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FOR IMMEDIATE RELEASE

**OGDCL Un-Audited Financial Results for the Quarter ended 30 September, 2009**

Oil and Gas Development Company Limited (OGDCL), (Ticker: OGDC), today announces its financial results for the quarter ended 30 September 2009. Financial Statements have been prepared in accordance with International Financial Reporting Standards.

Highlights of the Quarter include:

- OGDCL's net sales decreased by 23.1 % to Rs 31,826 million from Rs 41,384 million for the quarter.
- Net profit before taxation decreased to Rs 20,407 million from Rs 28,816 million for the quarter.
- Net profit after taxation decreased to Rs 12,066 million resulting in earnings per share of Rs 2.81.
- Operating profit margin and net profit margin were 62 % and 38 % respectively.
- Payable first interim dividend of Rs 1.00 per share.
- Average net realized price of crude oil sold was US\$ 58.38/bbl as against US\$ 93.30/bbl during corresponding period last year.
- Average net realized price for natural gas sold was Rs 160.51/ Mcf as against Rs 166.47 / Mcf during corresponding period last year.
- 551 L. Kms of 2D and 161 Sq. Kms of 3D seismic acquisition completed.
- Net crude production of 39,008 barrels per day, net gas production of 983 MMcf per day, net LPG production of 205 tons per day and net Sulphur production of 66 tons per day was witnessed during the period under review.
- During the period under review, four (04) discoveries were made and one (01) well spudded.

| <b>Quarter ended<br/>30 September 2009</b> | <b>1Q 2008-09<br/>(Rupees '000)</b> | <b>1Q 2009-10<br/>(Rupees '000)</b> | <b>%<br/>Change</b> |
|--|-------------------------------------|-------------------------------------|---------------------|
| <b>Net Sales</b>                           | 41,383,587                          | <b>31,825,522</b>                   | (23.1)              |
| <b>Profit before Taxation</b>              | 28,816,206                          | <b>20,407,497</b>                   | (29.2)              |
| <b>Profit after Taxation</b>               | 18,979,650                          | <b>12,065,571</b>                   | (36.4)              |
| <b>Earnings per Share - Rs</b>             | 4.41                                | <b>2.81</b>                         | (36.4)              |
| <b>Net Cash from Operating activities</b>  | 11,124,774                          | <b>17,418,013</b>                   | 56.6                |

## **MD and CEO's Statement**

Mr. Zahid Hussain, (MD and CEO of OGDCL), commenting on OGDCL's first Quarter FY2009 results, said:

“The first quarter of the current fiscal year was a period of somewhat declining trend in the financial performance of the Company. This was very much expected as per our Business Plan for the current fiscal year. Our sales revenue for the period under review dipped 23.1% along with a decrease in profit after tax of 36.4% when compared to the corresponding period last year. The major factors that contributed towards this decline in bottom line were an international low-price environment translating into decreased realized prices of oil and gas for the Company coupled with a decrease in production volumes which is already incorporated into our volume growth target of a CAGR of 7-8% for the next 3-yr period.

“The Company is focused and continuing on its course of enhanced exploration activities and expeditious development of its proven reserves. In this regard, the Company was successful in winning another six exploration blocks in the latest bidding round. I am pleased to announce that our efforts of augmented exploration resulted into four new discoveries during the period under review. This bodes well for the future production growth of the Company. Company's net oil production decreased by about 6% whereas net gas production increased by around 2% when compared to the same period last year. The Company is also on track to keep production volumes stable during the year by undertaking various work-overs on the existing producing oil and gas wells.”

“Before closing, I would like to thank all the skilled, dedicated and committed human resource of the Company which is second to none. I am also very pleased to announce that the Company is well set on a carefully chartered path of superior performance and long-term prosperity for all our stakeholders.”

**- Ends -**

**For further information:**

**Investor Relations Contact**

**Usman M. Bajwa**

Investor Relations Officer

Telephone: +92 51 920 9888

Fax: +92 51 920 9858

Email: [usman\\_bajwa@ogdcl.com](mailto:usman_bajwa@ogdcl.com)

**Notes to Editors**

OGDCL, the largest petroleum Exploration and Production (E&P) Company in Pakistan, is listed on all three stock exchanges of the country and on London Stock Exchange since December 2006. It holds the largest portfolio of the recoverable hydrocarbon reserves of Pakistan, at 36% of gas and 46% of oil, respectively, as at 30 June 2008. It contributed 24% of the country's total natural gas production and 62% of its oil production as at January 2009 on net basis.

With a portfolio of 35 operated exploration licences, the Company has the largest exploration acreage in Pakistan, covering 28% of the total awarded acreage as of September 2009. While its primarily activities are focused at onshore exploration, the Company has also begun conducting offshore exploration activities; an area which the Company believes has significant untapped potential.

OGDCL had a net profit after tax of Rs 55.540 billion for the year ended June 30<sup>th</sup>, 2009.

## SUMMARY RESULTS

OGDCL made a good start in the financial year 2009-10 and its strong commitment to exploration and appraisal yielded four new oil and gas/condensate discoveries in the first quarter. These included a significant one at Nashpa located in NWFP, another two at Reti-1A and Baloch-1 in Sindh, and one at Dakhni-11 in Punjab. These newly discovered fields are expected to enhance production of the Company by 7,250 barrels per day of crude oil, 1,300 barrels per day of condensate and 43.5 MMcf per day of gas in the near future.

However, decline in crude oil production and lower realized prices of crude oil and gas negatively impacted the financial results of the Company during the quarter ended September 30, 2009 as compared to the corresponding quarter last year. Sales revenue and profit for the quarter decreased by 23.1% and 36.4% to Rs 31.826 billion and Rs 12.066 billion respectively resulting into Earnings per Share (EPS) of Rs 2.81 compared to Rs 4.41 during the corresponding period of last year.

### Production

OGDCL is operating 44 own and operated Joint Venture (JV) development/production and mining leases. During the quarter, the Company's average daily net production including its share in operated and non-operated JV fields was as follows:

| PRODUCTS  | UOM             | 1Q 2008-09 | 1Q 2009-10 |
|-----------|-----------------|------------|------------|
| Crude Oil | Barrels per day | 41,581     | 39,008     |
| Gas       | MMcf per day    | 966        | 983        |
| LPG       | M. Tons per day | 228        | 205        |
| Sulphur   | M. Tons per day | 53         | 66         |

*Daily production has been worked out at 365 days/year.*

Decrease in crude oil production is primarily due to natural decline in production at Sono, Dhodak and Moolan North fields and mechanical problems at Toot partially offset by increase in production from Kunnar, Pasahki, Thora, Rajian, Dakhni and Mela fields. However, despite decrease in share of crude oil production from non-operated JV fields and non-completion of Toot-20 and Mela-3, the Company's crude oil production remained in line with business plan targets set for the quarter under review.

Gas production during the quarter was higher than the actual gas produced during same quarter of last year. Gas production targets for the first quarter could not be achieved due to Annual Turned Around (ATA) at Dakhni and Bobi fields, natural decline at Dhodak, well shut-in at Norai Jagir and non-completion of Mela-3. LPG production also decreased mainly due to water break through at Dhodak and ATA at Dakhni and Bobi fields.

### Exploration and Development Activities

As of September 30, 2009, OGDCL was operating in 35 Exploration Blocks (22 blocks with 100% share and 13 blocks as operated JVs) including 4 Offshore Blocks covering an area of 68,310.92 Sq. Kms. OGDCL has won six new exploration blocks in the recent bidding round that took place on September 30, 2009. Grant letters for these new blocks are awaited from Directorate General Petroleum Concessions (DGPC). The Company is also making efforts to win more exploration blocks in future to enhance the

exploration activities and achieve the targets set in the business plan. During the quarter, OGDCL achieved 551 L. Kms of 2-D seismic data acquisition in Bagh South, Bitrism, and Thano Beg concessions and 161 Sq. Kms of 3-D seismic data acquisition in Soghri concession. During the period under review, locations for 19 wells were marked on ground out of which one exploratory well namely Gul Badeen-1 in Sinjhor Block was spudded. Subsequently, Uch-25 development well was spudded on October 02, 2009. Civil works at Dhodak Deep-2A and Dakhni Deep-3A is completed and civil works on another six (06) wells is in progress.

### **Financial Results**

During the quarter ended September 30, 2009, the Company's sales revenue decreased by 23.1% to Rs 31.826 billion compared with Rs 41.384 billion in corresponding quarter of last year. The product sales revenue decreased by Rs 8.089 billion on account of decline in sales prices of crude oil, gas, sulphur and white products and Rs 2.080 billion because of decreased sales volume of crude oil, LPG and white products partially offset by increase of Rs 609 million in gas and sulphur. Net realized prices of crude oil, gas and LPG averaged at US\$ 58.38/bbl, Rs 160.51/Mcf and Rs 44,096/M.Ton respectively compared to US\$ 93.30/bbl, Rs 166.47/Mcf and Rs 42,194/M.Ton respectively during the corresponding quarter of last year.

Profit before taxation for the quarter decreased by 29.2% to Rs 20.407 billion mainly due to decrease in sales revenue and other income. Other income included interest on investments/bank deposits and exchange gains which decreased by Rs 1.391 billion as compared to last year. Profit after taxation decreased by 36.4% to Rs 12.066 billion compared to Rs 18.980 billion in the corresponding quarter of last year. Earnings per Share (EPS) during the quarter were Rs 2.81 compared to Rs 4.41 in the corresponding quarter of last year.

Company's trade debts as of September 30, 2009 include an overdue amount of Rs 32.701 billion which was not paid by refineries and gas distribution companies due to inter-corporate circular debts. The settlement of these debts at the earliest is vital for ensuring that the exploration, development and production activities of the Company are not affected.

### **Dividend**

Directors of the Company are pleased to declare an interim dividend of Rs. 1.00 per share (10%) for the year ending June 30, 2010.

### **Future Outlook**

OGDCL's new vision is to make the Company a leading multinational Exploration and Production Company and the mission is to become the leading provider of oil and gas to the country by increasing exploration and production of oil and gas both domestically and internationally, utilizing all options including strategic alliances.

The strategic intent of the Company emphasizes strengthening the core business functions by incorporating international practices of innovative thinking in the Company's culture and focusing on core values of innovation, teamwork, merit, integrity, dedication and safety. While maintaining domestic production priorities, the strategic intent also focus selective overseas ventures and opportunities to attract foreign investments for country's prospective potential in oil and gas.

OGDCL is also committed to the goal of re-aligning itself on the basis of technological innovation and management practices in order to double the value of the Company in the next five years. By increasing the stake of the employees in the Company under Employees Stock Option Scheme, the Board of Directors and the Management expects more dedicated efforts towards achieving the goals of higher productivity and sustainable growth for OGDCL.