



## **CDS OIL & GAS GROUP PLC**

### **INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2008 AND OPERATIONS UPDATE**

25 September 2008

CDS Oil & Gas Group PLC (“CDS” or the “Company”), the AIM quoted (CDS.L) oil and gas exploration and development company with operations in Paraguay, today announces its interim results for the six months to 30 June 2008 and an update on its operations.

- Operating loss of US\$1,308,000 (H1 2007: US\$528,000), in line with Board’s expectations
- Comprehensive exploration programme continues with interpretation of data gathered from the seismic and geo-chemical activities currently underway
- Discussions in progress to secure funding for the next phase of operations

CDS is a UK company which, through its Paraguayan subsidiary, CDS Energy S.A., has a 98.1% working interest in three large blocks with substantial oil and gas exploration potential in the prospective eastward extension into the productive Bolivian Chaco Basin in north-west Paraguay.

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**CDS OIL & GAS GROUP PLC**  
**Interim Unaudited Financial Statements for the Six Months ended 30 June 2008**

**Chairman's and Chief Executive's Review**

For the six month period to 30 June 2008 the Company made an operating loss of US\$1.3 million (2007: US\$528,000) in line with the Board's expectations. Cash and cash equivalents as at 30 June 2008 were US\$1.5 million.

The initial exploration programme for 2007/2008 is now physically completed. It has combined aeromagnetic and aerogravity surveys covering 9,200 kilometres, reconnaissance geochemistry with over 2,300 samples collected, and 2D seismic data gathered from 981 kilometres. Interpretation of the geochemical and seismic data is currently in progress, with the final results expected by the end of October 2008. The results will enable us to select drilling targets in line with our objective of starting drilling operations during the second quarter of 2009, after the end of the rainy season.

Capital expenditure of US\$13.7 million incurred during the twelve months ended 30 June 2008 has been financed by the June 2007 share subscription. Subsequent expenditures have been funded by an unsecured short term bridge finance facility provided by one of our shareholders, PetroSaudi International Limited, on normal commercial terms.

We are currently considering a further exploration programme to drill a minimum of three wells before the end of 2009. This programme is estimated to cost up to US\$18.0 million. We are currently negotiating the extension of the short term facility, and additional funding for the further exploration programme, with PetroSaudi.

John Bentley  
Chairman  
Patrice Roman  
Chief Executive Officer  
25 September 2008

**CDS OIL & GAS GROUP PLC**  
**Interim Unaudited Financial Statements for the Six Months ended 30 June 2008**

**CONSOLIDATED INCOME STATEMENT**

	Half year ended		Year ended
	30 June 2008	30 June 2007	31 December 2007
	(Unaudited)	(Unaudited)	(Audited)
	\$000	\$000	\$000
Administrative expenses	(1,308)	(528)	(1,593)
	-----	-----	-----
<b>Loss from operations</b>	<b>(1,308)</b>	<b>(528)</b>	<b>(1,593)</b>
Finance income	139	3	361
Finance expense	-	(2)	(7)
	-----	-----	-----
<b>Loss on ordinary activities before and after taxation</b>	<b>(1,169)</b>	<b>(527)</b>	<b>(1,239)</b>
	-----	-----	-----
<b>Attributable to:</b>			
- Equity holders of the parent	(1,169)	(527)	(1,239)
- Minority interest	-	-	-
	-----	-----	-----
<b>Loss per share expressed in US\$ per share</b>			
Basic and diluted loss per share	\$(0.01)	\$(0.01)	\$(0.02)
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All amounts relate to continuing activities.

**CDS OIL & GAS GROUP PLC**  
**Interim Unaudited Financial Statements for the Six Months ended 30 June 2008**

**CONSOLIDATED BALANCE SHEET**

	30 June 2008 (Unaudited) \$000	30 June 2007 (Unaudited) \$000	31 December 2007 (Audited) \$000
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	25,243	11,897	14,833
Property, plant and equipment	522	171	456
	-----	-----	-----
	25,765	12,068	15,289
	-----	-----	-----
<b>Current assets</b>			
Inventory	1,618	1,556	1,618
Prepayments and other receivables	434	82	633
Cash and cash equivalents	1,455	17,203	11,523
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	3,507	18,841	13,774
	-----	-----	-----
<b>Total assets</b>	<b>29,272</b>	<b>30,909</b>	<b>29,063</b>
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<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	(1,825)	(960)	(447)
	-----	-----	-----
<b>Total liabilities</b>	<b>(1,825)</b>	<b>(960)</b>	<b>(447)</b>
	-----	-----	-----
<b>Total net assets</b>	<b>27,447</b>	<b>29,949</b>	<b>28,616</b>
	-----	-----	-----
<b>Capital and reserves attributable to shareholders</b>			
Share capital	19,715	19,715	19,715
Share premium	14,242	14,842	14,242
Merger reserve	(1,097)	(1,097)	(1,097)
Foreign currency translation reserve	(62)	(41)	(62)
Retained deficit	(5,359)	(3,478)	(4,190)
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Capital and reserves attributable to equity holders of the parent	27,439	29,941	28,608
Minority interest	8	8	8
	-----	-----	-----
<b>Total equity</b>	<b>27,447</b>	<b>29,949</b>	<b>28,616</b>
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**CDS OIL & GAS GROUP PLC**  
**Interim Unaudited Financial Statements for the Six Months ended 30 June 2008**

**Consolidated Statement of Changes in Equity**

	Attributable to equity holders of the Company						Total shareholders equity	Minority interests	Total equity
	Share capital	Share premium	Shares to be issued	Merger reserve	Foreign currency translation reserve	Retained deficit			
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
At 1 January 2007	5,884	9,157	1,665	(1,097)	(204)	(2,951)	12,454	8	12,462
Shares issued	13,831	5,889	(1,665)	-	-	-	18,055	-	18,055
Share issue costs	-	(204)	-	-	-	-	(204)	-	(204)
Loss for the period	-	-	-	-	-	(527)	(527)	-	(527)
Currency translation differences recognised directly in equity	-	-	-	-	163	-	163	-	163
At 30 June 2007	19,715	14,842	-	(1,097)	(41)	(3,478)	29,941	8	29,949
Loss for the period	-	-	-	-	-	(712)	(712)	-	(712)
Currency translation differences recognised directly in equity	-	-	-	-	(21)	-	(21)	-	(21)
Share issue costs	-	(600)	-	-	-	-	(600)	-	(600)
At 31 December 2007	19,715	14,242	-	(1,097)	(62)	(4,190)	28,608	8	28,616
Loss for the period	-	-	-	-	-	(1,169)	(1,169)	-	(1,169)
At 30 June 2008	19,715	14,242	-	(1,097)	(62)	(5,359)	27,439	8	27,447

**CDS OIL & GAS GROUP PLC**  
**Interim Unaudited Financial Statements for the Six Months ended 30 June 2008**

**CONSOLIDATED CASH FLOW STATEMENT**

	Half year ended		Year ended
	30 June 2008	30 June 2007	31 December 07
	(Unaudited)	(Unaudited)	(Audited)
	\$000	\$000	\$000
<b>Cash flow from operating activities</b>			
Loss before taxation	(1,169)	(527)	(1,239)
Adjustments for:			
- Finance income	(139)	(3)	(361)
- Finance expense	-	2	7
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<b>Net cash flow from operating activities before changes in working capital</b>	<b>(1,308)</b>	<b>(528)</b>	<b>(1,593)</b>
Decrease/(increase) in inventories	-	12	(49)
Increase/(decrease) in payables and provisions	1,378	156	(357)
Decrease/(increase) in receivables	199	11	(541)
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<b>Net cash flow from operating activities before interest and taxation paid</b>	<b>269</b>	<b>(349)</b>	<b>(2,540)</b>
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<b>Investing activities</b>			
Exploration costs capitalized	(10,410)	(825)	(3,761)
Payments for property, plant and equipment	(66)	(24)	(309)
Interest received	139	3	361
	-----	-----	-----
<b>Net cash flow from operating activities</b>	<b>(10,337)</b>	<b>(846)</b>	<b>(3,709)</b>
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<b>Financing activities</b>			
Issues of ordinary shares	-	17,851	18,055
Cost of share issue	-	-	(804)
Interest paid	-	(2)	(7)
	-----	-----	-----
<b>Net cash flow from financing activities</b>	<b>-</b>	<b>17,849</b>	<b>17,244</b>
	-----	-----	-----
<b>Net (decrease)/increase in cash and cash equivalents in the period</b>	<b>(10,068)</b>	<b>16,654</b>	<b>10,995</b>
Cash & cash equivalents at beginning of the period	11,523	387	387
Effect of foreign exchange rate changes on cash and cash equivalents held	-	162	141
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<b>Cash &amp; cash equivalents at the end of period</b>	<b>1,455</b>	<b>17,203</b>	<b>11,523</b>
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Registered in England. Registered no. 5061058

Registered office: 126 Brompton Road, London SW3 6JD

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**Interim Unaudited Financial Statements for the Six Months ended 30 June 2008**

**NOTES to the INTERIM FINANCIAL STATEMENTS**

**1. The Group**

The Group is principally involved in the exploration for oil and gas.

The Company is a public limited liability company incorporated and domiciled in England and Wales. The Company has its registered office in London and has oil & gas interests in Paraguay through its Paraguayan subsidiary, CDS Energy SA.

The Company has its listing on the Alternative Investment Market ("AIM") of the London Stock Exchange.

**2. Basis of preparation**

These unaudited consolidated interim financial statements are for the six month period ended 30 June 2008. They do not include all the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2007, which were prepared under International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU").

These interim consolidated financial statements have been prepared in accordance with accounting policies consistent with those set out in the Group's financial statements for the year ended 31 December 2007.

The comparative amounts in these interim consolidated financial statements include extracts from the Company's consolidated financial statements for the year ended 31 December 2007. These extracts do not constitute statutory accounts under section 240 of the Companies Act 1985 (the "Act").

The interim financial information has not been audited nor has it been reviewed under the International Standard on Review Engagements (UK and Ireland) 2410, issued by the Auditing Practices Board for use in the UK. The financial information for the full preceding period is based on the statutory accounts for the period ended 31 December 2007. Those accounts, on which the auditors issued an unqualified opinion, have been delivered to the Registrar of Companies.

**3. Loss per share**

The loss per share is calculated based on:

		Half year ended		Year ended
		30 June 2008	30 June 2007	31 December 2007
Loss for the period	(\$000)	(1,169)	(527)	(1,239)
		-----	-----	-----
Weighted average number of shares in issue (000)		101,676	37,820	69,748
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