

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.



Farooq Rahmatullah
Chairman



Zafar Haleem
Chief Executive

Karachi: October 26, 2007