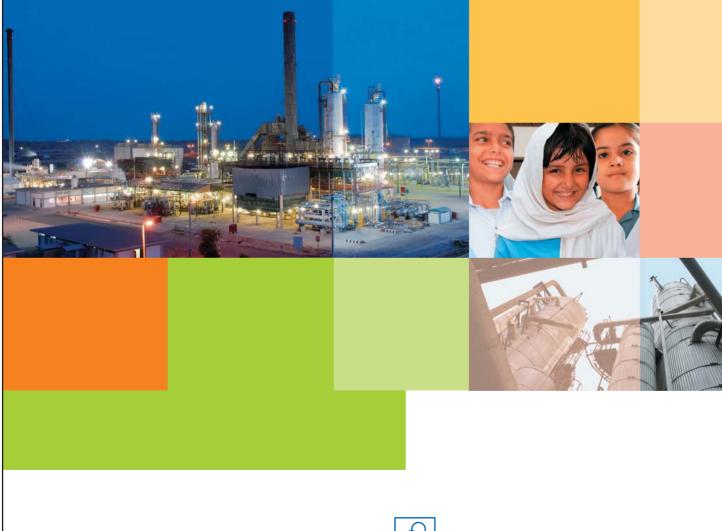


1st Quarter Report September 30, 2007





PAKISTAN REFINERY LIMITED



OUR VISION

To be the Refinery of first choice for all stakeholders.

OUR MISSION

PRL is committed to remaining a leader in the oil refining business of Pakistan by providing value added



products that are environmentally friendly, and by protecting the interest of all stakeholders in a competitive market through sustainable development and quality human resources.

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Company Information

Company Secretary Hafsa Shamsie

Auditor A. F. Ferguson & Co.

Legal Advisor Orr Dignam & Co.

Registrar & Share Registration Office Ferguson Associates (Pvt.) Ltd. P. O. Box 4716, State Life Building 2-A, 4th Floor I. I. Chundrigar Road, Karachi-74000.

Bankers

ABN AMRO Bank N.V. Askari Bank Limited Bank Alfalah Limited Bank Al-Habib Limited Citi Bank N.A. Habib Metropolitan Bank Limited Habib Bank Limited MCB Bank Limited National Bank Limited Soneri Bank Limited Soneri Bank Limited Standard Chartered Bank (Pakistan) Limited The Hongkong and Shanghai Banking Corporation Limited United Bank Limited

Registered Office

P. O. Box 4612, Korangi Creek Road, Karachi-74000. Tel Off: (92-21) 5091771-79, 5091811-16 Fax: (92-21) 5060145, 5091780 http://www.prl.com.pk info@prl.com.pk

Board of Directors

Farooq Rahmatullah Chairman

Ardeshir Cowasjee Director

Asif S. Sindhu Director

Samad Dawood Director

Ijaz Ali Khan Director

Jalees Ahmed Siddiqi Director Nadeem N. Jafarey Director

Shahid Anwar Khan Director

G. A. Sabri Director

Zaiviji Ismail Bin Abdullah Director

Zafar Haleem Managing Director & CEO

Human Resources Committee

The HR Committee comprises of three members, including the chairman, from the non-executive Directors of the Board. The HR Committee has been delegated the role of assisting the Board of Directors in ensuring that the Company is able to attract and retain a professional, motivated and competent workforce.

Strategic Project Committee

The Strategic Project Committee comprises two members, including the chairman, from the non-executive Directors of the Board. The Strategic Project Committee is responsible for evaluating potential project feasibilities, ranging from up gradation/enhancement to diversification projects, and recommending projects that ensure attractive return and growth prospects to the Board of Directors for their review and approval.

Audit Committee

The Audit Committee comprises three members, including the Chairman, from the non-executive Directors of the Board. The Chief Internal Auditor is the Secretary of the Committee. The Committee assists the Board of Directors in ensuring adequate safeguard of Company assets, effectiveness and adequacy of the Company's system of internal control and compliance with operational, financial and risk management policies of the Company.

Management Committees

The Purchase Committee is responsible for ensuring that all procurement activities are conducted in a transparent and objective manner and the same is duly monitored by the senior management representatives on the Committee as well as the internal audit function. This helps build a climate of meritocracy and ethical conduct.

The Recruitment and Selection Committee is responsible for ensuring that the Company adds only top-class talent to its existing talent pool in order to sustain the already-high standards of professionalism and competence in the Company. The committee consists of managers with diversified experience in order to ensure recruitment of well-rounded individuals.

The Policies & Procedures Review Advisory Committee is responsible for ensuring that Company policies are as per market practices and in line with regulatory requirements and that well laid-out and documented procedures exist for these policies. The Committee is responsible for the regular review of these policies and procedures to ensure that they remain relevant and appropriate over time.

The Ethics Committee is responsible for ensuring that Company operations are conducted in conformity with organizational objectives and policies with high standards of values and ethical conduct. The Company has defined policies regarding harassment, acceptance of gifts; conflict of interest etc. and no deviations are tolerated.

Directors' Review

The year 2007-08 has had a good start. The Company has earned a pre-tax-profit of Rs. 413 million during the first quarter ended September 30, 2007 compared with a loss of Rs. 586 million in the same period last year. This improved profitability was mainly on the back of stable refinery margins in the early part of the quarter.

During the current quarter, your refinery operated at a capacity of 6,410 MT/Day, a handsome increase of 16% in comparison with the corresponding period last year during which planned suspension of refinery operations had taken place. Your refinery was also successful in acquiring substantial local crude quantity and processed approx. 8,700 bbl/day vs 4,000 bbl/day in the corresponding period last year.

Towards the end of the quarter, the price trend of crude and products globally have started to take an upturn with crude prices touching all time highs in September 2007. Your Refinery's key intake, Arabian Light crude, rose to \$77/bbl as at September end mainly due to supply concerns, geo-political developments, fear of economic slow down particularly in USA coupled with amplified demand from China, India and emerging economies of Asia.

The economy of the country continued to perform well during the period under review with consumption of petroleum prices showing a growth of about 10% led by robust demand for motor gasoline and furnace oil.

Company's market capitalization depicted high growth trend throughout the quarter. Share prices of the refinery sector showed a rising trend during the first quarter of the current fiscal year due to positive global refining margins.

Your Company continues to maintain its thrust on up gradation and technology-driven investments to maintain the momentum of growth and profitability. In this regard, work on USD 320 million Up gradation Project is progressing.

Your Company achieved another milestone by getting the "National Environment Excellence Award" for the second consecutive year in recognition of its HSEQ commitments during the fiscal year 2006-2007.

The Board would like to take this opportunity to thank our shareholders, staff and customers for their continued support in ensuring the success of the Company.

Faroog Rahmatullah

Zafar Haleem Chief Executive

Karachi: October 26, 2007

Condensed Interim Balance Sheet

as at September 30, 2007

| Loans and advances 25,813 22,439 Accrued interest / mark-up 4,500 7,726 Trade deposits and short-term prepayments 41,669 49,091 Other receivables 10,816 15,891 Tax refunds due from Government - Sales Tax 1,489,745 1,476,306 Investments at fair value through profit and loss 201,769 201,769 Cash and bank balances 3,977,728 1,698,277 I6,195,152 13,588,116 | N | Note | Unaudited September 30, 2007 | Audited June 30, 2007 |
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| Current liabilitiesI1,985,8089,526,925Trade and other payables7011,989Accrued interest / mark-up2,1711,989Deferred taxation2,171358,915348,163Taxation - provision less payments12,347,5959,877,077 | | | 4.605 | 4 272 |
| Trade and other payables I1,985,808 9,526,925 Accrued interest / mark-up 701 1,989 Deferred taxation 2,171 358,915 348,163 Taxation - provision less payments 12,347,595 9,877,077 | - | | 605 | 4,373 |
| Accrued interest / mark-up 701 1,989 Deferred taxation 2,171 - Taxation - provision less payments 358,915 348,163 12,347,595 9,877,077 | | | | 9526925 |
| Deferred taxation 2,171 Taxation - provision less payments 358,915 12,347,595 9,877,077 | | | 11 11 | |
| Taxation - provision less payments 358,915 348,163 12,347,595 9,877,077 | | | 11 11 | 1,707 |
| 12,347,595 9,877,077 | | | 11 11 | 348 163 |
| | razatori provision loss payments | | | |
| 7,001,100 | Total liabilities | | | |
| | | | 12,002,200 | ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,, |
| Interview I7,261,069 I4,686,533 | Total equity and liabilities | | 17,261,069 | 14,686,533 |

L Farooq Rahmatullah Chairman



Condensed Interim Profit and Loss Account for the first quarter ended September 30, 2007 (Unaudited)

| | September 30, 2007 | September 30, 2006 |
|---|-----------------------|-----------------------|
| | (Rupees in thousand) | |
| | | |
| Sales | 21,994,236 | 2, 44,222 |
| Less: Sales tax,excise duty and development surcharge | 2,979,728 | 1,891,964 |
| | 19,014,508 | 10,252,258 |
| Cost of sales | (18,550,278) | (10,797,618) |
| Gross profit / (loss) | 464,230 | (545,360) |
| Distribution cost | (15,814) | (21,461) |
| Administrative expenses | (39,596) | (33,481) |
| Other operating expenses | (33,789) | (130) |
| Other income | 35,349 | 19,540 |
| Operating profit / (loss) | 410,380 | (580,892) |
| Finance costs | (710) | (9,211) |
| Share of income of associate | 2,853 | 4,036 |
| Profit / (loss) before taxation | 412,523 | (586,067) |
| Taxation - Current | (165,639) | (51,261) |
| - Deferred | (40,989) | 5,720 |
| | (206,628) | (45,541) |
| Profit / (loss) after taxation | 205,895 | (631,608) |
| | | |
| Earnings / (loss) per share - basic and diluted | Rs. 6.86 | Rs. (21.05) |

Farooq Rahmatullah Chairman



Condensed Interim Cash Flow Statement

for the first quarter ended September 30, 2007 (Unaudited)

| | Note | September 30, 2007 (Rupees i | September 30, 2006 n thousand) |
|--|------|--|--|
| CASH FLOW FROM OPERATING ACTIVITIES | | (1490001 | |
| Cash (used in) / generated from operations Mark-up paid Taxes paid Payments for defined benefit retirement plans Long-term loans and advances (net) Net cash (used in) / generated from operating activities CASH FLOW FROM INVESTING ACTIVITIES | 4 | 2,450,506 (1,989) (154,889) (1,793) (2,902) 2,288,933 | (3,680,314) (8,782) (160,357) (6,743) 206 (3,855,990) |
| Fixed capital expenditure Proceeds from sale of fixed assets Investment in associate Profit on deposits received Net cash used in investing activities CASH FLOW FROM FINANCING ACTIVITIES | | (43,027) - - 33,684 (9,343) | (104,355) 42 (213) 10,963 (93,563) |
| Dividend paid Net (decrease) / increase in cash and cash equivalents Cash and cash equivalents at the beginning of the period Cash and cash equivalents at the end of the period | 5 | (139) 2,279,451 1,698,277 3,977,728 | - (3,949,553) 2,334,027 (1,615,526) |

Farooq Rahmatullah Chairman



Condensed Interim Statement of Changes in Equity for the first quarter ended September 30, 2007 (Unaudited)

| | SHARE | RESERVES | | | SPECIAL | TOTAL | | | | | | |
|-----------------------------------|---------|---|-------------------------------------|-----------------------|-------------------------|---------|-----------|-----------|-----------------------|--|---------|--|
| | CAPITAL | CAP | TAL | REVE | REVENUE | | REVENUE | | REVENUE FAIR VALUE | | RESERVE | |
| | | Reserve for issue of bonus shares | Exchange Equalisation Reserve | General Ui Reserve | nappropriated Profit | | | | | | | |
| | | | | (Rupees in | thousand) | | | | | | | |
| Balance as at June 30, 2006 | 250,000 | - | 897 | 1,050 | 69,698 | 5,385 | 4,224,518 | 4,551,548 | | | | |
| Loss for the three months ended | | | | | | | | | | | | |
| September 30, 2006 | - | - | - | - | - | - | (631,608) | (631,608) | | | | |
| Issue of 1 bonus share for every | | | | | | | | | | | | |
| 5 shares held | - | 50,000 | - | - | (50,000) | - | - | - | | | | |
| Balance as at September 30, 2006 | 250,000 | 50,000 | 897 | 1,050 | 19,698 | 5,385 | 3,592,910 | 3,919,940 | | | | |
| Balance as at June 30,2007 | 300,000 | - | 897 | 1,050 | 119,698 | 8,106 | 4,375,332 | 4,805,083 | | | | |
| Final dividend for the year ended | | | | | | | | | | | | |
| June 30, 2007 @ 3.33 per share | - | - | - | - | (100,000) | - | - | (100,000) | | | | |
| Profit for the three months ended | | | | | | | | | | | | |
| September 30, 2007 | - | - | - | - | 205,895 | - | - | 205,895 | | | | |
| Change in fair value reserve on | | | | | | | | | | | | |
| account of available for sale | | | | | | | | | | | | |
| investments of associate | - | - | - | - | - | (2,109) | - | (2,109) | | | | |
| Balance as at September 30, 2007 | 300,000 | | 897 | 1,050 | 225,593 | 5,997 | 4,375,332 | 4,908,869 | | | | |

Farooq Rahmatullah Chairman



for the first quarter ended September 30, 2007 (Unaudited)

I. THE COMPANY AND ITS OPERATIONS

Pakistan Refinery Limited was incorporated in Pakistan as a public limited company in May1960 and is quoted on Karachi and Lahore Stock Exchanges. The address of its registered office is Korangi Creek Road, Karachi. The Company is engaged in the production and sale of petroleum products.

2. BASIS OF PREPARATION

- 2.1 These condensed interim financial statements have been prepared in accordance with the requirements of International Accounting Standard (IAS) 34, Interim Financial Reporting and are being submitted to the shareholders as required by section 245 of the Companies Ordinance, 1984 and the listing regulations of the Karachi and Lahore Stock Exchanges.
- 2.2 The accounting policies and methods of computation adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Company for the year ended June 30, 2007.
- 2.3 The Refineries were operating till June 30, 2002 under the 1992 Import Parity Pricing formula whereby the rate of return on paid-up capital was limited to a range of 10 to 40%. The price fixation of products under the above formula was handled by the Government until it was handed over to Oil Companies Advisory Committee with certain amendments from July 1, 2001 up to March 31, 2006. Subsequently under a directive from the Government, prices are now notified by Oil and Gas Regulatory Authority.

The formula was further amended, effective July I, 2002, for certain refineries including the Company when the capping of 10% to 40% was removed. Under the new tariff protection formula the concerned refineries have been allowed to charge a deemed duty on some of their products enabling them to run their operations on a self-financing basis. After tax profit for a year above 50% of the paid-up capital as at the date of applicability of the tariff protection formula i.e. July 1, 2002, is to be transferred to a "Special Reserve Account" to offset against future losses or to make investments for expansion or upgradation of the respective refineries and is therefore not available for distribution.

3. FIXED ASSETS

Following are the major additions to fixed assets during the period:

| | September 30, 2007 | September 30, 2006 |
|--|-----------------------|-----------------------|
| | (Rupees i | n thousand) |
| Processing plant, pipelines, power generation, transmission and distribution | - | 17,032 |
| Equipment including furniture | 4,323 | 4,986 |
| Vehicles and other automotive equipment | - | 2,260 |
| | 4,323 | 24,278 |

Notes to the Condensed Interim Financial Statements

for the first quarter ended September 30, 2007 (Unaudited)

| | | September 30, 2007 | September 30, 2006 |
|-----|---|-----------------------|-----------------------|
| | | | in thousand) |
| 4. | CASH FLOW FROM OPERATING ACTIVITIES | | |
| | Profit/(loss) before taxation | 412,523 | (586,067) |
| | Adjustments for non-cash charges and other items: | | |
| | Depreciation | 39,645 | 28,923 |
| | Gain on disposal of property, plant and equipment | - | (42) |
| | Profit on deposits | (30,458) | (12,612) |
| | Share of income of associate | (2,854) | (4,036) |
| | Mark-up expense | 701 | 7,740 |
| | Provision for defined benefit retirement plans | 2,737 | 5,708 |
| | Working capital changes - Note 4.1 | 2,028,212 | (3,119,928) |
| | Cash (used in) generated from operations | 2,450,506 | (3,680,314) |
| 4.1 | Working capital changes | | |
| | (Increase) / Decrease in current assets | | |
| | Stores, spares and chemicals | (3,360) | 61,150 |
| | Stock-in-trade | (123,307) | (702,745) |
| | Trade debts | (199,827) | (552,003) |
| | Loans and advances | (3,374) | 3,262 |
| | Trade deposits and short-term prepayments | 7,422 | 10,280 |
| | Other receivables | 5,075 | 29 |
| | Tax refunds due from Government - Sales Tax | (13,439) | (216,984) |
| | Investments at fair value through profit and loss | - | (2,390) |
| | | (330,810) | (1,399,401) |
| | Increase/(Decrease) in trade and other payables | 2,359,022 | (1,720,527) |
| | | 2,028,212 | (3,119,928) |
| | | | |
| 5. | CASH AND CASH EQUIVALENTS | | |
| | Cash and bank balances | 3,977,728 | 422,152 |
| | Short-term running finance | | (2,037,678) |
| | | 3,977,728 | (1,615,526) |

for the first quarter ended September 30, 2007 (Unaudited)

6. TRANSACTIONS WITH RELATED PARTIES

Significant related party transactions are:

| | | | Transactions during the period | |
|-------------------------------------|--|-----------------------|-----------------------------------|--|
| Relationship | Nature of transaction | September 30, 2007 | September 30, 2006 | |
| | | (Rupees | in thousand) | |
| Associated compa | | | 0 207 252 | |
| | Sale of goods Sale of services | 15,145,269 685 | 8,287,353 349 | |
| | Purchase of goods and services | - | 3,623 | |
| Key management e | employees compensation: | | | |
| Salaries and othe Post-employmer | er short-term employee benefits nt benefits | 3,794 ,524 | ,388 ,470 | |

7. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The carrying amount of the financial assets and liabilities approximate their fair value.

8. CORRESPONDING FIGURES

Prior period's figures have been rearranged for the purpose of comparison.

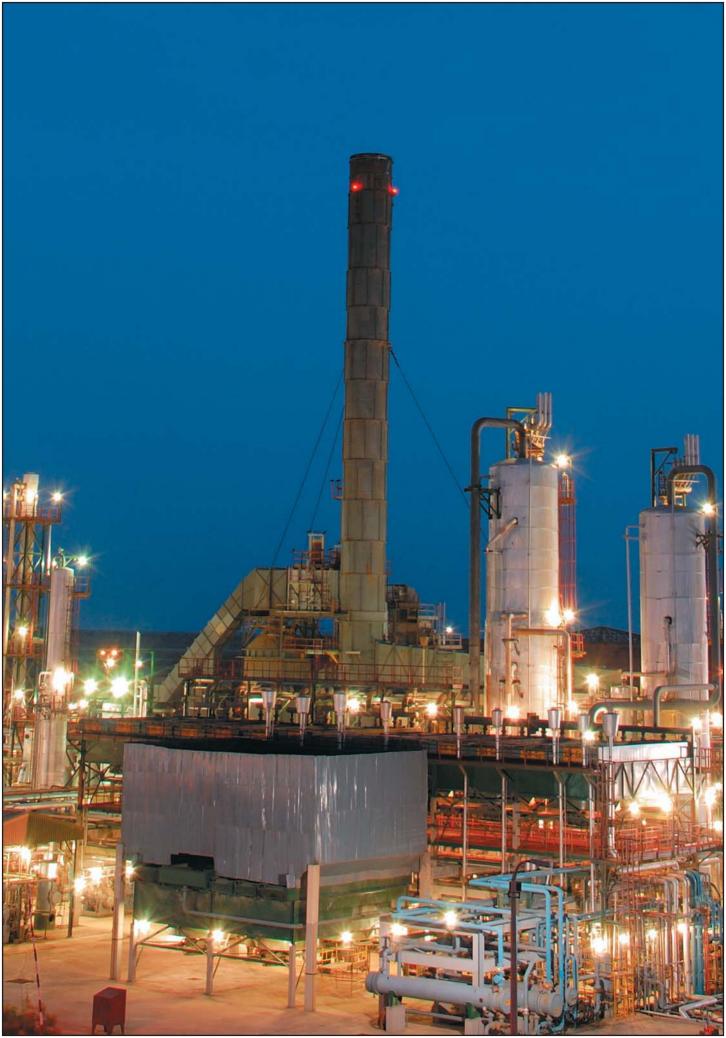
For the purpose of calculation of earnings per share, number of ordinary shares outstanding at September 30, 2006 has been increased to reflect the bonus shares issued during the period.

9. DATE OF AUTHORISATION

These condensed interim financial statements were authorised for issue on October 26, 2007 by the Board of Directors of the Company.

Farooq Rahmatullah Chairman







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