



ATTOCK PETROLEUM LIMITED

DIRECTORS' REVIEW

The Board of Directors of Attock Petroleum Limited (APL) is pleased to present the financial statements for the first quarter of the financial year 2008-09.

The first quarter witnessed downward trend in international crude oil prices after unprecedented rise during financial year 2007-08. Oil Petroleum Exporting Countries' (OPEC) average crude prices came down to US \$ 96/bbl in September 2008 from US \$ 128/bbl in June 2008. However, devaluation of Pak Rupee against US Dollar remained the major challenge for the industry as well as for the overall economy and partly offset the favourable impact of receding oil prices.

The substantial increase in the receivable from Government of Pakistan (GOP) on account of Price Differential Claim (PDC) on HSD and delayed payments from Government agencies in connection with fuel supplies created problems in honouring our committed payments on the due dates. However, presently, Government's subsidy on HSD has reduced to nil due to reducing oil prices which is expected to overcome the liquidity issues of the industry.

During this quarter our focus was much more on improving efficiency in all segments of business. The Company earned profit after tax of Rs 798 million as against a profit of Rs 549 million during corresponding period last year. This has resulted in earnings per share of Rs 16.63 against Rs 11.43 during same period last year. This improvement in the profitability is mainly driven by increase in international oil prices, better product mix and efficient inventory management.

During the quarter under review, 15 new pumps were commissioned bringing the total number of operational gas stations to 224 as on September 30, 2008. Further, we are in the process of restructuring our existing retail outlets in terms of looks and services. In this area the Company is making significant investments in order to better address the needs of customers by providing state-of-the-art facilities.

In order to capture the potential market in down stream oil sector, efforts are continuously pouring in to increase the muscles of our infra structure. Strategic planning and customer satisfaction are the main focal points to achieve consistency. Machike terminal is near completion and will be commissioned by the end of this year. The Company is making all the endeavours to start construction of terminal at Port Qasim which has been held in abeyance due to certain possession related legal issues.

The management remain focused on enhancing the position of the Company for the longer term and is firmly of the opinion that the fundamentals of the Company are such that this strengthening will continue.

On Behalf of the Board

Islamabad.
October 30, 2008

S/d-

Chief Executive