



**Attock**



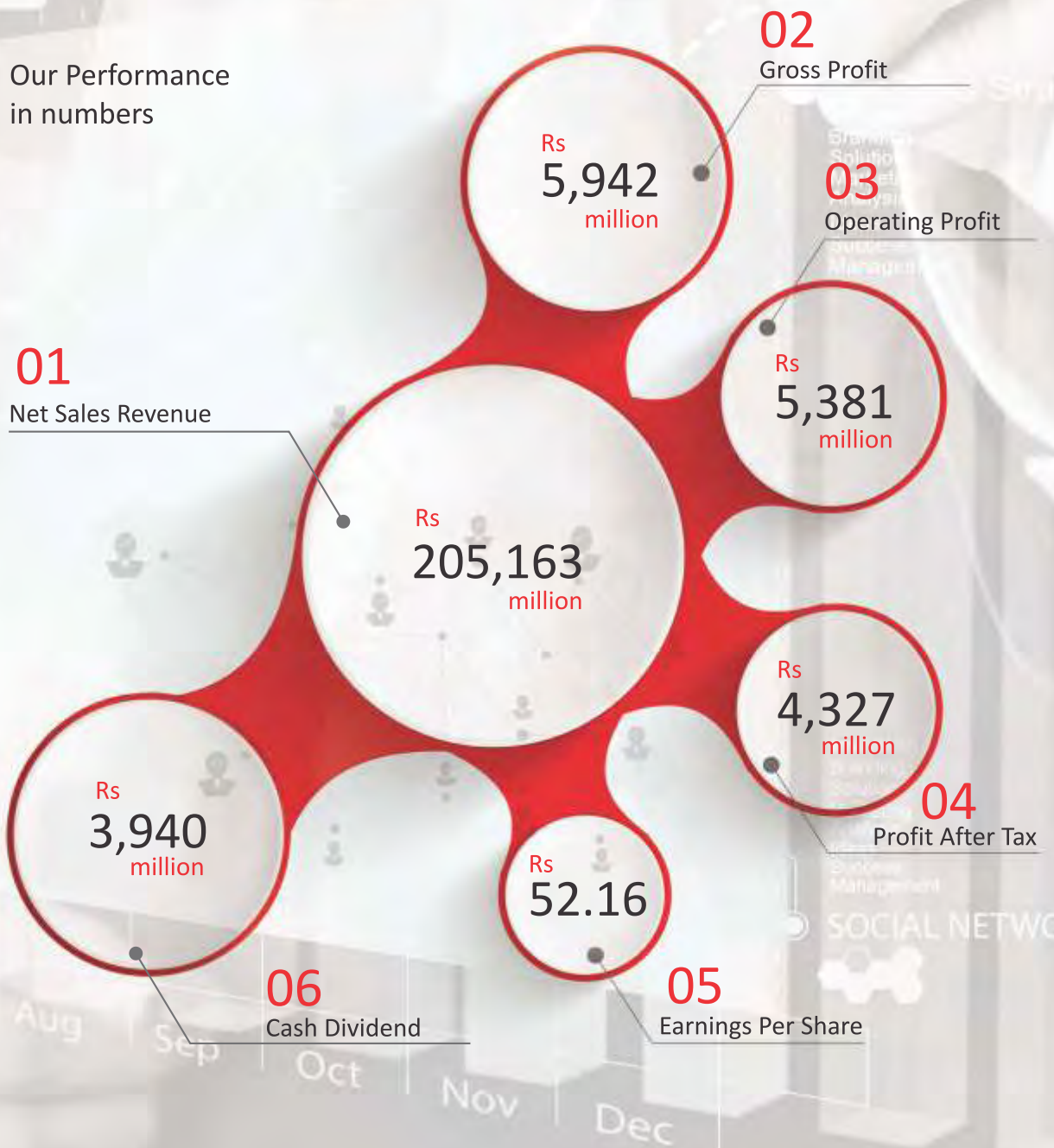
Success is a Journey, not a Destination

**Attock  
Petroleum  
Limited**

**2014**  
Annual Report

# Financial Highlights

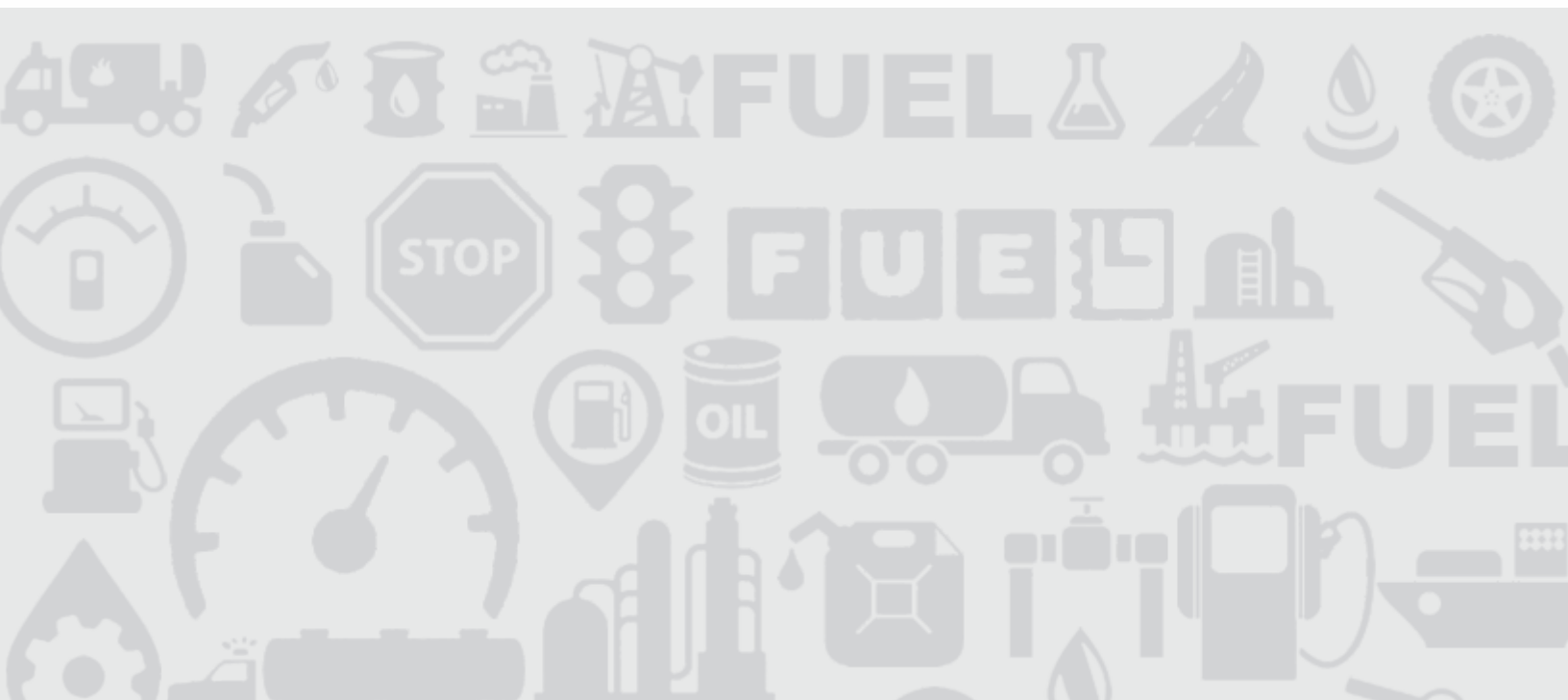
Our Performance  
in numbers





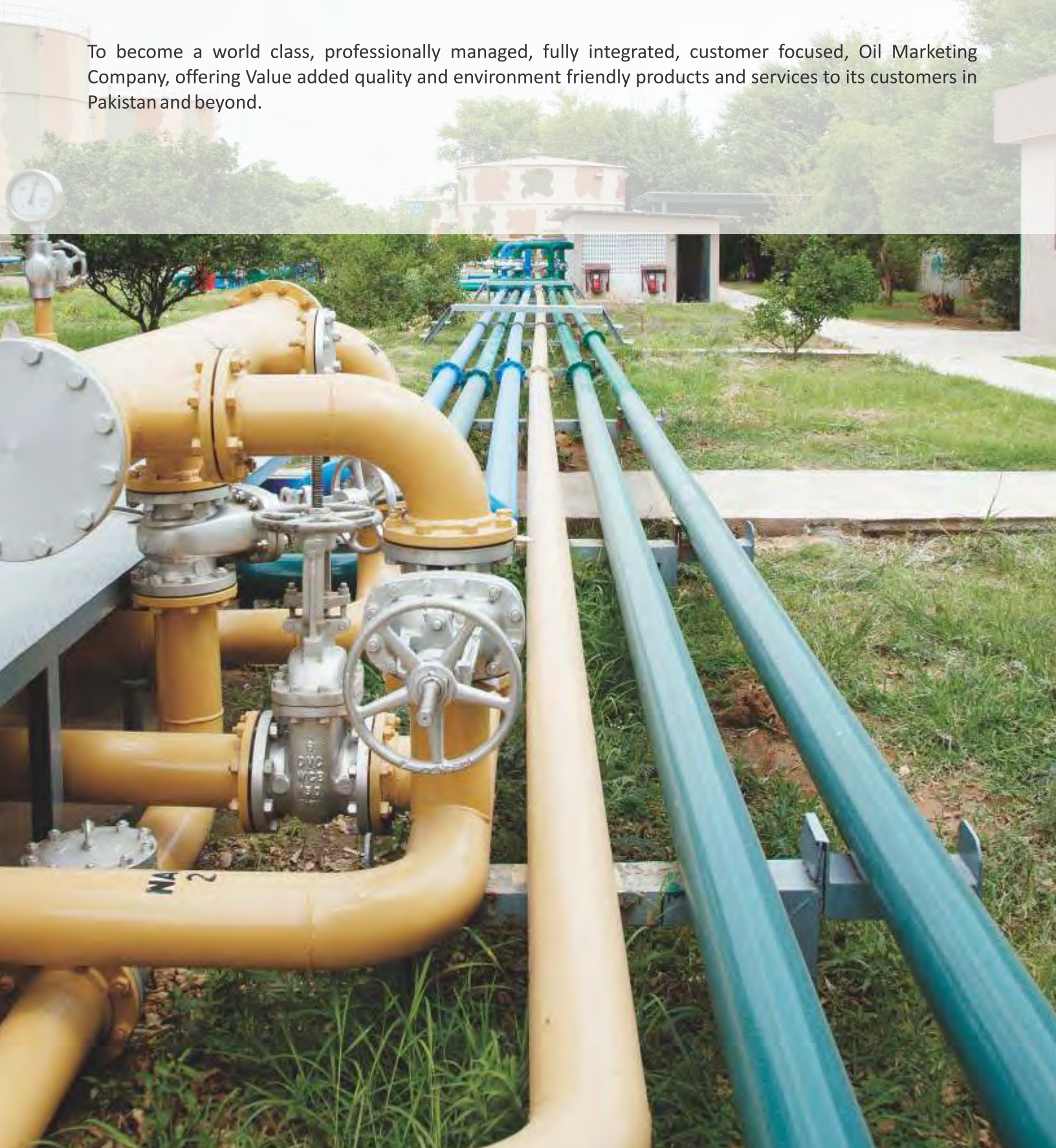
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# Our Vision

To become a world class, professionally managed, fully integrated, customer focused, Oil Marketing Company, offering Value added quality and environment friendly products and services to its customers in Pakistan and beyond.







## Our Mission

To continuously provide quality and environment friendly petroleum products and related services to industrial, commercial and retail consumers, and exceeding their expectations through reliability, economy and quality of products and services. We are committed to benefiting the community and ensuring the creation of a safe, responsible and innovative environment geared to client satisfaction, end user gratification, employees' motivation and shareholders value.



*Delivering on  
our Potential*



## Core Values

### Ethical Principles and Moral Values

We promote a commitment to the highest moral values and ethical principles, demanding both personal and professional dedication towards the realization of these values and principles.

### Commitment and Cooperation

Two core fundamentals for the success of any business are complete employee commitment and cooperation. At APL we foster an environment of solid teamwork and professionalism to ensure that our employees engage in both personal and professional development.

### Environment Consciousness

We believe that it is our responsibility to

safeguard our natural resources for future generations and actively engage in environment friendly practices, policies and management techniques.

### Corporate Social Citizenship

We strongly believe in the promotion of societal well-being and awareness within ones community, actively engaging in activities and initiatives to meet this objective.

### Maximum Stakeholder Return

Through our streamlined business processes and commitment to total quality management we seek to ensure maximum company performance and rewards for shareholders and stakeholders alike.





## Corporate Strategy

To enable APL to attain new heights of success through investment in human capital, implementation of lean production methods and a commitment to Total Quality and Environment Management, we plan, with the help of Almighty Allah, to further expand our existing retail network and penetrate untapped markets with pro-active measures and effective planning, implementation and execution.

Our objective is to successfully deliver premium quality products and services, which will translate

into maximum customer satisfaction. Beyond the technical excellence of our products, we intend to set an example in all dimensions of our entrepreneurial activities. We see ourselves committed to the self-defined models of economic, social and ecological responsibility, which means not only economic success but also conscientious interaction with our employees, people and the environment.

# Clean Oil



## Quality Policy Statement

To further enhance its commitment towards Quality, APL management has set the following quality objectives:

- 1 The primary objective of the Quality Management System is to ensure conformance to product specifications of all goods shipped to customers.
- 2 Clearly identify and understand our internal and external customers stated and hidden needs, to develop a way of working to meet and exceed the expectations of customers.
- 3 Provide confidence to management, our employees, clients, and stakeholders that the requirements for quality are being fulfilled and maintained and that quality improvement is continuously taking place.



# Clean Engine



- 4 To develop measurement techniques to gauge performance for improving effectiveness of our services, operations and quality management system.
- 5 Fulfill all quality system requirements stated in our Quality Manual, including the requirements of ISO 9001:2000.
- 6 To be a trustworthy and leading oil marketing

organization for providing consistent high quality products and services in the market.

With this vision we want to create a culture of continuous quality improvement at APL.





# Code of Conduct

*Working Together...  
For a Sustainable Future*

Attock Petroleum Limited has committed itself to conduct its business in an honest, ethical and legal manner. The Company wants to be seen as a role model in the community by its conduct and business practices. All this depends on the Company's personnel, as they are the ones who are at the forefront of Company's affairs with the outside world. Every member of the Company has to be familiar with his / her obligations in this regard and has to conduct him / her accordingly.

This statement in general is in accordance with Company goals and principles that must be interpreted and applied within the framework of laws and customs in which the Company operates. This code will be obligatory for each director and employee to adhere to.

## **1. Respect, Honesty and Integrity**

Directors and employees are expected to exercise honesty, objectivity and due diligence in the performance of their duties and responsibilities. They are also directed to perform their work with due professionalism.

## **2. Compliance with Laws, Rules and Regulations**

The Company is committed to comply, and take all reasonable actions for compliance, with all applicable laws, rules and regulations of state or local jurisdiction in which the Company conducts business. Every director and employee, no matter what position he or she holds, is responsible for ensuring compliance with applicable laws.

## **3. Full and Fair Disclosure**

Directors and employees are expected to help the Company in making full, fair, accurate, timely, and understandable disclosure, in compliance with all applicable laws and regulations, in all reports and documents that the Company files with, furnishes to or otherwise submits to, any governmental authorities in the applicable jurisdiction, and in all other public communications made by the Company. Employees or directors who have complaints or concerns regarding accounting, financial reporting, internal accounting control or auditing matters are expected to report such complaints or concerns in accordance with the procedures established by the Company's Board of Directors.

#### 4. Prevent Conflict of Interest

Directors and employees, irrespective of their function, grade or standing, must avoid conflict of interest situations between their direct or indirect (including members of immediate family) personal interests and the interest of the Company.

Employees must notify their direct supervisor of any actual or potential conflict of interest situation and obtain a written ruling as to their individual case. In case of directors, such ruling can only be given by the Board, and will be disclosed to the shareholders.

#### 5. Trading in Company Shares

Trading by directors and employees in the Company shares is possible only in accordance with the more detailed guidelines issued from time to time by corporate management in accordance with applicable laws.

#### 6. Inside Information

Directors and employees may become aware of information about Company that has not been made public. The use of such non-public or “inside” information about the Company other than in the normal performance of one's work, profession or position is unethical and may also be a

violation of law.

Directors and employees becoming aware of information which might be price sensitive with respect to the Company's shares have to make sure that such information is treated strictly confidential and not disclosed to any colleagues or to third parties other than on a strict need-to-know basis.

Potentially price sensitive information pertaining to shares must be brought promptly to the attention of the management, who will deliberate on the need for public disclosure. Only the Management will decide on such disclosure. In case of doubt, seek contact with the CFO.

#### 7. Media Relations and Disclosures

To protect commercially sensitive information, financial details released to the media should never exceed the level of detail provided in quarterly and annual reports or official statements issued at the presentation of these figures. As regards topics such as financial performance, acquisitions, divestments, joint ventures and major investments, no information should be released to the press without prior consultation with the Management. Employees should not make statements

that might make third parties capable of “insider trading” on the stock market.

#### 8. Corporate Opportunities

Directors and Employees are expected not to:

- a) take personal use of opportunities that are discovered through the use of Company property, information or position.
- b) use Company property, information, or position for personal gains.

Directors and employees are expected to put aside their personal interests in favor of the Company interests.

#### 9. Competition and Fair Dealing

The Company seeks to outperform its competition fairly and honestly. Stealing proprietary information, possessing trade secret information that was obtained without the owner's consent, or inducing such disclosures by past or present employees of other companies is prohibited. Each director and employee is expected to deal fairly with Company's customers, suppliers, competitors, and other employees. No one is to take unfair advantage of anyone through manipulation, abuse of privileged information, or any other unfair practice.

The Company is committed to selling its products and services honestly and will not pursue any activity that requires to act unlawfully or in violation of this Code.

Bribes, kickbacks, and other improper payments shall not be made on behalf of the Company in connection with any of its businesses. However, tip, gratuity or hospitality may be offered if such act is customary and is not illegal under applicable law. Any commission payment should be justified by a clear and traceable service rendered to the Company. The remuneration of agents, distributors and commissioners cannot exceed normal business rates and practices. All such expenses should be reported and recorded in the Company's book of accounts.

**10. Equal Employment Opportunity**

The Company believes in providing equal opportunity to everyone around. The Company laws in this regard have to be complied with and no discrimination upon race, religion, age, national origin, gender, or disability is acceptable. No harassment or discrimination of any kind will be tolerated; directors and employees need to adhere standards with regard to child labor and forced labor.



*Building Our Capabilities*



*Optimizing Our Process and*



*Shaping Our Business*



### 11. Work Environment

All employees are to be treated with respect. The Company is highly committed to providing its employees and directors with a safe, healthy and open work environment, free from harassment, intimidation, or personal behavior not conducive to a productive work climate. In response the Company expects consummate employee allegiance to the Company and due diligence in his job.

The Company also encourages constructive reasonable criticism by the employees of the management and its policies. Such an atmosphere can only be encouraged in an environment free from any prospects of retaliation due to the expression of honest opinion.

### 12. Protect Health, Safety and Security

The Company intends to provide each director and employee with a safe work environment and comply with all applicable health and safety laws. Employees and directors should avoid violence and threatening behavior and report to work in fair condition to perform their duties.

### 13. Record Keeping

The Company is committed to

compliance with all applicable laws and regulations that require the Company to maintain proper records and accounts which accurately and fairly reflect the Company's transactions. It is essential that all transactions be recorded and described truthfully, timely and accurately on the Company's books. No false, artificial or misleading transactions or entries shall be reflected or made in the books or records of the Company for any reason.

Records must always be retained or destroyed according to the Company's record retention policies.

### 14. Protection of Privacy and Confidentiality

All directors and employees, both during and after their employment, must respect the exclusivity and trade secrets of the Company, its customers, suppliers and other colleagues and may not disclose any such information unless the individual or firm owning the information properly authorizes the release or disclosure.

All the Company's assets (processes, data, designs, etc) are considered as certified information of the Company. Any disclosure will be considered as grounds, not only for termination of

services/employment, but also for criminal prosecution, legal action or other legal remedies available during or after employment with the Company to recover the damages and losses sustained.

### 15. Protection and Proper use of Company Assets / Data

Each director and employee is expected to be the guardian of the Company's assets and should ensure its efficient use. Theft, carelessness and waste have a direct and negative impact on the Company's profitability. All the Company assets should be used for legitimate business purposes only.

The use, directly or indirectly, of Company funds for political contributions to any organization or to any candidate for public office is strictly prohibited.

Corporate funds and assets will be utilized solely for lawful and proper purposes in line with the Company's objectives.

### 16. Gift Receiving

Directors and employees will not accept gifts or favors from existing or potential customers, vendors or anyone doing or seeking to do business with the Company.

However, this does not



preclude giving or receiving gifts or entertainment which are customary and proper in the circumstances, provided that no obligation could be, or be perceived to be, expected in connection with the gifts or entertainment.

### 17. Communication

All communications, whether internal or external, should be accurate, forthright and where ever required, confidential. The Company is committed to conduct business in an open and honest manner and provide open communication channels that encourage candid dialogue relative to employee concerns. The Company strongly believes in a clean desk policy, and expects its employees to adhere to it not only for neatness but also security purposes.

### 18. Employee Retention

High quality employee's attraction and retention is very important. The Company will offer competitive packages to the deserving candidates. The Company strongly believes in personnel development and employee-training programs are arranged regularly.

### 19. Internet use / Information Technology

As a general rule, all Information Technology related resources and facilities are

provided only for internal use and/or business-related matters. Information Technology facilities which have been provided to employees should never be used for personal gain or profit, should not be misused during work time, and remain the property of the Company. Disclosure or dissemination of confidential or proprietary information regarding the Company, its products, or its customers outside the official communication structures is strictly prohibited.

### 20. Compliance with Business Travel Policies

The safety of employees while on a business trip is of vital importance to the Company. The Company encourages the traveler and his/her supervisor to exercise good judgment when determining whether travel to a high-risk area is necessary and is for the Company's business purposes.

It is not permitted to combine business trips with a vacation or to take along spouse, relative or friend without the prior written authorization from Management.

### 21. Compliance

It is the responsibility of each director and employee to comply with this code. Failure to do so will result in appropriate disciplinary action,

including possible warning issuance, suspension, and termination of employment, legal action and reimbursement to the Company for any losses or damages resulting from such violation. Compliance also includes the responsibility to promptly report any apparent violation of the provisions of this code.

Any person meeting with difficulties in the application of this code should refer to the management.









# Environment, Health & Safety Policy

Attock Petroleum Limited's overriding objective is to ensure that none of our activities harm our employees, the public or the environment.

In order to achieve this objective...

We embrace a comprehensive policy on the Environment, Safety and Health that includes:-

1. We consider that none of our activities are more important than health and safety of any individual or protection of environment.
2. As a minimum we will comply with all relevant legislation and any other requirements to which we subscribe.
3. We will encourage a proactive safety culture and ensure that each employee is trained, experienced and competent to perform his or her duties.
4. We will strive to remove all causes of accidents and events and to minimize the consequences of such if they occur.
5. We will ensure that all our operations are performed, and seen to be performed safely.
6. We will strive to continually improve performances in all areas of EHS performance and priorities on the basis of risk.
7. We will apply our EHS policy, standards, objectives and targets to our Retail Outlets, Distributors, Dealers and Contractors.



## Chairman's Review

It is indeed a great pleasure to welcome you to the 19<sup>th</sup> Annual General Meeting of the Company and to present Company's annual report and audited financial statements for the year ended June 30, 2014.

The world is still recovering from the effects of the 2008-2009 global recession. As these effects continue to be felt, many unresolved economic issues add to the uncertainty associated with this year's long-term assessment of world energy markets. Currently, there is wide variation in the economic performance of different countries and regions around the world. The pace of growth is slow. In the United States and Europe, short and long-term debt issues remain largely unresolved and are key sources of uncertainty for future growth. Economic recovery in the United States has been weaker than the recoveries from past recessions, although expansion is continuing. In contrast, many European countries fell back into recession in 2012 and the region's economic performance has continued to lag. In contrast to these nations, Asia led the global recovery from the 2008-2009 recession. China and India have been among the world's fastest growing economies for the past two decades. Although economic growth in the two countries remained strong through the global recession, both slowed in 2013 to rates much lower than analysts had predicted. Despite all these odds in 2013-14 energy demand grew modestly whilst commodity prices remained broadly stable.

At national level, Pakistan's economy continued to witness tough fiscal challenges and instability, suffering from the consequences of a number of factors like excessive power and gas shortages, issue of mounting circular debt, unstable law and order situation, increased prices of petroleum products, growing unemployment and income

disparities. However, a comprehensive agenda of reforms is highly focused on inclusive growth and to reinvigorate the economy.

Despite these challenges, your Company continued to perform strongly in 2013-14 and made significant progress, delivering on its strategy in the face of the prevailing uncertain global and national economic conditions and managed to increase its sales volume by 19% resulting in increase in market share to 10.1% from 9.3% of last year due to its targeted and proactive marketing strategy, whereas the overall oil industry's volume grew by only 9%. This is reflection of our commitment and focus on operational excellence, financial discipline, risk management and principles of good corporate governance.

Your Company once again with better directions and focused strategy succeeded in adding values driven by a strong operational performance, efficient product mix optimization and inventory and portfolio management. During the year, the Company increased its net sales revenue by 25% to Rs 205,163 million (2012-13: Rs 164,710 million). However, tough market conditions which resulted in reduced margins and increased cost of doing business together with other challenges mentioned above resulted in increase in net profitability by 11% to Rs 4,327 million (2012-13: Rs 3,907 million) and translated into earnings per share of Rs 52.16 (2012-13: Rs 47.10). Further, as part of a fully integrated energy group with no gearing and strong cash flows, we have the financial strength to weather economic crises.

Your Company is particularly careful in handling its financial resources to ensure that not only we have means to proceed with major investment projects but also promise sustainable value





growth. This approach will set us apart from our competitors and enable us to remain an attractive Company for all the stakeholders. We want to do business sustainably, as well as being commercially successful. This means minimizing the potential social and environmental impact of our activities.

I wish to place on record my appreciation and gratitude for the support received by the Company from the Ministry of Petroleum & Natural Resources and other Government organizations, suppliers, customers and

contractors. I would also like to thank you, our shareholders, for your confidence and trust in the Company and our Board of Directors and employees for their untiring endeavors and contribution that have made our success to date possible.

A handwritten signature in black ink, appearing to read 'Ghaith R. Pharaon'.

Dr. Ghaith R. Pharaon  
Chairman

Beirut, Lebanon.  
August 14, 2014



# Board of Directors



**Mr. Laith G. Pharaon**  
Non Executive Director



**Dr. Ghaith R. Pharaon**  
Chairman  
Non Executive Director



**Mr. Wael G. Pharaon**  
Non Executive Director



**Mr. Abdus Sattar**  
Independent Non Executive Director



**Mr. Shuaib A. Malik**  
Chief Executive Officer & Alternate Director  
to Dr. Ghaith R. Pharaon  
Executive Director



**Mr. Babar Bashir Nawaz**  
Non Executive Director



**Mr. M. Adil Khattak**  
Non Executive Director



**Mr. Iqbal A. Khwaja**  
Alternate Director to Mr. Laith G. Pharaon  
Non Executive Director



**Mr. Rehmat Ullah Bardaie**  
Company Secretary & Alternate Director  
to Mr. Wael G. Pharaon  
Executive Director



# Board Committees and Corporate Information

## Board Audit Committee

- |    |  |          |
|----|--|----------|
| 1. | Mr. Abdus Sattar   | Chairman |
| 2. | Mr. Babar Bashir Nawaz   | Member   |
| 3. | Mr. Iqbal A. Khwaja<br>(Alternate director to<br>Mr. Laith G. Pharaon) | Member   |

## Human Resource & Remuneration Committee

- |    |                        |          |
|----|------------------------|----------|
| 1. | Mr. Babar Bashir Nawaz | Chairman |
| 2. | Mr. Shuaib A. Malik    | Member   |
| 3. | Mr. M. Adil Khattak    | Member   |

## Auditors

A. F. Ferguson & Co.  
Chartered Accountants, Islamabad.

## Registered Office

Attock House, Morgah, Rawalpindi.

## Legal Advisor

Ali Sibtain Fazli Associates  
Mall Mansion, 30-The Mall, Lahore.

## Share Registrar

THK Associates (Pvt.) Limited  
2<sup>nd</sup> Floor, State Life Building-3  
Dr. Ziauddin Ahmed Road, Karachi.  
Tel: +92-21-111-000-322  
Fax: +92-21-35655595

## Bankers

Allied Bank Limited  
Askari Bank Limited  
Bank Alfalah Limited  
Faysal Bank Limited  
Habib Bank Limited  
MCB Bank Limited  
NIB Bank Limited  
National Bank of Pakistan  
The Bank of Khyber  
The Bank of Punjab  
The Bank of Tokyo Mitsubishi  
United Bank Limited

## Correspondence Address

Attock House, Morgah  
Rawalpindi, Pakistan.  
Tel: +92-51-5127250-54  
Fax: +92-51-5127272  
Email: [contact@apl.com.pk](mailto:contact@apl.com.pk)  
Website: [www.apl.com.pk](http://www.apl.com.pk)





## Board Committees and their terms of reference

### Board Committees

The management is committed to follow the principles of good Corporate Governance and being a responsible corporate entity it believes in transparency of system for effective monitoring and to enhance governance process. Keeping in view the requirements of new Code of Corporate Governance issued on 10th April, 2012 the Board has revised the terms of reference of Audit Committee and established Human Resource and Remuneration Committee. The following Board Committees have been

formed to assist the Board in fulfilling its responsibilities.

### Audit Committee

The Audit Committee reviews the financial and internal reporting processes, the system of internal control, management of risk and the internal and external audit processes. The Audit Committee ensures that the Company has a sound system of internal financial and operational controls. It assists the Board in discharge of its fiduciary responsibilities. The Audit Committee reviews the periodical statement of the

Company before their respective presentation to the Board and ensures implementation of relevant controls for the integrity of the information. The Committee recommends to the Board of Directors the appointment of external auditors and discusses major observations with the external auditors arising from interim review and final audit. In doing so, Committee also reviews the management letter issued by the external auditors and management's response thereto. The Committee also goes through the legal matters which may significantly impact

the financial statements and ensure compliance with relevant statutory requirements. Besides this, monitoring compliance with the best practices of corporate governance, investigating any violations thereof and ensuring coordination between internal and external auditors are also the main responsibilities of the Audit Committee.

#### **Human Resource & Remuneration Committee**

The Board has established Human Resource and Remuneration Committee which is responsible for recommending human resource management policies.

The Committee is also responsible for recommending the selection, evaluation, compensation (including retirement benefits) of key management personnel and for consideration and approval on recommendations of Chief Executive Officer on such matters for key management positions who report directly to Chief Executive Officer.

#### **Budget Committee**

The Committee comprises of three directors and their responsibility is to assist the Board in formulating the annual budget and forecasts and reviewing analysis of actual performance with those

budgeted/forecasted. The Committee also keeps an eye on the developments and trends in the industry to assist the Board in planning for future capital intensive investments and growth of the Company.

#### **Share Transfer Committee**

The Committee consists of three directors and is responsible for dealing with matters relating to the shares of the Company like transfers, issuance of new shares and related legal and regulatory requirements.

## Management Committees

#### **Executive Committee**

Consist of all departmental heads and chaired by the CEO, they meet regularly to coordinate the activities, accomplishments and other pertinent issues.

#### **Retail Outlet Development Committee**

Responsible for recommending proposals for setting up retail outlets and reviewing progress.

#### **Budget Committee**

Reviews and recommends the annual budget proposals and discusses deviations with the departmental heads.

#### **Information Technology Committee**

Responsible for automation of process and system in line with latest technology and developments.

#### **Pricing Committee**

Reviews and recommends the pricing of deregulated products on regular intervals.

#### **Safety And Technical Committee**

Reviews and monitors, the safety, health and environment matters for safe operations and better environment and matters relating to technological problems and operational risks affecting the business.



# DIRECTORS' REPORT



**Mr. Shuaib A. Malik**  
Chief Executive Officer

The Board of Directors of Attock Petroleum Limited (APL) takes great pleasure in presenting the annual report on the performance, position and progress of the Company together with the audited financial statements for the year ended June 30, 2014.

## NATURE OF BUSINESS

Belonging to the only fully integrated Attock Oil Group in Pakistan, Attock Petroleum Limited is engaged in the downstream petroleum sector business since 1997-98. Being an oil marketing company, APL is dealing in a wide range of petroleum products to serve the local and international clientele. APL markets and supplies fuels to manufacturing industry, armed forces, power

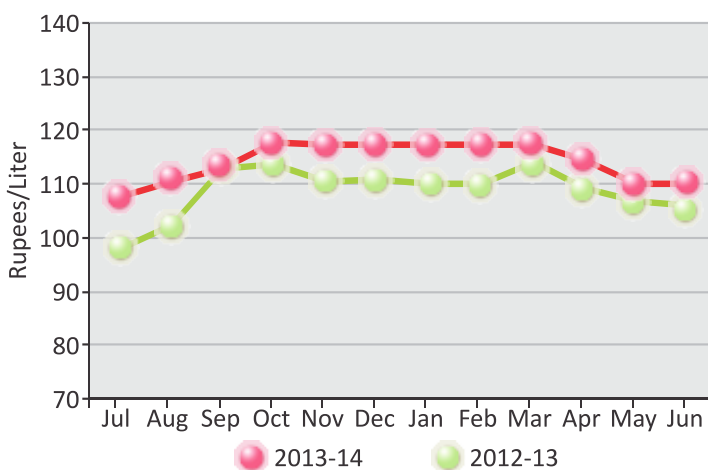
producers, government/semi-government entities, agricultural customers and retail outlets etc. APL also offers a range of lubricants which includes both automotive and industrial grades blended with base oils and additives. The oil industry operates under the regulations framed by the Government of Pakistan (GoP) through Ministry of Petroleum and Natural Resources (MP&NR) and Oil and Gas Regulatory Authority (OGRA). OGRA regulates prices of some of the petroleum products whereas prices of other products are deregulated and announced by the Company as per its own internal mechanism.

## MANAGEMENT OBJECTIVES AND STRATEGIES

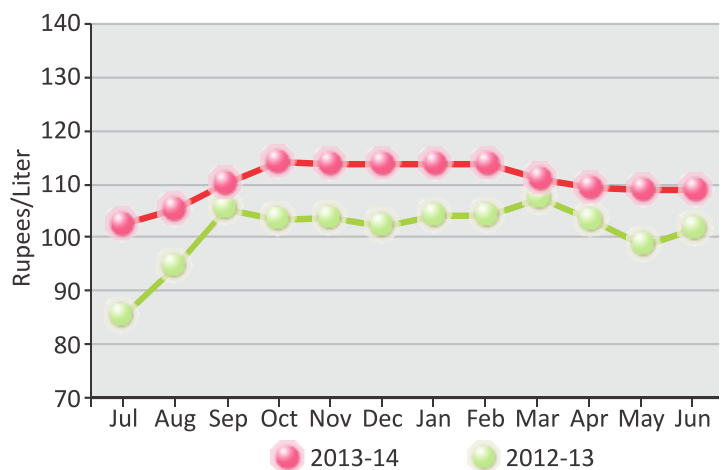
The Objectives of the Company are prioritized and strategies are formulated to translate the weaknesses to become strengths and threats into opportunities. Long term goals can only be achieved by converting vision into strategies. The management strongly adheres to follow its vision to become a world-class, professionally managed, fully integrated, customer focused oil marketing company providing quality products to industrial, commercial and retail consumers and benefitting the community, meeting end user gratification and coming up to the expectation of stakeholders.

### PRICE TREND ANALYSIS

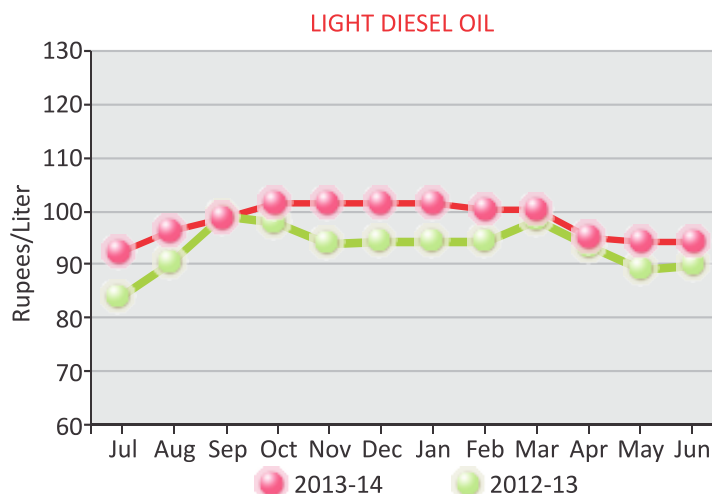
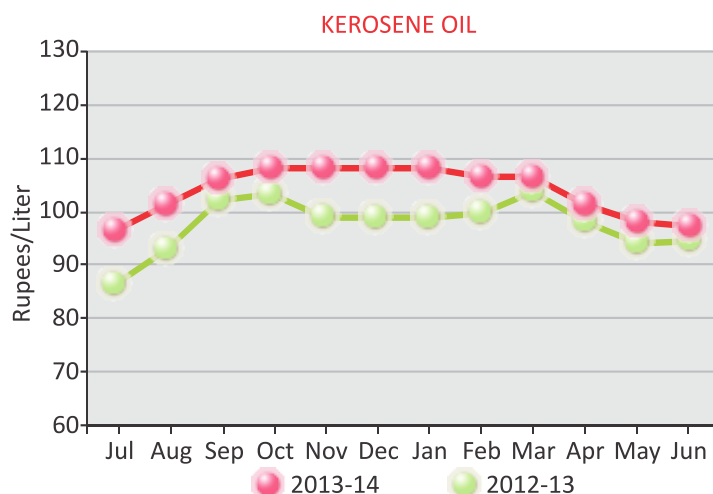
HIGH SPEED DIESEL



PREMIER MOTOR GASOLINE







## FINANCIAL PERFORMANCE

Rigorous execution of our business model delivers a year of good results and progress. We rely on our long term commitments to improve operational excellence, invest with discipline and drive technological leadership in resource development to see

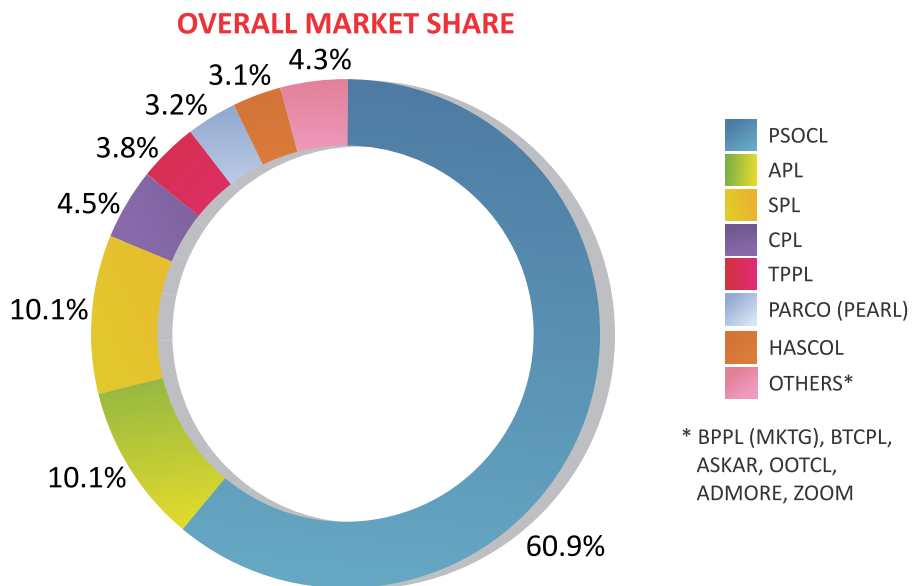
ourselves through pivotal periods of Company history. During the year under consideration we continued our progress on a number of fronts keeping in view the goal of strengthening the Company.

For the year 2013-14, the Company reported net sales revenue of Rs 205,163 million, representing 25% increase over last year (2012-13: Rs 164,710

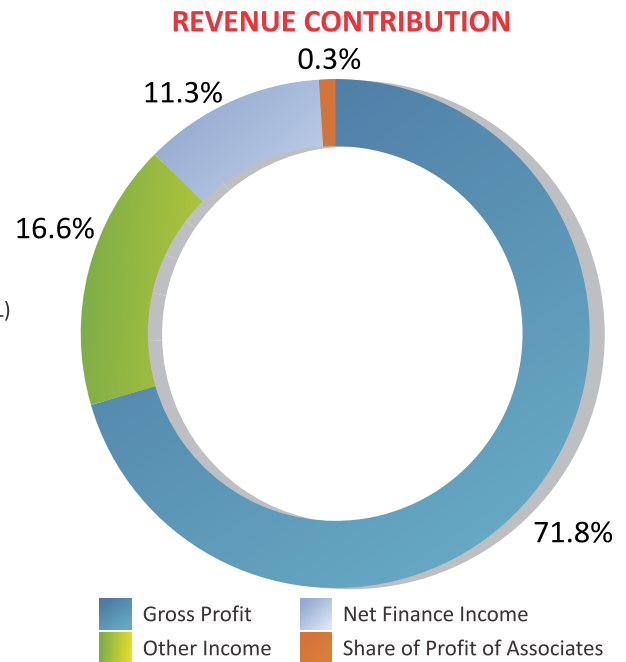
million). This was the result of increase in volumes sold and higher international oil prices. However, stiff competition led to significant increase in operating cost in order to increase market share. Accordingly, the Company earned profit after tax of Rs 4,327 million (2012-13: Rs 3,907 million) and earnings per share of Rs 52.16 (2012-13: Rs 47.10).

Financial results and appropriations for the year ended June 30, 2014 have been summarized below:

	Rs. in Million
Profit before taxation	5,907
Less: Provision for taxation	1,580
<b>Profit after taxation</b>	<b>4,327</b>
Add: Balance as at June 30, 2013	13,267
Less: Other comprehensive loss for the year	(9)
Profit available for appropriation	17,585
Appropriations during the year:	
Transfer to special reserve by associated companies	11
Final cash dividend for the year 2012-13 @ 450% (Rs 45/- per share of Rs 10/- each)	3,110
Transfer to reserve for issue of bonus shares in the proportion of one share for every five shares held i.e., 20%.	138
Interim cash dividend for the year 2013-14 @ 175% (Rs 17.50 per share of Rs 10/- each)	1,452
	4,711
<b>Balance as at June 30, 2014</b>	<b>12,874</b>
Subsequent Effects:	
Final cash dividend for the year 2013-14 @ 300% (Rs 30/- per share of Rs 10/- each)	2,488
	<b>10,386</b>



Source: Oil Companies Advisory Council (OCAC)



### Dividend

The directors have recommended a final cash dividend @ 300% (Rs 30/- per share of Rs 10/- each). This is in addition to interim cash dividend @ 175% (Rs 17.5 per share of Rs 10/- each) already declared and paid to the shareholders thereby making a total of 475% for the year 2013-14.

### Contribution towards National Exchequer and Economy

The Company contributed Rs 47,510 million towards national exchequer in the form of taxes and levies. The Company is serving the nation by providing premier quality petroleum products even in remote areas particularly the northern areas and interior Sindh through expansion of its network of retail outlets and distributors contributing for the development of the local

labour force thus promoting employment ultimately fostering the quality of life of the local populace.

### Cash flow

The Company generated cash from operating and investing activities amounting to Rs 2,235 million and used Rs 4,555 million in financing activities. At the end of the year, the Company had cash and cash equivalents of Rs 7,650 million and is well positioned to meet its future commitments and development plans.

### Strategies to overcome financial problems

The management does not envisage any financial problem in a year ahead. However, to overcome any unforeseen financial problem the Company has standby arrangements with financial institutions to arrange sufficient funds for smooth operations of the Company.

### Significant changes in financial position

APL relies on equity capital for financing and other activities and there is no change in the capital structure during the current fiscal year. Total assets increased by Rs 3,988 million compared with June 30, 2013 to Rs 34,086 million and total liabilities increased by Rs 4,232 million to Rs 20,286 million. Non current assets increased by Rs 96 million to Rs 2,837 million representing expenditure on construction/modification of retail outlets. Net current assets decreased by Rs 221 million to Rs 11,544 million due to use of cash in the operations. Trade debts increased by Rs 4,938 million representing increase in receivable balance from power producers and others and also contributed corresponding increase in trade payables primarily due to increase in the customer base.







Company Owned and Company Operated site – Model Filling Station, F-11, Islamabad







## MARKET & INDUSTRY REVIEW

### Global

With every passing day the world is experiencing improvements and advancements in an ever growing energy sector. Market participants at the same time are inclined towards increasing trend which has given rise to an immense competition around the world. As a matter of fact, all the efforts are being exerted into catering the rising energy demand. Special consideration should be given to the fact that changing supply streams and production of heavier crude in North America will have considerable impact on the prices and availability of fuels globally.

### Domestic

Current administration overseeing the energy sector is emphasizing on bringing about the improvement and efficiency starting from the ground level. People are being educated and instilled with the importance of timely payment of taxes and bills which is affecting the National Exchequer positively. Awareness programs are being developed and a sense of responsibility amongst the masses is being inculcated to use energy with care.

Many daunting infrastructure projects have been taken up by the new government with special focus on the right energy mix enabling the country to meet its ever growing internal energy requirements. Generation of electricity using coal based power plants is being focused upon. Several small scale renewable energy programs are



also underway and special incentives to investors within the renewable energy domain have been developed.

However, many challenges still remain. The curse of the circular debt still looms on our heads. Due to non-systemized collections of bills/taxes, delays in payments by consumers, lack of state-of-the-art infrastructure and control over line losses etc – all burden the overall supply chain cycle which ultimately results in circular debt being accrued.

## INDUSTRIAL REVIEW

Rising international crude oil prices amid fixed absolute margins for the oil marketing companies (OMCs) will increase working capital requirements and reduce return on working capital for them.

During the year under review, the OMC industry sales volumes stood around 21.78 Million M.Tons representing 9% rise year-on-year. The prime reason behind Premier Motor Gasoline (PMG) demand escalation during the period was the shortage of gas and the resultant Compressed Natural Gas (CNG) outages. Consumption of High Speed Diesel (HSD) remained almost the same and did not witness any change. Increase in development projects during the latter part of the year 2013-14, mostly foreign funded involving rehabilitation of existing highways and construction of motorways throughout the country led to the increase in consumption of Bitumen. Furnace oil also witnessed a slight increase owing primarily to the focus of the GoP to coverup the electricity shortfall and the menace of loadshedding.





## COMPANY'S SALES & MARKETING REVIEW

At APL, our customers stand at the core of our business philosophy. We are catering to their needs and facilitating them with our premium products and unmatched services; keeping in view the future trends, legislation amendments and contending with our competitor's offers etc.

There are many factors that hamper the smooth flow of the business and many uncertain variables that define our progress model. Despite these, our Company remained steadfast in modelling successful business strategies. Our Company increased its market share by capturing 10.1% share from the nationwide sales of the petroleum products.

APL is achieving milestone after milestone and is on course to success; we celebrated commissioning of our 450<sup>th</sup> retail outlet this year and currently stand at 468 outlets, a staggering addition of 54 new retail outlets. Under the previous campaign of improving the overall Retail Visual Identity (RVI); 60 retail outlets have already been equipped with smart signages, upgraded from conventional signages. This not only results in crisp and clean illumination of our outlets but also acts as a

great energy conservation drive – as the new signages consume less than half the energy as compared to previous signages. As part of our development strategy, we are concentrating our efforts to develop sites in major cities, key sales pockets on national highways and partnering with institutions like CAA, DHA, AWT etc. Currently 167 sites are in pipeline, out of which 49 are under-construction and remaining 118 are at different stages of securing the necessary licenses/approvals.

Moreover, to improve the effectiveness of our retail network we are also working to strengthen our brand image. To this effect, our focus is to improve our quality and service standards, site staff engagement through sales team and confirmation through Mobile Quality Assurance Cell, helping us improve our over-all performance. Standardization of customer's service equipment, dispensing unit branding and improving colour scheme of fascia logo, new uniforms for filling staff, new name-badges, re-branding and re-standardization of our carriage fleet, conducting small customer engagement and Below-The-Line (BTL) activities on our forecourts etc are some of the projects designed and initiated.

For customer convenience and with the concept of multi-service offering under one roof, we have planned to introduce ATM facility at 120 retail outlets. In this regard a breakthrough agreement has been signed with a leading bank of Pakistan. This will not only provide additional service to our customers but will also help APL generate additional revenue. The project has commenced and numerous ATMs are under operation while many are under deployment and shall soon be operational as well.

Furthermore, we are focusing and negotiating on different multi-dimensional ideas like entering into alliance partnership with food chains, soft drink manufacturers etc. for their exclusive product offering at APL retail network. These steps would give substantial value addition in Company's overall profitability, and partnering with big brands shall also help boost our brand equity.

Our Company is committed to explore new areas for expanding the business and unfolding new opportunities. APL continues to be the trusted supplier of Jet fuel to Pakistan Army in the subject year (4<sup>th</sup> consecutive year) and has also won back the main fuel contract for Army and Airforce for the upcoming year,

substantiating our commitment to deliver the best to our customer base. Moreover, we have also successfully completed fuel supplies contract with Pakistan Navy in Lahore and shall endeavour to continue to serve in future as well.

Government of Pakistan initiated road development projects leading to a rise in demand of bitumen. These projects are mostly foreign funded involving rehabilitation of existing Highways and construction of Motorways throughout the country. Keeping in view the competition and availability of cheap Iranian Bitumen, your Company proficiently segmented the market and targeted the customers by providing not only competitive but customized commercial offers. APL also commenced

bitumen delivery at project site to facilitate its customer base. These efforts enabled your Company to enter into the agreement for Bitumen supplies with some major institutional customers undertaking development works in the country.

Committed with our mission statement of providing quality petroleum products to our customers, we have successfully completed supplies of a new petrochemical, High Octane Blending Component (HOBC) – for the first time to Pakistan Army.

Another major milestone achieved was entering into a Joint-Venture (JV) with one of the leading OMC of Pakistan last year for working on the new Benazir Bhutto International Airport at Islamabad. The contract for

establishing a Fuel Farm along-with operations and maintenance of the Hydrant Refuelling System (HRS) had been awarded to the JV – thus taking APL into a new business segment of Aviation Fuels for the first time. Much progress has been made and we are sailing towards achieving our targets in line with the Civil Aviation Authority's (CAA) timelines. Moreover, another breakthrough is signing of Memorandum of Understanding (MoU) with one of the leading Japanese company for joint business collaboration in marketing and blending of international lubricants brands in Pakistan. This initiative will open new venues of business to flourish and grab market share in lube industry of Pakistan.

Company Owned and Company Operated site – Liberty Filling Station, Lahore



### Other Business Activities

APL is further focusing on the technological advancements in all its business activities. Newer standards of fleet management and vehicle design are all steps towards realization of a socially responsible corporate entity – which strives on continuous improvements in the fields of health and safety of not only our employees and staff, but also in the communities where we conduct our business.

Furthermore, to enhance the uninterrupted service to customer and reliability, the Company has introduced Japanese brand Tatsuno dispensers instead of Dresser Wayne (China made) to newly commissioned retail outlets all over Pakistan since last year. These units are directly imported from Japan which is also cost saving to the Company.

In-line with our focus of responsible business conduct, we have yet again made

breakthroughs in our energy conservation drives. Continuous improvements are being made to optimize energy consumption and reducing our carbon footprint – in the first phase, smart signages were designed and implemented – the use of Light Emitting Diodes (LEDs) and submersible pumps at our outlets instead of the conventional lights and suction pumps have resulted in far-reaching energy savings. We have also begun the project of converting one of our company operated outlet in Islamabad with Hybrid Solar Systems as a pilot project towards self-reliance on uninterrupted and clean energy.

Our Company entered into a few agreements with other OMCs for smooth supply of major products to our customers and create alternate supply sources in the southern region of the Country for smooth and streamlined operations. Moreover, alternate import channels and

hiring of storage facilities are also being made for ample product availability in Karachi region.

### Infrastructure Development

The Company recognizes the importance of improving and expanding infrastructure for sustaining economic development and gaining the competitive edge. Despite stiff investment conditions in the country, your Company has managed to endure several projects and invest in this sector significantly. Substantial investment for acquisition of the land at Mehmoodkot for building bulk oil storage has been made and work on the same has commenced.

Moreover, land procurement activities at Sahiwal, Shikarpur, Daulatpur, Habibabad are also being made; which will help us streamline our operations in different regions and shall unfold new avenues to penetrate all the segments of marketing.





# RISK MANAGEMENT

## Volatility in International Oil Prices and Regulatory Risk

Crude oil is arguably one of the single most important driving forces of the global economy and changes in the price of oil have significant effects on economic growth and welfare around the world. High oil prices variously affect economies, both directly and indirectly. Volatile oil prices introduce uncertainty in the macroeconomic environment. Further, global conflicts, surge for oil, natural disasters and political instability influence the supply and demand envelop globally. GoP also controls the prices of the petroleum products through implementation and adjustment of various duties, taxes, levies and subsidies. Prices are the key drivers of an OMC's profitability. Higher prices translate into

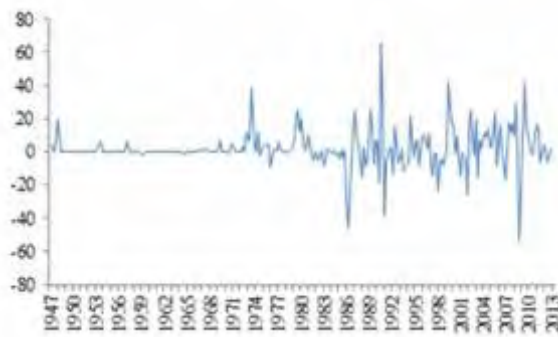
increased revenues and vice versa. Further, imposition / enhancement of duties, taxes, other levies and revision in pricing formula of products remain a possibility.

The Company continues to focus on developing an efficient mix of regulated and deregulated products and characterized strategy, the aggregate effect of implementing these structural measures would significantly reduce the impact of high and volatile oil prices. GoP has demonstrated a strong commitment and taken a number of steps towards

complete deregulation of the Oil and Gas sector in line with the overall vision of a liberalized economy.

## Geopolitical and Security Risks

The world is increasingly interconnected, yet borders still matter in a globalized world. Geopolitics have become increasingly important, not just because of shifting power dynamics, but also because issues of security have become intertwined with those of trade, migration, employment and other forms of international relations. The international developments, the middle-east crisis of Egypt, Iraq, the new emerging ties between Iran and USA and the recent military dominance of Russia over the Crimean peninsula create an uncertain atmosphere within the global perspective. This can have serious implications on Pakistan



Percentage changes of the price of crude oil (Source: Dow Jones & Co., Thomson Reuters)

Machike Bulk Oil Terminal, Sheikhpura



as the country depends on imports to cater to its energy needs. Pakistan refines approximately 30-35% of its requirement from indigenous crude oils; the remaining 65-70% is catered via imports – majorly from the Gulf region. APL like any other OMC is exposed to risks - which any destabilization of political or law and order situation within the gulf region or within our country poses threats to its smooth product supplies that could possibly result in disruption in supplies of petroleum products thus adversely affecting the profitability of the Company.

The Company at the positive edge enjoys the support of refineries and hospitality arrangements with other OMCs under proper agreements thereby ensuring smooth supply of petroleum products for the Company.

### **Intense Competition**

Under almost any facet of life, within any industry; the competitive landscape is ever challenging and constantly evolving. Today, the global oil market and the country's industry both are at their highest competitiveness. The advent of renewable energy sources, alternate bio-fuels, newer technologies and the shifts in paradigms and mind-sets of consumers all create

variables which are hard to deal with. Thorough research, analysis and expertise of the management is required in order to identify and assess various threats and opportunities within the markets. Quick responsiveness, collective wisdom and swift implementation of ideas and thoughts is what makes the Company stand out from the clutter. Each passing day, the operational dynamics of the industry are changing. The sporadic growth in new entrants in the industry has given birth to many new challenges and uncertainties.

However, our collective wisdom and the inherent strengths of the Attock Oil Group of Companies – being the only fully vertically integrated oil group in Pakistan – places your Company in the most suitable position for times to come. Based on this guaranteed and sustainable product supply source, our Group's collective experience and wisdom of over 100 years, adoption of best industry practices, perfect mix/blend of energetic/young and experienced human resource all play a vital role in strategically steering your Company towards diversification, growth and sustainability.

### **Human Resource**

Employees are among the most

important assets of any company and are the significant contributors towards an organization's growth and profitability. If we do not effectively manage our workforce, our business may not operate efficiently and this could have a negative impact on our profit. Currently, there is a cut throat competition within the organizations to attract and retain personnel having adequate specialized expertise and experience.

Company has designed its compensation and benefit program in such a manner that focuses on enhancing motivation and retention of our existing employees as well as attraction of the competent and valued workforce. These benefits reflect Company's business success. In addition to competitive salaries, we offer our employees additional benefits as well.

### **Health, Safety, Environment and Security**

Human as well as environmental safety and health protection remains the number one priority for the oil and gas industry. So being an oil marketing company, health, safety and environment issue has always been the top concern for us.

Company's Health, Safety and Environment policy ensures the



company practices does not contravene to various local, national and international laws and regulations relating to health, safety and the environment.

### Information Technology Risk

An information technology risk management system should consider internal factors such

as the number and length of system failures, employee access controls and protection of confidential data and information, as well as external factors such as the introduction of advanced software and hardware into the industry and incidents of cybercrime.

The Company maintains a central database environment

where online transactions are entered in real time. An automated procedure generates a daily data backup at midnight. Further, incremental and monthly backups are generated and maintained on hard drives and data tapes. An offsite backup mechanism is also in place as an additional measure to safeguard data integrity.

Gantry area – Rawalpindi Bulk Oil Terminal, Morgah







## CORPORATE GOVERNANCE

Sound Corporate Governance is critical to our Company's integrity and maintaining investors' trust in the Company. The Board is committed to foster healthy corporate culture, implant ethical business practices, open communication channels with shareholders and compliance with laws and regulations. As a result, good corporate governance principles have been deeply embossed.

### Directors' Training Programme

In terms of the clause xi of the Code of Corporate Governance, listed companies have to ensure that at least their one director is certified every year till June 30, 2016. Most of the Directors on the Board of APL either meet the exemption criteria of this requirement or have attained this certification.

### Board Annual Evaluation

The Board strives to continuously improve its and Board Committees' effectiveness. Board of Directors has developed a mechanism during the year as required under Code of Corporate Governance to undertake annual evaluation to assess Board's and its Committees' performance. The Board also reviews developments in corporate governance to ensure that the Company always remains aligned with best practices.

### Whistleblower Protection Mechanism

The Company is committed to provide an open, honest and transparent working environment and seeks to eliminate fraudulent activities in its operations. The Whistleblower Policy broadly covers a detailed process for reporting, handling and investigation of fraudulent activities and providing necessary protection to the employees who report such fraudulent activities / unethical behaviour. During the year no incident of whistle blowing has been reported.



### Code of Conduct for Directors and Employees

The Code of Conduct for the directors and employees strengthens the standard for professional behaviours so that company can conduct its business in an honest, ethical and legal manner. The Code of Conduct has been disseminated across the Company to all the directors and the employees for their compliance as required under Code of Corporate Governance 2012.

### Compliance with the Code of Corporate Governance

The Company is fully compliant with the Code of Corporate Governance as per the requirements of the Listing Regulations. Specific statements are being given hereunder:

- 1) The financial statements, prepared by the management, present its state of affairs fairly, the result of its operations, cash flows and changes in equity.
- 2) Proper books of account have been maintained.
- 3) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgments.

- 4) International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements.
- 5) The system of internal control is sound in design and has been effectively implemented and monitored.
- 6) There are no significant doubts upon the Company's ability to continue as a going concern.
- 7) Significant deviations from the last year's operating results have been disclosed in this Report.
- 8) Key operating and financial data of the last 6 years in summarised form is annexed with this Report.
- 9) All major Government levies in the normal course of business, payable as at June 30, 2014, have been cleared subsequent to the year-end.
- 10) The Company does not envisage corporate restructuring or discontinuation of its operations in the foreseeable future.
- 11) The value of investments in employee retirement funds based on the latest audited accounts as of June 30, 2014 are as follows:

Employees' Gratuity fund  
Rs 26.883 million  
Employees' Provident fund  
Rs 44.085 million

- 12) The total number of Company's shareholders as at June 30, 2014 was 2,783. The pattern of shareholding as at June 30, 2014 along with necessary disclosures as required under the Code of Corporate Governance is annexed.

A separate statement of compliance signed by the Chief Executive Officer is included in this Annual Report.

### Board of Directors Structure, its Committees and Meetings

The status of each director on the Company's Board whether non-executive, executive or independent has been disclosed in the Statement of Compliance as required under Code of Corporate Governance, 2012. During the year the Board remained actively involved in performing their duties under various laws and the Memorandum and Articles of Association of the Company with the ultimate objective of enhancing the profitability of the Company thus increasing shareholders' return.

During the year under review, five meetings of the Board of Directors were held for review of periodic financial statements as well as for consideration of



significant and routine matters including those referred to it by the Board Committees. The number of meetings attended by each director during the year is shown below:

Sr. No.	Name	No. of meetings attended
1	Dr. Ghaith R. Pharaon*	05
2	Mr. Laith G. Pharaon*	05
3	Mr. Wael G. Pharaon*	05
4	Mr. Shuaib A. Malik	05
5	Mr. Abdus Sattar	05
6	Mr. Babar Bashir Nawaz	05
7	Mr. M. Adil Khattak	05

\*Overseas directors attended the meetings either in person or through alternate directors

### Meetings held outside Pakistan

During the year ended June 30, 2014, one meeting of Board of Directors was held outside Pakistan to review and approve half yearly financial accounts of the Company.

### Audit Committee

The Audit Committee consists of three members comprising of non-executive directors including the Chairman having relevant expertise and experience. The Chairman of the committee is an independent director. The Audit Committee met five times during the year and these meetings were held prior to the Board meetings. Attendance by each member is as follows:

Sr. No.	Name	No. of meetings attended
1	Mr. Abdus Sattar	05
2	Mr. Babar Bashir Nawaz	05
3	Mr. Iqbal A. Khwaja	05

### Human Resource and Remuneration Committee

The Board Human Resource and Remuneration Committee comprises of two non-executive directors and Chief Executive Officer. The Committee met once during the year to review the HR related policies and other agenda.

Sr. No.	Name	No. of meetings attended
1	Mr. Babar Bashir Nawaz	01
2	Mr. Shuaib A. Malik	01
3	Mr. M. Adil Khattak	01

### Internal Audit Department

Our Internal Control Framework is a major part of our overall governance framework. It is fundamental to the successful operation, day-to-day running of a business and assists the Company in achieving its business objectives. The scope of internal control is very broad. It encompasses all controls incorporated into the strategic, governance and management processes, covering the company's entire range of activities and operations, and not just those directly related to financial operations and reporting.

Internal control as a process designed to provide reasonable assurance regarding the achievement of objectives in relation to the following:

- Effectiveness and efficiency of operations
- Reliability of financial reporting
- Compliance with applicable laws and regulations

Internal auditors play an important role in evaluating the effectiveness of control systems and have a significant monitoring role because of authority and independency in the organisation.





# *Accelerating Growth*



## Long Service Award Ceremony 2014



## CORPORATE SUSTAINABILITY

### Human Resource Development

APL prides itself to be included amongst the leading OMCs of the country. Our most valued resource is our competent and committed workforce, powering Company's growth and contributing towards its corporate image. We invest in our human capital to maintain a healthy working relationship by providing an employee-friendly environment, nurturing their skills and talents. The management of APL is committed to induct talented and innovative professionals through a transparent and competitive process while complying with legal and ethical practices and APL code

of conduct, maintaining its resolve to be an equal opportunity employer. Apart from compensation, APL organizes various activities to feed social appetite of our employees and enhance the level of comfort among their superiors and co-workers by maintaining an amicable relationship with our employees; we ensure their welfare while reducing risk of employee turnover.

To further improve effectiveness of business as well as human resource processes, APL is in process of implementing Human Resource Management System (HRMS) across the organization. The

implementation of HRMS will further facilitate to streamline employee database management.

### Corporate Social Responsibility

Corporate Social Responsibility (CSR) is the alignment of business operations with social values, integrating the interests of stakeholders.

APL's commitment to ethical conduct and strong corporate governance has helped us build a Company that has a recognized CSR program. Our management believes in the importance of all facets of CSR.





*Responsibility*  
*Sustainability*  
*Profitability*

**Internship Opportunities:**

APL provides internship opportunities to fresh graduates from different disciplines in a manner that not only provides them the exposure of a corporate environment but also a platform to apply their academic skills in order to jump-start their professional careers. Students are provided with an opportunity to experience and preview the practical environment, building their professional confidence through its internship programs. During the year 22 students from different reputed universities / institutes were offered internships in various disciplines like Engineering,

Finance and Accounts, Human Resource and Marketing and Sales.

**Students Visits:** APL welcomes visits by students from different universities to give them industry awareness. This year, a delegation of 15 students from NUST Business School visited APL. Students were briefed about working of different sections of Finance & Accounts and Marketing & Sales Departments of the Company.

**Health, Safety and Environment Consciousness**

Continuous improvement is the main focus throughout APL and is integral to its Health, Safety and Environment (HSE)

program. Good performance in the field of environment, health and safety is a prerequisite for effective and profitable operation.

**Employee Safety:** APL ensures the employee safety by organizing different programs for awareness and training of employees. Periodic training and related events are conducted for the staff members for responsible, safe and ethical handling of all products. 18 fire drills were conducted during the current year. Relevant signages are displayed where needed and all the processes are checked for risks to avert any untoward events. There is a proper plan

of emergency evacuation especially at Company's Bulk Oil Terminals.

**Chemical Safety:** Utmost care is taken to prevent any hazard from chemicals being used within the Company. Material Safety Data Sheet (MSDS) is strictly followed at all places where chemicals are used. An in-house workshop of "Oil spill management and prevention" was arranged during the current year to equip Company employees, involved in oil operations / handling, with the necessary knowledge of oil spill response and management.

The Company and its people are required to act responsibly at all times and at the same time, we are seeking to reduce our environmental footprint.

### Energy Conservation

The Company has taken number of steps to optimise energy consumption at its various locations across the country by introducing energy efficient equipments like installing Light Emitting Diodes

in pylons, spreaders and fascia. Before this initiative, a general site used to consume 11KW per hour of electricity which is now reduced to 2.5KW per hour only.

In addition, APL has planned to introduce the Variable Speed Drive System (VSD) initially at Machike and Rawalpindi Bulk Oil Terminals in next fiscal year which will result in saving around 20%-30% of energy.

Furthermore, employees are encouraged through on-going awareness programmes to conserve the use of electricity, gas and water. Emphasis is also made on minimum use of paper (for printing purposes) unless really needed, sharing of resources and other similar green-activities.

### Training and Organizational Development

Assisting our employees' personal and professional development is one of the fundamental building blocks of our corporate growth. While implementing our principle of

continuous improvement in all of our value chain, we carry out professional training programmes at various intervals for our human resources, our most important asset. We establish and appreciate the skills of every single employee and perform initiatives to encourage their professional development and improve their talents. Our fundamental trainings are composed of internal and external training programs. During the year, more than 112 employees were sent for training programs. Two In-house workshops were arranged on "Oil Spill Management and Response" and "Effective Self-Management". We value our employees' feedback regarding their trainings and workshops.

## AUDITORS

The auditors Messrs A. F. Ferguson and Co., Chartered Accountants, a member firm of the PwC network, retire and are eligible for reappointment

for the year 2014-15. The Audit Committee of the Board has recommended the re-appointment of the retiring auditors. The Board has

recommended the same for the approval of the shareholders in the forthcoming Annual General Meeting.



## FUTURE PLANS AND PROJECTS

On the back of less than satisfactory economic growth due to acute shortage of power and the war against terrorism, the POL products domestic consumption exhibited a meager recent four years Compounded Annual Growth Rate (CAGR) of 1.24 percent. Dependent upon the long-term solution of circular debt and simultaneous stabilization of domestic security environment, expected four years CAGR of POL products consumption is 2.62 percent.

In terms of product-wise forecast analysis, expected four years CAGR for MOGAS is 10 percent derived from expected increase in vehicle density and constrained supply of CNG. Expected four years CAGR for HSD is 2.00 percent, while for furnace oil, the demand has been kept constant on expectation of settlement of circular debt through phasing out of subsidies.

The deficit of domestic throughput in comparison to domestic demand for MOGAS is expected to increase on four years CAGR of 6.30 percent on the back of constrained domestic refining capacity for this product. HSD and HSFO/LSFO deficit is expected to retract over the next four years at a CAGR of 24.78

percent and 9.63 percent, respectively due to expected increased production of HSD and HSFO/LSFO by domestic refineries. (Source: OCAC Pakistan Oil Report – 2012-13)

Keeping the above trends and analysis in mind; your Company is already planning for the future. The management and employees are consistently generating breakthrough ideas for stable and successful business growth policies with a special focus on sustainability of any project undertaken. Some of the major projects currently under progress are as follows:

- Establishment of Fuel Farm Facility at the New Benazir Bhutto International Airport - Islamabad. The project is a joint venture with Pakistan State Oil (PSO) Company Limited. The project is under-way and is expected to be commissioned by Fall 2015 which shall open new avenues for aviation and allied businesses for APL. The Company is expected to invest Rs 800 million in this venture.
- More land acquisitions for erecting state-of-the-art Bulk Oil Terminals at all strategic locations of the Country. The Company has been able to

finalize deals in Shikarpur, Sahiwal, Habibabad regions for now and has greater vision to expand more in next phases and years to come. We also intend to construct these terminals hopefully by the end of next fiscal year. Company has budgeted Rs 980 million in this regard.

- Your Company is also working towards increasing its storage capacity in Karachi (under hospitality and own arrangements) to further strengthen its imports – with a special focus on FO and PMG in line with the industry and market trends.
- During the year much work has been done with respect to seeking all No Objection Certificates (NOCs) from various Government departments for development of a Bulk Oil Terminal at Mehmood Kot. This shall lead us to enter into the construction phase very soon.
- MoU with one of the leading Japanese company for joint business collaboration in marketing and blending of international lubricants brands in Pakistan is signed. This initiative will open new venues of business to flourish and grab market share in lube

industry of Pakistan. Further progress and entering into a formal Joint Venture for boosting sales in different industry segments and synthetic oils is expected in the year to come.

- Implementation of next phase of up-gradation of all retail outlets (over the next few years) towards the Green Signage Program (the smart and energy efficient LED based lighting systems) to ensure its contribution towards a better and greener environment for the community and ensuring our commitment to the environment and the communities we work in.

- Striving for continuous improvements in everything that we do, the Company also intends to upgrade its terminals even further. In this regard, Automated Tank Gauges (ATG) on all its storage tanks will be undertaken; resulting in real-time accurate measurements/ data for all products. Online ERP system, enabling real time reporting and data management of day-to-day activities. Enhancement of storage facilities in-line with the forecasted demand in the future shall enable smooth supplies to our valuable clientele. Introduction of the Variable Speed Drive Systems

(VSD) to further reduce electricity consumption are all little steps towards achieving higher efficiencies in all operational activities.

- Your Company also intends to enter into another new business segment; the testing and pre-launch of its Fleet Cards business. The up-gradation to an online ERP system shall now enable your Company to smoothly integrate its data-warehouses with the back-end servers of our technology partners. This is another great milestone which is scheduled to be achieved within the next year.

## ACKNOWLEDGEMENT

Board acknowledges with thanks the continued support and patronage extended by our esteemed shareholders, Government of Pakistan and regulatory bodies that has

given the Company confidence to achieve new milestones. The directors of the Company also place on record their sincere gratitude towards employees, customers and strategic

partners for their dedication and commitment to achieve commendable results by the Company.

On behalf of the Board



Shuaib A. Malik  
Chief Executive

Beirut, Lebanon.  
August 14, 2014





# Pattern of Shareholding

As on June 30, 2014

Corporate Universal Identification Number: 0035831

Form-34

Sr. No.	Number of Shareholders	◀----- Having Shares -----▶		Shares Held	Percentage
		From	To		
1	448	1	100	19,403	0.02
2	551	101	500	149,556	0.18
3	350	501	1,000	270,704	0.33
4	1,191	1,001	5,000	1,738,330	2.10
5	77	5,001	10,000	573,268	0.69
6	39	10,001	15,000	492,814	0.59
7	26	15,001	20,000	463,187	0.56
8	20	20,001	25,000	451,731	0.54
9	5	25,001	30,000	137,800	0.17
10	4	30,001	35,000	130,324	0.16
11	5	35,001	40,000	185,050	0.22
12	3	40,001	45,000	128,828	0.16
13	2	45,001	50,000	95,250	0.11
14	6	50,001	55,000	320,056	0.39
15	5	55,001	60,000	287,389	0.35
16	1	60,001	65,000	64,800	0.08
17	2	65,001	70,000	131,674	0.16
18	4	70,001	75,000	291,964	0.35
19	1	75,001	80,000	78,600	0.09
20	1	80,001	85,000	81,108	0.10
21	1	85,001	90,000	85,900	0.10
22	1	90,001	95,000	94,130	0.11
23	3	110,001	115,000	337,966	0.41
24	3	115,001	120,000	358,800	0.43
25	1	120,001	125,000	124,552	0.15
26	1	125,001	130,000	126,000	0.15
27	2	140,001	145,000	287,284	0.35
28	1	145,001	150,000	147,190	0.18
29	2	155,001	160,000	316,505	0.38
30	1	170,001	175,000	175,000	0.21
31	2	175,001	180,000	357,450	0.43
32	1	180,001	185,000	184,112	0.22
33	1	190,001	195,000	192,400	0.23
34	1	215,001	220,000	220,000	0.27
35	1	235,001	240,000	240,000	0.29
36	1	250,001	255,000	251,479	0.30
37	1	270,001	275,000	271,900	0.33
38	1	290,001	295,000	292,520	0.35
39	1	300,001	305,000	301,300	0.36
40	1	330,001	335,000	333,700	0.40
41	1	340,001	345,000	340,600	0.41
42	1	370,001	375,000	370,200	0.45
43	1	465,001	470,000	467,688	0.56
44	1	545,001	550,000	550,000	0.66
45	1	710,001	715,000	710,081	0.86
46	1	775,001	780,000	778,694	0.94
47	1	910,001	915,000	910,626	1.10
48	1	1,010,001	1,015,000	1,011,151	1.22
49	1	1,335,001	1,340,000	1,338,450	1.61
50	1	1,820,001	1,825,000	1,824,768	2.20
51	1	5,530,001	5,535,000	5,534,821	6.67
52	1	5,820,001	5,825,000	5,820,595	7.02
53	1	5,835,001	5,840,000	5,836,017	7.04
54	1	18,140,001	18,145,000	18,144,138	21.88
55	1	28,515,001	28,520,000	28,516,147	34.38
	<b>2,783</b>			<b>82,944,000</b>	<b>100.00</b>



# Categories of Shareholders

As on June 30, 2014

SR. NO.	CATEGORIES	NUMBER OF SHAREHOLDERS	SHARES HELD	PERCENTAGE
1	DIRECTORS, CHIEF EXECUTIVE OFFICER, THEIR SPOUSES & MINOR CHILDREN	9	5,626,481	6.78
2	ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES	5	60,141,665	72.51
3	NATIONAL INVESTMENT TRUST & INDUSTRIAL CORPORATION OF PAKISTAN	1	55,229	0.07
4	BANKS, DEVELOPMENT FINANCE INSTITUTIONS, NON-BANKING FINANCIAL INSTITUTIONS	12	4,312,393	5.20
5	INSURANCE COMPANIES	9	2,468,925	2.98
6	MODARABAS & MUTUAL FUNDS	29	1,499,987	1.81
7	FOREIGN COMPANIES	10	803,619	0.97
8	TRUSTS AND FUNDS	66	1,508,157	1.82
9	JOINT STOCK COMPANIES	64	988,227	1.19
10	GENERAL PUBLIC (LOCAL)	2,523	5,346,345	6.45
11	GENERAL PUBLIC (FOREIGN)	55	192,972	0.23
12	SHAREHOLDERS HOLDING 10% OR MORE SHARES	2	46,660,285	56.26

# Information Required

## Under Code of Corporate Governance

	NUMBER OF SHAREHOLDERS	SHARES HELD
<b>ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES</b>		
Pharaon Investment Group Limited Holding s.a.l.	1	28,516,147
Attock Refinery Limited	1	18,144,138
Attock Petroleum Limited Employees Welfare Trust	1	5,836,017
Pakistan Oilfields Limited	1	5,820,595
The Attock Oil Company Limited	1	1,824,768
	<b>5</b>	<b>60,141,665</b>

### MUTUAL FUNDS

CDC - Trustee PICIC Energy Fund	1	467,688
CDC - Trustee Al-Ameen Shariah Stock Fund	1	292,520
CDC - Trustee Meezan Islamic Fund	1	251,479
CDC - Trustee Pakistan Stock Market Fund	1	124,552
CDC - Trustee UBL Asset Allocation Fund	1	49,650
CDC - Trustee Meezan Tahaffuz Pension Fund - Equity Sub Fund	1	41,920
CDC - Trustee PICIC Stock Fund	1	35,000
CDC - Trustee NIT-Equity Market Opportunity Fund	1	23,148
CDC - Trustee KSE Meezan Index Fund	1	22,189
CDC - Trustee First Capital Mutual Fund	1	22,100
CDC - Trustee ABL Stock Fund	1	20,400
CDC - Trustee Al-Ameen Islamic Ret. Sav. Fund-Equity Sub Fund	1	17,700
CDC - Trustee Pak. Int. Element Islamic Asset Allocation Fund	1	16,500
CDC - Trustee PICIC Islamic Stock Fund	1	15,500
Trustee - Pakistan Pension Fund - Equity Sub Fund	1	15,195
CDC - Trustee APIF - Equity Sub Fund	1	15,000
CDC - Trustee Al Meezan Mutual Fund	1	12,240
CDC - Trustee Al-Ameen Islamic Asset Allocation Fund	1	10,400
CDC - Trustee Askari Equity Fund	1	8,950
CDC - Trustee Meezan Capital Protected Fund-II	1	6,480
CDC - Trustee HBL IPF Equity Sub Fund	1	5,640
CDC - Trustee Pak Strategic Alloc. Fund	1	5,380
CDC - Trustee JS Islamic Pension Savings Fund-Equity Account	1	5,000
Trustee - Pakistan Islamic Pension Fund - Equity Sub Fund	1	4,600
CDC - Trustee Pakistan Capital Market Fund	1	4,300
CDC - Trustee AKD Index Tracker Fund	1	3,900
CDC - Trustee Atlas Islamic Stock Fund	1	1,800
MC FSL - Trustee JS KSE-30 Index Fund	1	755
CDC - Trustee Nafa Multi Asset Fund	1	1
	<b>29</b>	<b>1,499,987</b>

### DIRECTORS, THEIR SPOUSES AND MINOR CHILDREN

Dr. Ghaith R. Pharaon	1	1
Mr. Laith G. Pharaon	1	1
Mr. Wael G. Pharaon	1	1
Mr. Shuaib A. Malik	1	5,534,821
Mr. Abdus Sattar	1	600
Mr. Babar Bashir Nawaz	1	1
Mr. M. Adil Khattak	1	35,252
Mr. Iqbal A. Khwaja	1	13,296
Mr. Rehmat Ullah Bardaie	1	42,508
	<b>9</b>	<b>5,626,481</b>



	NUMBER OF SHAREHOLDERS	SHARES HELD
<b>EXECUTIVES</b>	7	115,505
<b>PUBLIC SECTOR COMPANIES AND CORPORATIONS</b>	1	184,112
<b>BANKS, DEVELOPMENT FINANCE INSTITUTIONS, NON-BANKING FINANCIAL INSTITUTIONS, INSURANCE COMPANIES, TAKAFUL, MODARABAS AND PENSION FUNDS</b>	41	7,672,322
<b>SHAREHOLDERS HOLDING 5% OR MORE VOTING RIGHTS</b>		
Pharaon Investment Group Limited Holding s.a.l.	1	28,516,147
Attock Refinery Limited	1	18,144,138
Attock Petroleum Limited Employees Welfare Trust	1	5,836,017
Pakistan Oilfields Limited	1	5,820,595
Mr. Shuaib A. Malik	1	5,534,821
	<b>5</b>	<b>63,851,718</b>

**Trade in shares by Directors, Executives and their spouses and minor children during 2013-14:**

No trade was made by Directors, Executives\*, their spouses and minor children from July 01, 2013 to June 30, 2014 in the shares of Company.

\* "Executive means Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary and other employees of the Company who are drawing an annual basic salary of Rs. 500,000 or more."

# Calendar of Major Events



<p>11<sup>th</sup> September 2013</p>	<p>1</p>	<p>Entered into an agreement with Habib Bank Limited (HBL) for the installation of ATMs on company's retail network</p>
<p>1<sup>st</sup> October 2013</p>	<p>2</p>	<p>Won 90% of the Fuel Supply Contract and 100% Jet Fuel (JP-1) Contract with Pakistan Airforce for the fiscal year 2014-15</p>
<p>1<sup>st</sup> November 2013</p>	<p>3</p>	<p>Complete branding of all dispensing units on all major retail outlets throughout the country thereby adding more life onto the forecourt of our outlets</p>
<p>1<sup>st</sup> November 2013</p>	<p>4</p>	<p>Entered into contracts with FWO for supply of Bitumen Bulk/Packed and Cutbacks</p>
<p>10<sup>th</sup> November 2013</p>	<p>5</p>	<p>Entered into an agreement for supply of Bitumen with renowned construction company</p>
<p>1<sup>st</sup> January 2014</p>	<p>6</p>	<p>Introduced new branded tank lorries (carriage fleet) having state-of-the-art standards in the market thereby increasing our visual presence on the roads throughout Pakistan</p>







# IT Governance

As businesses evolve and adapt to the changing market dynamics, they require a flexible approach to Information Technology introduction and utilization for achieving their strategic goals and objectives.

## Information Systems Strategic Planning

The APL IT Committee oversees the requirements and supervises the introduction of new automated functionalities required for optimal business

operations. Generic and industry-specific Best Practices are also reviewed and incorporated in to APL functions.

## Business Alignment with Information Technology

APL is endeavoring to transform its strategic vision into automated systems that encapsulate the APL Business Cycle in to a web based environment to process and track every key transaction in a real time environment.

## Business Process Streamlining

Business Processes are being continuously mapped, documented, re-engineered and improved upon for transformation in to automated functions. Plans are also being developed for introduction of an automated Work Flow System.

## IT for Internal Controls

Automated controls are being incorporated at each step of the APL Supply Chain to check



# Delivering Performance

and validate information being entered to reduce the possibility of human error. System generated audit and consistency mechanism are being planned to ensure system integrity.

### **Real Time Reporting for Decision Making**

An Online Real Time System opens up the possibilities for Real Time Reporting and Real Time Decision Making: Business outcomes can be positively impacted when actionable data is on hand in real time.

### **Business Intelligence for Planning and Forecasting**

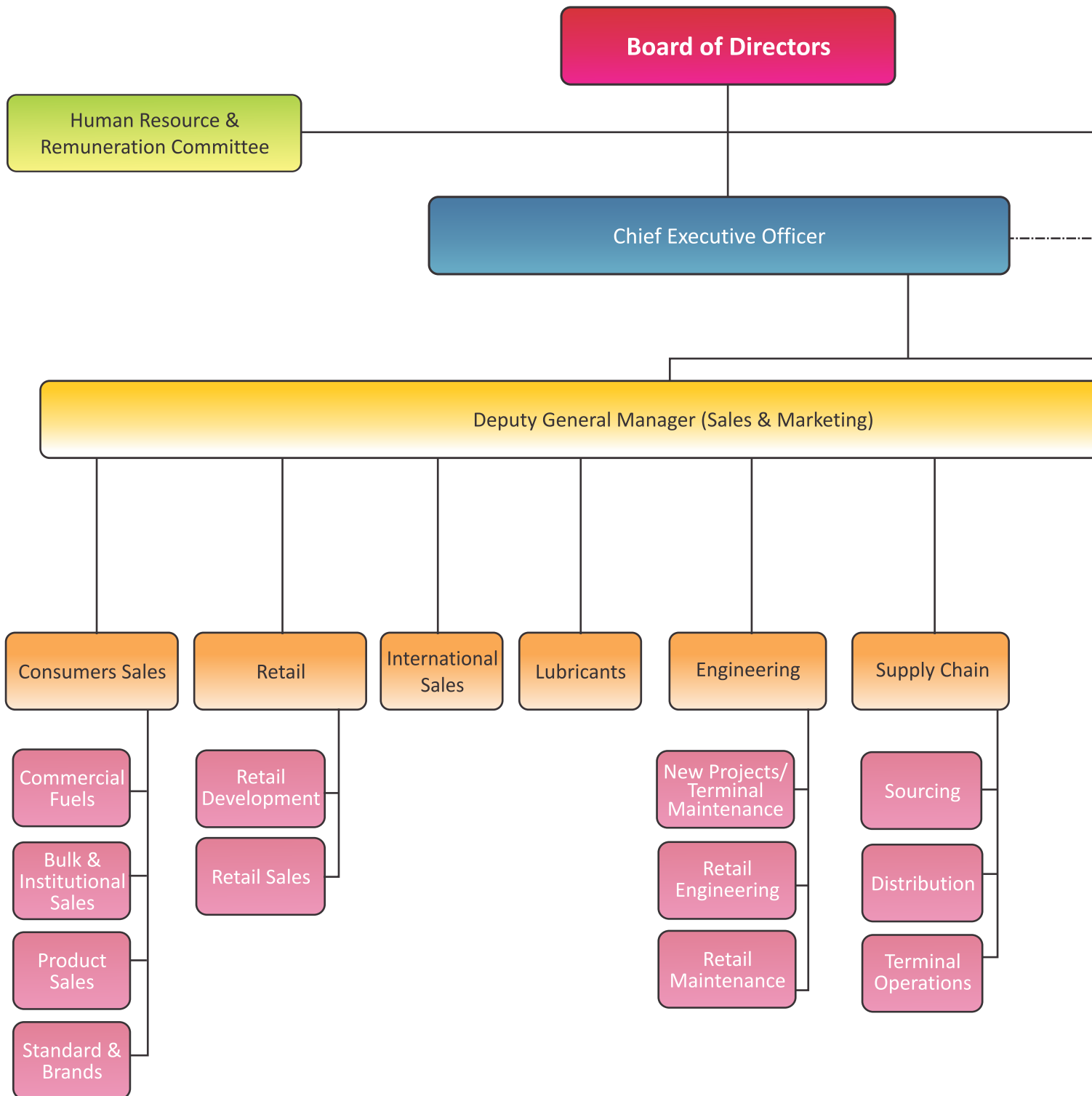
APL is continuing to explore Business Intelligence Tools and Technologies that will provide insights in to the hows and whys of the Business through dashboards and analytical drill-downs across all business areas and functions. This will open up the possibilities for targeted planning and forecasting based on existing data and what-if scenarios.

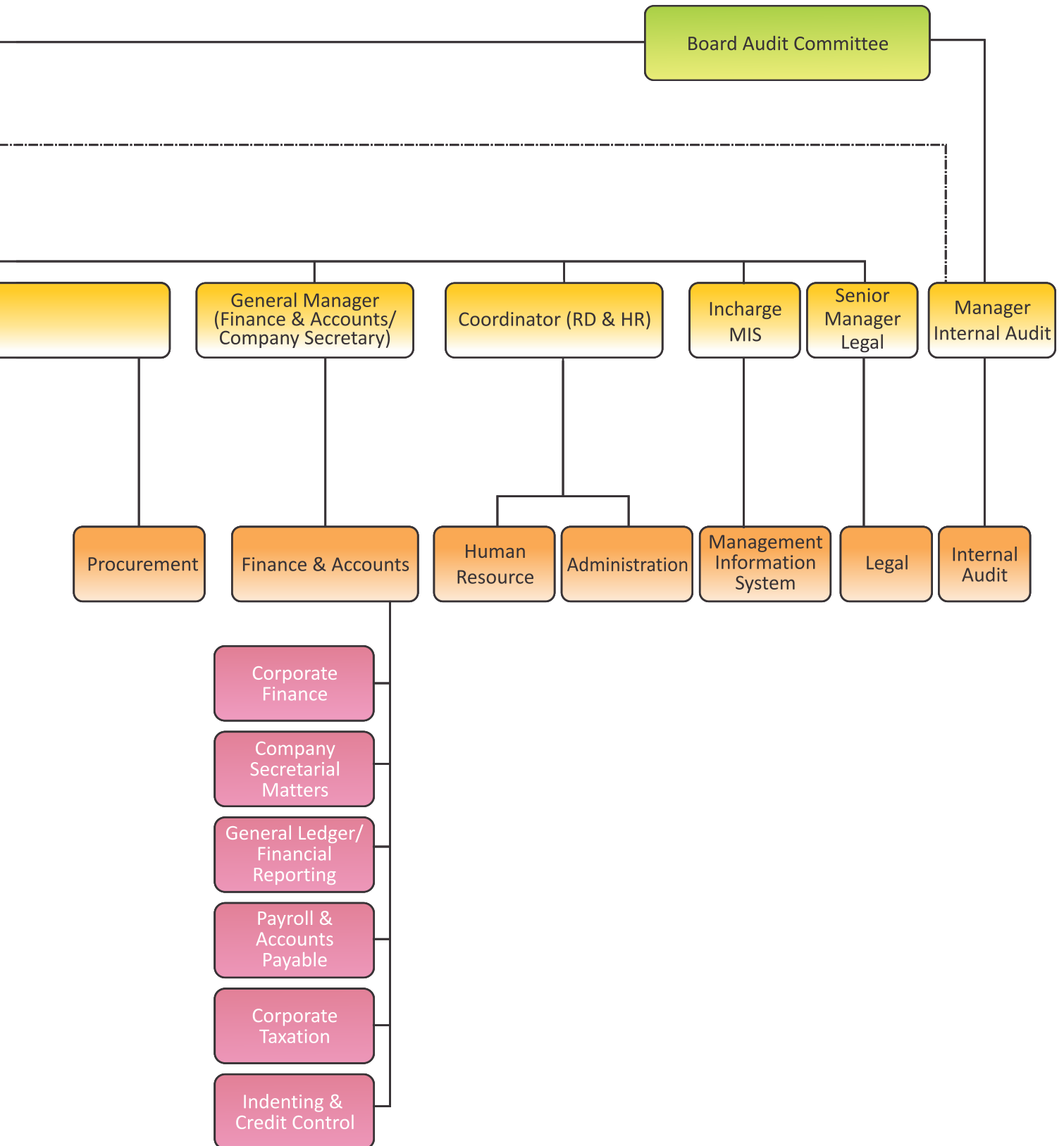
### **Value Addition and Return on Investment**

APL has an on-going commitment to continuously improve upon its IT infrastructure, technologies, processes and procedures. This directly translates in to improved controls, enhanced reporting, optimized procedures and better overall performance. Key Performance Indicators are being developed to quantify the value added to various business functions across APL.



# Organizational Chart







**A.F. FERGUSON & CO.**

## Review Report to the Members on the Statement of Compliance with the Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Attock Petroleum Limited for the year ended June 30, 2014, to comply with the requirements of Listing Regulation No. 35xl of the Karachi Stock Exchange Limited where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2014.

Chartered Accountants  
Islamabad  
August 14, 2014

Engagement partner: Sohail M. Khan

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network  
PIA Building, 3rd Floor, 49 Blue Area, Fazl-ul-Haq Road, P.O. Box 3021, Islamabad-44000, Pakistan  
Tel: +92 (51) 2273457-60/2870045-8; Fax: +92 (51) 2277924; < [www.pwc.com/pk](http://www.pwc.com/pk) >

Karachi: State Life Building No. 1-C, I. I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan; Tel: +92 (21) 32426682-3/32426711 5; Fax: +92 (21) 32415007  
Lahore: 22-C, Aziz Avenue, Canal Bank, Gulberg V, P.O. Box 39, Lahore-54560, Pakistan; Tel: +92 (42) 35715864-71; Fax: +92 (42) 35715872  
Kabul: Apartment No 3, 3rd Floor, Doost Tower, Haji Yaqub Square, Kabul, Afghanistan; Tel: +93 (779) 315320, +93 (799) 315320



# Statement of Compliance with the Code of Corporate Governance for the Year Ended June 30, 2014

This statement is being presented to comply with the Code of Corporate Governance (the Code) contained in regulation No. 35 xl of the Listing Regulations of the Karachi Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes:

Category	Names
Independent Director*	Mr. Abdus Sattar
Non Executive Directors	Dr. Ghaith R. Pharaon Mr. Laith G. Pharaon Mr. Wael G. Pharaon Mr. Babar Bashir Nawaz Mr. M. Adil Khattak Mr. Iqbal A. Khwaja (Alternate Director)
Executive Directors	Mr. Shuaib A. Malik Mr. Rehmat Ullah Bardaie (Alternate Director)

\*The independent director meets the criteria of independence under clause i(b) of the Code 2002 since the present Board was elected in March 2012, prior to issuance of the revised Code in April 2012. The Code 2012 requires at least one independent director as per the definition of independent director, which would be applicable from next election of directors.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company (excluding the listed subsidiaries of listed

holding companies where applicable).

3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a Development Finance Institution or a Non-Banking Financial Institution, or being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred in the Board during the year.
5. The Company has prepared a 'Code of Conduct' and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
6. The Board has developed vision and mission statements, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer, other executive and non-executive directors, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of Board meetings, along with agenda and working papers, were circulated at least seven days before the

meetings. The minutes of the meetings were appropriately recorded and circulated.

9. Most of the Directors meet the exemption requirement of the directors' training program and two of the Directors have attained this certification. The remaining directors shall obtain certification under directors' training program upto 2016.
10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.
11. The Directors' Report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by Chief Executive Officer and Chief Financial Officer before approval of the Board.
13. The Directors, Chief Executive Officer and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an Audit Committee. It comprises three members of whom all are non-executive directors and the chairman of the Committee is an independent director.
16. The meetings of the Audit Committee were held at least once every quarter prior to approval of the interim and final results of the Company as required by the Code. The terms of reference of the Committee have been formed and advised to the Committee for compliance.
17. The Board has formed a Human Resource and Remuneration Committee. It comprises of three members, of whom two members including the chairman are non-executive directors.
18. The Board has set up an effective internal audit function.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Listing Regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim /final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchange.
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange.
23. We confirm that all other material principles enshrined in the Code have been complied with.

On behalf of the Board

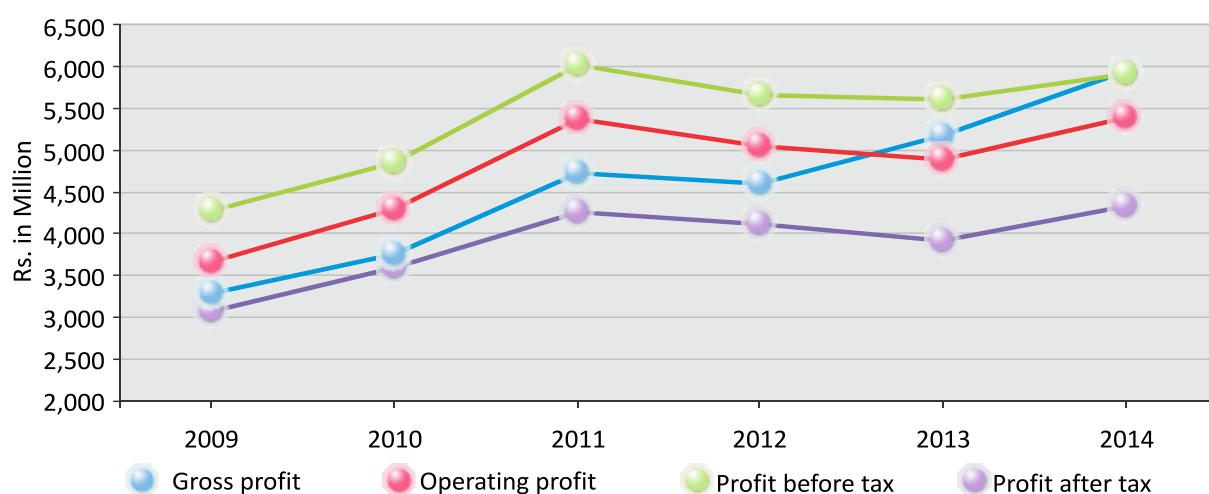


Shuaib A. Malik  
Chief Executive

Beirut, Lebanon.  
August 14, 2014

# Six Years at a Glance

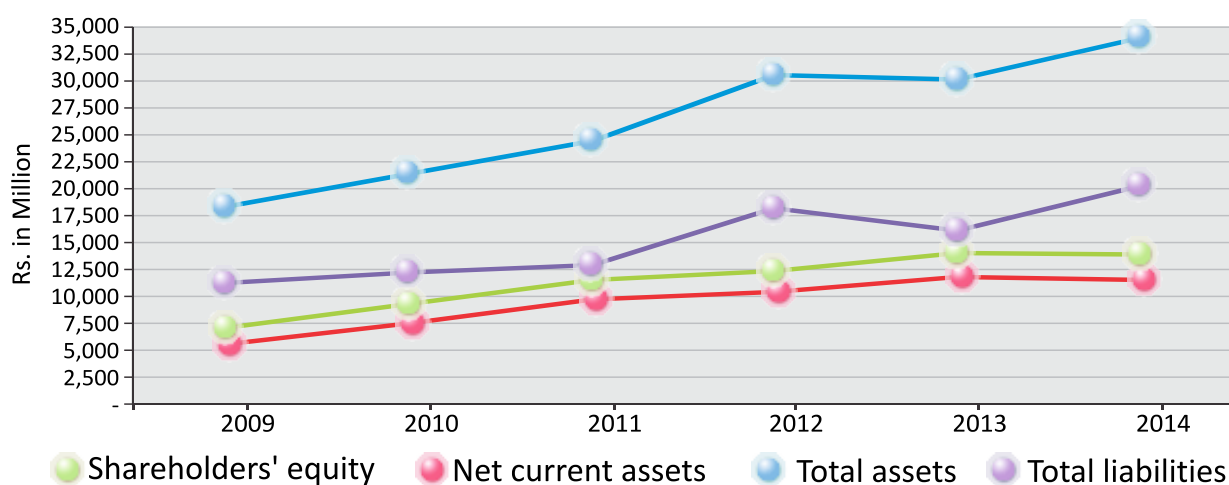
		2014	2013	2012	2011	2010	2009
<b>Profit and Loss Summary</b>							
Sales volumes	Metric Tons	2,190,293	1,837,357	1,761,682	1,593,336	1,436,891	1,259,404
Net sales	Rs thousand	205,162,911	164,710,177	152,843,437	109,394,725	82,791,918	61,863,152
Gross profit	Rs thousand	5,942,294	5,176,801	4,587,853	4,714,218	3,759,884	3,292,350
Operating profit	Rs thousand	5,381,469	4,873,355	5,050,460	5,374,298	4,282,497	3,659,248
Profit before tax	Rs thousand	5,906,565	5,593,404	5,646,740	6,017,511	4,846,309	4,280,419
Profit after tax	Rs thousand	4,326,764	3,906,534	4,120,315	4,256,511	3,594,309	3,082,419
Profit before interest, tax, depreciation and amortization (EBITDA)	Rs thousand	6,228,433	5,817,731	5,822,179	6,162,575	4,973,607	4,363,053



Net sales in 2014 increased by 25% from 2013 due to increase in volume sold and average prices of products and accordingly profitability increased by 11% as compared to 2013.

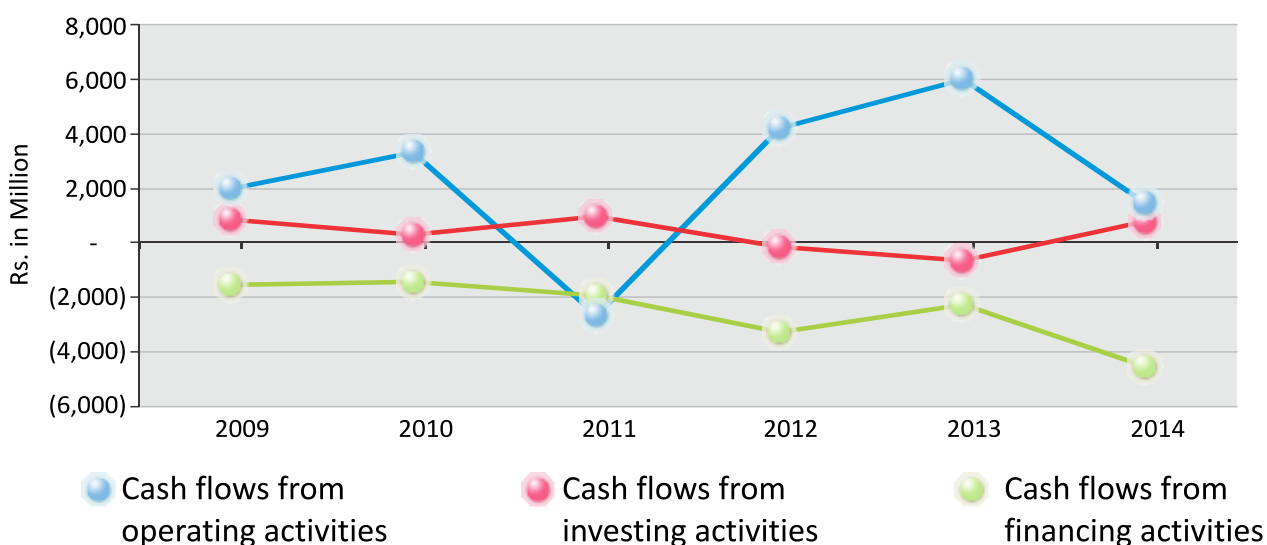
		2014	2013	2012	2011	2010	2009
<b>Balance Sheet Summary</b>							
Share capital	Rs thousand	829,440	691,200	691,200	691,200	576,000	576,000
Reserves	Rs thousand	12,970,282	13,352,257	11,692,123	10,855,008	8,660,577	6,506,268
Shareholders' equity	Rs thousand	13,799,722	14,043,457	12,383,323	11,546,208	9,236,577	7,082,268
Non-Current Liabilities	Rs thousand	581,682	462,871	412,729	320,316	288,908	251,538
Current assets	Rs thousand	31,248,819	27,356,666	28,062,795	22,247,396	19,429,233	16,408,160
Current liabilities	Rs thousand	19,704,460	15,591,191	17,735,089	12,613,827	11,917,167	10,938,626
Net current assets	Rs thousand	11,544,359	11,765,475	10,327,706	9,633,569	7,512,066	5,469,534
Property, plant and equipment	Rs thousand	1,931,085	1,862,742	1,601,576	1,374,767	1,217,217	1,130,875
Other Non-Current Assets	Rs thousand	905,960	878,111	866,770	858,188	796,202	733,397
Capital expenditure during the year	Rs thousand	392,261	485,684	402,248	308,200	215,396	293,032
Total Assets	Rs thousand	34,085,864	30,097,519	30,531,141	24,480,351	21,442,652	18,272,432
Total Liabilities	Rs thousand	20,286,142	16,054,062	18,147,818	12,934,143	12,206,075	11,190,164





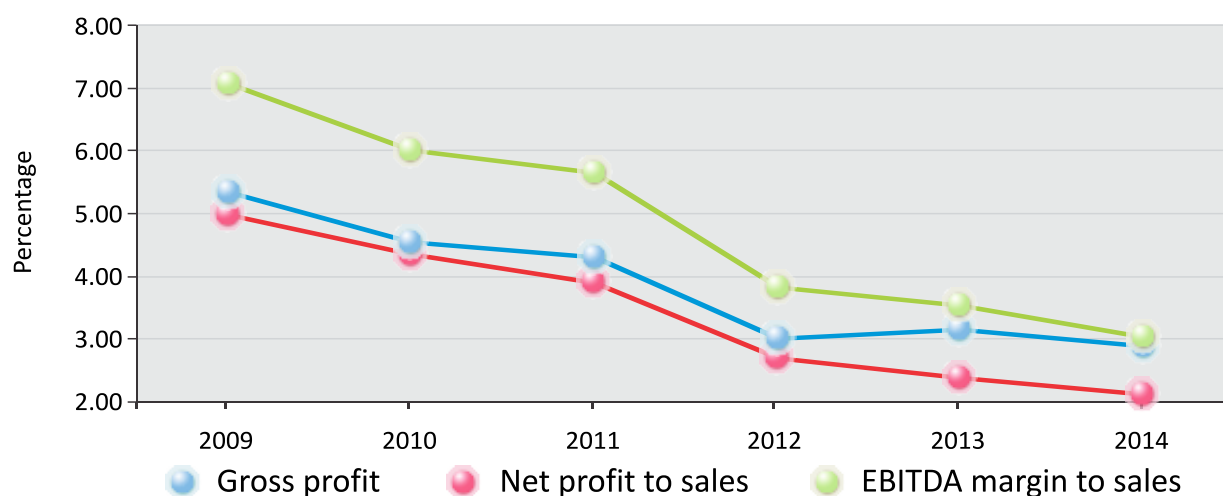
Equity and net current assets in 2014 decreased by 2% each over 2013 due to profit distribution to shareholders. Expenditure incurred on construction of retail outlets led to increase in the non-current assets by 4%.

		2014	2013	2012	2011	2010	2009
<b>Cash Flow Summary</b>							
Cash flows of operating activities	Rs thousand	1,456,813	6,035,751	4,213,709	(2,668,549)	3,358,779	1,999,307
Cash flows of investing activities	Rs thousand	778,567	(636,059)	(155,887)	966,107	318,114	849,611
Cash flows of financing activities	Rs thousand	(4,555,092)	(2,244,902)	(3,278,768)	(1,944,108)	(1,437,573)	(1,533,404)
Effect of exchange rate changes	Rs thousand	(153)	1,797	4,470	1,903	623	1,505
Net change in cash and cash equivalents	Rs thousand	(2,319,865)	3,156,587	783,524	(3,644,647)	2,239,943	1,317,019
Cash & cash equivalents at end of the year	Rs thousand	7,650,452	9,970,317	6,813,730	6,030,206	9,674,853	7,434,910



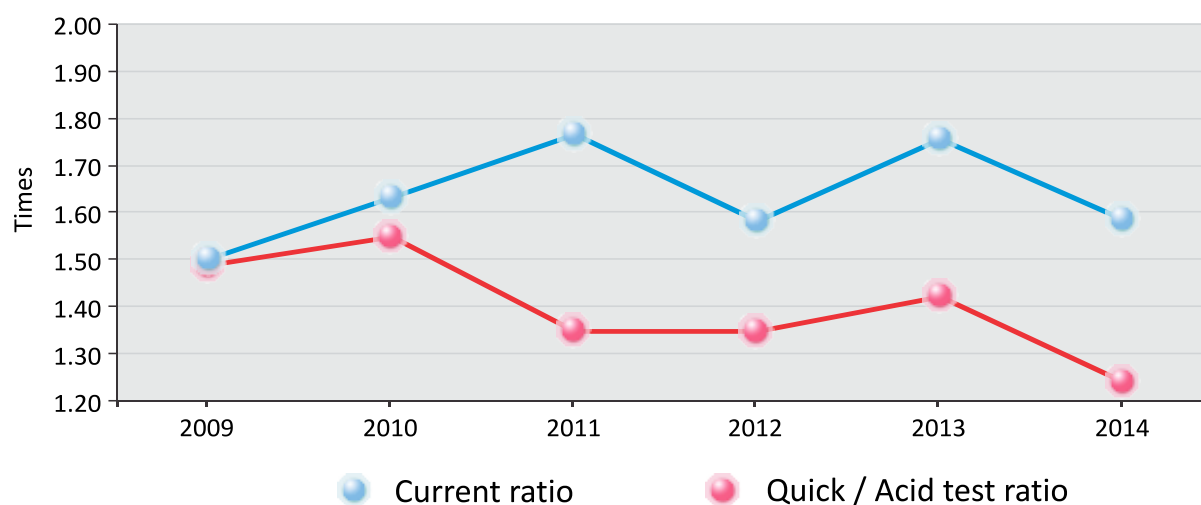
In 2014, the Company's net cash and cash equivalents decreased by Rs. 2,320 million mainly due to utilization of cash for payment of dividends.

		2014	2013	2012	2011	2010	2009
<b>Profitability and Operating Ratios</b>							
Gross profit	%	2.90	3.14	3.00	4.31	4.54	5.32
Net profit to sales	%	2.11	2.37	2.70	3.89	4.34	4.98
EBITDA margin to sales	%	3.04	3.53	3.81	5.63	6.01	7.05
Operating leverage	%	22.80	(12.17)	(15.51)	75.21	39.08	131.39
Return on equity	%	31.08	29.56	34.44	40.96	44.05	48.86
Return on capital employed	%	31.08	29.56	34.44	40.96	44.05	48.86



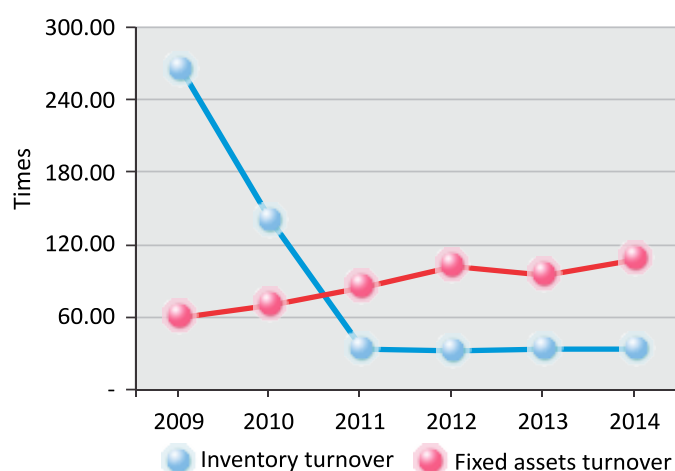
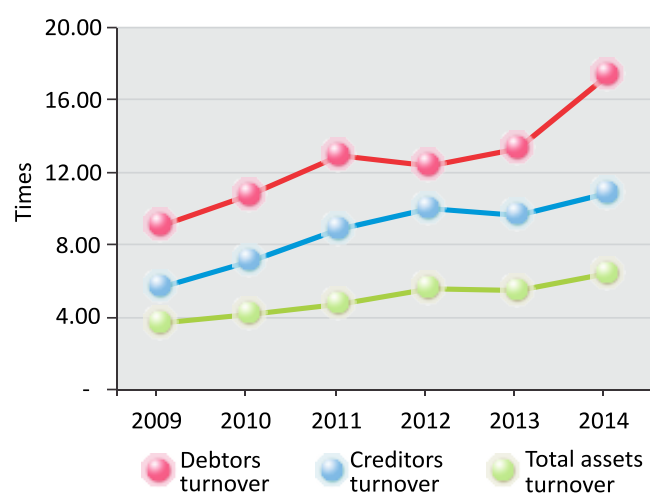
In 2014, decrease in average profit margins on petroleum products and increase in operating expenses due to stiff competition resulted in decrease in profitability ratios.

		2014	2013	2012	2011	2010	2009
<b>Liquidity Ratios</b>							
Current	Times	1.59	1.75	1.58	1.76	1.63	1.50
Quick / Acid test ratio	Times	1.24	1.42	1.35	1.35	1.55	1.49
Cash to current liabilities	Times	0.39	0.64	0.38	0.48	0.81	0.68
Cash flows from operations to sales	Times	0.01	0.04	0.03	(0.02)	0.04	0.03



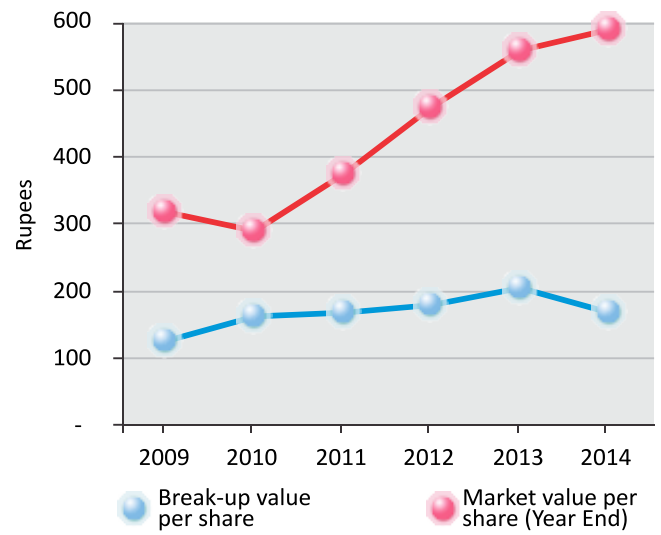
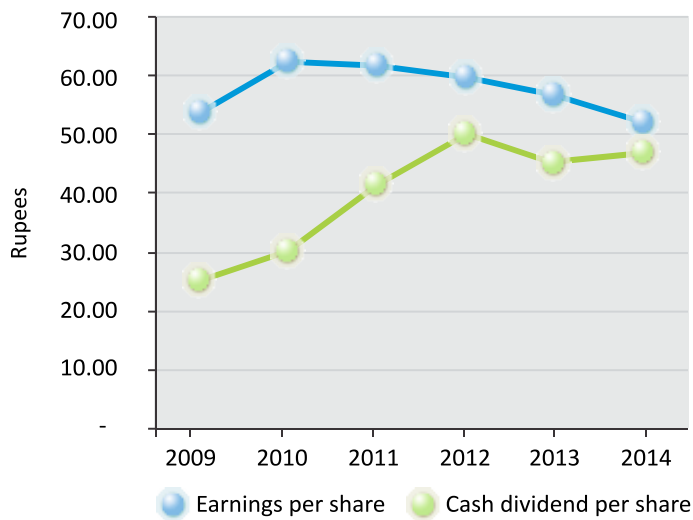
In 2014, the liquidity ratios are lower compared to last year due to decrease in cash and bank balances on account of decrease in cash generation from operations and utilization of cash for payment of dividend.

		2014	2013	2012	2011	2010	2009
<b>Activity / Turn Over Ratios</b>							
Inventory turnover	Times	33.36	34.23	31.50	33.55	139.29	265.87
No. of days in inventory		11	11	12	11	3	1
Debtors turnover	Times	17.42	13.36	12.40	12.95	10.73	9.06
No. of days in receivables		21	27	29	28	34	40
Creditors Turnover	Times	11.41	9.65	9.97	8.86	7.09	5.70
No of days in payables		32	38	37	41	51	64
Total assets turnover	Times	6.39	5.43	5.56	4.76	4.17	3.66
Fixed assets turnover	Times	108.16	95.09	102.71	84.41	70.52	60.25
Operating cycle	Days	(0)	0	4	(2)	(15)	(22)
Number of retail outlets		468	414	362	318	277	246



		2014	2013	2012	2011	2010	2009
<b>Investment / Market Ratios</b>							
Basic and diluted EPS	Rs	52.16	56.52	59.61	61.58	62.40	53.51
Basic and diluted EPS (restated)	Rs	52.16	47.10	49.68	51.32	43.33	37.16
Price earning	Times	11.31	9.93	7.96	6.08	4.63	5.94
Dividend yield	%	9.01	8.96	11.98	12.08	8.61	9.16
Dividend payout	%	91.06	79.62	83.88	67.39	48.08	46.72
Dividend cover	Times	1.10	1.26	1.19	1.48	2.08	2.14
Cash dividends	Rs thousand	3,939,840	3,110,400	3,456,000	2,868,480	1,728,000	1,440,000
Cash dividend per share	Rs	47.50	45.00	50.00	41.50	30.00	25.00
Bonus shares issued	Rs thousand	-	138,240	-	-	115,200	-
Bonus per share	%	-	20.00	-	-	20.00	-
Break-up value per share	Rs	166.37	203.18	179.16	167.05	160.36	122.96
Market value per share							
Year end	Rs	590	561	474	374	289	318
Highest (during the year)	Rs	607	585	478	401	405	432
Lowest (during the year)	Rs	414	471	316	281	275	130





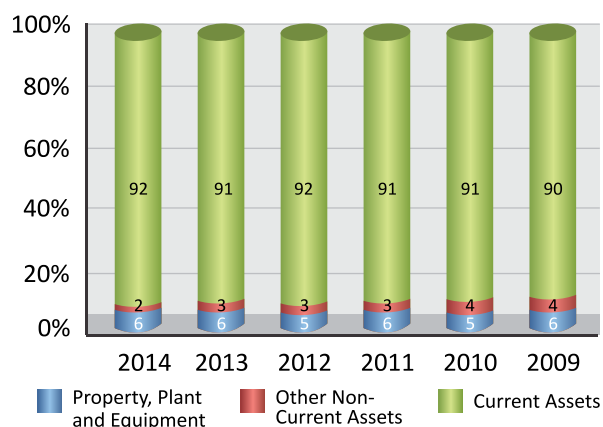
	2014	2013	2012	2011	2010	2009
<b>Capital Structure Ratios</b>						
Debt to equity	0:100	0:100	0:100	0:100	0:100	0:100
Financial leverage	-	-	-	-	-	-
Weighted average cost of debt	-	-	-	-	-	-
Interest cover	-	-	-	-	-	-
Market Share	% 10.1	9.3	9.1	7.9	7.0	6.6

(Source: OCAC)

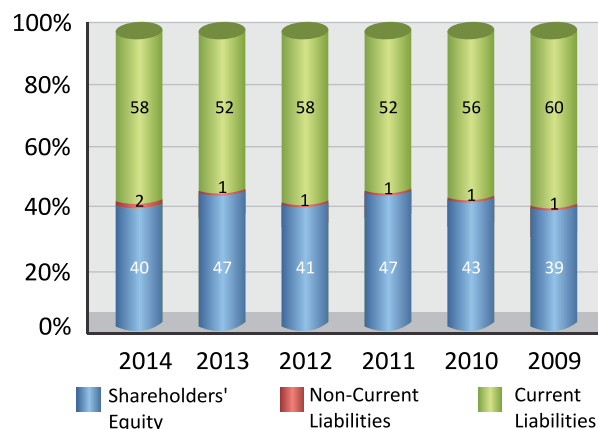
# Vertical Analysis

	2014		2013	
	Rs ('000)	%	Rs ('000)	%
<b>Balance Sheet Items</b>				
Property, Plant and Equipment	1,931,085	5.7	1,862,742	6.2
Other Non-Current Assets	905,960	2.6	878,111	2.9
Current Assets	31,248,819	91.7	27,356,666	90.9
<b>Total Assets</b>	<b>34,085,864</b>	<b>100.0</b>	<b>30,097,519</b>	<b>100.0</b>
<b>Shareholders' Equity &amp; Liabilities</b>				
Shareholders' Equity	13,799,722	40.5	14,043,457	46.7
Non- Current Liabilities	581,682	1.7	462,871	1.5
Current Liabilities	19,704,460	57.8	15,591,191	51.8
<b>Total Shareholders' Equity &amp; Liabilities</b>	<b>34,085,864</b>	<b>100.0</b>	<b>30,097,519</b>	<b>100.0</b>
<b>Profit &amp; Loss Items</b>				
<b>Net Sales</b>	<b>205,162,911</b>	<b>100.0</b>	<b>164,710,177</b>	<b>100.0</b>
Cost of Products Sold	199,220,617	97.1	159,533,376	96.9
Gross Profit	5,942,294	2.9	5,176,801	3.1
Operating Profit	5,381,469	2.6	4,873,355	3.0
Profit before Taxation	5,906,565	2.9	5,593,404	3.4
Profit for the Year	4,326,764	2.1	3,906,534	2.4

## Composition of Assets



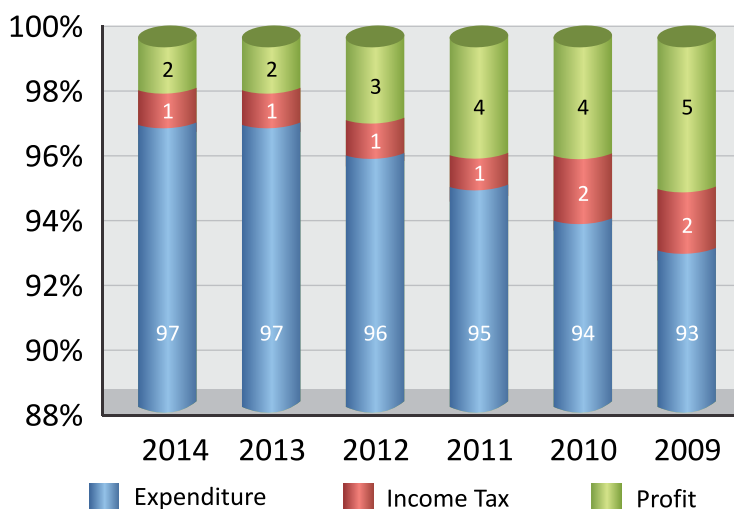
## Composition of Total Liabilities & Shareholders' Equity



In the balance sheet, total assets comprise of current assets 91.7% and non-current assets 8.3% which is more or less same as that of last year. On the other side, the ratio of total liabilities to shareholders' equity is 60:40 as compared to last year of 53:47. This change is due to decrease in shareholders' equity on account of payment of dividend.

2012		2011		2010		2009	
Rs ('000)	%	Rs ('000)	%	Rs ('000)	%	Rs ('000)	%
1,601,576	5.3	1,374,767	5.6	1,217,217	5.7	1,130,875	6.2
866,770	2.8	858,188	3.5	796,202	3.7	733,397	4.0
28,062,795	91.9	22,247,396	90.9	19,429,233	90.6	16,408,160	89.8
<b>30,531,141</b>	<b>100.0</b>	<b>24,480,351</b>	<b>100.0</b>	<b>21,442,652</b>	<b>100.0</b>	<b>18,272,432</b>	<b>100.0</b>
12,383,323	40.6	11,546,208	47.2	9,236,577	43.1	7,082,268	38.8
412,729	1.4	320,316	1.3	288,908	1.3	251,538	1.4
17,735,089	58.0	12,613,827	51.5	11,917,167	55.6	10,938,626	59.9
<b>30,531,141</b>	<b>100.0</b>	<b>24,480,351</b>	<b>100.0</b>	<b>21,442,652</b>	<b>100.0</b>	<b>18,272,432</b>	<b>100.0</b>
<b>152,843,437</b>	<b>100.0</b>	<b>109,394,725</b>	<b>100.0</b>	<b>82,791,918</b>	<b>100.0</b>	<b>61,863,152</b>	<b>100.0</b>
148,255,584	97.0	104,680,507	95.7	79,032,034	95.5	58,570,802	94.7
4,587,853	3.0	4,714,218	4.3	3,759,884	4.5	3,292,350	5.3
5,050,460	3.3	5,374,298	4.9	4,282,497	5.2	3,659,248	5.9
5,646,740	3.7	6,017,511	5.5	4,846,309	5.9	4,280,419	6.9
4,120,315	2.7	4,256,511	3.9	3,594,309	4.3	3,082,419	5.0

### Composition of Profit and loss



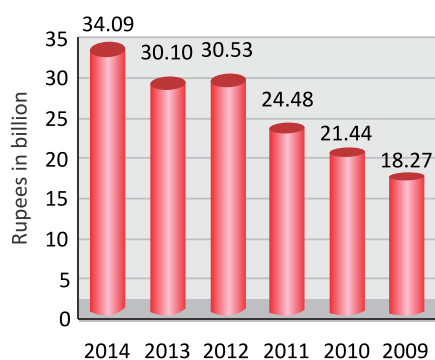
During 2014, in profit and loss, cost of products sold consumed major portion (97.1%) of net sales due to increase in purchase price of petroleum products.



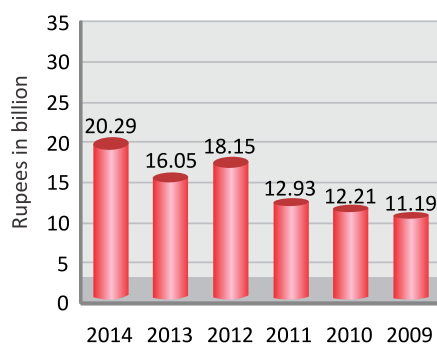
# Horizontal Analysis

	2014		2013	
	Rs ('000)	Increase / (decrease) from last year (%)	Rs ('000)	Increase / (decrease) from last year (%)
<b>Balance Sheet Items</b>				
Property, Plant and Equipment	1,931,085	3.7	1,862,742	16.3
Other Non-Current Assets	905,960	3.2	878,111	1.3
Current Assets	31,248,819	14.2	27,356,666	(2.5)
<b>Total Assets</b>	<b>34,085,864</b>	<b>13.3</b>	<b>30,097,519</b>	<b>(1.4)</b>
Shareholders' Equity	13,799,722	(1.7)	14,043,457	13.4
Non- Current Liabilities	581,682	25.7	462,871	12.1
Current Liabilities	19,704,460	26.4	15,591,191	(12.1)
<b>Total Shareholders' Equity &amp; Liabilities</b>	<b>34,085,864</b>	<b>13.3</b>	<b>30,097,519</b>	<b>(1.4)</b>
<b>Profit &amp; Loss Items</b>				
<b>Net Sales</b>	<b>205,162,911</b>	<b>24.6</b>	<b>164,710,177</b>	<b>7.8</b>
Cost of Products Sold	199,220,617	24.9	159,533,376	7.6
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Operating Profit	5,381,469	10.4	4,873,355	(3.5)
Profit Before Taxation	5,906,565	5.6	5,593,404	(0.9)
Profit for the Year	4,326,764	10.8	3,906,534	(5.2)

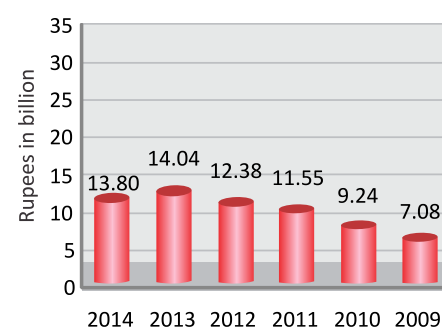
### Total Assets



### Total Liabilities



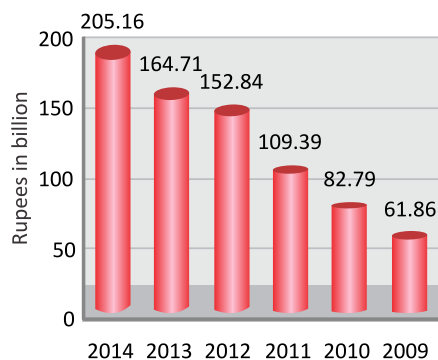
### Total Shareholders' Equity



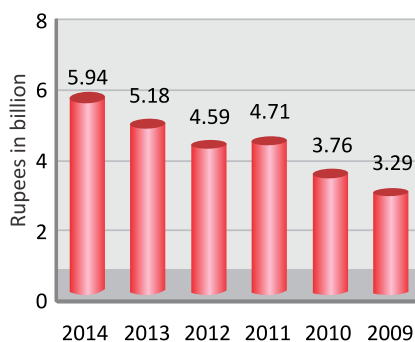
In 2014, Property, plant and equipment increased by 4% representing expenditure on construction of retail outlets. Current assets increased by 14% due to increase in receivables from Power Producers and other customers. This also resulted in corresponding increase in amounts payable under current liabilities. Shareholders' equity decreased by 2% due to higher distribution of profits to shareholders.

2012		2011		2010		2009	
Rs ('000)	Increase / (decrease) from last year (%)	Rs ('000)	Increase / (decrease) from last year (%)	Rs ('000)	Increase / (decrease) from last year (%)	Rs ('000)	Increase / (decrease) from last year (%)
1,601,576	16.5	1,374,767	12.9	1,217,217	7.6	1,130,875	22.6
866,770	1.00	858,188	7.8	796,202	8.6	733,397	3.4
28,062,795	26.1	22,247,396	14.5	19,429,233	18.4	16,408,160	18.2
<b>30,531,141</b>	<b>24.7</b>	<b>24,480,351</b>	<b>14.2</b>	<b>21,442,652</b>	<b>17.3</b>	<b>18,272,432</b>	<b>17.8</b>
12,383,323	7.3	11,546,208	25.0	9,236,577	30.4	7,082,268	27.9
412,729	28.9	320,316	10.9	288,908	14.9	251,538	86.1
17,735,089	40.6	12,613,827	5.8	11,917,167	8.9	10,938,626	11.1
<b>30,531,141</b>	<b>24.7</b>	<b>24,480,351</b>	<b>14.2</b>	<b>21,442,652</b>	<b>17.3</b>	<b>18,272,432</b>	<b>17.8</b>
<b>152,843,437</b>	<b>39.7</b>	<b>109,394,725</b>	<b>32.1</b>	<b>82,791,918</b>	<b>33.8</b>	<b>61,863,152</b>	<b>16.2</b>
148,255,584	41.6	104,680,507	32.5	79,032,034	34.9	58,570,802	16.0
4,587,853	(2.7)	4,714,218	25.4	3,759,884	14.2	3,292,350	19.8
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5,646,740	(6.2)	6,017,511	24.2	4,846,309	13.2	4,280,419	21.3
4,120,315	(3.2)	4,256,511	18.4	3,594,309	16.6	3,082,419	16.7

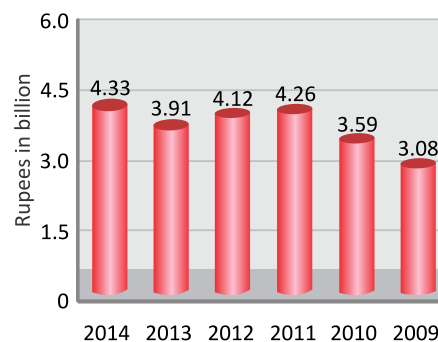
Net Sales



Gross Profit



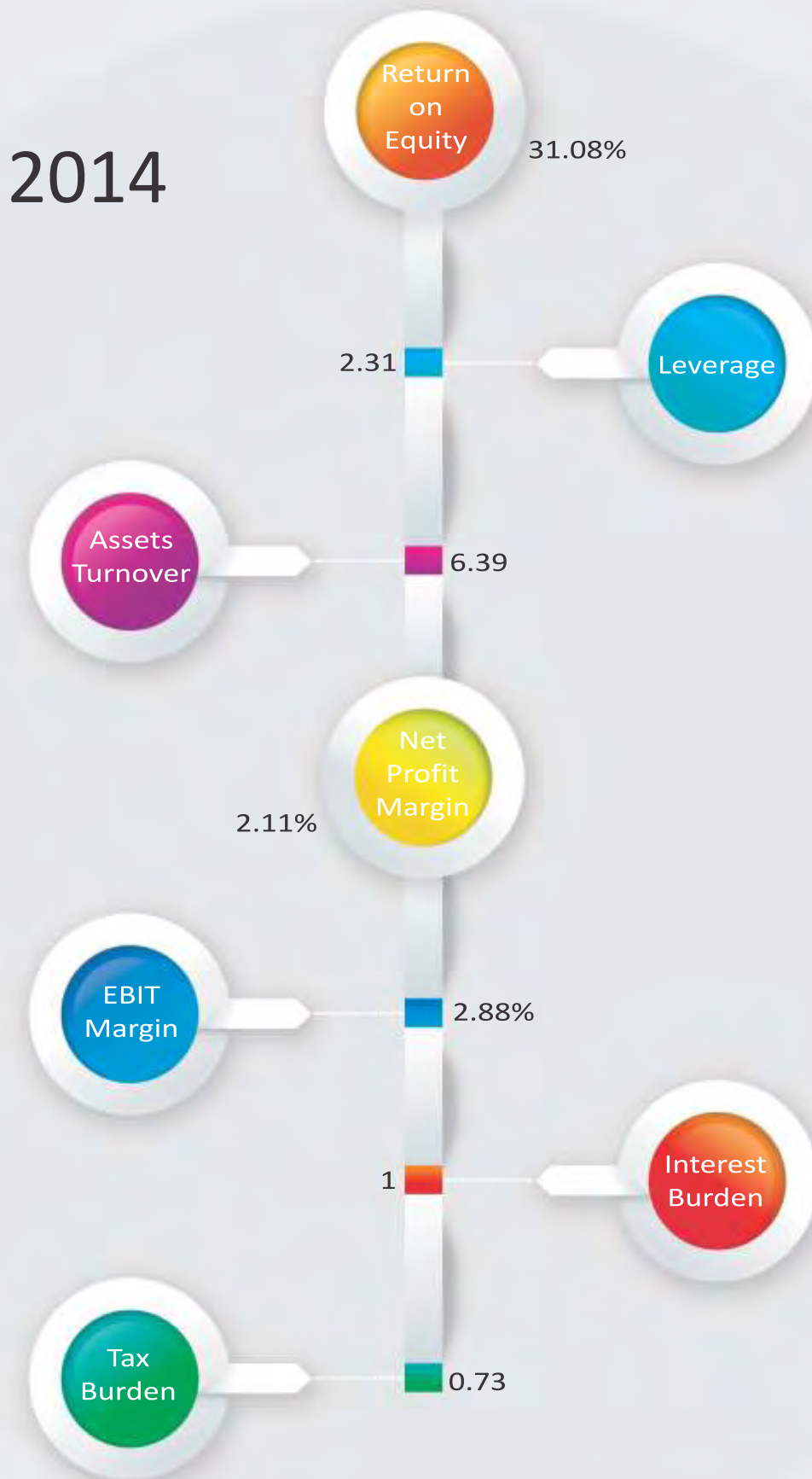
Net Profit



Net sales in 2014 increased by 25% from 2013 due to increase in volume sold and average prices of products and accordingly profitability increased by 11% as compared to 2013.

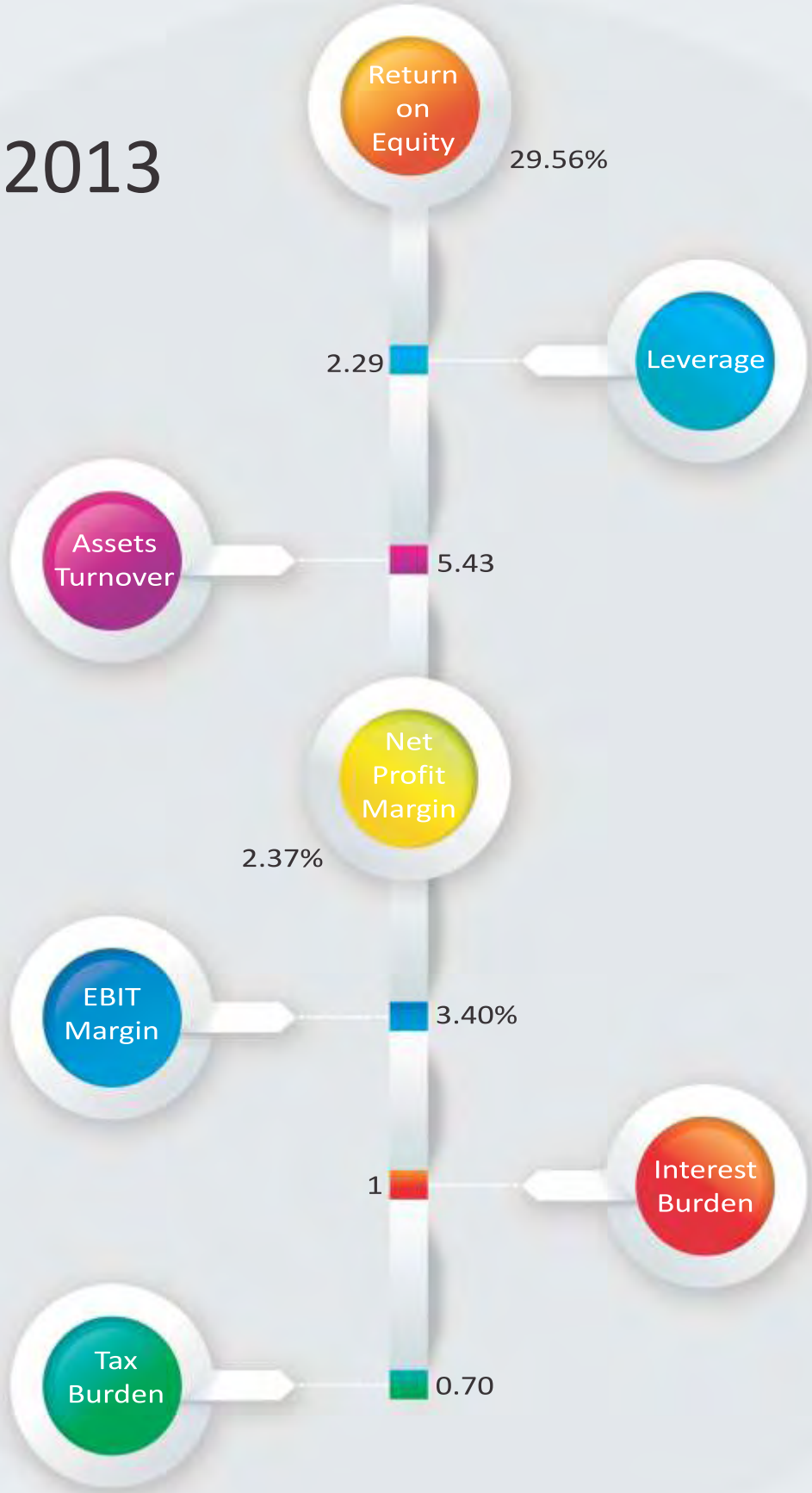
# DuPont Analysis

In the year 2014, Return on Equity (ROE) increased in comparison to 2013 by improving net margin and use of total assets more effectively.





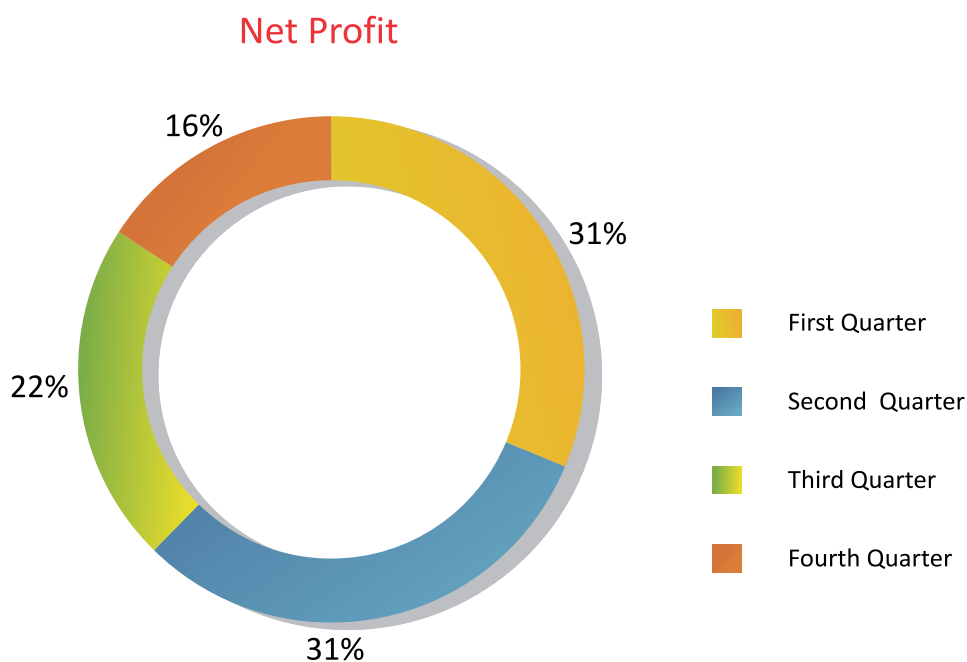
2013



# Analysis of variation

## in results of interim reports with the final accounts

	Total Rs ('000)	Fourth Quarter Rs ('000)	Third Quarter Rs ('000)	Second Quarter Rs ('000)	First Quarter Rs ('000)
<b>Profit &amp; Loss Items</b>					
Net Sales	205,162,911	58,497,850	48,053,663	51,298,192	47,313,206
Gross Profit	5,942,294	1,005,220	1,157,363	1,831,565	1,948,146
Profit Before Taxation	5,906,565	860,240	1,365,911	1,734,480	1,945,934
Net Profit	4,326,764	677,400	980,474	1,327,956	1,340,934
Earnings Per Share (Rupees)	52.16	8.16	11.82	16.01	16.17



Contribution to total net profit from first quarter (31%) and second quarter (31%) of the year remained highest due to better product mix, funds management and inventory management.

# Statement of Value Added

	2014		2013	
	Rs in thousand	%	Rs in thousand	%
Gross revenue and other income	243,052,281		195,143,039	
Cost of sales and operating expenses	(190,418,047)		(153,124,713)	
<b>Total value added</b>	<b>52,634,234</b>		<b>42,018,326</b>	
<b>DISTRIBUTION</b>				
Employee remuneration:	475,142	0.90	334,978	0.80
Government as:				
Company taxation	1,579,801	3.00	1,686,870	4.01
Sales tax and levies	45,496,136	86.44	35,445,299	84.36
WPPF & WWF	434,523	0.83	410,519	0.98
Shareholders as:				
Dividends	3,939,840	7.49	3,110,400	7.40
Bonus share	-	-	138,240	0.33
Society as:				
Donation	-	-	-	-
Providers of finance as:				
Financial Charges	-	-	9,799	0.02
Retained in business:				
Depreciation	321,868	0.61	224,327	0.53
Net earnings	386,924	0.74	657,894	1.57
	<b>52,634,234</b>	<b>100.00</b>	<b>42,018,326</b>	<b>100.00</b>

