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FOR IMMEDIATE RELEASE

**“OGDCL ONLY” AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 30 JUNE, 2008**

Oil and Gas Development Company Limited (OGDCL), (Ticker: OGDC), today announces its financial results for the year ended 30 June, 2008. Financial Statements have been prepared in accordance with International Financial Reporting Standards.

**Highlights of the year include:**

- OGDCL’s net sales increased by 25.1% to Rs 125,446 million from Rs 100,261 million for the last year
- Net profit before tax increased by 36.5% to Rs 83,361 million from Rs 61,059 million for the last year
- Net profit after tax stood at Rs 49,614 million resulting in earnings per share of Rs 11.54 as against Rs 45,630 million and earnings per share of Rs 10.61 respectively during the last year.
- Operating profit margin and net profit margin for the year was 60% and 40% respectively.
- Payable final dividend of Rs. 3.50 per share
- Net crude oil production of 43,434 barrels per day, net gas production was 958 MMcf per day, net LPG production 339 tons per day and net Sulphur production was 72 tons per day.
- Average net realized price for the natural gas sold was Rs 142.13/Mcf, compared to Rs 144.12/Mcf during the last year
- Average net realized price for the crude oil sold was US\$ 71.29/BBL, compared to US\$ 51.86/BBL during the last year
- The Company spudded 31 wells and made five discoveries during the year, (Moolan-1, Moolan N-1, Pasakhi E-1, Pakhro-1 & Dhodak Deep-1).

(Rs. in Million)

	<b>1H 2007</b>	<b>1H 2008</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>% Change</b>
Net Sales	49,526	56,568	100,261	125,446	25.1
Profit before Tax	31,660	34,738	61,059	83,361	36.5
Profit after Tax	23,113	24,002	45,630	49,614	8.7
Earnings per Share	5.37	5.58	10.61	11.54	8.7
Net Cash from Operating activities	12,777	23,225	36,973	51,932	40.5

## OGDCL CONSOLIDATED AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 30 JUNE, 2008

Oil and Gas Development Company Limited (OGDCL), (Ticker: OGDC), today announces its financial results for the year ended 30<sup>th</sup> June, 2008. Financial Statements have been prepared in accordance with International Financial Reporting Standards.

### Highlights of the year include:

- OGDCL's net sales increased by 25.0% to Rs 125,908 million from Rs 100,733 million for the last year
- Net profit before tax increased by 28.9% to Rs 78,307 million from Rs 60,755 million for the last year
- Net profit after tax stood at Rs 44,338 million resulting in earnings per share of Rs 10.31 as against Rs. 45,255 million and earnings per share of Rs 10.52 respectively during the last year.
- Operating profit margin and net profit margin for the year was 59% and 35% respectively.
- Payable final dividend of Rs. 3.50 per share
- Net crude oil production of 43,434 barrels per day, net gas production was 976 MMcf per day, net LPG production 339 tons per day and net Sulphur production was 72 tons per day.
- Average net realized price for the natural gas sold was Rs 140.88/Mcf, compared to Rs 142.73/Mcf during the last year
- Average net realized price for the crude oil sold was US\$ 71.29/BBL, compared to US\$ 51.86/BBL during the last year
- The Company spudded 31 wells and made five discoveries during the year, (Moolan-1, Moolan N-1, Pasahki E-1, Pakhro-1 & Dhodak Deep-1).

(Rs in Million)

	1H 2007	1H 2008	FY 2007	FY 2008	% Change
Net Sales	49,676	56,822	100,733	125,908	25.0
Profit before Tax	31,511	34,888	60,755	78,307	28.9
Profit after Tax	22,925	24,093	45,255	44,338	(2.0)
Earnings per Share	5.33	5.60	10.52	10.31	(2.0)
Net Cash from Operating activities	12,923	23,181	37,213	51,599	38.7

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

Commenting on OGDCL's FY 2008 results, the MD and CEO of OGDCL, Mr. Zahid Hussain, said:

"I am very happy and proud to report on another year of growth for the Group. Our last fiscal year's performance saw an impressive growth in sales revenue of 25% along with an increase in profit after tax of 8.7% compared to FY 2007.

"To be able to deliver similar performance in future, the Company is fully focused and is all set on achieving sustainable growth through a well thought out exploration program that is designed to complement our on-going efforts of developing the existing producing hydrocarbon properties through efficient operations and utilizing state-of-the-art technologies of enhanced recovery techniques. During FY 2008, OGDCL spudded 31 wells and made five new discoveries which will also add to our future volume growth. Furthermore, Crude Oil and Gas production on gross basis from 100% owned and operated joint venture fields grew by 13.9% and 6.1% respectively. However, due to decline in production from non-operated joint venture fields and after subtracting partners' share in operated joint venture fields, the Company's production of Crude Oil and Gas on working interest basis increased by 4.7% and 3.1% respectively over the previous year. This past year also saw an unprecedented pricing environment which also had a positive impact on our financials."

"We are also well aware of the prevalent excessive inflationary pressures experienced in the global E&P industry in terms of equipment and services. However, the impact of these high costs on our operations gets mitigated to a large extent due to owning of a fully capable and functional drilling engineering, seismic acquisition and allied services department."

"Last but not the least, let me emphasize here that the above superior performance would not be possible had it not been for the excellent work force which is totally committed in ensuring that all our goals are not only met but exceeded. I see a very bright era of consistent growth in front of us."

**- Ends -**

**For further information:**

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## **Notes to Editors**

OGDCL is the largest petroleum exploration and production, or E&P, company in the Pakistan oil and gas sector, with a primary focus on gas. It holds the largest portfolio of the recoverable hydrocarbon reserves of Pakistan, at 34% of gas and 46% of oil, respectively, as at 30 June 2008. It contributed 25% of the country's total natural gas production and 62% of its oil production as at 30 June 2008 on net basis.

With a portfolio of 44 exploration licences, the Company has the largest exploration acreage in Pakistan, covering 32% of the total awarded acreage as of June 2008. While its focus to date has been on onshore exploration, the Company has also recently begun conducting offshore exploration activities; an area which the Company believes has significant untapped potential.

OGDCL had a net profit after tax of Rs 44.338 billion for the year ended June 30<sup>th</sup>, 2008 and Rs 24.093 billion for the six months ended December 31, 2007.

## **Summary Results**

The year 2007-08 was another year of successful operations for the Company. During the year, OGDCL maintained its growth and recorded further improvement in its operating results. Its Crude Oil and Gas production on gross basis from 100% owned and operated joint venture fields grew by 13.9% and 6.1% respectively. However, due to decline in production from non-operated joint venture fields and after subtracting partners' share in operated joint venture fields, the Company's production of Crude Oil and Gas on working interest on net basis increased by 4.7% and 3.1% respectively over the previous year. Production growth along with continuing strong realized prices of crude oil, LPG and other refined petroleum products contributed towards 25.1% increase in Company's sales revenue resulting into 8.7% increase in profit after tax over 2006-07. Company's continued exploratory efforts yielded five (5) oil and gas/condensate discoveries during this year namely Moolan-1, Pasakhi East-1, Moolan North-1, Pakhro-1 and Dhodak Deep-1. Subsequently, in July 2008, one more gas/condensate discovery at Kunnar South-1 was made by the Company. Out of these six discoveries, five were in Sindh, and one in Punjab. These newly discovered fields have been tested to produce 1,150 barrels per day of crude oil, 593 barrels per day of condensate and 46 MMcf per day of gas. Reserves assessment of these fields is currently under evaluation. These discoveries will further strengthen Company's reserves and production base.

Continuing growth in oil production during the year reflects successful development drilling, workovers and even more significantly, successful field development strategy, where new fields and wells like Chak-66 North East, Moolan North-1, Qadirpur 29, 30 & 31, Thora-6, Tando Alam 16-A, 17, 19 & 20, Kunnar-7, Dakhni Deep-2, Mela-2 were brought into production. Company's production including its share in operated and non-operated fields averaged at 43,434 barrels per day of oil and 976 MMcf per day of gas compared with 41,503 barrels per day of oil and 947 MMcf per day of gas during 2006-07.

During the year under review, Company spudded 31 wells including 13 Exploratory/Appraisal and 18 Development wells. The Company also achieved 2,889 L. Kms of 2-D seismic survey and registered 61% increase in its 3-D seismic acquisition from 661 Sq. Kms in 2006-07 to 1,067 Sq. Kms in 2007-08. These achievements reflected that OGDCL has maintained its position as lead performer in the E&P sector of the Country.

## **Dividend**

The Board of Directors is pleased to announce final cash dividend of 35% (Rs 3.50 per share). This is in addition to three interim cash dividends at 60.0% (Rs 6.00 per share) already declared during the year. This makes a total of 95% (Rs 9.50 per share) for the year ended June 30, 2008.

## **Awards Conferred**

### ***KSE Top Twenty Five Companies Awards***

We are pleased to inform that OGDCL has been ranked amongst the "Top Twenty Five Companies" on the Karachi Stock Exchange (KSE) for the fourth consecutive year (2004 to 2007). The selection for the award reflects our dedication and commitment to the best practices of corporate governance in addition to meeting the pre-requisites laid down by the KSE Board for the listed companies and marks obtained on the basis of distribution of profits, return on equity, turnover of shares and corporate social contributions / donations.

### ***Best Corporate Reports Awards***

Annual Reports of OGDCL for the years 2006 and 2007 have been placed in the list of winners of the Best Corporate Reports awards evaluated by the Joint Committee of Institute of Chartered Accountants of Pakistan (ICAP) and Institute of Cost & Management Accountants of Pakistan (ICMAP).

### ***Pakistan Corporate Philanthropy Award***

OGDCL was ranked first in the category of top performing companies by volume of donations i.e. for giving the largest amount of donations for social development. The award was presented by the Prime Minister of Pakistan.

### **Financial Results**

During the year under review, OGDCL registered all time high figures of revenue and profitability. Its sales revenue grew by 25.1% to Rs 125.446 billion (2006-07: Rs 100.261 billion) due to the combination of increased sales volume (3.9%) of crude oil, gas and sulphur and higher price realization (21.2%) of crude oil, LPG, white petroleum products and sulphur. Increase in sales volume contributed net increase of Rs 3.939 billion towards sales revenue. However, increase in sales revenue due to higher realized prices was Rs 21.249 billion. Net realized prices of crude oil and gas averaged at US\$ 71.29 / BBL and Rs 142.13 / Mcf respectively compared with US\$ 51.86/BBL and Rs 144.12/Mcf respectively during the previous year.

Company registered 36.3% increase in profit before tax to Rs 83.203 billion in 2007-08 compared to Rs 61.059 billion during the previous year. This increase is due to higher sales revenue despite higher figures of royalty which increased by Rs 6.385 billion due to enhanced sales revenue from oil and gas in addition to royalty levied on condensate and LPG from Dhodak & Dakhni fields and royalty levied on gross proceeds from Uch Gas from date of inception instead of royalty on commodity charges previously recorded. Other income during the year increased to Rs 8,309 billion (2006-07: Rs 3.615 billion) mainly due to dividend of Rs 5.016 billion received from subsidiary company. Increase of Rs 1.174 billion in Workers' Profit Participation Funds (WPPF) was due to increase in profit before tax. Profit after tax was Rs 49.614 billion (2006-07: Rs 45.630 billion) resulting in earnings per share (EPS) of Rs 11.54 compared with Rs 10.61 in the previous year.

During the year under review, net cash from operations, after working capital changes and payments of royalty, corporate tax and WPPF of Rs 39.274 billion, was Rs 51.932, an increase of Rs 14.959 billion over 2006-07. Payment of Rs 18.344 billion as fixed capital expenditure and receipt of Rs 6.830 as interest and dividend income resulted into net cash utilized in investing activities of Rs 11.769 billion against Rs 13.002 billion in 2006-07. Net cash used in payment of dividend was Rs 41.473 billion as against Rs 38.154 billion in the previous year. Increase in cash flow from operating activities, and net cash utilized in investing and financing activities resulted in a net cash decrease of Rs 1.309 billion to ending cash balance of Rs 16.685 billion compared with Rs 17.994 billion during the previous year.

### **Discoveries**

(A) OGDCL's exploratory efforts yielded the following five (5) Oil and Gas/Condensate discoveries in the financial year 2007-08:

#### ***i) Moolan***

Moolan well-1 was discovered on November 15, 2007. The well is located in Lashari D&PL, district Hyderabad, Sindh and has been tested to produce 64 barrels per day of condensate and 4.4 MMcf per day of gas from zone-I and 165 barrels per day of condensate and 6.02 MMcf per day of gas from Zone-II.

#### ***ii) Pasakhi East***

Pasakhi East Well No.1 was discovered on 25 January, 2008. The well is located in Tando Allah Yar Concession, district Hyderabad, Sindh Province and has been tested to produce 155 barrels per day of condensate and 10.7 MMcf per day of gas.

#### ***iii) Moolan North***

Moolan North well-1 was discovered on 17 April, 2008. The well is located in Lashari D&PL area, District Hyderabad, Sindh Province and has been tested to produce 1150 barrels per day of crude oil.

**iv) Pakhro**

Pakhro well-1 was discovered on 21 April, 2008. The well is located in Tando Allah Yar Concession District Hyderabad, Sindh Province and has been tested to produce 8.25 MMcf per day of gas and 9 barrels per day of condensate.

**v) Dhodak Deep**

Dhodak Deep Well-1 was discovered in June, 2008. The well is located in Dhodak mining lease in Dera Ghazi Khan District of Punjab Province and has been tested to produce 5.5 MMcf per day of gas.

(B) Subsequently, in July 2008, OGDCL has made another gas/condensate discovery at Kunnar South-1. This well is located in Tando Allah Yar E.L, District Hyderabad, Sindh Province and has been tested to produce 11 MMcf per day of gas and 200 barrels per day of condensate.

**Exploration & Development**

OGDCL's exploration strategies of maintaining balanced portfolio of exploration blocks and accelerating exploration activities in offshore and unexplored & frontier areas are firmly in place. Additionally, the Company is making efforts to explore old areas with new ideas and innovations and trying to maintain acceptable success ratio for reserves addition.

Pursuing its exploration strategies, OGDCL further enhanced its exploration portfolio by acquiring two more blocks during 2007-08. Eastern Offshore Indus-A (100 %) and Shaan Block No. 3069-4, the Block lies in the districts of Qila Saifullah, Zhob and Musakhel Bazar of Baluchistan Province. In addition, one reconnaissance permit over Jhampir Block in Sind Province was also granted for one year w.e.f. June 21, 2008 covering an area of 1326.62 Sq. kms.

OGDCL, presently holds 32% of Country's total exploration acreage and as of June 30, 2008 was operating 44 exploration blocks covering an area of 85,100.98 Sq. Kms, 29 of them including offshore blocks Indus Delta-A, Indus-S, Indus-R and Eastern Offshore Indus-A are 100% owned. 15 blocks including offshore block Indus-G are operated by OGDCL as joint venture with other companies. OGDCL is also holding interest in five non-operated joint venture concessions.

On February 08, 2008, a cross assignment agreement was executed between OGDCL and BP whereby OGDCL agreed to transfer 50% of its interest along with operator ship to BP in Offshore Block-S and an entry right to BP with OGDCL's Offshore Block-G for 25% interest. In consideration BP agreed to transfer 27.5% of its working interest in Blocks U&V each with 20% working interest in Block-W to OGDCL with an understanding that BP will carry OGDCL's portion of cost in respect of Block-W during the first phase of the license.

The Geological Party completed 200 L. Kms. structural traverses and collected more than 500 samples for reservoir / source study in Kalchas concession located in Baluchistan Province and Punjab Tribal area. During the year under review, OGDCL acquired 2,889 L. Kms of 2-D seismic survey through its own crew and through contractor's crew. 2-D seismic data have been acquired in North, Centre, South East and Offshore Indus Blocks.

In the North Blocks survey have been carried out in Dakhni North East (221 L. Kms), Chakral (90 L. Kms), Nashpa South (40 L. Kms) and Soghri (66 L. Kms) areas. In the Centre Blocks seismic data have been acquired in Pakhiwala (150 L. Kms), Khrianwala, (160 L. Kms) Rachana (174 L. Kms), Tegani (95 L. KmS) & Multan South (290 L. Kms) Concessions. In the South East Blocks 2-D seismic acquisition have been carried out at Khewari (384 L. Kms), Sinjhero (25 L. Kms), and Tando Allah Yar ( 390 L. Kms) Concessions. 804 L. Kms of 2-D seismic survey have also been carried out at Offshore Indus Block-S.

The Company also carried out 3-D seismic acquisition of 1,067 Sq. Kms in 3D seismic data in Dhudial (140 Sq. Kms), Soghri (217 Sq. Kms), Khewari (523 Sq. Kms) and Thal South (187 Kms). The Company could not start activities in 12 of its concessions which constitute 32% of total acreage held by the Company due to security reasons.

During the period under review, Company spudded 31 new wells including 13 exploratory/appraisal and 18 development wells. Exploratory / appraisal wells have been spudded at Sono Deep-1 (Sono Lease), Pakhro-1 (Nim Concession), Reti-1 (Guddu Concession), Kunner South-1 (TAY Concession), Kunnar Deep-5, 6 & 7 (Kunnar Lease), Nashpa-1 (Nashpa Concession), Thora Deep-2 (Thora Lease), Moolan North-1 (Lashari Lease), Bitrism-1 (Bitrism Concession), Khawaja-1 (Gurgalot Concession) and Nur Deep-1 (Nur Lease). Development wells have been spudded at Thora-7, Punjpir-7, Nandpur-10, Qadirpur 30, 31, 32, 33 & Qadirpur HRL-2, Tando Alam-16-A, Sara West-2 & 3, Kal-3, Kunnar-7, 8 & Kunnar Deep-8, Pashaki-5, Bahu-4 and Bagla-2. Workover jobs on additional 12 wells were also carried out.

OGDCL is regularly evaluating opportunities for overseas exploration, to expand its activities that may offer attractive exploration and development potential. The Company participated in the 4<sup>th</sup> Bidding Round of Libya and evaluated exploration blocks in Angola and Mozambique. Technical evaluation and exploration potential review of Mauritania, Mali and Turkey was also finalized during this period. Evaluation of available data is in hand to participate in the 7<sup>th</sup> bidding round in Algeria.

### **Production**

OGDCL is pursuing its strategy of enhancing its production base and maintaining sustained growth in oil and gas production by ensuring early and expeditious production from oil & gas discovered fields in the close proximity of existing producing fields and facilities. The Company is also making efforts to maintain and enhance production from existing fields through workovers and employing latest technologies and different secondary recovery techniques to optimize production from existing fields. In this regard, extensive development drilling, workovers, and improvements of field operational efficiencies are in progress. Additionally, Company during the year has promptly completed annual turn around work at various fields and plants including Qadirpur, Uch, Dakhni, Kunnar, Bobi and Dhodak. Despite decrease in share of oil and gas production from non-operated joint venture fields and disturbances due to unfortunate incident in the last week of December 2007 in the southern region, and security concerns in the fields located in Baluchistan, Company's net production of crude oil and gas on working interest basis increased by 1,931 barrels per day and 29 MMcf per day respectively over the previous year.

During the year, OGDCL's daily net production of crude oil, gas, LPG and sulphur averaged 43,434 barrels, 976 MMcf, 339 M.Tons and 72 M.Tons respectively. Thirteen (13) more wells were put on regular production and workover jobs on eleven (12) wells were carried out to sustain production. Company's crude oil production was in line with the targets set for the year. However, gas production was below target due to less in take by the buyers and frequent sabotage activities and delay in completion of 100 MMcfd Qadirpur Gas Enhancement Project.

During the year under review, crude oil production on gross basis from 100% owned and operated joint venture fields grew by 13.9% over the previous year mainly due to start of production from Mela-2, Chanda-2, Pasakhi North East-1, Moolan North-1 and Chak-66 North East-1 in addition to increase in production from Kunnar, Bobi, Rajian, Dakhni and Tando Alam fields. Share of production from non-operated joint venture fields decreased by 17.1% resulting increase in crude oil production on working interest basis by 4.7% over 2006-07.

OGDCL's gas production on gross basis from its 100% owned and operated JV fields including production from subsidiary company increased by 6.1%. This increase is mainly due to enhanced production from Dakhni, Loti, Uch, Bobi and Qadirpur fields and start of gas production from Mela field. Share of gas production from non-operated JV fields decreased by 5.6% resulting increase in Company's gas production on working interest basis by 3.1% over the previous year.

During the year, OGDCL's average daily production on working interest basis was as follows:

<b>Products</b>	<b>Own Fields</b>	<b>Share in Operated JVs</b>	<b>Share in Non-Operated JVs</b>	<b>Total</b>
Crude Oil (Barrels / day)	29,361	7,992	6,081	<b>43,434</b>
Gas (MMcf / day)	351	411	214	<b>976</b>
LPG (M. Tons / day)	245	11	83	<b>339</b>
Sulphur (M. Tons / day)	72	-	-	<b>72</b>

- Daily production has been worked out at 366 days per annum.
- Gas production includes production of 18 MMcfd from subsidiary company, Pirkoh Gas Company (Private) Limited.

<b>Product</b>	<b>FY2007</b>	<b>FY2008</b>
Crude Oil	41,503 Barrels/day	<b>43,434 Barrels/day</b>
Gas	947 MMcf/day	<b>976 MMcf/day</b>
LPG	386 Tons/day	<b>339Tons/day</b>
Sulphur	66 Tons/day	<b>72 Tons/day</b>
<i>Daily production has been worked out at 366 days / year. Gas production includes 18 MMscfd from subsidiary company production.</i>		

### **Future Outlook**

OGDCL has a strong vision and passion to do more in the E&P sector to enhance energy security of Pakistan. With a strong presence in the length and breadth of the country, it is looking beyond geographical boundaries for E&P opportunities and is actively pursuing overseas joint ventures with other E&P companies. With technical prowess in the on-shore exploration and production it has changed focus to a more challenging area i.e. offshore exploration. OGDCL is actively participating in both national and on selective basis in international bidding rounds for acquiring more acreage.

During 2007-08, OGDCL maintained sustained growth in terms of its operating and financial performance. Company's operational achievements were mainly driven by its strategies of adding oil and gas reserves through accelerated exploration and expeditious production through timely development of newly discovered fields. These strategies will further strengthen Company's production base and with favourable price environment we anticipate strong financial results in the years ahead which will help the Company in carrying out its exploration and development activities set out in its Business and Strategic plan. Our exploration, development and production strategies backed by strong financial position will help in adding significant value for the shareholders in years to come.