

Islamabad 27 February 2008

HIGHLIGHTS

“OGDCL ONLY” UNAUDITED FINANCIAL RESULTS FOR THE 1H FY2008 ENDED 31 DECEMBER, 2007

Oil and Gas Development Company Limited (OGDCL), (Ticker: OGDC), today announces its financial results for the Half Year ended 31 December, 2007. Financial Statements have been prepared in accordance with International Financial Reporting Standards.

Highlights of 1H FY2008 include:

- OGDCL's net sales increased by 14.2% to Rs 56,568 million from Rs. 49,526 million for the comparable period last year,
- Net profit before tax increased by 9.7% to Rs 34,738 million from Rs. 31,659 million for the comparable period last year
- Net profit after tax stood at Rs 24,002 million resulting in earnings per share of Rs 5.58 as against Rs 23,113 million and earning per share of Rs 5.37 respectively during the comparable period last year.
- Operating profit margin and net profit margin for the period under review was 59% and 42% respectively.
- Payable second interim dividend of Rs 2.00 per share.
- Net crude oil production of 44,085 barrels per day, net gas production was 943 MMcf per day, net LPG production 382 tons per day and net sulphur production was 68 tons per day.
- Average net realized price for natural gas sold was Rs 137.50 / Mcf, compared to Rs 147.68 / Mcf during 1H FY2007.
- Average net realized price of crude oil sold was US\$ 60.97 / bbl as against US\$ 55.19 / bbl during 1H FY2007.
- The Company spudded 7 wells and made one discovery during 1H FY2008, Moolan -1,

	1Q FY2007	1Q FY2008	1H FY2007	1H FY2008	%
	Pkr in Millions	Pkr in Millions	Pkr in Millions	Pkr in Millions	Change
Net sales	25,296	27,769	49,526	56,568	14.2
Profit before tax	17,461	17,195	31,659	34,738	9.7
Profit after tax	12,328	12,337	23,113	24,002	3.8
Earnings per share	2.87	2.87	5.37	5.58	3.8
Net cash from operating activities	12,513	13,153	12,777	23,225	81.8

**OGDCL CONSOLIDATED UNAUDITED FINANCIAL RESULTS FOR THE 1H FY2008
ENDED 31 DECEMBER, 2007**

Oil and Gas Development Company Limited (OGDCL), (Ticker: OGDC), today announces its financial results for the Half Year ended 31 December, 2007. Financial Statements have been prepared in accordance with International Financial Reporting Standards.

Highlights of the year include:

- OGDCL's net sales increased by 14.4% to Rs 56,822 million from Rs. 49,676 million for the comparable period last year,
- Net profit before tax increased by 10.7% to Rs 34,888 million from Rs. 31,510 million for the comparable period last year
- Net profit after tax stood at Rs 24,093 million resulting in earnings per share of Rs 5.60 as against Rs 22,925 million and earnings per share of Rs 5.33 respectively during the comparable period last year.
- Operating profit margin and net profit margin for the period under review was 59% and 42% respectively.
- Payable second interim dividend of Rs 2.00 per share.
- Net crude oil production of 44,085 barrels per day, net gas production was 963 MMcf per day, net LPG production 382 tons per day and net sulphur production was 68 tons per day.
- Average net realized price for natural gas sold was Rs 136.15 / Mcf, compared to Rs 146.68 / Mcf during 1H FY2007.
- Average net realized price of crude oil sold was US\$ 60.97 / bbl as against US\$ 55.19 / bbl during 1H FY2007.
- The Company spudded 7 wells and made one discovery during 1H FY2008, Moolan -1,

	1Q FY2007	1Q FY2008	1H FY2007	1H FY2008	%
	Pkr in Millions	Pkr in Millions	Pkr in Millions	Pkr in Millions	Change
Net sales	25,322	27,927	49,676	56,822	14.4
Profit before tax	17,214	17,286	31,510	34,887	10.7
Profit after tax	12,037	12,399	22,925	24,093	5.1
Earnings per share	2.80	2.88	5.33	5.6	5.1
Net cash from operating activities	10,983	13,291	12,922	23,181	79.4

Chairman's statement

Commenting on OGDCL's 1H FY2008 results, the Chairman and CEO of OGDCL, Mr. Arshad Nasar, said:

"I am excited to report on another very successful period for the Group. The period under review was characterized by a substantial 14.4% growth in sales and a decent growth in oil and gas production. In line with our aggressive exploration program to enhance reserves, the Group continue to incur higher costs related to exploration and prospecting activities, which were expected."

"During the period under review, the Group saw an increase of 11% in oil production and 8% in gas production which compares favourably with the industry in general and is in line with market guidance of our double-digit production growth target of 10-11% on CAGR basis."

"In light of the prevailing industry cost pressures, the Group is continuously working towards ensuring that our operating and general and administrative expenses are restricted to the optimal required levels for efficient operations."

"I am happy to report that the progress we have made to date and that which we have aligned ourselves to achieve bodes well for the future of the Group and for all our stakeholders. I am confident we will continue this pattern of growth together."

"Last but not the least, I express my sincere appreciation to the management and employees of the Group who have individually and collectively, through excellent teamwork, contributed towards the results achieved during the first half of current financial year and look forward for their continued dedication and hard work for further success of the Group."

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Notes to Editors

OGDCL is the largest petroleum exploration and production (E&P) Group 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 45% of oil, respectively, as at 30th June 2007. It contributed 25% of the country's total natural gas production and 61.5% of its oil production in December 2007 on net basis.

With a portfolio of 44 exploration licences, the Group has the largest exploration acreage in Pakistan, covering 33.5% of the total awarded acreage as of December 2007. While its focus to date has been on onshore exploration, the Group has also recently begun conducting offshore exploration activities; an area which has significant untapped potential.

OGDCL had a net profit after tax of Rs 45.25 billion for the year ended June 30th, 2007 and Rs 24 billion for the six months ended December 31, 2007.

Summary Results

The first half of 2007-08 has been a period of sustained progress for the Company. Its crude oil, gas and LPG production witnessed 11%, 8% and 4% growth over first half of 2006-07 and with continuing high realized prices of crude oil and LPG, the Company registered significant increase in its revenue and profitability which grew by 14% and 4% respectively. Our exploration and development program continued during the period and to date in 2007-08 yielded two gas / condensate discoveries at Moolan-1 and Pasakhi East-1 in Hyderabad district of Sindh province. Moolan-1 was discovered in November 2007 and Pasakhi East-1 in January 2008. OGDCL also enhanced its exploration portfolio through acquisition of two exploration licenses namely Eastern Offshore Indus-A and Shaan covering an area of 4,989.8 Kms.

We also feel immense pleasure in disclosing that our compliance to the best practices of corporate governance has enabled our Company to be placed amongst the "Top Twenty Five (25) Companies" on the Karachi Stock Exchange (KSE) for the third consecutive year. KSE announced the names of Top 25 companies for year 2006 on January 22, 2008 and OGDCL has been ranked as 4th in the list of Top 25 companies.

OGDCL continued to deliver strong operating performance and completed the first half in a healthy position, with improved figures of revenue and profitability. Higher sales volume of crude oil, gas and LPG combined with high realized prices of crude oil, LPG and Sulphur resulted into 14% increase in sales revenue to Rs 56.568 billion compared to Rs 49.526 billion during corresponding period last year. Higher sales volume and realized prices contributed Rs 4.735 billion and Rs 2.304 billion respectively towards increased sales revenue. During the period, net realized prices of crude oil and gas averaged at US\$ 60.97 / BBL and Rs 137.50 / Mcf respectively compared to US\$ 55.19 / BBL and Rs 147.68 / Mcf during corresponding period last year.

Financial Results

Profit before taxation for the period was Rs 34.738 billion compared to Rs 31.660 billion during first half of 2006-07 depicting 9.7% improvement and continuing the upward trend in the Company's earnings performance. Profit after tax was Rs 24.002 billion compared to Rs 23.113 billion during first half of 2006-07. First half earnings per share rose to Rs 5.58 compared to Rs 5.37 per share during first half of last year.

During first half of the year, net cash from operating activities after working capital changes and payment of Income Tax of Rs 6.693 billion was Rs 23.225 billion, an increase of Rs 10.448 billion over the same period last year. Net cash used in investing activities increased by Rs 1.751 billion

to Rs 5.359 billion against Rs 3.608 billion during first half of 2006-07 mainly due to increase of Rs 496 million in fixed capital expenditure and decrease of Rs 1.199 billion on interest and dividend income. Net cash used in payment of dividend was Rs 17.121 billion as against Rs 16.602 billion paid in first half of 2006-07 resulting in net increase of Rs 519 million in cash used in financing activities. Increase in cash flow from operating activities, and net cash utilized in investing and financing activities resulted in net cash increase of Rs 745 million to ending cash balance of Rs 18.740 billion.

Dividend

Directors of the Company are pleased to declare an interim dividend of Rs 2.00 per share (20 %). This is in addition to first interim dividend of Rs 1.75 per share (17.50%) totalling to Rs 3.75 per share (37.5 %) for the year ending June 30, 2008.

Discoveries

During the first half, OGDCL discovered gas and condensate at its Moolan Exploratory Well-1 located in district Hyderabad of Sindh province. Short duration initial testing of zone 1 and 2 shows production capacity of the well as 10.46 MMcfd of gas and 229 BPD of condensate. Another gas / condensate discovery has been made by the Company in January 2008 at its Pasakhi East – 1 Exploratory well also located in district Hyderabad of Sindh province. The discovered well has been tested to produce 10.7 MMcfd of gas and 155 BPD of condensate.

Production

During the first half, crude oil production increased by 4,507 barrels per day compared to first half of 2006-07. Crude oil production from OGDCL's own fields and share in operated joint venture fields increased by 17% mainly due to start of production from Mela-1, Chanda-2 and Pasakhi North East-1 in addition to increase in production from existing fields like Kunnar, Bobi, Tando Alam and Dakhni. Share of production from non-operated joint venture fields decreased by 12% resulting in net increase in crude oil production by 11% over same period last year.

Company's gas production from own fields and its share in operated joint venture fields including production from subsidiary company increased by 13%. This increase is mainly driven by enhanced production from Dakhni, Uch, Qadirpur fields, restoration of production from Loti and Pirkoh fields and start of gas production from Mela-1 and Chanda-2. Share of gas production from non-operated JV fields decreased by 9% resulting in net increase in gas production of 8% over same period last year. LPG net production also increased by 4% during the period compared to same period last year.

During the first half, Company's average daily net production including its share in operated and non-operated joint venture fields was as follows:

PRODUCTS		July - December 2006	July – December 2007
Crude oil	Barrels	39,578	44,085
Gas	MMcf	894	963
LPG	M.Tons	366	382
Sulphur	M.Tons	61	68
- Daily production has been worked out at 365 days / year. - Gas production during July-Dec 2007 includes subsidiary Company production of 20 MMcfd (July-Dec 2006: 11 MMcfd)			

Exploration and Development Activities

In order to maintain persistently proactive approach in exploration activities, OGDCL is continuously working to acquire new exploration blocks. In this regard, two new blocks were added to the inventory i.e. Eastern Offshore Indus – A was granted on July 05, 2007 covering an area of 2,500 Sq. Kms. The work commitment entails 271.52 work units and it lays on the platform area of Indus Off-shore Basin. Shaan Exploration License (Block No. 3069-4) was granted to OGDCL on July 12, 2007. This area is located in Qila Saifullah, Zhob and Musa Khel Bazar of Balochistan Province and OGDCL is committed to shoot and process 200 L.Kms 2D seismic, geological field work of 350 L.Kms and drilling of one optional exploratory well up to 2,000 M or top of Jurassic formation.

OGDCL's Geological Party is currently working in Kalchas area where basic field mapping, sampling and section measurement is in progress. To abreast the recommended needs of geological surveys, five seismic crews acquired data in Dakhni, Dhudial, Chakral, Khiranwala, Rachna, Multan South, Pakhiwala and Khewari blocks.

OGDCL achieved 915 Line Kms of 2-D and 362 Sq. Kms of 3-D seismic survey during the period under review and carried out drilling operations on number of exploratory, appraisal and development wells. Twenty one locations were marked on ground, out of which seven new exploratory and development wells namely Sara West-2, Sono Deep -1, Qadirpur-30, Kunnar Deep-5, Sara West-3, Pakhro-1 and Kal-3 were spudded during July-December 2007. Three more exploratory wells namely Reti-1, Kunnar South-1 and Moolan N-1 were spudded in January 2008.

During the first half, OGDCL completed drilling of fourteen exploratory and development wells. Out of seven exploratory wells completed, six were declared as dry and Moolan-1 was declared as gas/condensate discovery. Seven development wells were completed and Thora-6, Tando Alam 17, 19 & 20, Qadirpur-29 were brought into production during first half of current financial year. Production from Qadirpur-30 started in January 2008. Annual Turn Around (ATA) was completed at Qadirpur, Uch and Dhodak as part of scheduled annual maintenance. In the second half of current financial year, we anticipate to bring three more development wells namely Chak-66 North East, Chanda-3 and Mela-2 on production. OGDCL also anticipates completion of on going Qadirpur Additional Gas Capacity Enhancement Project in later part of 2008 with an expected enhancement of 100 MMcfd of gas in the next financial year.

On the international front, OGDCL is pursuing various exploration opportunities focused in North Africa, South East Asia and Central Asian States. Working towards that end, the Company participated in 4th bidding round of Libya held in December 2007 and also intends to participate in forthcoming bidding round in Angola for which OGDCL has already been pre-qualified.

Outlook

During the first half of the year, OGDCL benefited from enhanced crude oil production and high realized prices resulting in improved operating results and cash flow. Based on production growth trend and current exploration and development activities, we anticipate Company's overall performance in line with expectations during the current financial year and we look forward to achieve the operational and financial targets set in the business plan.

The second half of the year will be a period of high exploration and development activities which includes extensive seismic acquisition and drilling of exploratory/appraisal and development wells. Successful development drilling will further improve oil and gas production and operating cash flow which will facilitate the Company to enhance its business canvas by availing the E&P opportunities within and outside Pakistan.

Company's high impact exploration and development plan backed by strong financial position will contribute in creating significant asset value per share by delivering growth in oil and gas reserves, production and earnings. We are confident that the pace of growth will continue in the times to come.