

DIRECTORS' REVIEW



The Board of Directors is pleased to present a brief review of the affairs of the Company and financial results for the third quarter and nine months ended March 31, 2008.

The Company has earned a profit after tax of Rs 1,665 million for the nine months ended March 31, 2008 (nine months to March 31, 2007: Rs 1,220 million). The results translate into earnings per share of Rs 34.69 (nine months to March 31, 2007: Rs 25.42). The higher profits have been made possible due to higher international oil prices and improved product mix.

Despite political upheavals and resultant riots that broke out in the country, the Company managed to maintain its sales volume close to last year's level. On the other hand, sharp increase in international oil prices which crossed US \$ 100 per barrel led to the growth of overall sales revenue. Nevertheless, this also resulted in mounting burden on the cash flows due to subsidy on Diesel through Price Differential Claim (PDC) by the Government of Pakistan (GoP), as a consequence of which the receivable from GoP under PDC increased in nine months from Rs 289 million to Rs 1,641 million as at March 31, 2008. The receivable amount of whole industry has raised to an alarming level and if it continues to rise further it would have significant negative effect on the cash flows of the whole industry. The Company, alongwith the whole industry, has been actively following up with the GoP for the early recovery of outstanding dues and viable solution to this problem.

Adopting a proactive approach and focusing on the establishment and strengthening of retail outlets, particularly in the south and generally all over Pakistan, 23 new petrol pumps were commissioned during the period under review thus bringing the total number of operating pumps to 200 as at March 31, 2008 in comparison to 164 in March 2007. In February 2008, APL commissioned its 2nd Company operated and maintained state of the art retail outlet in the Federal Capital, Islamabad.

The construction of Bulk Oil Terminal at Machike is progressing with full pace and is expected to be completed in 2008. The facility will have storage capacity for HSD, PMG and SKO. At Port Qasim, the procurement of equipment and materials alongwith securing necessary licenses from the

Government is in progress. Further, development and enhancement of existing infrastructure is being carried out as per the scheduled program.

The Company won ICAP - ICMAP “Best Corporate Report Award 2006” in fuel and energy sector for presenting one of the best corporate annual reports.

We would like to extend our gratitude to the staff members, customers, suppliers, contractors, shareholders and Government authorities for their continued interest in and support to the Company.

On Behalf of the Board

**Islamabad
April 15, 2008**

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SHUAIB A. MALIK
CHIEF EXECUTIVE