

DIRECTORS' REVIEW



The Board of Directors feel pleasure in presenting their report on the affairs of the Company together with un-audited accounts for the first quarter ended September 30, 2007. During the quarter under review, the Company has steadily maintained its upward thrust and is soaring to the new heights despite mounting burden on account of Diesel subsidy through Price Differential Claim (PDC) by the Government of Pakistan due to sharp increase in the international prices of the petroleum products.

FINANCIAL RESULTS

As a consequence of higher international oil prices coupled with improved product mix and effective inventory and fund management, the Company has once again surpassed all its previous records of profitability and earned profit after tax of Rs. 549 million for the three months ended September 30, 2007 (2006: Rs. 412 Million) with earnings per share of Rs. 11.43 (2006: Rs. 8.59)

REVIEW OF OPERATIONS & PROJECTS

The Company has strategically managed to achieve commensurate level of volumetric sales growth in all the petroleum products with the exception of Furnace Fuel Oil due to less availability from the refineries. The Company has done exceptionally well in the export of its products and earned colossal amount of precious foreign exchange for the country.

With the specific objective of strengthening the existing network of retail outlets and extension of outlets to urban areas and major towns of the country the number of commissioned outlets reached at 180 as at September 30, 2007 (2006: 149) with total sales volume of 41,980 M. Tons (2006: 26,490 M. Tons). In addition to this, a number of retail outlets are under construction and at different phases of securing necessary licenses from the regulatory authorities.

Expediting the progress pace, the construction of Bulk Oil Terminal at Machike is in full swing. It is expected that the Terminal would be

completed in the mid 2008 with storage facility of HSD, PMG and SKO. At Port Qasim, the procurement of equipment and materials has been initiated for the construction of the Bulk Oil Terminal. Securing of necessary licenses from different Government departments is in progress. After the successful completion of the 2nd expansion phase of HSD storage at Rawalpindi Bulk Oil Terminal, the extension of filling gantry has been undertaken and is expected to be completed by April 2008.

ACKNOWLEDGEMENT

We aim to continue to deliver value to our shareholders through high profile technology driven investments that will lead to sustained superior performances in the years ahead.

We also wish to extend our appreciation to the customers, suppliers, contractors, staff and Government authorities for their continued support, interest and confidence towards the achievement of strategic corporate goals.

On Behalf of the Board

**Islamabad
October 25, 2007**

**S/d-
SHUAIB A. MALIK
CHIEF EXECUTIVE**