SECURITY PRINTING	677,555	0.02
15	19205	M/S RELIANCE INSURANCE COMPANY LTD. EMP. PROVIDENT FUND	3,105	0.00
16	23395	M/S TRUSTERS NRL NON. MANAGEMENT STAFF GRATUITY FUND	30,925	0.00
17	23618	LINDE PAKISTAN LIMITED STAFF PROVIDENT FUND	23,406	0.00
18	23621	LINDE PAKISTAN LIMITED PAK. EMPLOYEES GRATUITY FUND	5,361	0.00
19	23622	LINDE PAKISTAN LIMITED MNGT. STAFF PENSION FUND	8,369	0.00
20	24126	M/S SSG NON-EXEC. STAFF GRATUITY FUND	45,963	0.00
21	24127	M/S SSG EXEC. STAFF PROVIDENT FUND	211,380	0.00
22	24128	M/S SSG NON-EXEC. STAFF PROVIDENT FUND	151,229	0.00
23	24129	M/S SSG EXEC. STAFF GRATUITY FUND	45,963	0.00
24	24567	M/S DESCON STAFF PROVIDENT FUND TRUST	10,173	0.00
25	32163	M/S HIGHNOON LABORATORIES LTD STAFF PROVIDENT FUND	4,609	0.00
26	36417	M/S SIEMENS PAK SPECIAL ASSIST	14,985	0.00
27	37971	M/S ANOUD GAS LIMITED	2,353	0.00
28	38959	M/S FATIMA FOUNDATION	2,353	0.00
29	44076	M/S LOWE & PAUF STAFF PROVIDENT FUND	8,369	0.00
30	44281	M/S ROCHE PAKISTAN LIMITED NON MANAGEMENT STAFF GR. FUND	1,301	0.00
31	44438	M/S AIDY VEE & COMPANY (PVT) LTD. STAFF PROVIDEND FUND	1,602	0.00
32	44999	M/S INTERNATIONAL AERADIO PAKISTAN LTD. STAFF PRV. FUND	1,301	0.00
33	46298	M/S DIVERSIFIED LOGISTICS PVT.	1,000	0.00
34	46350	M/S KARACHI AMERICAN SOCIETY SCHOOL EMPL. PROVIDENT FUND	5,361	0.00
35	46538	M/S TRANSCONTINENTAL SERVICES STAFF P.F.	1,301	0.00

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S. No.	Folio No.	Name of Shareholder	Number of Shares Held	Percentage
36	46545	M/S TAQ ENTERPRISES STAFF PROV.	2,353	0.00
37	46554	M/S TAQ INTERNATIONAL STAFF	2,654	0.00
38	47230	M/S THE EASTERN TRADE DISTRIBUTION COMP (PVT) LTD.	1,000	0.00
39	47234	M/S SURGE LABORATORIES (PVT) LTD. EMPLOYEES PROVIDENT FUND	1,301	0.00
40	47239	M/S NABIQASIM INDUSTES (PVT) LTD. EMPLOYEES PROVIDENT FUND	2,504	0.00
41	51285	M/S RURAL DEVELOPMENT FOUNDATION	1,752	0.00
42	66664	M/S SHAIKH SALIM ALI TRUST	1,000	0.00
43	82298	M/S H.M NASIR & CO	500	0.00
44	85417	M/S FATIMA FOUNDATION WELFARE TRUST	835	0.00
45	88189	M/S REDCO TEXTILE LTD.	500	0.00
46	88569	M/S DYNAMIC COMPUTER SYSTEM	500	0.00
47	89143	M/S KARACHI AMERICAN SOCIETY SCHOOL EMPLOYEES PROVIDENT FUND	3,681	0.00
48	89144	M/S KARACHI AMERICAN SOCIETY SCHOOL EMPLOYEES GRATUITY FUND	3,681	0.00
49	90072	M/S CAPITAL FLOUR MILLS LIMITED	500	0.00
50	90073	M/S S. SALIM ALI (PVT.) LIMITED	500	0.00
51	90074	M/S ALLY BROS & CO.	500	0.00
52	93300	M/S AHMED GARIB FOUNDATION	4,000	0.00
53	00307-40166	LBC PRIVATE LIMITED	900	0.00
54	00307-70213	PAKISTAN HERALD PUBLICATIONS (PVT) LTD. STAFF PENSION FUND	4,400	0.00
55	00307-70528	TRUSTEE SERVICE PROVIDENT FUND	21,600	0.00
56	00364-13688	TRUSTEES KUEHNE & NAGEL PAKISTAN SPF	500	0.00
57	00364-16558	TRUSTEES HIMONT PHARAMA EMPLOYEE P.F.	8,369	0.00
58	00364-89316	LBC (PRIVATE) LIMITED	900	0.00
59	00513-32	RAHAT SECURITIES LIMITED	500	0.00
60	00521-5170	TRUSTEE - BSN MEDICAL (PVT) LIMITED-EMPLOYEES PROVIDENT FUND	7,700	0.00
61	00521-5188	TRUSTEE - BSN MEDICAL (PVT) LIMITED-EMPLOYEES GRATUITY FUND	3,500	0.00
62	00521-5816	DESCON CHEMICALS LTD EMPLOYEES PROVIDENT FUND TRUST	5,300	0.00
63	00521-5865	DESCON CHEMICALS LIMITED GRATUITY FUND	700	0.00
64	00521-5873	DESCON OXYCHEM LIMITED EMPLOYEES PROVIDENT FUND TRUST	1,200	0.00
65	00521-5881	DESCON POWER SOLUTIONS PVT LTD EMP PROVIDENT FUND TRUST	3,000	0.00
66	00521-5899	INSPECTEST PVT LIMITED EMPLOYEES PROVIDENT FUND TRUST	1,100	0.00
67	00521-6293	TRUSTEE-PAKISTAN HERALD PUBLICATION PVT LTD STAFF PENSION FD	5,800	0.00
68	00596-34	CAPITAL ONE EQUITIES LIMITED.	500	0.00
69	00620-21	TAURUS SECURITIES LIMITED	8	0.00
70	00935-30559	H. NIZAM DIN & SONS (PVT.) LTD	2,000	0.00
71	00984-37	KARACHI STOCK EXCHANGE LIMITED	1	0.00
72	01446-866	Trustee - MCB Employees Pension Fund	151,229	0.00
73	01826-43505	TRUSTEE - ENGRO FOODS LTD EMPLOYEES PROVIDENT FUND	15,000	0.00
74	01826-44891	TRUSTEE - ENGRO FOODS LTD EMPLOYEES GRATUITY FUND	15,000	0.00
75	01826-52621	TRUSTEE - PAKISTAN MOBILE COMMUNICATION PVT LTD PROVIDENT FUND	5,000	0.00
76	01826-60780	INTERNATIONAL KNITWEAR LIMITED	110	0.00
77	01826-65920	TRUSTEE - THE PAKISTAN MEMON EDUCATIONAL & WELAFRE SOCIETY	4,000	0.00
78	01826-66951	TRUSTEE - SULAIMANIYAH TRUST	5,000	0.00
79	01826-68577	TRUSTEE - JAFFER BROTHERS (PVT) LTD & ASSOCIATED	10,000	0.00
80	01826-76562	UNITED TRADING & MANUFACTURING (PVT) LTD	25,000	0.00
81	01826-77610	MERCK (PRIVATE) LIMITED MANAGEMENT STAFF GRATUITY FUND	15,000	0.00
82	01917-33	PRUDENTIAL SECURITIES LIMITED	1,861	0.00
83	02543-623	W. H. ASSOCIATES (PVT) LTD.	3,000	0.00
84	03038-36230	MARINE SERVICES (PRIVATE) LIMITED	1,000	0.00
85	03038-37592	FIRST PRUDENTIAL MODARABA	10,000	0.00
86	03137-36	MOOSANI SECURITIES (PVT) LTD.	6,800	0.00
87	03186-2532	TECHNOLOGY LINKS (PVT) LTD.	10,000	0.00
88	03277-385	NATIONWIDE MODARBA (PVT) LTD	2,000	0.00
89	03277-1018	SAPPHIRE TEXTILE MILLS LIMITED	419,800	0.01
90	03277-1722	TRUSTEES OF SPF OF SIEMENS PAK ENG COLTD	7	0.00
91	03277-2083	TRUSTEES OF ABBOTT LAB PAK STAFF P.F	247,303	0.01
92	03277-2102	THE AGA KHAN UNIVERSITY FOUNDATION	198,600	0.00
93	03277-2404	MOHAMAD AMIN BROS (PVT) LIMITED	6,500	0.00

Categories of Shareholders

Name Wise Detail as of 30 June 2014

S. No.	Folio No.	Name of Shareholder	Number of Shares Held	Percentage
94	03277-2509	TRUSTEES GATRON IND LTD WORKERS PRV FUND	5	0.00
95	03277-3785	TRUSTEE CHERAT CEMENT CO.LTD.EMP.PRO.FND	20,369	0.00
96	03277-4230	CRESCENT STEEL AND ALLIED PRODUCTS LTD.	50,000	0.00
97	03277-4231	TRUSTEES MOOSA LAWAI FOUNDATION	6,000	0.00
98	03277-4275	TRUSTEES NRL OFFICERS PROVIDENT FUND	11,353	0.00
99	03277-4841	BULK MANAGEMENT PAKISTAN (PVT.) LTD.	27,787	0.00
100	03277-4865	SHAKOO (PVT) LTD.	51	0.00
101	03277-4931	SOFIAN BUSINESS CORPORATION (PRIVATE) LIMITED	175,000	0.00
102	03277-5061	FREEDOM ENTERPRISES (PVT) LTD	6,000	0.00
103	03277-5360	TRUSTEES ROCHE PAK LTD.MANG.STAFF PEN.FD	5,511	0.00
104	03277-5361	TRUSTEES ROCHE PAK LTD.EMP.PROV FUND	5,511	0.00
105	03277-5362	TRUSTEES ROCHE PAK LTD.MAN.STAFF GR.FND	3,105	0.00
106	03277-6084	THE HUSEIN EBRAHIM FOUNDATION	10,557	0.00
107	03277-7146	THE OKHA MANDAL CO-OP HOUSING SOC. LTD	3	0.00
108	03277-7421	TRUSTEES SAEEDA AMIN WAKF	300,000	0.01
109	03277-7633	TRUSTEES MOHAMAD AMIN WAKF ESTATE	500,000	0.01
110	03277-7652	ISMAILIA YOUTH SERVICES	26,000	0.00
111	03277-7702	TRUSTEES JAMIA MASJID REHMANIA TRUST	1,000	0.00
112	03277-7927	TRUSTEES BARRETT HODGSON PAK PVT.LTD.G.F	4,308	0.00
113	03277-7928	TRUSTEES BARRETT HODGSON PAK PVT.LTD.PF	4,158	0.00
114	03277-8265	TRUSTEES ALAUDDIN FEERASTA TRUST	5,000	0.00
115	03277-8342	TRUSTEES NATIONAL POWER INT.PAK EMP.PN.F	9,000	0.00
116	03277-8547	TRUSTEES NATIONAL POWER INT.PAK EMP.PV.F	9,900	0.00
117	03277-8548	TRUSTEES NATIONAL POWER INT.PAK EMP.GR.F	3,000	0.00
118	03277-8809	TRUSTEES PAKISTAN PETROLEUM JUNIOR PF	26,181	0.00
119	03277-8810	TRUSTEES PAKISTAN PETROLEUM SENIOR PF	38,585	0.00
120	03277-8811	TRUSTEES PAK.PETROLEUM EXEC.STAFF PN.F	102,465	0.00
121	03277-8812	TRUSTEES PAK.PETROLEUM NON-EXEC.STF PN.F	21,695	0.00
122	03277-8813	TRUSTEES PAK.PETROLEUM EXEC.STAFF GR.F	16,351	0.00
123	03277-8814	TRUSTEES PAK.PETROLEUM NON-EXEC.STF GR.F	19,950	0.00
124	03277-9199	LOADS LIMITED	63	0.00
125	03277-9292	TRUSTEE QASIM INT CONT TER. PAK EMP PF.	162	0.00
126	03277-9352	TRUSTEES CRESCENT STEEL&ALLIED PROD PN.F	11,000	0.00
127	03277-9636	TRUSTEES CHEVRON PAKISTAN LIMITED EMPLOYEES GRATUITY FUND	36,941	0.00
128	03277-9981	TRUSTEES OF FAROUKH&ROSHEN KARANI TRUST	5,000	0.00
129	03277-11151	BANDENAWAZ (PVT) LTD	5,000	0.00
130	03277-11276	TURSTEEES CLOVER PAK LTD EMP.CONT.PF	5,361	0.00
131	03277-11277	TRUSTEES COLGATE PALMOLIVE PAK E.C.PF	24,910	0.00
132	03277-11278	TRUSTEES COLGATE PALMOLIVE PAK LTD E.G.F	12,880	0.00
133	03277-11284	TRUSTEES OF PHILIP MORRIS (PAKISTAN) LIMITED EMPL G.F TRUST	16,400	0.00
134	03277-11285	TRUSTEES OF PHILIP MORRIS (PAKISTAN) LIMITED E.C.PF TRUST	29,800	0.00
135	03277-11412	TRUSTEE OF FFC EMPGR.FUND TRUST	36,500	0.00
136	03277-11924	AMIR FINE EXPORTS (PVT) LTD.	127,800	0.00
137	03277-12796	TRUSTEES OF ZEL EMPLOYEES P.FUND	2,353	0.00
138	03277-13122	MANG.COM.KARACHI ZARTHOSHI BANU MANDAL	3,857	0.00
139	03277-13154	TRUSTEES HONNIE&JAMSHED NUSSERWANJEE C.T	47,100	0.00
140	03277-13417	MNG.COMMITTEE OKHAI MEMON MADRESSAH ASSO	55,609	0.00
141	03277-14818	TRUSTEES ADAMJEE ENTERPRISES STAFF PF	4,500	0.00
142	03277-15506	TRUSTEES PERAC MNG&SUPERVISORY S.PEN FND	1,472	0.00
143	03277-16893	TRUSTEES AUTOMOTIVE BATTERY CO.EMP.PF	2,353	0.00
144	03277-16894	TRUSTEES AUTOMOTIVE BATTERY CO.EMP.GR.F	2,353	0.00
145	03277-18010	TRUSTEES-ICI M.S.D.C SUPERANNUATION FUND	517	0.00
146	03277-18575	TRUSTEES MOHAMMAD USMAN HAJRABI TRUST	2,555	0.00
147	03277-18898	MANAGING COMM.OF BISMILLAH TAQEE FOUND	3,200	0.00
148	03277-18963	TRUSTEES OF HAJI MOHAMMED WELFARE TRUST	140,000	0.00
149	03277-19140	TRUSTEES OF ICI PAKISTAN MNG STAFF GF	40,516	0.00
150	03277-21988	TRUSTEES EXIDE PAKISTAN LTD EMP.GR.FUND	2,654	0.00
151	03277-22406	MEHRAN SUGAR MILLS LTD	70,000	0.00

Categories of Shareholders

Name Wise Detail as of 30 June 2014

S. No.	Folio No.	Name of Shareholder	Number of Shares Held	Percentage
152	03277-23841	TRUSTEES MCB EMPLOYEES FOUNDATION	8,369	0.00
153	03277-26842	TRUSTEES AL-BADER WELFARE TRUST	37,800	0.00
154	03277-26972	WESTBURY (PRIVATE) LTD	152,000	0.00
155	03277-35867	TRUSTEE GUL AHMED TEXTILE MILLS LTD EMP P.F	9,407	0.00
156	03277-36622	TRUSTEES CRESCENT COTTON PRODUCTS STAFF PROVIDENT FUND	4,000	0.00
157	03277-36865	JUBILEE SPINNING & WEAVING MILLS LTD	3,800	0.00
158	03277-38435	PREMIER MERCANTILE SERVICES (PRIVATE) LIMITED	5,000	0.00
159	03277-44509	MANAGING COMMITTEE OF MEMON EDUCATIONAL BOARD	2,500	0.00
160	03277-45542	NAVEENA EXPORTS (PVT) LTD	20,000	0.00
161	03277-47074	GULISTAN FIBRES LIMITED	16	0.00
162	03277-48639	TRUSTEES OF RECKITT BENCKISER PAK LTD. STAFF PROVIDENT FUND	5,000	0.00
163	03277-48792	TRUSTEES OF GREAVES PAKISTAN (PVT) LTD. EMP PROVIDENT FUND	5,000	0.00
164	03277-50199	VALIKA TRADING HOUSE (PRIVATE) LIMITED	500	0.00
165	03277-50590	TECHNOLOGY LINKS (PVT.) LIMITED	29,000	0.00
166	03277-51945	TRUSTEES E.F.U. GENERAL INS. LTD. EFU OFFICER'S PENSION FUND	21,000	0.00
167	03277-51947	TRUSTEES E.F.U. GENERAL INSURANCE LIMITED EMP. GRATUITY FUND	65,000	0.00
168	03277-52198	TRUSTEE'S CHERAT PAPERSACK LIMITED EMPLOYEE PROVIDENT FUND	4,609	0.00
169	03277-55836	LINES (PRIVATE) LIMITED	500	0.00
170	03277-57693	MAGNUS INVESTMENT ADVISORS LIMITED	100	0.00
171	03277-61129	TRUSTEE NATIONAL REFINERY LTD. MANAGEMENT STAFF PENSION FUND	46,828	0.00
172	03277-61170	HABIB SAFE DEPOSIT VAULT (PVT) LTD	5,000	0.00
173	03277-62672	TRUSTEES UBL FUND MANAGERS LTD. EMPLOYEES GRATUITY FUND	6,600	0.00
174	03277-62673	TRUSTEES UBL FUND MANAGERS LTD. EMPLOYEE PROVIDENT FUND	700	0.00
175	03277-63669	TRUSTEE OF HAJI MOHAMMED BENEVOLENT TRUST	46,000	0.00
176	03277-64627	DOSSA COTTON & GENERAL TRADING (PVT) LIMITED	3,000	0.00
177	03277-72577	HAMEED SHAFI HOLDINGS (PVT) LTD.	6,000	0.00
178	03277-74182	THE TRUSTEES OF EXIDE PAKISTAN LTD. SENIOR STAFF PROV. FUND	3,857	0.00
179	03277-74416	THE TRUSTEES OF EXIDE PAKISTAN LIMITED PROVIDENT FUND	2,955	0.00
180	03277-74557	TRUSTEES OF ADAMJEE INSURANCE COMPANY LTD. EMP. PROV. FUND	8,369	0.00
181	03277-75969	TRUSTEE A. SAADAT & CO. EMPLOYEES GRATUITY FUND	5,000	0.00
182	03277-76635	TRUSTEES OF THE GENERAL TYRE & RUBBER CO. - LOCAL STAFF P.F.	16,500	0.00
183	03277-77033	UNIVERSAL BRUSHWARES (PVT) LTD	7,800	0.00
184	03277-77228	TRUSTEES INDUS MOTOR COMPANY LTD. EMPLOYEES PENSION FUND	23,000	0.00
185	03277-78335	TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND	77,700	0.00
186	03277-78367	TRUSTEE PNSC EMPLOYEES CONTRIBUTORY PROVIDENT FUND	3,900	0.00
187	03277-78616	TRUSTEES THE GENERAL TYRE&RUBBER CO OF PAKISTAN LTD EMPL G.F	3,900	0.00
188	03277-78974	CS CAPITAL (PVT) LTD	46,000	0.00
189	03277-79815	AKY SECURITIES (PVT) LIMITED	9,369	0.00
190	03277-81682	TRUSTEES OF CRESENT STEEL & ALLIED PRODUCTS LTD-PENSION FUND	3,300	0.00
191	03277-82127	TRUSTEE NATIONAL BANK OF PAKISTAN EMP BENEVOLENT FUND TRUST	2,726	0.00
192	03277-83462	NADEEM INTERNATIONAL (PVT.) LTD.	15,500	0.00
193	03277-85327	MOGUL TOBACCO COMPANY PVT LTD	50,000	0.00
194	03277-86315	SKYLINE ENTERPRISES (PVT) LTD	252,500	0.01
195	03350-22	ZAHID LATIF KHAN SECURITIES (PVT) LTD.	402	0.00
196	03525-6645	TRUSTEES PACKAGES LTD.MGT.STAFF PEN.FUND	4,158	0.00
197	03525-15026	PAK PING CARPETS (PVT)LTD	2,602	0.00
198	03525-61184	PITCO (PVT) LTD	1,398	0.00
199	03525-63817	NH SECURITIES (PVT) LIMITED.	6	0.00
200	03525-64045	NH CAPITAL FUND LTD	1,000	0.00
201	03525-66811	TRUSTEES NESTLE PAKISTAN LTD MANAGERIAL STAFF PENSION FUND	50,200	0.00
202	03525-66812	TRUSTEES NESTLE PAKISTAN LTD EMPLOYEES PROVIDENT FUND	75,100	0.00
203	03525-66813	TRUSTEES NESTLE PAKISTAN LTD EMPLOYEES GRATUITY FUND	32,200	0.00
204	03525-81357	TRUSTEES AKZO NOBEL MANAGEMENT STAFF GRATUITY FUND	10,096	0.00
205	03525-81358	TRUSTEES AKZO NOBEL MGT STAFF DC SUPERANUNTION FUND	5,983	0.00
206	03525-81365	TRUSTEES AKZO NOBEL MGT. STAFF PROVIDENT FUND	15,665	0.00
207	03525-82219	UHF CONSULTING (PRIVATE) LIMITED	70	0.00
208	03657-25	CONTINENTAL CAPITAL MANAGEMENT (PVT) LTD	1,100	0.00
209	03863-20	ACE SECURITIES (PVT.) LIMITED	1	0.00

Categories of Shareholders

Name Wise Detail as of 30 June 2014

S. No.	Folio No.	Name of Shareholder	Number of Shares Held	Percentage
210	03939-21	PEARL SECURITIES LIMITED	93,900	0.00
211	03939-8891	TRUSTEE- KHYBER PAKHTUNKHWA - PENSION FUND	113,900	0.00
212	03939-12463	CAPITAL VISION SECURITIES PVT LIMITED	300	0.00
213	04002-22	MEMON SECURITIES (PVT.) LIMITED	82,000	0.00
214	04010-21	FAWAD YUSUF SECURITIES (PVT.) LIMITED	29,600	0.00
215	04143-1297	AL MASOOM (PVT) LTD	7,000	0.00
216	04184-22	AZEE SECURITIES (PRIVATE) LIMITED	51	0.00
217	04234-25	RAFI SECURITIES (PRIVATE) LIMITED	5,000	0.00
218	04317-25	DALAL SECURITIES (PVT) LTD.	25,000	0.00
219	04333-8109	MYCON PVT LIMITED	28	0.00
220	04341-22	ORIENTAL SECURITIES (PVT) LTD.	2,000	0.00
221	04440-20	ZAFAR MOTI CAPITAL SECURITIES (PVT) LTD.	1,000	0.00
222	04481-26	DOSSLANI'S SECURITIES (PVT) LIMITED	6,700	0.00
223	04705-5470	BOARD OF TRUSTEES, FEB & GIF, IBD	355,095	0.01
224	04705-48962	SHAKIL EXPRESS (PVT) LTD	16,388	0.00
225	04705-51363	KASHMIR WALA SON'S (PVT) LIMITED	500	0.00
226	04705-65373	ASSOCIATED CONSULTANCY CENTRE (PVT) LIMITED	2,000	0.00
227	04705-69173	TRUSTEES OF ARL MANAGEMENT STAFF PENSION FUND	5,000	0.00
228	04804-25	INVEST AND FINANCE SECURITIES LIMITED	80,000	0.00
229	04820-23	STOCK VISION (PVT.) LTD.	57	0.00
230	04879-28	AKHAI SECURITIES (PRIVATE) LIMITED	13,007	0.00
231	04895-26	DJM SECURITIES (PRIVATE) LIMITED	2,100	0.00
232	04903-9032	TRUSTEE- HAFIZ FOUNDATION	100	0.00
233	04978-42	LIVE SECURITIES LIMITED	5,000	0.00
234	05066-9042	FIRST NATIONAL EQUITIES LIMITED	1	0.00
235	05074-966	FRONTIER EDUCATION FOUNDATION	46,985	0.00
236	05074-1162	TRUSTEES BASIC EDUCATION & SKILL DEVELOP	47,768	0.00
237	05116-28	TIME SECURITIES (PVT.) LTD.	3,052	0.00
238	05264-3751	TRUSTEE-THE BHAIMIA FOUNDATION	70,776	0.00
239	05264-21035	NATIONAL RURAL SUPPORT PROGRAMM	94,636	0.00
240	05272-20	H.S.Z. SECURITIES (PRIVATE) LIMITED	100	0.00
241	05314-24	INVESTFORUM (SMC-PVT) LIMITED	100	0.00
242	05355-541	TRUSTEE : NIB BANK LIMITED EMPLOYEES PROVIDENT FUND	12,000	0.00
243	05397-26	AMER SECURITIES (PRIVATE) LIMITED	5,000	0.00
244	05546-26	STOCK MASTER SECURITIES (PRIVATE) LTD.	100	0.00
245	05736-15	NCC - PRE SETTLEMENT DELIVERY ACCOUNT	2,300	0.00
246	05801-24	ADEEL & NADEEM SECURITIES (PVT) LTD.	4,000	0.00
247	05884-26	ISMAIL IQBAL SECURITIES (PVT) LTD.	15,000	0.00
248	05892-25	MONEYLINE SECURITIES (PRIVATE) LIMITED	1,500	0.00
249	06445-28	DARSON SECURITIES (PVT) LIMITED	5,502	0.00
250	06445-9870	STOCK STREET (PVT) IIMITED.	800	0.00
251	06452-3112	SIDDIQSONS DENIM MILLS LTD.STAFF PROVIDENT FUND	50	0.00
252	06452-9291	TRUSTEE CRESCENT LEASING CORP. LTD. P.F	2	0.00
253	06452-15645	TRUSTEE GREAVES PAKISTAN (PVT) LTD EMPLOYEES PROVIDENT FUND	5,000	0.00
254	06452-22971	TRUSTEE GREAVES PAKISTAN (PVT) LTD STAFF GRATUITY FUND	5,000	0.00
255	06452-26592	HAJI MOHAMMAD ISMAIL MILLS LIMITED	20,000	0.00
256	06601-11354	HIGHLINK CAPITAL (PVT)LIMITED	1,000	0.00
257	06676-2323	TRUSTEES THAL LTD. - EMPLOYEES PROVIDENT FUND	88	0.00
258	06676-3412	BANDENAWAZ (PVT) LTD.	4,000	0.00
259	06676-6076	TRUSTEE - IFFAT INAMUR RAHIM WELFARE TRUST	2,000	0.00
260	06676-6712	TRUSTEES AGRIAUTO IND.LTD. EMPL.PROV.FUND	3,105	0.00
261	06676-9179	NOBLE COMPUTER SERVICES (PVT) LTD. - STAFF P/F	800	0.00
262	06684-29	MOHAMMAD MUNIR MOHAMMAD AHMED KHANANI SECURITIES (PVT.) LTD.	15,000	0.00
263	06684-912	ZAHID LATIF KHAN SECURITIES (PVT) LTD	1,500	0.00
264	06684-85061	MONEY LINE SECURITIES (PVT.) LIMITED	401	0.00
265	06700-25	SUMMIT CAPITAL (PRIVATE) LIMITED	8,000	0.00
266	06734-22	GAZIPURA SECURITIES & SERVICES (PRIVATE) LIMITED	15,000	0.00
267	06874-3731	RYK MILLS LIMITED	100	0.00

Categories of Shareholders

Name Wise Detail as of 30 June 2014

S. No.	Folio No.	Name of Shareholder	Number of Shares Held	Percentage
268	06981-23	FAIR DEAL SECURITIES (PVT) LTD.	271	0.00
269	07005-29	MAM SECURITIES (PVT) LIMITED	86	0.00
270	07179-20	MUHAMMAD SALIM KASMANI SECURITIES (PVT.) LTD.	1,000	0.00
271	07260-29	M.R. SECURITIES (SMC-PVT) LTD.	197	0.00
272	07278-28	WASI SECURITIES (SMC-PVT) LTD.	4	0.00
273	07286-27	DR. ARSLAN RAZAQUE SECURITIES (SMC-PVT) LTD.	72	0.00
274	07351-697	COLONY MILLS LIMITED(22003)	89	0.00
275	07385-25	ISMAIL ABDUL SHAKOOR SECURITIES (PRIVATE) LIMITED	19	0.00
276	08847-1447	Crescent Standard Business Management (Pvt) Limited	1	0.00
277	09787-24	SNM SECURITIES (PVT) LTD.	1,000	0.00
278	10231-27	MSMANIAR FINANCIALS (PVT) LTD.	851	0.00
279	10298-21	CASSIM INVESTMENTS (PRIVATE) LIMITED	3,000	0.00
280	10298-1755	TRUSTEES BILQUIS LATIF JAMAL TRUST	51	0.00
281	10298-5327	TRUSTEE THE HUSEIN EBRAHIM FOUNDATION	20,500	0.00
282	10298-8008	TRUSTEES THE OKHAI MEMON ANJUMAN	42,000	0.00
283	10470-29	GPH SECURITIES (PVT.) LTD.	12,000	0.00
284	10488-28	FAIRTRADE CAPITAL SECURITIES (PVT.) LIMITED	128	0.00
285	10611-20	AKD SECURITIES LIMITED - AKD TRADE	5	0.00
286	10629-49752	DMS RESEARCH (PVT) LTD	15,079	0.00
287	10629-76284	SIDDIQ LEATHER WORKS (PVT) LTD	3,500	0.00
288	11692-21	ABA ALI HABIB SECURITIES (PVT) LIMITED	213	0.00
289	11940-8114	S. Z. SECURITIES (PVT.) LIMITED	100	0.00
290	12203-1752	FAIR DEAL SECURITIES (PVT.) LIMITED	1,680	0.00
291	12369-1143	TRUSTEES LEINER PAK GELATINE LTD EMPLOYEES PROVIDENT FUND	2,000	0.00
292	12666-502	TRUSTEES OF ALI GOHAR & CO. (PVT.) LTD-STAFF PROVIDENT FUND	5,100	0.00
293	12666-551	TRUSTEE OF SHEZAN INTERNATIONAL LTD EMPLOYEES PROVIDENT FUND	4,400	0.00
294	12666-585	TRUSTEES OF PHARMEVO PVT. LTD. EMPLOYEES PROVIDENT FUND	3,500	0.00
295	12666-593	TRUSTEE OF FEROCZE1888 MILLS LTD EMPLOYE PROVIDENT FUND TRUST	22,700	0.00
296	12690-566	TRUSTEE THALL LIMITED- EMPLOYEES RETIREMENT BENEFIT FUND	1,500	0.00
297	12690-574	TRUSTEE THALL LIMITED- EMPLOYEES PROVIDENT FUND	22,600	0.00
298	12690-608	TRUSTEES MAPLE LEAF CEMENT FACTORY LTD EMPLOYEES PROV FUND	2,200	0.00
299	13417-22	INVEST CAPITAL MARKETS LIMITED	1,008	0.00
300	13748-592	TRUSTEE - MILLAT TRACTORS LTD. EMPLOYEES PENSION FUND	21,300	0.00
301	13748-659	TRUSTEE - THE KOT ADDU POWER CO. LTD. EMPLOYEES PROVIDENT FUND	4,000	0.00
302	13748-667	TRUSTEE - THE KOT ADDU POWER CO. LTD. EMPLOYEES PENSION FUND	9,600	0.00
303	13748-683	TRUSTEE - GHANI GASES EMPLOYEE'S PROVIDENT FUND	1,300	0.00
304	13748-691	AKHUWAT	6,200	0.00
305	14233-9750	TRUSTEE, H.J.BEHRANA PARSII FIRE TEMPLE T	25,000	0.00
306	14241-22	FIKREE'S (SMC-PVT) LTD.	47,000	0.00
307	07419-8676	PAK QATAR INDIVIDUAL FAMILY PARTICIPANT INVEST FUND	1,200	0.00
			7,532,289	0.18
	Total	20,164	4,300,928,400	100.00

Abbreviations

AGM	Annual General Meeting	LOI	Letter of Intent
AOC	Attock Oil Company	LPG	Liquefied Petroleum Gas
Bcf	Billion cubic feet	MBA	Master of Business Administration
BESOS	Benazir Employees Stock Option Scheme	Mcf	Thousand cubic feet
BOE	Barrels of Oil Equivalent	MD	Managing Director
BTU	British Thermal Unit	MENA	Middle East and North Africa
CDC	Central Depository Company	ML	Mining Lease
CEO	Chief Executive Officer	MMcf	Million cubic feet
CFO	Chief Financial Officer	MOL	MOL Pakistan Oil & Gas Co. B.V.
CNIC	Computerized National Identity Card	MP&NR	Ministry of Petroleum and Natural Resources
CSR	Corporate Social Responsibility	MPCL	Mari Petroleum Company Limited
DFI	Development Finance Institution	NBFI	Non-Bank Financial Institution
D&PL	Development and Production Lease	NBP	National Bank of Pakistan
DGPC	Directorate General of Petroleum Concessions	NGL	Natural Gas Liquids
DSC	Defence Saving Certificate	NHA	National Highway Authority
E&E	Exploration and Evaluation	NIT	National Investment Trust
E&P	Exploration and Production	OEET	OGDCL Employees Empowerment Trust
EBITDA	Earnings before Interest, Tax, Depreciation and Amortization	OGDCL	Oil & Gas Development Company Limited
EG	Executive Group	OGRA	Oil & Gas Regulatory Authority
ENI	Eni Pakistan Limited	OHSAS	Occupational Health & Safety Assessment Series
EPCC	Engineering, Procurement, Construction and Commissioning	OIST	OGDCL Institute of Science and Technology
ERP	Enterprise Resource Planning	OMV	OMV (Pakistan) Exploration Gmbh
FBR	Federal Board of Revenue	OPL	Ocean Pakistan Limited
FY	Financial Year	PEL	Petroleum Exploration (Pvt) Limited
G&G	Geological and Geophysical	PIB	Pakistan Investment Bond
GDS	Global Depository Share	PKP	Premier KUFPEC Pakistan Holdings B.V.
GHPL	Government Holdings (Private) Limited	PKR	Pak Rupee
GoP	Government of Pakistan	POL	Pakistan Oilfields Limited
HSEQ	Health, Safety, Environment and Quality	PPL	Pakistan Petroleum Limited
HSFO	High Sulphur Fuel Oil	PPRA	Pakistan Procurement Regulatory Authority
IAS	International Accounting Standards	PSO	Pakistan State Oil
IASB	International Accounting Standards Board	PTCL	Pakistan Telecommunication Company Limited
ICAP	Institute of Chartered Accountants of Pakistan	SAARC	South Asian Association for Regional Cooperation
ICI	Imperial Chemical Industries	SECP	Securities and Exchange Commission of Pakistan
ICMAP	Institute of Cost and Management Accountants of Pakistan	SEPL	Spud Energy Pty Limited
IEE	Initial Environmental Examination	SHERRITT	Sherritt International Oil and Gas
IFRIC	International Financial Reporting Interpretations Committee	SLIC	State Life Insurance Corporation of Pakistan
IFRS	International Financial Reporting Standards	SNGPL	Sui Northern Gas Pipelines Limited
IPRTOC	IPR Transoil Corporation	SOP	Standard Operating Procedure
ISO	International Organization for Standardization	sq. km	Square kilometer
IT	Information Technology	SSGCL	Sui Southern Gas Company Limited
JV	Joint Venture	TDR	Term Deposit Receipt
Km	Kilometer	TFC	Term Finance Certificate
KPD-TAY	Kunnar Pasahki Deep-Tando Allah Yar	UEPL	United Energy Pakistan Limited
KPK	Khyber Pakhtunkhwa	WAPDA	Water and Power Development Authority
KUFPEC	Kuwait Foreign Petroleum Exploration Company	ZPCL	Zaver Petroleum Corporation Limited



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