



OGDCL



**Interim Report and
Financial Information**
Quarter Ended 30 September 2013

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Corporate Information

Board of Directors

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

Chairman
MD & CEO
Director
Director
Director
Director
Director
Director
Director
Director

Chief Financial Officer

Mr. Muhammad Rafi

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

Registered Office

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Jinnah Avenue, Islamabad.
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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 Shahrah-e-Faisal, Karachi-74400.
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Directors' Interim Review

The Board of Directors of Oil & Gas Development Company Limited (OGDCL) is pleased to present the unaudited condensed financial statements together with a brief review of the Company's operational and financial performance for the first quarter ended 30 September 2013.

Financial Results

During July-September 2013, OGDCL registered strong financial results in line with its business strategy to sustain long term growth and maximize shareholders value. This can be witnessed by the fact that the Company's Sales Revenue and Profit after Taxation surged to Rs 62.416 billion (1Q 2012-13: Rs 53.795 billion) and Rs 33.588 billion (1Q 2012-13: Rs 25.656 billion) depicting a growth of 16.0% and 30.9% respectively. The said financials translated into Earnings per Share of Rs 7.81 (1Q 2012-13: Rs 5.97) indicating the Company's sound financial performance and ability to continue the rising trend of profitability over the remainder of the year.

OGDCL's robust financial performance is driven by increase in crude oil and gas production coupled with increase in realized prices of crude oil and gas which averaged at US\$ 85.76/barrel and Rs 274.87/Mcf compared with US\$ 81.53/barrel and Rs 251.16/Mcf respectively during the preceding period last year. Furthermore, higher other income, on account of increase in markup on Privately Placed Term Finance Certificates & Pakistan Investment Bonds and exchange gain, is another factor contributing to the Company's improved profitability.

Dividend

The Board has announced first interim cash dividend of Rs 2.00 per share (20%) for the year ending 30 June 2014.

Exploration and Development Activities

OGDCL holds the largest exploration acreage in Pakistan covering an area of 51,307.35 Sq. Kms as of 30 September 2013. Company's concession portfolio constitutes thirty three (33) owned and operated joint venture (JV) exploration licenses in addition to having working interest ownership in six (6) blocks operated by other Exploration & Production companies.

Following its exploration-led growth strategy, OGDCL, during the period under review, acquired 487 L. kms of 2D seismic data in blocks namely Mianwali, Nashpa, Dakhni, Pali & Nur-Bagla and 237 Sq. kms of 3D seismic data in Bitrism & Chanda-Mela blocks. Moreover, the Company using its in-house resources processed 381 L. kms of 2D seismic data of various blocks.

In addition to the above, OGDCL marked seventeen (17) well locations on the ground and spud two (2) wells including an exploratory well Jakhro West-1 and a development well Qadirpur-50. Furthermore, drilling/testing of six (6) ongoing wells from previous financial year also continued during the current period.

In line with its strategic objective to enhance hydrocarbon production, the Company is making all out efforts for completion of its ongoing development projects namely Kunnar Pasahki Deep-Tando Allah Yar, Sinjhor, Uch-II, Nashpa-Mela, Jhal Magsi and Sara West development project.

Reserves

OGDCL's total remaining recoverable reserves as of 30 September 2013 stood at 211 million barrels of oil and 10,151 billion cubic feet of gas.

Production

OGDCL being a leading exploration and production company of Pakistan is pursuing an aggressive production enhancement strategy aimed at shouldering the responsibility of meeting growing energy demands in the Country. In this connection, during the period under review, Company's oil and gas production was augmented by addition of Nashpa-4 development well and tie in of Uch-28 in the existing gathering system accompanied with completion of appraisal wells namely Zin SML-2, Qadirpur HRL-7, Sara West-4 & Qadirpur-50.

In addition to the above, the Company with the aim to achieve production growth carried out perforation/re-perforation and Bottom Hole Pressure survey jobs at various wells in Tando Alam, Thora, Moolan North and Nim West. In order to induce improvement in the current well flow parameters, pressure survey campaigns were carried out at number of wells at Chanda, Mela, Nashpa, Tando Alam and Sinjhoru fields while pressure survey campaign through OGDCL slick line unit at Uch-II is in progress. Furthermore, annual turnaround of Chanda plant was also carried out to improve the operational efficiency of the plant.

The above said endeavors to enhance production witnessed increased crude oil and gas production during the quarter in comparison with the corresponding quarter of the last year. OGDCL's net crude oil production increased by 4.5% primarily due to commencement of production from Nashpa-4 and Sinjhoru field. In addition, increase in share of crude oil production from non-operated JV fields also contributed positively. Similarly, the Company's net gas production increased by 3.6% mainly because of commencement of production from Sinjhoru field coupled with increase in production from Kunnar & Nandpur/Punjpir fields and increase in share of gas from non-operated JV fields.

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

Products	Unit of Measurement	1 st Quarter 2013-14	1 st Quarter 2012-13
Crude oil	Barrels per day	40,205	38,462
Gas	MMcf per day	1,181	1,140

Keeping in view OGDCL's strong production profile coupled with financial strength to support ongoing development projects, the Company is on track to undertake new development activities and projects sustaining the growing trend of its production over the years.

Acknowledgement

The Board of Directors acknowledges resolute support and cooperation extended by the Company's stakeholders for their continuous support and proactive role. The Board also wishes to place on record their sincere appreciation to the management and employees for their dedicated contributions and continued efforts towards the consistent growth of the Company.

On behalf of the Board



(Ch. M. Shafi Arshad)
Chairman

25 October 2013

CONDENSED INTERIM FINANCIAL INFORMATION

For the Quarter Ended 30 September 2013



OIL & GAS DEVELOPMENT
COMPANY LIMITED

Condensed Interim Balance Sheet [unaudited]

As at 30 September 2013

		Unaudited 30 September 2013	Audited 30 June 2013
	Note	(Rupees '000)	
SHARE CAPITAL AND RESERVES			
Share capital		43,009,284	43,009,284
Capital reserves		5,968,500	5,756,000
Unappropriated profit		296,441,859	274,893,417
		345,419,643	323,658,701
NON CURRENT LIABILITIES			
Deferred taxation		25,327,243	25,129,694
Deferred employee benefits		6,593,859	6,488,099
Provision for decommissioning cost		20,763,987	19,993,556
		52,685,089	51,611,349
CURRENT LIABILITIES			
Trade and other payables	4	47,976,968	36,502,926
Provision for taxation	5	4,729,905	2,238,065
		52,706,873	38,740,991
		450,811,605	414,011,041

CONTINGENCIES AND COMMITMENTS

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The annexed notes 1 to 21 form an integral part of this condensed interim financial information.



Chief Executive

		Unaudited 30 September 2013	Audited 30 June 2013
	Note	(Rupees '000)	
NON CURRENT ASSETS			
Fixed assets			
Property, plant and equipment	7	59,857,392	52,605,226
Development and production assets - intangibles	8	75,416,912	74,651,460
Exploration and evaluation assets	9	8,278,084	7,275,329
		143,552,388	134,532,015
Long term investments	10	140,508,505	140,416,803
Long term loans and receivable		4,082,845	4,152,258
Long term prepayments		700,863	580,432
		288,844,601	279,681,508
CURRENT ASSETS			
Stores, spare parts and loose tools		16,994,803	16,628,579
Stock in trade		234,227	263,204
Trade debts	11	66,741,742	55,874,924
Loans and advances	12	9,558,570	6,408,762
Deposits and short term prepayments		1,144,943	1,158,516
Interest accrued		10,943,908	10,125,851
Other receivables	13	746,666	1,262,671
Other financial assets	14	43,384,135	39,897,151
Cash and bank balances		12,218,010	2,709,875
		161,967,004	134,329,533
		450,811,605	414,011,041


Director

Condensed Interim Profit and Loss Account [unaudited]

For the Quarter ended 30 September 2013

		Quarter ended 30 September	
		2013	2012
		(Rupees '000)	
	Note		
Sales - net	15	62,416,425	53,795,221
Royalty		(7,124,699)	(6,256,248)
Operating expenses		(10,307,916)	(8,789,734)
Transportation charges		(615,624)	(523,398)
		(18,048,239)	(15,569,380)
Gross profit		44,368,186	38,225,841
Other income		7,425,042	2,605,305
Exploration and prospecting expenditure		(1,954,572)	(1,461,370)
General and administration expenses		(753,368)	(547,137)
Finance cost		(631,727)	(518,459)
Workers' profit participation fund		(2,423,766)	(1,916,524)
Share of profit in associate - net of taxation		21,758	26,302
Profit before taxation		46,051,553	36,413,958
Taxation		(12,463,058)	(10,758,253)
Profit for the quarter		33,588,495	25,655,705
Earnings per share - basic and diluted (Rupees)	16	7.81	5.97

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.



Chief Executive



Director

Condensed Interim Statement of Comprehensive Income [unaudited]

For the Quarter ended 30 September 2013

	Quarter ended 30 September	
	2013	2012
	(Rupees '000)	
Profit for the quarter	33,588,495	25,655,705
Other comprehensive income - net of taxation	-	-
Total comprehensive income for the quarter	<u>33,588,495</u>	<u>25,655,705</u>

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.



Chief Executive



Director

Condensed Interim Cash Flow Statement [unaudited]

For the Quarter ended 30 September 2013

	Quarter ended 30 September	
	2013	2012
	(Rupees '000)	
Cash flows from operating activities		
Profit before taxation	46,051,553	36,413,958
Adjustments for:		
Depreciation	1,040,135	1,415,302
Amortization of development and production assets	3,021,094	2,444,757
Royalty	7,124,699	6,256,248
Workers' profit participation fund	2,423,766	1,916,524
Provision for employee benefits	2,598,770	782,728
Un-winding of discount on provision for decommissioning cost	627,943	515,175
Interest income	(4,420,365)	(1,977,701)
Un-realized loss on investments at fair value through profit or loss	8,627	953
Dividend income	(17,026)	(15,891)
Gain on disposal of property, plant and equipment	(832)	(1,186)
Share of profit in associate	(21,758)	(26,302)
Stores inventory written off	716	-
	58,437,322	47,724,565
Working capital changes		
(Increase)/decrease in current assets:		
Stores, spare parts and loose tools	(366,940)	(1,859,061)
Stock in trade	28,977	(115,205)
Trade debts	(10,866,818)	65,576,917
Deposits and short term prepayments	13,573	(183,922)
Advances and other receivables	(3,089,849)	(1,385,813)
Increase/(decrease) in current liabilities:		
Trade and other payables	(1,018,254)	(387,942)
Cash generated from operations	43,138,011	109,369,539
Royalty paid	(6,325,937)	(6,109,303)
Employee benefits paid	(4,365,323)	(1,852,266)
Long term prepayments	(120,431)	4,990
Received from workers' profit participation fund	525,459	245,641
Income taxes paid	(9,773,669)	(10,839,689)
	(20,059,901)	(18,550,627)
Net cash from operating activities	23,078,110	90,818,912
Cash flows from investing activities		
Capital expenditure	(12,245,943)	(4,967,976)
Interest received	3,602,308	1,126,844
Dividends received	35,401	34,266
Purchase of investments	(88,319)	(82,053,000)
Proceeds from disposal of property, plant and equipment	5,762	4,541
Net cash used in investing activities	(8,690,791)	(85,855,325)
Cash flows from financing activities		
Dividends paid	(1,383,573)	(9,748,053)
Net cash used in financing activities	(1,383,573)	(9,748,053)
Net increase/(decrease) in cash and cash equivalents	13,003,746	(4,784,466)
Cash and cash equivalents at beginning of the quarter	42,414,472	55,450,881
Cash and cash equivalents at end of the quarter	55,418,218	50,666,415

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.


Chief Executive


Director

Condensed Interim Statement of Changes in Equity [unaudited]

For the Quarter ended 30 September 2013

	Share capital	Capital reserves		Unappropriated profit	Total equity
		Capital reserve	Self insurance		
(Rupees '000)					
Balance at 01 July 2012	43,009,284	836,000	4,070,000	220,449,368	268,364,652
Transfer to self insurance reserve	-	-	212,500	(212,500)	-
Charged to self insurance reserve	-	-	-	-	-
Total comprehensive income for the quarter					
Profit for the quarter	-	-	-	25,655,705	25,655,705
Total comprehensive income for the quarter	-	-	-	25,655,705	25,655,705
Transactions with owners, recorded directly in equity					
Final dividend 2012: Rs 2.75 per share	-	-	-	(11,827,553)	(11,827,553)
Total distributions to owners	-	-	-	(11,827,553)	(11,827,553)
Balance at 30 September 2012	43,009,284	836,000	4,282,500	234,065,020	282,192,804
Balance at 01 July 2013	43,009,284	836,000	4,920,000	274,893,417	323,658,701
Transfer to self insurance reserve	-	-	213,339	(213,339)	-
Charged to self insurance reserve	-	-	(839)	839	-
Total comprehensive income for the quarter					
Profit for the quarter	-	-	-	33,588,495	33,588,495
Total comprehensive income for the quarter	-	-	-	33,588,495	33,588,495
Transactions with owners, recorded directly in equity					
Final dividend 2013: Rs 2.75 per share	-	-	-	(11,827,553)	(11,827,553)
Total distributions to owners	-	-	-	(11,827,553)	(11,827,553)
Balance at 30 September 2013	43,009,284	836,000	5,132,500	296,441,859	345,419,643

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.


Chief Executive


Director

Notes to the Condensed Interim Financial Information [unaudited]

For the Quarter ended 30 September 2013

1 LEGAL STATUS AND OPERATIONS

Oil and Gas Development Company Limited (OGDCL), "the Company", was incorporated on 23 October 1997 under the Companies Ordinance, 1984. The registered office of the Company is located at OGDCL House, Plot No. 3, F-6/G-6, Blue Area, Islamabad, Pakistan. The Company is engaged in the exploration and development of oil and gas resources, including production and sale of oil and gas and related activities. The Company is listed on all the three stock exchanges of Pakistan and its Global Depository Shares (1GDS = 10 ordinary shares of the Company) are listed on the London Stock Exchange.

2 BASIS OF PREPARATION

This condensed interim financial information has been prepared in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. The disclosures in this condensed interim financial information do not include the information reported for full annual financial statements and should therefore be read in conjunction with the financial statements for the year ended 30 June 2013. Comparative balance sheet is extracted from annual financial statements as of 30 June 2013 whereas comparative profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity are stated from unaudited interim financial information for the quarter ended 30 September 2012.

This condensed interim financial information is unaudited and is being submitted to the members as required under Section 245 of the Companies Ordinance, 1984 and listing regulations of Karachi Stock Exchange Limited.

3 ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

The accounting policies, significant judgements made in the application of accounting policies, key sources of estimations, the method of computation adopted in preparation of this condensed interim financial information and financial risk management policy are the same as those applied in preparation of annual audited financial statements for the year ended 30 June 2013.

4 TRADE AND OTHER PAYABLES

	Unaudited 30 September 2013	Audited 30 June 2013
	(Rupees '000)	
Creditors	74,300	53,440
Accrued liabilities	3,925,990	4,890,813
Royalty payable	6,039,785	5,241,023
Excise duty payable	255,714	301,799
General sales tax payable	1,639,685	1,659,507
Payable to joint venture partners	8,005,225	9,040,238
Retention money	794,712	710,260
Trade deposits	73,478	76,910
Employee's pension trust	-	1,174,212
Workers' profit participation fund	2,423,766	-
Un-paid dividend	13,169,042	2,468,708
Un-claimed dividend	141,431	397,785
Payable to benevolent fund	884	706
Advances from customers	11,260,614	10,450,172
Other payables	172,342	37,353
	<u>47,976,968</u>	<u>36,502,926</u>

5 PROVISION FOR TAXATION

Tax payable at beginning of the quarter/year	2,238,065	2,421,831
Income tax paid during the quarter/year	(9,773,669)	(53,639,424)
Provision for current taxation - for the quarter/year	12,265,509	42,567,340
Provision for taxation - prior years	-	10,888,318
Tax payable at end of the quarter/year	<u>4,729,905</u>	<u>2,238,065</u>

Notes to the Condensed Interim Financial Information [unaudited]

For the Quarter ended 30 September 2013

Various appeals in respect of assessment years 1992-93 to 2002-03, tax years 2003 to 2012 are pending at different appellate forums in the light of the order of the Commissioner of Inland Revenue (Appeals) and decision of the Adjudicator, appointed by both the Company as well as the Federal Board of Revenue (FBR) mainly on the issues of decommissioning cost, depletion allowance, prospecting, exploration and development expenditure and tax rate.

6 CONTINGENCIES AND COMMITMENTS

6.1 Contingencies

6.1.1 Claims against the Company not acknowledged as debts amounted to Rs 1,283.499 million at period end (30 June 2013: Rs 967.414 million).

6.1.2 Certain banks have issued guarantees on behalf of the Company in ordinary course of business aggregating Rs 63.125 million (30 June 2013 : Rs 1.707 million).

6.1.3 The Company's share of associate contingencies based on the financial statements of associate for the year ended 30 June 2013 (2012: 30 June 2012) are as follows;

- Interest income amounting to Rs 1,139.02 million (year ended 30 June 2012: Rs 824.37 million) has not been recognized on amounts due from Pakistan Electric Power Company (PEPCO) and has also not made any provision in the financial statements for related interest expenses of Rs 630.92 million (year ended 30 June 2012: Rs 401.01 million) payable to the Government of Pakistan on account of late payment of gas development surcharge. However, such non-recognition does not affect the current year or future years profit after taxation which includes the guaranteed return to shareholders under the Agreement.
- Indemnity bonds given to Collector of Customs against duty concessions on import of equipment and materials amounted to Rs 1.045 million (year ended 30 June 2012: Rs 1.045 million).
- Contractor's claim not acknowledged as debt of Rs 6.784 million (year ended 30 June 2012: Rs 6.784 million).

6.2 Commitments

6.2.1 Commitments outstanding at period end amounted to Rs 29,019.266 million (year end 30 June 2013: Rs 32,434.898 million). These include amounts aggregating to Rs 5,536.237 million (year ended 30 June 2013 : Rs 5,239.194 million) representing the Company's share in the minimum work commitments under Petroleum Concession Agreements.

6.2.2 Letters of credit issued by various banks on behalf of the Company in ordinary course of the business, outstanding at the period end amounted to Rs 21,649.359 million (year end 30 June 2013 : Rs 23,727.495 million).

6.2.3 The Company's share of associate commitments based on the financial statements of associate for the year ended 30 June 2013 (2012: 30 June 2012) are as follows;

	2013	2012
	(Rupees '000)	
Capital expenditure:		
Share in joint ventures	1,171,562	712,294
Mari field	86,840	203,276
Mari Seismic Unit	347,667	-
	1,606,069	915,570
Operating lease rentals due:		
Less than one year	4,145	5,458
More than one year but less than five years	8,374	11,831
	12,519	17,289
	1,618,588	932,859

Notes to the Condensed Interim Financial Information [unaudited]

For the Quarter ended 30 September 2013

		30 September 2013	30 September 2012
		(Rupees '000)	
7 PROPERTY, PLANT AND EQUIPMENT	Note		
Carrying amount at beginning of the quarter		52,605,226	40,966,441
Additions during the quarter	7.1	8,483,755	1,354,743
Book value of disposals		(5,044)	(3,559)
Depreciation charge for the quarter		(1,226,545)	(1,580,836)
Carrying amount at end of the quarter		<u>59,857,392</u>	<u>40,736,789</u>

7.1 Additions during the quarter

Freehold land	268	-
Leasehold land	2,719	-
Buildings, offices and roads on freehold land	8,025	6,619
Buildings, offices and roads on leasehold land	48,124	9,248
Plant and machinery	764,711	973,222
Rigs	9,507	11,111
Pipelines	102,155	9,212
Office and domestic equipment	11,927	24,617
Office and technical data computers	6,512	5,991
Furniture and fixture	2,283	1,260
Vehicles	103,566	72,580
Decommissioning cost	12,092	-
Capital work in progress (net)	3,750,591	154,430
Stores held for capital expenditure (net)	3,661,275	86,453
	<u>8,483,755</u>	<u>1,354,743</u>

- 7.2 During the quarter 30 September 2013, property, plant and equipment with a carrying amount of Rs 5.044 million (30 September 2012: Rs 3.359 million) were disposed off, resulting in gain on disposal of Rs 0.832 million (30 September 2012: Rs 1.186 million).

	30 September 2013	30 September 2012
	(Rupees '000)	
8 DEVELOPMENT AND PRODUCTION ASSETS - INTANGIBLES		
Carrying amount at beginning of the period	74,651,460	64,671,505
Additions during the period	3,724,968	3,376,586
Transfer from exploration and evaluation assets during the period	61,578	37,278
Amortization charge for the period	(3,021,094)	(2,444,757)
Carrying amount at end of the period	<u>75,416,912</u>	<u>65,640,612</u>

Notes to the Condensed Interim Financial Information [unaudited]

For the Quarter ended 30 September 2013

9 EXPLORATION AND EVALUATION ASSETS

	30 September 2013	30 September 2012
	(Rupees '000)	
Balance at beginning of the quarter	4,811,334	7,530,825
Additions during the quarter	2,124,081	1,271,387
	6,935,415	8,802,212
Cost of dry and abandoned wells during the quarter	(836,972)	(237,583)
Cost of wells transferred to development and production assets during the quarter	(61,578)	(37,278)
	(898,550)	(274,861)
	6,036,865	8,527,351
Stores held for exploration and evaluation activities	2,241,219	2,707,080
Balance at end of the quarter	8,278,084	11,234,431
	Unaudited 30 September 2013	Audited 30 June 2013

10 LONG TERM INVESTMENTS

Note

Investments in related party	10.1	334,810	331,427
Investments held to maturity	10.2	140,173,695	140,085,376
		140,508,505	140,416,803

10.1 Investment in related party - associate, quoted

Mari Petroleum Company Limited (MPCL)

Cost of investment (18,375,000 (30 June 2013: 18,375,000) fully paid ordinary shares of Rs 10 each including 11,484,375 bonus shares)

Post acquisition profits brought forward

Share of profit for the quarter/year - net of taxation

Dividend received

	73,500	73,500
	257,927	221,133
	331,427	294,633
	21,758	104,892
	(18,375)	(68,098)
	3,383	36,794
	334,810	331,427

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

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

The Company has 20% (30 June 2013: 20%) holding in the associate. The market value of the investment in associate as of the period end was Rs 2,795.940 million (30 June 2013: Rs 2,509.474 million).

Notes to the Condensed Interim Financial Information [unaudited]

For the Quarter ended 30 September 2013

		Unaudited 30 September 2013	Audited 30 June 2013
	Note	(Rupees '000)	
10.2 Investment held to maturity			
Term Deposit Receipts (TDRs)	10.2.1	5,132,500	4,920,000
Investment in Pakistan Investment Bonds	10.2.2	53,041,195	53,165,376
Investment in Term Finance Certificates	10.2.3	82,000,000	82,000,000
		<u>140,173,695</u>	<u>140,085,376</u>

10.2.1 These represent investments in local currency TDRs. Face value of these investments is Rs 5,132 million (30 June 2013: Rs 4,920 million) and carry effective interest rate of 9.15% (30 June 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 capital reserve.

10.2.2 This represents investment in Pakistan Investment Bonds (PIBs). The Government of Pakistan (GoP), approved the plan for partial settlement of circular debt issue prevailing in the energy sector. As a result, Company's receivables as on 28 June 2013 amounting to Rs 55.729 billion were settled against subscription to PIBs, issued by GoP. The face value of these PIBs is Rs 50.773 billion carrying interest rate of 11.50% per annum. These PIBs were issued on 19 July 2012 for a period of five years maturing on 19 July 2017.

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

TFCs are for a period of seven (7) years including grace period of three (3) years carrying interest rate of KIBOR + 1%, payable semi-annually. Interest payment will commence from the sixth (6th) month of investment. The principal portion of these TFCs shall be repaid in eight (8) equal installments starting from 42nd month of date of transaction. National Bank of Pakistan executed the transaction on 10 September 2012 as Trustee. These TFCs are secured by Sovereign Guarantee, covering the principal, markup, and/or any other amount becoming due for payment in respect of investment in TFCs. The interest due as of 30 September 2013 was Rs 9,474 million of which Rs 7,321 million was past due as of the balance sheet date. However, an amount of Rs 4,648 million was subsequently received by the Company.

	Unaudited 30 September 2013	Audited 30 June 2013
	(Rupees '000)	
11 TRADE DEBTS		
Un-secured, considered good	66,741,742	55,874,924
Un-secured, considered doubtful	112,782	112,782
	<u>66,854,524</u>	<u>55,987,706</u>
Provision for doubtful debts	(112,782)	(112,782)
	<u>66,741,742</u>	<u>55,874,924</u>

Notes to the Condensed Interim Financial Information [unaudited]

For the Quarter ended 30 September 2013

- 11.1** Trade debts include overdue amount of Rs 40,809 million (30 June 2013: Rs 37,499 million) receivable from oil refineries and gas companies. The settlement of trade debts has been slow due to circular debt issue in the energy sector of Pakistan. However, during the year 2012-2013, trade debts amounting to Rs 137,729 million had been settled under GoP arranged issuance of Term Finance Certificates (TFCs) amounting to Rs 82,000 million and Pakistan Investment Bonds (PIBs) amounting to Rs 55,729 million as partial settlement of circular debt (refer note 15.2.2 & 15.2.3). Further, the GoP has confirmed to the Company in writing that steps are being taken to resolve the issue of circular debt under a mechanism on priority. Accordingly, management considers this amount to be fully recoverable. Therefore, no provision has been made in these financial statements against these debts.
- 12** This includes an amount of Rs 3,180 million paid under protest to Inland Revenue Authority on account of sales tax demand raised in respect of capacity invoices from Uch Gas Field for the period from July 2004 to March 2011. Based on STGO 1 of 2000 dated 24 January 2000, the matter was argued before various appellate forums, however, the Supreme Court of Pakistan has finally decided the issue against the Company on 15 April 2013. Further, the Federal Board of Revenue has granted time relaxation to the Company for issuance of debit note for an amount of Rs 750 million while the legal counsel of the Company has confirmed to the Company that condonation for the remaining amount of Rs 2,430 million would also be granted. Uch Power Limited has challenged the grant of time relaxation to the Company by FBR before Islamabad High Court to which the Company has opted to become a party. The Company based on its legal counsel advice believes that the matter will be decided in the favour of Company and the burden of sales tax will be passed on to the consumer of gas.
- 13** This includes an overdue amount of Rs 607 million receivable from Karachi Electric Supply Company Limited (KESC), on account of installments receivable under inter corporate debt adjustment approved by the Government of Pakistan in February 1999 as decided by Economic Coordination Committee of Cabinet (ECC) in February 1999. KESC has not paid any installment due since December 2008 due to prevailing circular debt issue. The GoP has confirmed to the Company in writing that steps are being taken to resolve the issue of circular debt under a policy on priority. Management considers this amount to be fully recoverable. Therefore, no provision has been made in this condensed interim financial information.

	Note	Unaudited 30 September 2013	Audited 30 June 2013
		(Rupees '000)	
14 OTHER FINANCIAL ASSETS			
Investments:			
At fair value through profit or loss - NIT units		183,927	192,554
Investment in Term Deposits	14.1	43,200,208	39,704,597
		<u>43,384,135</u>	<u>39,897,151</u>

- 14.1** This represents foreign currency TDRs amounting to USD 319.159 million (30 June 2013: USD 304.309 million), carrying interest rate ranging from 1.85% to 2.85% (30 June 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 9,282 million (30 June 2013: Rs 9,373.712 million), carrying interest rate of 8.80% to 9.50% (30 June 2013: 9.25% to 9.81%) per annum having maturities up to three months.

Notes to the Condensed Interim Financial Information [unaudited]

For the Quarter ended 30 September 2013

		Quarter ended 30 September	
		2013	2012
		(Rupees '000)	
15 SALES - NET	Note		
Gross sales			
Crude oil	15.1	31,719,721	27,643,103
Gas		35,430,625	30,563,297
Liquefied petroleum gas		1,209,956	2,063,698
Sulphur		252,362	32,786
Other operating revenue		12,674	10,251
		68,625,338	60,313,135
Effect of price discount on crude oil-net of government levies		-	(1,214,678)
		-	(1,214,678)
Government levies			
Excise duty		(904,822)	(830,503)
General sales tax		(5,304,091)	(4,472,254)
Discount on crude oil price		-	(479)
		(6,208,913)	(5,303,236)
		62,416,425	53,795,221

- 15.1** Gas sales include sales from Nashpa and Mela fields invoiced on provisional prices. There may be adjustment in revenue upon issuance of final wellhead prices notification by Oil and Gas Regulatory Authority (OGRA), impact of which cannot be determined at this stage.

		Quarter ended 30 September	
		2013	2012
16 EARNINGS PER SHARE - BASIC AND DILUTED			
Profit for the quarter (Rupees '000)		33,588,495	25,655,705
Average number of shares outstanding during the quarter ('000)		4,300,928	4,300,928
Earnings per share - basic (Rupees)		7.81	5.97

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

17 RELATED PARTIES TRANSACTIONS

Government of Pakistan owns 74.97% (30 June 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 period end are as follows:

		Quarter ended 30 September	
		2013	2012
		(Rupees '000)	
Associated company			
Share of profit in associate - net of taxation		21,758	26,302
Major shareholders			
Government of Pakistan			
Dividend paid		8,867,488	8,867,488

Notes to the Condensed Interim Financial Information [unaudited]

For the Quarter ended 30 September 2013

	Quarter ended 30 September	
	2013	2012
	(Rupees '000)	
RELATED PARTY TRANSACTIONS- Continued		
Related parties by virtue of common directorship and GoP holdings		
Government Holdings (Private) Limited (GHPL)		
GHPL share (various fields)	25,999	13,934
Payable as at 30 September	-	1,486
Power Holding (Private) Limited (PHPL)		
Purchase of investment (Term Finance Certificates)	82,000,000	82,000,000
Markup charged	2,153,275	524,216
Receivable as on 30 September	9,474,235	524,216
State Bank of Pakistan		
Purchase of investment (Pakistan Investment Bonds)	55,728,926	-
Receivable as at 30 September	1,183,769	-
Pak Arab Refinery Company Limited		
Sale of crude oil	998,418	5,309,440
Trade debts as at 30 September	-	8,799,547
Advance as at 30 September	5,896,082	-
Sui Northern Gas Pipelines Limited		
Sale of natural gas	15,198,357	13,241,443
Purchase of high BTU value gas	621,269	878,615
Trade debts as at 30 September	12,063,189	8,073,997
Payable as at 30 September	-	25
Sui Southern Gas Company Limited		
Sale of natural gas	15,465,427	13,767,362
Pipeline rental charges	18,864	9,165
Trade debts as at 30 September	43,622,709	38,263,960
Pakistan State Oil Company Limited		
Sale of liquefied petroleum gas	-	13,926
Purchase of petroleum, oil and lubricants	1,100,969	970,114
Trade debts as at 30 September	1,867	1,946
National Insurance Company Limited		
Insurance premium paid	85,521	411,534
Payable as at 30 September	-	5,174
National Logistic Cell		
Crude transportation charges paid	320,851	434,060
Payable as at 30 September	463,065	974,516
Enar Petrotech Services Limited		
Consultancy services	26,990	21,093
Sale of crude oil	3,671,080	794,320
Trade debts as at 30 September	2,055,890	326,363
Payable as at 30 September	5,147	9,137
Other related parties		
Contribution to staff benefit funds	2,838,462	753,988
Remuneration including benefits and perquisites of key management personnel	142,857	92,423

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

- Executive means any employee whose basic salary exceeds Rs 500,000 (30 June 2013: Rs 500,000) per year.

Notes to the Condensed Interim Financial Information [unaudited]

For the Quarter ended 30 September 2013

18 RISK MANAGEMENT

Financial risk management objectives and policies are consistent with that disclosed in the annual audited financial statements for the year ended 30 June 2013.

19 NON ADJUSTING EVENT AFTER BALANCE SHEET DATE

The Board of Directors approved interim dividend at the rate of Rs 2.00 per share in its meeting held on 25 October 2013.

20 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 23 October 2013 by the Board of Directors of the Company.

21 GENERAL

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



Chief Executive



Director



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