

# 2015

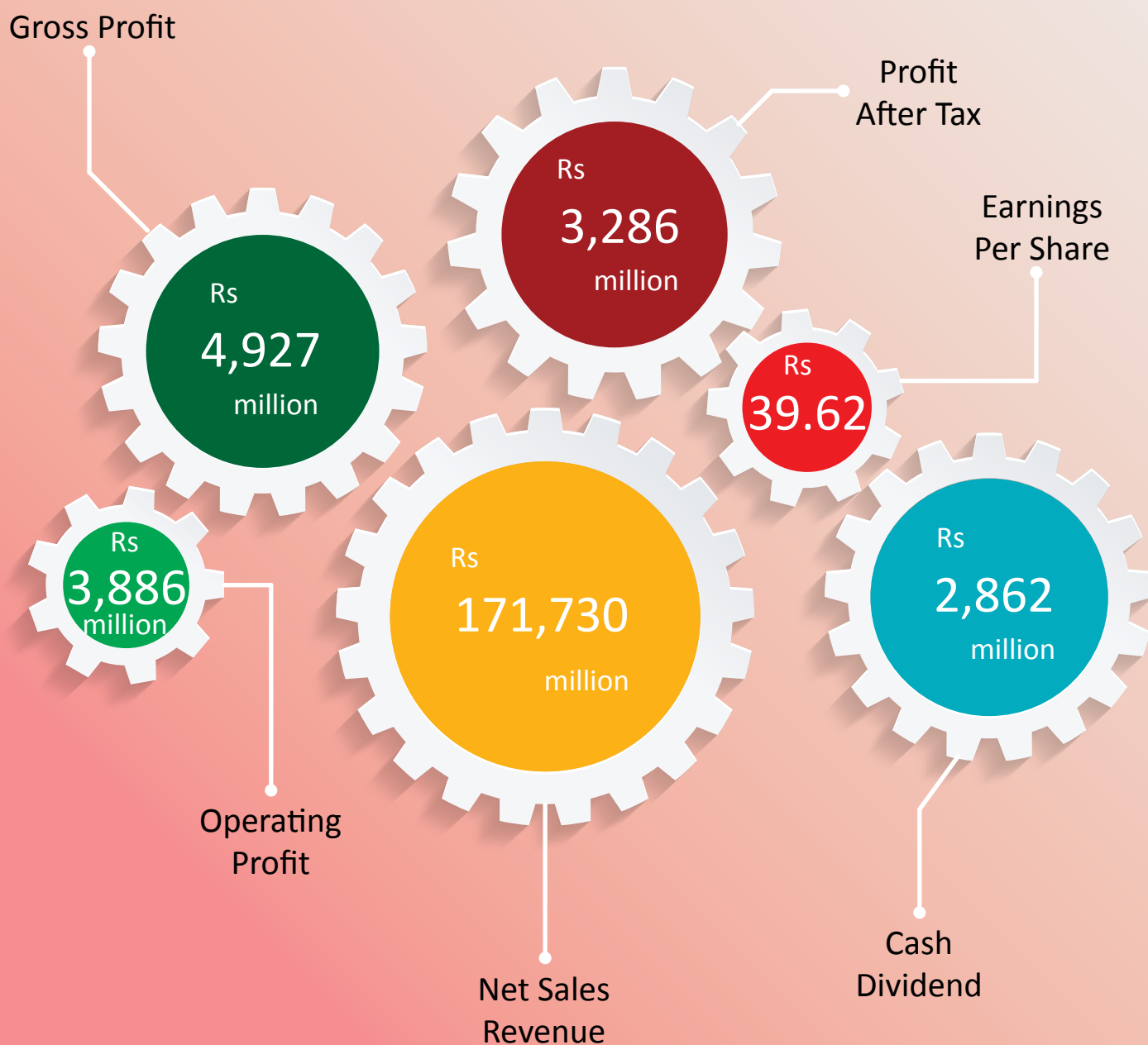
Annual Report



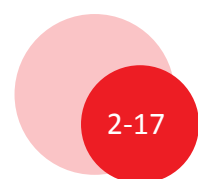
Delivering  
Energy

Attock Petroleum Limited

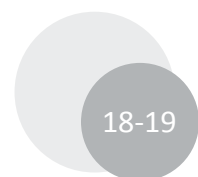
# Financial Highlights



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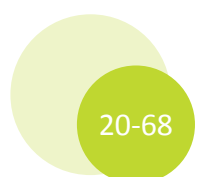


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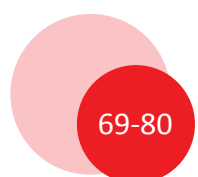
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## Our Vision

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.

## 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.

## Management's Objectives and Strategies

The objectives of the Company are defined in a manner such that the realisation of short-term goals leads to achieving those objectives. The management formulates strategies keeping in view the vision and mission statement of the Company. A balanced approach is adopted in this regard to come up to the expectations of all stakeholders. Actions are prioritized and performance objectives are periodically assessed to reduce deviations from the corporate strategy of the Company. The management

takes measures to transform the weaknesses into strengths and threats into opportunities. Long term goals can only be achieved by mitigating the risks and minimising the threats arising due to change in external and internal environment.

Management believes that our business objectives and strategies are well planned and there is no significant change from the previous years.

## Relationship between the Company's Results and Management's Objectives



In the year under review, declining trend in international petroleum prices has negatively affected the profitability of the Company due to significant inventory losses. Despite this, APL has been able to maintain a sustainable market share ensuring product availability during periods of shortages; mainly because of effective stock and risk management.

The Company also ensured expansion by increasing the number of its retail outlets during the year, entering into joint business collaboration with leading Japanese Company for lubricants business and entering into joint venture for supply of jet fuel at New Islamabad International Airport.

## Critical Performance Measures

The critical performance measures and indicators against stated objectives of the Company include delivering premium quality products and services with customers' satisfaction, increase in number of retail outlets and customer base. It also includes enhancement of storage capacities, improvement in

operational performance, efficiency in supply chain management, decrease in operating cost and increase in shareholders' wealth.

Management believes that current critical performance measures continue to be relevant in future as well.



## Top Companies Award



Amongst Top Twenty Five Companies: Organized by Karachi Stock Exchange

# Code of Conduct

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,

Company Owned & Company Operated site - Liberty Filling Station, Lahore



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.

## 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



## Achievements

The Company stood amongst top twenty five companies and won the Top Companies Award 2013 held in March 2015 organized by Karachi Stock Exchange.

The Company won 3<sup>rd</sup> position in Fuel and Energy sector in Best Corporate Report Awards 2013 held in September 2014 jointly organized by the Institute of Chartered Accountants of Pakistan and the Institute of Cost and Management Accountants of Pakistan.





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.

## Brief Company Profile and Group Structure

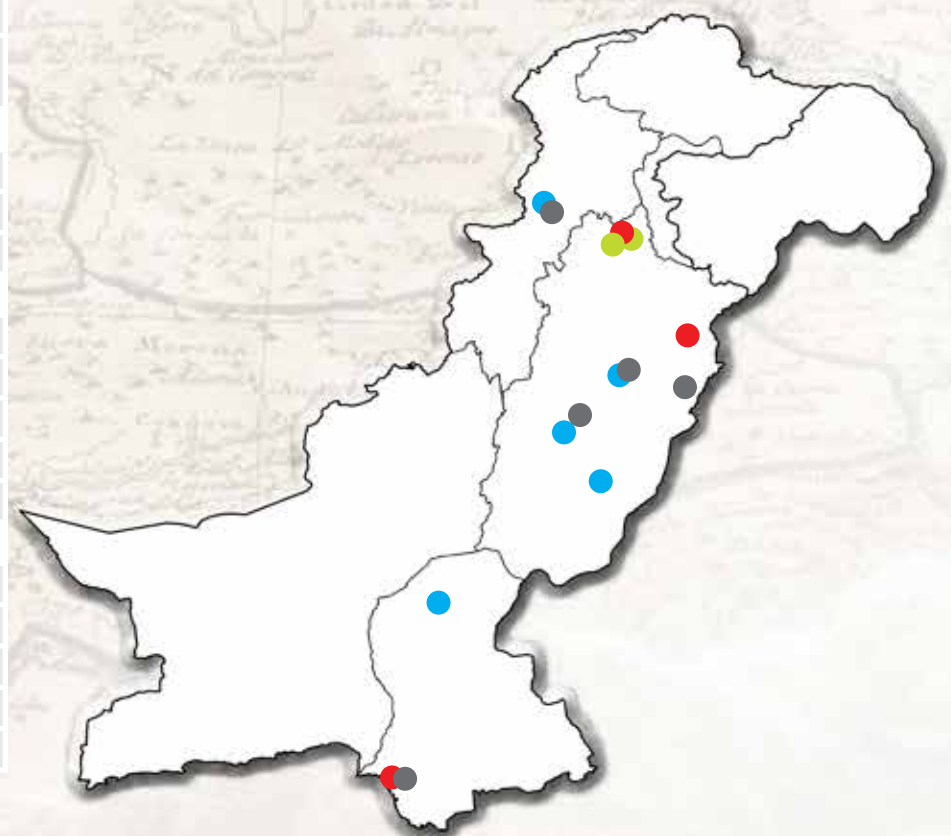
Attock Petroleum Limited was incorporated in Pakistan as a Public Limited Company on December 03, 1995. APL is the 4<sup>th</sup> Oil Marketing Company that was granted marketing license and commenced its operations in February 1998. The Company was listed on Karachi Stock Exchange on March 07, 2005. Within a short span of time, APL has managed to establish its presence and reputation as a progressive and dynamic organization, having its focus on providing quality petroleum products and services in Pakistan and abroad, with special emphasis on meeting all safety and environment standards. Our steady and substantially growing market share and customer confidence is a testimony to our successful policies, proactive endeavors and visionary approach. APL is engaged in the marketing and distribution of numerous petroleum products including High Speed Diesel, Premier Motor Gasoline, Furnace Oil, Bitumen, Kerosene and Lubricants etc.

Though a new entrant in the field and having no linkage with the global oil majors, APL takes pride in its heritage being associated with the Attock Oil Group of Companies which rightly claim to be the pioneers in the Oil & Gas Sector in this part of the world, having started its operations in 1913.

Attock Group of Companies is the only fully vertically integrated Group covering all aspects of the Oil and Gas sectors of Pakistan, ranging from exploration, production, refining to marketing of a wide range of petroleum products. Besides oil & gas, Attock Group is also involved in other diversified businesses; like cement, energy & information technology. APL's sponsors include Pharaon Investment Group Limited Holding s.a.l and Attock Oil Group of Companies.

## Geographical Presence

<span style="color: green;">●</span>	<b>Offices</b>
	Corporate Office, Islamabad
	Marketing & Sales Office / Registered Office, Rawalpindi
<span style="color: red;">●</span>	<b>Bulk Oil Terminals</b>
	Rawalpindi Bulk Oil Terminal
	Machike Bulk Oil Terminal
	Karachi Bulk Oil Terminal
<span style="color: grey;">●</span>	<b>Regional Marketing &amp; Sales Offices</b>
	Karachi
	Lahore
	Faisalabad
	Multan
	Peshawar
<span style="color: blue;">●</span>	<b>Invoicing Points</b>
	Mehmood Kot
	Gatti
	Vehari
	Tarujabba
	Shikarpur





# 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.
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.





## 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 pro-active 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.



## Whistle blower Protection Mechanism Policy

Whistle blower means an employee who reports a concern to management about illegal activities or a breach of code of conduct.

The management encourages whistle blowing culture in the organization and has adopted a culture to detect, identify and report any activity which is not in line with the Company policies, any misuse of Company's properties or any breach of law which may affect the reputation of the Company. The Company has adopted the best corporate policies to protect employee(s) who report corporate wrongdoings, illegal conduct, internal fraud and discrimination against retaliation. The Company promotes transparency and accountability through publication of accurate financial information to all the stakeholders, implementation of sound, effective and efficient internal control system and operational procedures.

All employees have signed a code of conduct and the Company takes any deviation very seriously.

Employees should report in good faith about illegal or unethical conduct. The Company encourages Whistle Blowing to raise the issue directly to Chief Executive and/or to the Company Secretary provided that:-

- The Whistle Blower has sufficient evidence(s) to ensure genuineness of the fact after a proper investigation at his own end;
- The Whistle Blower understands that his act will cause more good than harm to the Company and he/she is doing this because of his loyalty with the Company; and
- The Whistle Blower understands the seriousness of his/her action and is ready to assume his/her own responsibility.

The management understands that through the use of a good Whistle Blowing Plan, they can discover and develop a powerful ally in building trust with its employees and manage fair and transparent operations. The Company therefore provides a mechanism whereby any employee who meets the above referred conditions can report any case based on merit without any fear of retaliation and reprisal.

Allegations made by the whistle blower shall be investigated and claims made will be probed and scrutinized fairly. The management reserves the right to put forth the claims made by the whistle blower, as they deem appropriate.



# Product Portfolio



## 1 High Speed Diesel

High speed diesel is used in generators, cement factories (for ignition), vehicles etc. It is an end user product and is used in diesel engines, a type of internal combustion engine. Diesel engines are used in cars, boats and locomotives etc.

## 2 Premier Motor Gasoline

Gasoline or petrol is a petroleum-derived liquid mixture that is primarily used as a fuel in internal combustion engines. It is also used as a solvent, mainly known for its ability to dilute paints. Some additives are also added in it to improve quality.

## 3 Furnace Fuel Oil

Furnace oil is largely an industrial fuel. It acts as a key ingredient in the generation of electricity and heat in a number of production units. Furnace oil is used for power generation, boilers, furnaces, air preheater, other heaters and for bunkering and feedstock in fertilizer plants.

## 4 Residual Furnace Fuel Oil

It is special high viscosity residual oil requiring preheating. This fuel is specially manufactured for power plants.

## 5 Kerosene Oil

It is primarily used for cooking and illumination purposes in Pakistan. APL Kerosene is less smoky, has high heat content and gives better illumination. Kerosene also has limited industrial use.

## 6 Light Diesel Oil

It serves to run construction, petroleum drilling and other off road equipments; and to run prime movers in a wide range of power generations, industrial boilers, vessels with high & medium speed engines, and pumping applications that remain liquid at low temperatures. It is also utilized for direct combustion in industrial kitchens.

## 7 Jet Fuel

Jet fuel is a type of aviation fuel designed for use in aircraft powered by gas-turbine engines. It is clear to straw colored in appearance. The most commonly used fuels for commercial aviation are Jet A and Jet A-1 which are produced to a standardized international specification.



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### Solvent Oil

Solvents are used to dissolve other substances during industrial processes. This petrochemical is used extensively in the production of paint, print ink, agricultural chemicals, for dyeing, curing homesickness, dry cleaning, and treatment of furs, etc. It is also used as a high purity catalyst.

9

### Cutback Asphalts

Cutback Asphalt is manufactured by blending asphalt cement with a solvent. There are two major types based on the relative rate of evaporation of the solvent. It is used for prime coat, surface treatment, stock pile patching mixes etc.

10

### Polymer Modified Bitumen

Bitumen is further treated with polymer which improves consistency, reduce temperature susceptibility, improve stiffness and cohesion, improve flexibility, resilience and toughness, and improve binder-aggregate adhesion. It is used in making highways.

11

### Mineral Turpentine Oil

It is colorless petroleum solvent with a boiling range of 125-240 degrees centigrade. It is mainly used as a solvent for textile printing, dry cleaning and metal degreasing, as well as for insecticidal formulations, polish manufacture, thinner, oil soluble and as a rust inhibitor.

12

### Naphtha

Naphtha is a flammable liquid mixtures of hydrocarbons, i.e., a component of natural gas condensate or a distillation product. Some uses of naphtha gas are as a fuel for camp stoves and blowtorches, providing light in gas lanterns.

13

### Jute Batching Oil

It is predominantly used in the jute industry for making jute fiber pliable. It also finds application as Wash Oil in the steel industry.

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### Lubricants

Different type of Lubricants (Automotive and Industrial) are sold under APL brand name. Use of a lubricant is to reduce the overall system friction.



## Chairman's Review

It gives me immense pleasure to welcome our prestigious shareholders, on behalf of the Board of Directors, to the 20<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, 2015.

I warmly welcome the newly elected Board of Directors and recently constituted various Board committees and hope that they will introduce Company's tactical, operational and financial strategies to new insights utilizing their broad visions, in depth knowledge and vast market experience. I would also like to place on record my appreciation of the contributions made by outgoing Board and its Committees.

Health of global economy remains central to the energy industry. Although there have been both ups and downs in this fiscal year, the global economy is generally seen recovering gradually. While the current statistics indicates fragility in the pace of global economic growth, this is expected to improve in the medium-term. Particularly countries in Asia, are critical to future oil demand growth. Rising population, urbanization, economic expansion, improving social conditions and the growing need for mobility are all drivers of the increased oil use that will be seen in these countries in the decades ahead.

The national economic scenario has continued to depict tough challenges due to issues of power outages, unemployment, natural calamities, circular debt, decrease in inflows of foreign investment, war on terrorism and unstable law and order situation. Being part of fully integrated energy group with no gearing and strong cash flows, the Company has the strength to weather the upcoming challenges.

The financial year 2014-15 commenced with confidence for business expansion and growth despite several challenges. However, the year ended with significant uncertainties as your Company operates in an environment that has become more

turbulent and the declining oil price in the global market significantly affected the performance of the downstream oil marketing companies. Even before the recent volatility, measures have been taken to streamline and reshape the business processes and the Company is well positioned to meet the challenges in the coming years.

Maintaining a sustainable market share and consistent operational performance has curtailed the gap caused by sharp decline in Oil prices. Your Company has progressed during the financial year, confronting all the challenges and performing vigilantly against market conditions, achieving increase in sales volume by 8% when the overall industry grew by 5%. However, the steep decline in oil prices during the year, negatively impacted the net profitability by 24% to Rs 3,286 million which reflected in reduced earnings per share of Rs 39.62 (2013-14: Rs 52.16). The strong cash flows and no gearing obligations have surely tried to uphold the pressure on the financial results. Your Company has maintained its policy of providing adequate returns to its shareholders.

Your Company has also achieved the milestone of commissioning of its 500<sup>th</sup> retail outlet and striving continuously to enhance its market presence across the country by Company's operational excellence through employees' commitment, financial discipline, risk management and principles of good corporate governance under the vision and leadership of strong management.

The Company has also been awarded the sole distribution rights of ENEOS, the leading lubricant brand of Japan, in collaboration with the Japanese lubricant company JX Nippon. Certain capital investment projects are also in the pipeline with a major Joint Operation, which demonstrates that the Company is committed to move ahead. I am hopeful that these ventures will help the Company generate increased revenues and foster Company's growth.





We acknowledge the importance of corporate social responsibility as a key factor for the Company's success and sustainability and are taking steps to participate actively in CSR activities to improve corporate social image of the Company.

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 our shareholders, for their confidence and trust in the

Company and our Board of Directors and employees for their untiring endeavors and contribution that have made achievements to date possible.

Dr. Ghaith R. Pharaon  
Chairman

Rawalpindi.  
August 12, 2015

## Profile of Board of Directors



**Dr. Ghaith R. Pharaon**

Chairman  
Non Executive Director

An international investor and industrialist who has financial and trading interests in Pakistan and other parts of the world in various sectors like petroleum, power generation, chemical, real estate and cement etc. He holds an MBA from Harvard University and Masters in Petroleum Engineering from University of Colorado and Stanford University.

**Other Engagements:**

**Chairman & Director**  
The Attock Oil Company Limited  
National Refinery Limited  
Attock Cement Pakistan Limited

**Director**  
Pakistan Oilfields Limited  
Attock Refinery Limited  
Attock Gen Limited

**Other Engagements:**

**Director**  
The Attock Oil Company Limited  
Pakistan Oilfields Limited  
Attock Refinery Limited  
Attock Cement Pakistan Limited  
National Refinery Limited  
Attock Gen Limited

A businessman and an international investor who has financial and trading interests in Pakistan and other parts of the world in various sectors like petroleum, power generation, chemical, real estate and cement etc. Mr. Laith holds a graduate degree from the University of Southern California.



**Mr. Laith G. Pharaon**

Non Executive Director



**Mr. Wael G. Pharaon**

Non Executive Director

A businessman and an international investor who has financial and trading interests in Pakistan and other parts of the world in various sectors like petroleum, power generation, chemical, real estate and cement etc. Mr. Wael holds a graduate degree.

**Other Engagements:**

**Director**  
The Attock Oil Company Limited  
Pakistan Oilfields Limited  
Attock Refinery Limited  
Attock Cement Pakistan Limited  
National Refinery Limited  
Attock Gen Limited

**Other Engagements:**

**Chairman, Chief Executive Officer  
& Director**

Pakistan Oilfields Limited

**Chairman & Director**

Attock Refinery Limited

**Group Regional Chief Executive**

**Chief Executive Officer, Deputy**

**Chairman & Director**

National Refinery Limited

**Chief Executive Officer & Director**

The Attock Oil Company Limited

**Director**

Attock Cement Pakistan Limited

Attock Gen Limited

**Alternate Director**

Attock Refinery Limited

Attock Cement Pakistan Limited

Attock Gen Limited

**Resident Director**

Pharaon Investment Group Limited  
Holding s.a.l

Mr. Shuaib A. Malik has been associated with Attock Group of Companies for around four decades. He started his career as an Executive Officer in The Attock Oil Company Limited in July 1977 and served in different Companies in the Group at various times with the responsibility to supervise and oversee the operations and affairs of these Companies. He has exhaustive experience related to various aspects of upstream, midstream and downstream petroleum business. He obtained his bachelor's degree from Punjab University and has attended many international management programs, workshops and conferences including two such programs at British Institute of Management, UK and Harvard Business School, USA.



**Mr. Shuaib A. Malik**

Chief Executive Officer  
Executive Director



**Mr. Abdus Sattar**

Non Executive Director

Mr. Abdus Sattar has over 35 years of Financial Management experience at key positions of responsibility in various Government organizations/ministries, commercial organizations with the main objective of controlling costs of various commodities, to watch consumer interest, minimize government subsidies, improve government revenues, eliminate wasteful expenses/leakages and fixation of gas and POL prices. After serving as Financial Advisor to Ministry of Petroleum & Natural Resources, Government of Pakistan, he also remained Financial Advisor for Mari Gas Company Limited for around 8 years including 6 years as its Director on the Board. While working as Financial Advisor in Ministry of Petroleum he also served as Director on a number of boards like OGDCL, PPL, SNGPL, SSGCL, PSO, PARCO, ARL, POL, NRL, PMDC etc. as a nominee of

**Other Engagements:**

**Director**

Pakistan Oilfields Limited

Attock Refinery Limited

Attock Cement Pakistan Limited

**Alternate Director**

National Refinery Limited



Government of Pakistan for about seven years. He is a fellow member of Institute of Cost and Management Accountant of Pakistan (ICMAP) and was also nominated as council member of ICMAP for the three years (Jan 2000 to Dec 2002) by the Government of Pakistan. He has attended many advance financial management courses, programs and trainings in institutions of international repute in Pakistan and abroad.

**Other Engagements:**

**Chief Executive Officer & Director**  
Attock Cement Pakistan Limited

**Alternate Director**  
Pakistan Oilfields Limited  
Attock Refinery Limited  
National Refinery Limited

Mr. Babar has over 30 years of experience with the Attock Group of Companies. During this period he has held various positions in Finance, Personnel, Marketing & General Management before being appointed as the Chief Executive of Attock Cement Pakistan Limited in 2002. Mr. Bashir holds a Master's degree in Business Administration from the Quaid-e-Azam University, Islamabad. He has attended various courses, workshops and seminars in Pakistan and abroad on the business management and has substantial knowledge of the cement industry in Pakistan. Currently he is also a member of the Management Committee of the Overseas Investors Chamber of Commerce and Industry and the All Pakistan Cement Manufacturing Association.



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



**Mr. M. Raziuddin**

Independent  
Non Executive Director

Mr. Mohammad Raziuddin has over 30 years of rich experience in the energy sector. He holds a Master's Degree in Engineering from University of Detroit, Michigan, USA and did his MBA from Syracuse University, New York, USA. During his career, he has held top-level advisory positions in various organizations within the Country and also served as Technical Advisor in Saudi Arabia, Pakistan and Bangladesh. He has served as the CEO of Attock Refinery Ltd. and Managing Director, OGDCL. He has extensive knowledge and vast experience in energy consultancy, oil refining, exploration and production, petroleum marketing etc.

**Other Engagements:**

Chief Executive Officer  
KP Oil & Gas Co. Limited

**Other Engagements:**

Chief Executive Officer  
Attock Refinery limited

Chief Executive Officer & Director  
Attock Gen Limited

Mr. M. Adil Khattak, has been associated with Attock Group of Companies for the last 35 years. He holds a master's degree in engineering from Texas Tech University, USA and has attended many technical, financial and management programs in institutions of international repute in Pakistan and abroad. He has extensive experience in engineering, maintenance, human resource management, project management and marketing. Mr. Adil has keen interest in Corporate Social Responsibility activities. He is on the Boards of National Cleaner Production Centre Foundation, Attock Sahara Foundation, National Management Foundation (LUMS), Society for the Promotion of Engineering Sciences & Technology (GIK) and Cadet College, Hassanabdal.



**Mr. M. Adil Khattak**

Alternate Director to  
Dr. Ghaith R. Pharaon  
Non Executive Director



**Mr. Iqbal A. Khwaja**

Alternate Director to  
Mr. Laith G. Pharaon  
Non Executive Director

Mr. Iqbal Ahmad Khwaja is a Bachelor of Commerce from Karachi University and to obtain a professional degree, he proceeded to UK to qualify as Chartered Accountant from England and Wales. On his return from UK, he served with Attock Group of Companies for nearly thirty years in various capacities. He has been Chief Financial Officer and Corporate Secretary of Pakistan Oilfields Limited (POL), for many years. He rose to the position of its Deputy Chief Executive and also served on the Board of POL. He has also been CEO of POL's subsidiary Attock Chemicals (Pvt) Limited and CAPGAS (Pvt) Limited. During his tenure with the Group, he attended many national and international courses and seminars to remain up-to-date with his professional knowledge. Due to his knowledge and vast experience, he has been retained by The Attock Oil Company Limited, in the capacity of an advisor.

**Other Engagements:**

Alternate Director  
Pakistan Oilfields Limited

**Other Engagements:**

Alternate Director  
Attock Gen Limited  
Company Secretary  
The Attock Oil Company Limited

Mr Rehmat Ullah Bardaie is associated with Attock Group of Companies since June 1997 and has been part of the various assignments/projects undertaken from time to time. Presently, he is holding the charge of General Manager (Finance and Accounts) and Company Secretary. He has attended various financial management courses, training programs, seminars and conferences in Pakistan and abroad. He is a fellow member of both The Institute of Chartered Accountants of Pakistan and The Institute of Cost and Management Accountants of Pakistan.



**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. Mohammad Raziuddin | Member   |

## Human Resource & Remuneration Committee

- |    |  |          |
|----|--|----------|
| 1. | Mr. Babar Bashir Nawaz   | Chairman |
| 2. | Mr. Shuaib A. Malik  | Member   |
| 3. | Mr. Iqbal A. Khwaja<br>(Alternate director to<br>Mr. Laith G. Pharaon) | 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  
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 April 10, 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 has pleasure in presenting the annual report on the performance and progress of the Company together with the audited financial statements for the year ended June 30, 2015.

## NATURE OF BUSINESS

Attock Petroleum Limited (APL) started its business in 1998 as an Oil Marketing Company (OMC) being part of the only fully integrated oil group in Pakistan. The Company is engaged in the downstream petroleum sector's business and is dealing in a wide range of petroleum products to serve the local and international clientele. APL markets and supplies fuels to retail outlets, manufacturing industry, armed forces, power producers, government/semi-government entities, developmental sector and agricultural customers etc. APL also offers a range of lubricants which include both automotive and industrial grades. 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 & 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.

## FINANCIAL PERFORMANCE

During the year, the Company recorded net sales revenue of Rs 171,730 million (2013-14: Rs 205,163 million). The Company was able to increase its sales volume by 8% due to proactive approach and dedicated efforts by the management. However, sale prices have dropped significantly due to fall in international oil prices. OPEC basket price of crude oil fell from USD 108 per barrel as at June 30, 2014 to USD 60 per barrel in June 2015. Despite the downward price trend, appropriate stock levels were maintained to ensure uninterrupted fuel supplies during the shortage crisis and otherwise. Consequently, the Company sustained heavy inventory losses and the profitability substantially dropped. The Company earned profit after tax of Rs 3,286 million representing a decrease of 24% as compared to same period last year (2013-14: Rs 4,327 million). This translated into earnings per share of Rs 39.62 (2013-14: Rs 52.16).

Financial results and appropriations for the year ended June 30, 2015 have been summarized below:

### Rs in Million

Profit before taxation	4,538
Less: Provision for taxation	(1,252)
Profit after taxation	3,286
Add: un-appropriated profit as at June 30, 2014	12,874
Add: Transfer from special reserve by associated companies	94
Less: Other comprehensive loss for the year	(1)
Profit available for appropriation	16,253

#### Appropriations during the year:

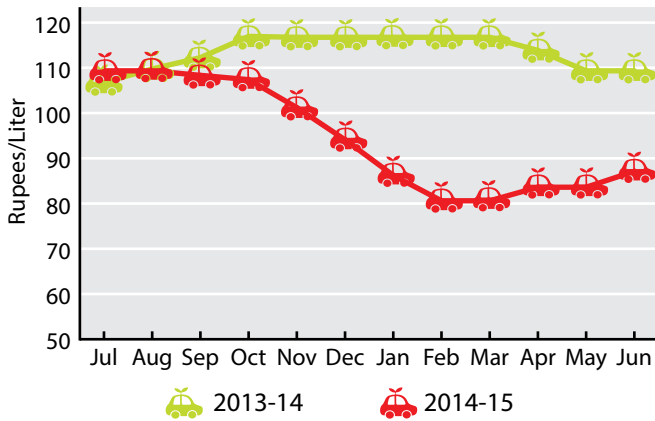
Final cash dividend for the year 2013-14 @ 300% (Rs 30/- per share of Rs 10/- each)	2,488
Interim cash dividend for the year 2014-15 @ 125% (Rs 12.50 per share of Rs 10/- each)	1,037
	3,525
<b>Balance as at June 30, 2015</b>	<b>12,728</b>

#### Subsequent Effects:

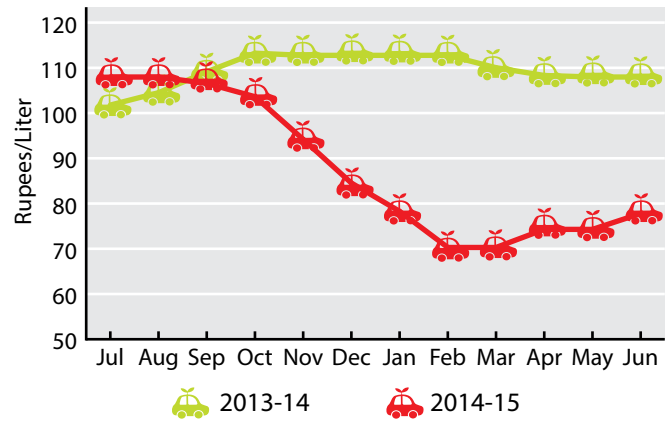
Final cash dividend for the year 2014-15 @ 220% (Rs 22/- per share of Rs 10/- each)	1,825
	<b>10,903</b>

## PRICE TREND ANALYSIS

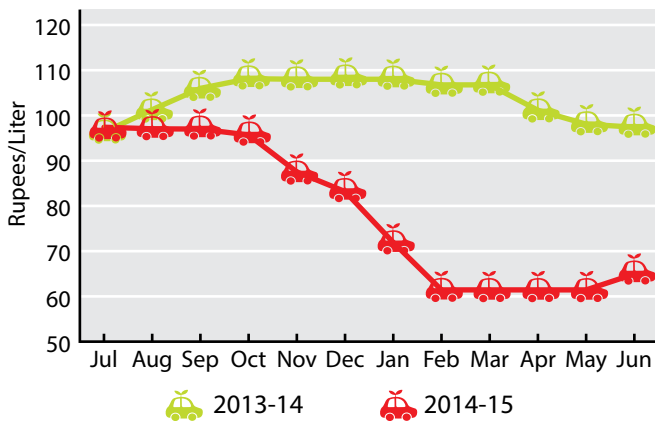
### HIGH SPEED DIESEL



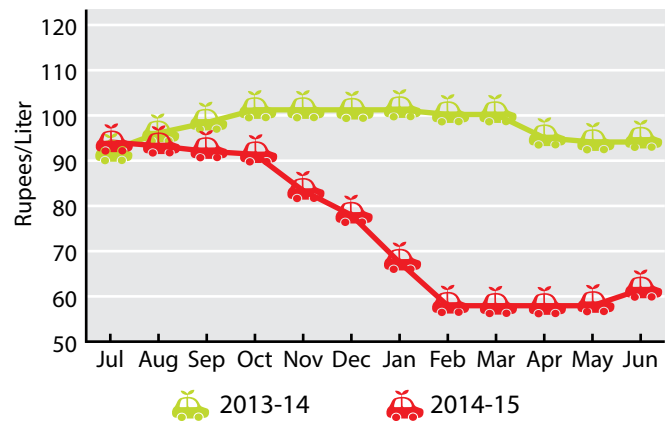
### PREMIER MOTOR GASOLINE



### KEROSENE OIL



### LIGHT DIESEL OIL



## Dividend

The directors have recommended a final cash dividend @ 220% (Rs 22/- per share of Rs 10/- each). This is in addition to interim cash dividend @ 125% (Rs 12.50 per share of Rs 10/- each) already declared and paid to the shareholders thereby making a total of 345% for the year 2014-15.

## Contribution towards National Exchequer and Economy

The Company contributed Rs 48,191 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.

## Liquidity Management, Financing arrangements and Cash Flow Strategy

The Company's cash and cash equivalents decreased by Rs 2,785 million as compared to last year. The funds were utilised mainly for operational activities, making short and long term investments, payment of dividends to shareholders and taxes. The Company generated cash from operations amounting to Rs 4,735 million and used Rs 7,521 million in investing and financing activities. At the end of the year, the Company had cash and cash equivalents of Rs 4,866 million. Detailed financial projections are



prepared and regularly updated to ensure availability of funds at all times while generating optimum returns through placement of surplus liquidity in various available investment avenues. The Company actively monitors its funds to ensure that the investment portfolio of the Company is secured and well diversified. Current cash requirements are adequately financed through internal cash generation by Company's sound treasury management without recourse to external financing. However, the Company has substantial borrowing capacity and is well positioned to meet its future commitments and development plans.

### Strategies to Overcome Financial Problem

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.

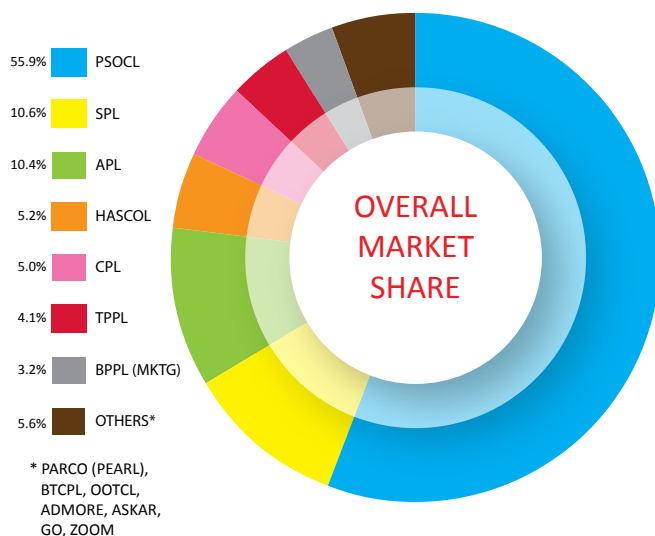
### Capital Structure

APL relies on equity capital for investing and other activities, thus no change in the capital structure during the current fiscal year. The management believes that the capital structure is adequate for the foreseeable future.

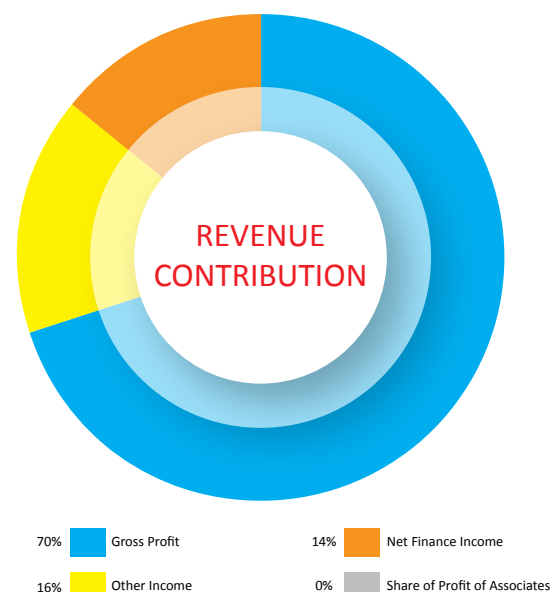
### Significant Changes in Financial Position and Liquidity from last year

As at June 30, 2015, total assets decreased by Rs 4,174 million compared with last year, to Rs 29,912 million and total liabilities decreased by Rs 3,934 million, to Rs 16,352 million. Non-current assets increased by Rs 951 million to Rs 3,788 million, representing expenditure on acquisition of lands and construction of retail outlets. Net current assets decreased by Rs 1,168 million to Rs 10,377 million due to use of cash in the operations and long term investments. Trade debts decreased by Rs 4,573 million representing decrease in receivable balance from Power Producers and others due to decrease in the prices which also contributed corresponding decrease in trade payables.

Cash flow from operating activities for the year under review is Rs 4,735 million as compared to Rs 1,457 million of last year representing increase of Rs 3,278 million mainly due to efficient management of working capital. A total of Rs 4,000 million was expended on investing activities (2014 inflow of Rs 779 million) which consist of purchase of short term and long term investments to hedge against falling interest rates. Dividends paid during the year were Rs 3,521 million against Rs 4,555 million of last year.



Source: Oil Companies Advisory Council (OCAC)





## MARKET & INDUSTRIAL REVIEW

### Global

The world has seen a drastic increase in demand for energy in the past two decades. Keeping a greener earth for our children in minds, this increase in demand is forcing the energy sector's research and development think tanks for improvement of utilization of current resources to the maximum and to develop alternative, much greener and more sustainable energy sources to cater the needs of masses.

Due to the staggering fall in global oil and coal price, energy sector reported its price development for the year 2014 as relatively weak. The geo-political activities within the global hemisphere coupled with the advancement in technology and higher

production of Shale-Gas and Sand-Oils within North America, no reduction in production levels by OPEC in order to maintain their market share resulted in surplus supplies within the global market and all this turmoil in the international landscape made the crude oil prices decrease by almost 44% since last year.

### Domestic

The downstream oil sector, that includes refining, marketing and distribution, plays a vital part in Pakistan's economic growth. Its sole purpose is to maintain an unceasing supply of petroleum products throughout the nation in order to keep the economic wheel moving forward. Pakistan's Oil sector alone reported sales of trillion of rupees and directly and indirectly employing thousands of citizens. Capital injection of Rs 30 billion over the period of last 5



Launching ceremony of ENEOS lubricants in Pakistan

years and generation of annual tax revenue of billions of rupees became a source of establishment of state-of-the-art infrastructure. The oil industry is one of the major economic players within the Country.

The energy demand of the Country has increased in the past years. The indigenous resources of natural gas have depleted over time with increase in domestic, industrial and transport demand. The required availability of Gas in Pakistan is not happening any time soon, until the establishment of appropriate import infrastructure. With an insufficient gas production, limited increase in its production and the absence of proper import infrastructure, the nation will most likely continue experiencing gas shortage in the coming years. LNG is also a strong candidate of becoming a part of the two planned fast-track regasification projects. It is believed that in the long run LNG imports and Iran-Pakistan Pipeline

would play an important role in easing the nation's long overdue energy supply issues.

### Industrial Review

During the year under review, the OMC industry sales volume stood around 23 million M. Tons reflecting a 5% 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 CNG outages and the reduction in price difference between the two fuels due to global oil price slump. Consumption of High Speed Diesel (HSD) remained almost the same. Increase in development projects, by the Government, during the year 2014-15, mostly foreign funded involving rehabilitation of existing highways and construction of motorways throughout the Country led to the increase in consumption of Bitumen.



## COMPANY'S SALES AND MARKETING REVIEW

At APL, we cater the needs of our customers and facilitate them with our premium products and unmatched services; keeping in view the future trends, legislation amendments and contending with our competitors 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. APL recorded an increase of 8% in its sales volume outperforming the industry, which recorded an increase of 5%.

APL is achieving milestone after milestone and is on course to success; we celebrated commissioning of our 500<sup>th</sup> Retail Outlet this year and currently stand at 516 retail outlets, a fair addition of 48 new sites. Under the previous campaign of improving the overall Retail Visual Identity (RVI); score of retail outlets have already been equipped with smart signage, upgraded from conventional signage. This not only

results in crisp and clean illumination of our outlets but also acts as a great energy conservation drive – as the new signage consume less than half the energy as compared to previous equipment. As part of our development strategy we are concentrating our efforts to on-board sites in major cities, key sales pockets on national highways and partnering with prestigious institutions like Civil Aviation Authority (CAA), Defence Housing Authority (DHA), Army Welfare Trust (AWT), Capital Development Authority (CDA), Bahria Foundation etc. Currently 130 projects are in pipeline, out of which several projects are in under-construction stage and at different stages of securing the necessary licenses.

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, addition of quality assurance vans, periodic trainings of staff and personnel on health and safety etc., all help us improve our

Ceremony of crossing milestone of 500<sup>th</sup> retail outlet



overall performance. Standardization of customer's service equipment, dispensing unit branding and improving colour scheme of Non-Fuel Retail facilities (NFR) fascia logo, new uniforms for filling staff, 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 to inculcate a higher brand presence and loyalty.

APL signed an agreement with JX Nippon Oil & Energy Corporation, the leading Oil and Energy group in Japan, for joint business collaboration in lubricants business throughout Pakistan. With this strategic joint operation, APL will blend and market premium international lubricant grades in Pakistan to cater to the lube demand of all segments of industry. This shall open new business avenues for the Company thereby boosting sales in different industry segments.

For customer convenience and under the concept of multi-service offering under one roof, we have introduced ATM facility at 90 APL outlets while 30 more are currently under deployment. This has not only provided an additional service to our customers but has also helped the Company to generate additional revenue.

The Government of Pakistan (GoP) initiated infrastructural development projects leading to a rise in demand of Bitumen. Keeping in view the competition and threats in the shape of inception of competitor's Bitumen and availability of cost effective Iranian Bitumen, we proficiently segmented the market and targeted the customers by providing not only competitive but customized commercial offers. APL also expended bitumen delivery at project site to facilitate its customer base. APL successfully negotiated with a leading construction and civil works organization for entering into an agreement for supply of Bitumen for overlaying and modernization of Lahore – Islamabad Motorway project (M-2).

APL again won substantial portion of order from defence sector for the next fiscal year as well and is also into various other projects with the defence sector due to our unmatched services and efficient deliveries.

## Other Business Activities

APL is further focusing on the technological advancements in all its business activities. Improved standards of fleet vehicle design is a step 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.

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 signage 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 completed 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.

Moreover, alternate import channels and hiring of storage facilities are made for ample product availability (PMG and FO) in Karachi region further streamlining its supply-chain. The Company added approx. 16,000 M. Tons storage capacity in Karachi to handle imports of PMG – for catering to the increased demand of our valuable customers throughout the Country.

## Infrastructure Development

The Company recognizes the importance of improving and expanding infrastructure for sustaining economic development and gaining the competitive edge. So despite stiff investment conditions in the Country, the Company has managed to endure several projects and invest in this sector significantly. Engineering designs for the Mehmood Kot Bulk Oil Terminal are complete and construction work has been started. Moreover, finalization of land procurement activities at Sahiwal, Shikarpur and Habibabad were also made and identification of prospective land at Daulatpur



and Gatti – Faisalabad are underway; which will help us streamline our operations in different regions and shall unfold new avenues to penetrate all the while also ensuring undisturbed supplies in the associated regions.

### Quality Assurance of Products

Quality being the backbone of business, APL strives to provide quality products to its valued customers all the time. APL quality assurance team endeavours to ensure quality of petroleum products received at APL terminals and supply points and supplied to customers at retail outlets and industries/power plants etc. by employing state-of-the-art designed ground and mobile Quality Assurance Labs equipped with modern equipment followed by quick response to queries on quality whenever required by the customers. There is a sophisticated system developed to run the whole quality assurance setup.

During the year under review, quality assurance labs carried out quality inspection visits to various locations. This included 1,586 visits to retail outlets. A total of 5,380 samples of PMG, HSD and FO were tested at our ground laboratory which included samples from terminal tanks, tank lorries and samples collected from customer sites.

Going forward, procurement of viscosity testing equipment is planned which will further increase our testing capability by adding one more test.

## RISK MANAGEMENT

Looking ahead to 2016, we will continue to face economic uncertainties, both in terms of demand for our products and price volatility. In the long term, we expect increase in population, economic growth and over-all increase in energy consumption.

### Volatility in International Oil Prices and Regulatory Risk

Crude oil is 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. Fluctuations in the 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. The Government of Pakistan (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 period under review has seen a slump in international oil prices; a lot of factors and uncertainties with the global arena contributed to this



# Developing our Talents & Building our Capabilities

unexpected price-fall. The steep decline in prices and the resultant inventory losses negatively impacted the overall profitability of the Company. However, 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 has reduced the impact of volatile oil prices to some extent when compared to the industry performance.

## Geopolitical & 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 and crisis create an uncertain atmosphere within the global perspective. These uncertainties in the global geo-political map can have implications on Pakistan as the Country depends on imports to cater to its energy needs. Pakistan refines a reasonable chunk of its requirement from indigenous crude oils; while the major portion is catered via imports – chiefly 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 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 and guaranteed supply of petroleum products for the Company and its valuable customers.

### **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. The changing operational dynamics also play a vital role and affects various market conditions which require constantly evolving strategies and plans to counter them effectively to not only sustain but to achieve growth within the ever changing market. The influx of new entrants in the industry has given birth to many new challenges and uncertainties. Quick responsiveness, management's intuition and swift

implementation of ideas and thoughts is what makes the Company stand out from the clutter.

However, based on 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 collective experience and wisdom of over 100 years, adoption of best industry practices, appropriate mix and 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**

Our most valued resource is our competent and committed work force, powering Company's growth and contributing towards its corporate image. APL invests in its human capital to maintain a healthy working relationship by providing an employee-friendly environment, nurturing their skills and talents.

Effectively managing our workforce leads to efficient business operations and that directly



impact Company's growth and profit. Workforce has to be retained and kept motivated to sustain growth in the industry. To achieve the best from our employees we provide them environment where they can demonstrate leadership, accountability and teamwork, and through these behaviours, they contribute to the overall success of the Company.

The Company reviews the compensation and benefits of employees so that they are in line with the market not only to retain the current workforce but also to attract the competent and valued personnel. 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**

The long-term business success of APL depends on our ability to continually improve the quality of products while protecting people and the environment. Emphasis must be placed on ensuring human health, operational safety, environmental protection and quality enhancement. This commitment is in the best interests of our customers, our employees and contractors, our shareholders and the communities in which we live and work.

Our HSE policy is the true reflection of the fact that our business practices does not contravene to laws pertaining to health, safety and environment.

APL adopted a pre-emptive approach mitigating the security risks which have increased manifolds due to past terrorist attacks. Serious measures have been taken to address the security risks and to enhance the already developed trust by its employees and valuable customers. Measures adopted include installation of electronic walk through gates at operating facilities, increase in strength of security staff and number of security check posts, induction of explosive detectors and provision of hand-held scanners to security staff. Moreover, security staff are regularly updated and trained.

APL is bound to provide its customers and employees a threat and risk free working environment. For the purpose, all elaborated efforts are being taken and lots of others are in the pipeline.

### **Information Technology Risk**

An information technology risk should consider internal factors such as the number and length of systems 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.

### **Disaster Recovery & Business Continuity Planning**

Advancement of technology and stiff competition has led the need to analyse and assess continuity of business operations and to undertake measures to enhance the resilience capacities of business and operations against disruptions. The Company has implemented an effective system for sustained business operations in the event of a disaster and the Board reviews the system from time to time.

## **CORPORATE GOVERNANCE**

Sound Corporate Governance is critical to our Company 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.

### **Board Annual Evaluation**

The Board strives to continuously improve its and Board Committees' effectiveness. Board of Directors had previously developed a mechanism as required under Code of Corporate Governance to undertake annual evaluation to assess Board's and its Committees' performance. During the year, the annual evaluation of the Board and its Committees' was carried out by the respective members to further enhance and augment the effectiveness. The Board



also reviews developments in corporate governance to ensure that the Company always remains aligned with best practices.

### Role of the Chairman & CEO

The Chairman is the head of the Board of Directors appointed by the Board from amongst the Non-Executive directors. The Chairman is responsible for heading the meetings of the Board, define agendas of the meetings, give directions and sign the minutes. He is also responsible to manage conflicts of interests arising, if any. Chairman is also in charge of regulating the Board and making recommendations to improve and enhance the effectiveness of the Board and its committees. The Chairman ensures that the responsibilities of the Board of Directors are met.

The CEO is the head of the management of the Company entrusted with the responsibility of day-to-day running of the Company. The CEO reports to the Board of Directors about performance and profitability of the Company. The CEO is responsible to propose and develop the strategy and implement decision of the Board of Directors. The CEO also recommends to the Board potential future investment projects to enhance shareholders value.

### CEO Performance Review

CEO's performance is evaluated by the Board in accordance with the criteria set by it based on key performance indicators of financial and non-financial nature.

As a part of the performance appraisal during the year, the Board discusses the future goals of the Company with the CEO to ensure a smooth and efficient operation of the Company's affairs.

The Board is pleased with the CEO's performance for the year 2015 and this assessment is evidenced by Company's strong financial position, increased market share and sales volume, new commercially viable business ventures, expansion and construction of Bulk Oil Terminals and new retail outlets etc. Importantly, the Company has also been endowed with new systems and procedures to ensure

increased transparency and even better governance.

### Directors' Training Programme & Formal Orientation for Directors

The Company has adopted the mandatory requirement under Code of Corporate Governance relating to Directors' Training Program which requires that listed companies have to ensure that at least one director on their Board is certified every year till June 30, 2016 and thereafter all directors shall obtain it implicit of the exemption criteria. Two of the Directors namely Mr. Babar Bashir Nawaz and Mr. Mohammad Raziuddin have attended the Directors Training Program from recognized institution of Pakistan approved by the SECP whereas most of the Directors meet the exemption requirement of the directors' training program.

The Company also updates the directors about the relevant laws and regulations at the time of induction and regularly circulates any changes thereon to respective Board members ensuring that the Board of Directors are kept abreast with changes in laws and regulations including Code of Corporate Governance.

### 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 or unethical behaviour. During the year no incident of whistle blowing was 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 our 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 Code of Corporate Governance

The Company is fully compliant with the Code of Corporate Governance as per the requirements of the KSE Rule Book. 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 judgment.
- 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 the Report.
- 9) All major Government levies in the normal course of business, payable as at June 30, 2015, 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 values of investments in employee retirement

funds based on the latest audited accounts as of June 30, 2015 are as follows:

Employees' Gratuity fund   Rs 38.824 million

Employees' Provident fund   Rs 69.267 million

- 12) The total number of Company's shareholders as at June 30, 2015 was 2,793. The pattern of shareholding as at June 30, 2015 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

On completion of statutory term of three years, the election of directors was held on March 03, 2015 and new directors assumed offices effective March 10, 2015. The new Board comprises of 07 directors out of which 06 are non-executive directors. The newly elected Board possesses necessary skills, competence, knowledge and experience to deal with various business issues. The Chairman of the Board is a non-executive director.

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 was 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 period under review, five meetings of 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 Board committees. The number of meetings attended by each director during the year is shown below:



Sr. No.	Name	No. of meetings attended	No. of meetings eligible to attend
1	Dr. Ghaith R. Pharaon*	05	05
2	Mr. Laith G. Pharaon*	05	05
3	Mr. Wael G. Pharaon*	05	05
4	Mr. Shuaib A. Malik	05	05
5	Mr. Abdus Sattar	05	05
6	Mr. Babar Bashir Nawaz	05	05
7	Mr. M. Adil Khattak	03	03
8	Mr. Mohammad Raziuddin	02	02

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

- 1 Dr. Ghaith R. Pharaon, Mr. Laith G. Pharaon, Mr. Wael G. Pharaon, Mr. Shuaib A. Malik, Mr. Abdus Sattar and Mr. Babar Bashir Nawaz were re-elected.
- 2 Mr. Mohammad Raziuddin was newly elected as Director.
- 3 Mr. M. Adil Khattak retired as Director from the Board.

### Meetings held outside Pakistan

During the year ended June 30, 2015, two meetings of Board of Directors were held outside Pakistan. The meetings were held in Beirut, Lebanon to review and approve annual financial statements for the year ended June 30, 2014 and half yearly financial statements for the period ended December 31, 2014 in order to facilitate the participation of foreign directors.





## Audit Committee

The Audit Committee was re-constituted during the year by the newly elected Board of Directors. The Committee consists of three members comprising of non-executive directors, including the Chairman, having relevant expertise and experience. The Audit Committee met four 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	No. of meetings eligible to attend
1	Mr. Abdus Sattar	04	04
2	Mr. Babar Bashir Nawaz	04	04
3	Mr. Iqbal A. Khwaja	03	03
4	Mr. Mohammad Raziuddin	01	01

## Human Resource and Remuneration Committee

The Board Human Resource and Remuneration Committee was also re-constituted by the new elected Board of Directors. The Committee comprises of two non-executive directors and Chief Executive Officer. The Committee met once during the year to review the HR related agendas.

Sr. No.	Name	No. of meetings attended	No. of meetings eligible to attend
1	Mr. Babar Bashir Nawaz	01	01
2	Mr. Shuaib A. Malik	01	01
3	Mr. Iqbal A. Khwaja	01	01

## AUDITORS

The present auditors Messrs A. F. Ferguson and Co., Chartered Accountants, a member firm of the PwC network, retire and are eligible for re-appointment for the year 2015-16. The Audit Committee of the Board has recommended the re-appointment of the retiring auditors for the year ending June 30, 2016. The Board has recommended the same for the approval of the

shareholders in the forthcoming Annual General Meeting.

## FORWARD LOOKING STATEMENT & FUTURE PLANS

The Company is working in an environment that has become more turbulent and many factors can affect the Company's resources, revenues and operations. Each passing day the operational dynamics of the industry are changing. The key factors are volatility in international oil prices, fixation of margins by the Government, imposition of taxes and duties, destabilization of political or law and order situation internationally or within Pakistan, intense competition and advent of renewable energy. These may result in variation in cost of doing business and variation from known trends. These are more elaborated above in risk management section of the report.

Keeping the above factors, trends and analysis in mind; APL 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:

- Concession and License agreement between Civil Aviation Authority (CAA), Attock Petroleum Limited (APL) and Pakistan State Oil (PSO) for establishment of Fuel and Maintenance/ Operations of Fuel Farm & Hydrant Refueling System (HRS) at New Islamabad International Air-Port is signed - Opening up not just the aviation fuels business but a lot of new avenues and horizons to explore.
- 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 acquire lands in Shikarpur, Sahiwal and Habibabad

regions and has greater vision to expand more in next phases and times to come. We also intend to construct these terminals hopefully by the end of next fiscal year. Company has budgeted Rs 1,085 million in this regard. Enhancement of storage facilities in-line with the forecasted demand in the future shall enable smooth supplies to our valuable clientele. Further, construction of Bulk Oil Terminal at Mehmood Kot is also underway.

- 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 L.E.D 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. Almost 30% retail network has already been upgraded. Moreover, installations of Automated Teller Machines (ATMs) on our selected retail outlets to provide more services under one roof and an overall better customer experience.
- Introduction of the Variable Frequency Device (VFD) to further reduce electricity consumption are all little steps towards achieving higher efficiencies in all operational activities and reducing our carbon footprint.

Company also intends to enter into multiple new business segments; the testing and pre-launch of its Fleet Cards business, the possibility of entering into Solar and Coal Energies and Alliance Partnerships with various brands to create synergies and an overall better customer experience.

During the year, Company faced several challenges like abrupt decrease in POL prices, escalated demand of PMG, and political upheaval etc but despite these odds your Company managed to meet its targets of sales volume and cost efficiencies. The required lands for construction of bulk oil terminals were acquired, capacities were increased and NOCs for bulk oil terminal at Mehmood Kot were also obtained. However, APL could not achieve targets relating to profits due to unexpected decrease in oil prices. The Board is confident that with the

implementation of effective mitigation strategies and cost economization, we shall continue to provide sustained returns to our shareholders.

## ACKNOWLEDGEMENT

The Board would like to take this opportunity to express deep appreciation and gratefulness for the support extended by our valued shareholders, Government of Pakistan and regulatory bodies that have contributed to the progress of the Company and helping us achieve new milestones. The directors of the Company also extend their sincere gratitude towards employees, customers and strategic partners for their unwavering support and dedication.

On behalf of the Board



Shuaib A. Malik  
Chief Executive

Rawalpindi.  
August 12, 2015

# Pattern of Shareholding

As on June 30, 2015

Corporate Universal Identification Number: 0035831

Form-34

Sr. No.	Number of Shareholders	←-----HAVING SHARES----->		Shares Held	Percentage
		From	To		
1	471	1	100	20,213	0.02
2	557	101	500	156,017	0.19
3	337	501	1,000	263,926	0.32
4	1,163	1,001	5,000	1,724,366	2.08
5	83	5,001	10,000	595,979	0.72
6	43	10,001	15,000	531,997	0.64
7	27	15,001	20,000	496,795	0.60
8	23	20,001	25,000	514,407	0.62
9	4	25,001	30,000	104,616	0.12
10	6	30,001	35,000	201,647	0.24
11	6	35,001	40,000	221,239	0.27
12	2	40,001	45,000	87,450	0.11
13	6	45,001	50,000	294,250	0.35
14	5	50,001	55,000	266,071	0.32
15	4	55,001	60,000	225,799	0.27
16	1	60,001	65,000	61,740	0.07
17	3	65,001	70,000	202,274	0.24
18	5	70,001	75,000	363,259	0.44
19	2	75,001	80,000	155,300	0.19
20	1	80,001	85,000	81,108	0.10
21	2	85,001	90,000	178,000	0.21
22	1	95,001	100,000	100,000	0.12
23	1	101,000	105,000	104,950	0.13
24	3	110,001	115,000	339,450	0.41
25	6	115,001	120,000	714,916	0.86
26	2	120,001	125,000	247,955	0.30
27	1	130,001	135,000	130,600	0.16
28	1	140,001	145,000	144,000	0.17
29	1	145,001	150,000	150,000	0.18
30	1	155,001	160,000	156,505	0.19
31	1	170,001	175,000	175,000	0.21
32	1	175,001	180,000	177,450	0.21
33	1	180,001	185,000	184,112	0.22
34	1	185,001	190,000	189,101	0.23
35	1	195,001	200,000	196,640	0.24
36	1	205,001	210,000	209,200	0.25
37	1	215,001	220,000	220,000	0.27
38	1	235,001	240,000	240,000	0.29
39	1	240,001	245,000	244,588	0.30
40	1	370,001	375,000	370,200	0.45
41	1	375,001	380,000	377,579	0.46
42	1	395,001	400,000	400,000	0.48
43	1	445,001	450,000	447,270	0.54
44	1	530,001	535,000	532,900	0.64
45	1	545,001	550,000	550,000	0.66
46	1	775,001	780,000	778,694	0.94
47	1	790,001	795,000	790,350	0.95
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
				82,944,000	100.00
2,793					



## Categories of Shareholders

As on June 30, 2015

Sr. No.	Categories	Number of Shareholders	Shares Held	Percentage
1	DIRECTORS, CHIEF EXECUTIVE OFFICER, THEIR SPOUSES & MINOR CHILDREN	9	5,548,810	6.69
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	3,624,843	4.37
5	INSURANCE COMPANIES	9	2,316,125	2.79
6	MODARABAS & MUTUAL FUNDS	46	3,293,685	3.97
7	FOREIGN COMPANIES	14	650,367	0.78
8	TRUSTS AND FUNDS	81	1,228,446	1.48
9	JOINT STOCK COMPANIES	61	1,106,171	1.33
10	GENERAL PUBLIC (LOCAL)	2,483	4,806,337	5.80
11	GENERAL PUBLIC (FOREIGN)	72	172,322	0.21
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
	5	60,141,665
<b>MUTUAL FUNDS</b>		
CDC - Trustee MCB Pakistan Stock Market Fund	1	552
CDC - Trustees Pakistan Capital Market Fund	1	20,000
CDC - Trustee JS Large Cap. Fund	1	150,000
CDC - Trustee Pak Strategic Alloc. Fund	1	13,797
CDC - Trustee Atlas Stock Market Fund	1	100,000
CDC - Trustee Meezan Balanced Fund	1	9,600
CDC - Trustee JS Islamic Fund	1	120,000
CDC - Trustee AKD Index Tracker Fund	1	4,450
CDC - Trustee PICIC Energy Fund	1	244,588
CDC - Trustee Pak. Int. Element Islamic Asset Allocation Fund	1	4,750
CDC - Trustee Al Meezan Mutual Fund	1	61,740
CDC - Trustee Meezan Islamic Fund	1	377,579
Pak Qatar Individual Family Participation Invest Fund	1	2,600
CDC - Trustee Atlas Islamic Stock Fund	1	130,600
CDC - Trustee Al-Ameen Shariah Stock Fund	1	447,270
CDC - Trustee Nafa Stock Fund	1	104,950
CDC - Trustee Nafa Multi Asset Fund	1	25,951
CDC - Trustee Meezan Tahaffuz Pension Fund	1	56,920
CDC - Trustee APF - Equity Sub Fund	1	10,000
CDC - Trustee HBL - Stock Fund	1	209,200
CDC - Trustee NAFA Islamic Asset Allocation Fund	1	76,700
CDC - Trustee APIF - Equity Sub Fund	1	21,500
CDC - Trustee JS Growth Fund	1	400,000
CDC - Trustee HBL Multi Asset Fund	1	24,600
CDC - Trustee JS Islamic Pension Savings Fund-Equity Account	1	6,500
CDC - Trustee NIT-Equity Market Opportunity Fund	1	23,148
CDC - Trustee ABL Stock Fund	1	114,200
CDC - Trustee NAFA Asset Allocation Fund	1	22,200
CDC - Trustee HBL Islamic Stock Fund	1	49,250
CDC - Trustee PICIC Stock Fund	1	3,000
CDC - Trustee HBL IPF Equity Sub Fund	1	9,140
CDC - Trustee HBL PF Equity Sub Fund	1	4,500
CDC - Trustee Askari Equity Fund	1	8,950
CDC - Trustee ABL Islamic Stock - Fund-	1	123,000
CDC - Trustee NAFA Pension Fund - Equity Sub Fund Account	1	7,100
CDC - Trustee NAFA Islamic Pension Fund Equity Account	1	12,400
CDC - Trustee UBL Asset Allocation Fund	1	55,250
CDC - Trustee First Capital Mutual Fund	1	16,100
CDC - Trustee Al-Ameen Islamic Asset Allocation Fund	1	39,400
CDC - Trustee NAFA Islamic Principal Protected Fund - I	1	17,400

	Number of Shareholders	Shares Held
CDC - Trustee Al-Ameen Islamic Ret. Sav. Fund-Equity Sub Fund	1	14,100
CDC - Trustee PICIC Islamic Stock Fund	1	5,000
CDC - Trustee NAFA Islamic Principal Protected Fund -II	1	74,300
CDC - Trustee ABL Islamic Pension Fund-Equity Sub Fund	1	2,800
CDC - Trustee ABL Pension Fund - Equity Sub Fund	1	1,000
CDC - Trustee NAFA Islamic Stock Fund	1	67,600
	46	3,293,685
<b>DIRECTORS, THEIR SPOUSES AND MINOR CHILDREN</b>		
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. Mohammad Raziuddin	1	1
Mr. Iqbal A. Khwaja	1	13,296
Mr. Rehmat Ullah Bardaie	1	88
	9	5,548,810
EXECUTIVES	7	70,085
PUBLIC SECTOR COMPANIES AND CORPORATIONS	1	184,112
BANKS, DEVELOPMENT FINANCE INSTITUTIONS, NON-BANKING FINANCIAL INSTITUTIONS, INSURANCE COMPANIES, TAKAFUL, MODARABAS AND PENSION FUNDS	36	6,414,184
<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
	5	63,851,718

### Trade in shares by Directors, Executives and their spouses and minor children during 2014-15:

Trade in shares by Directors, Executives\* , their spouses and minor children during 2014-15.

	No of Shares Sold
Mr. Rehmat Ullah Bardaie	42,420
Mr. Mufadal Shabbir	3,000

\* "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."



# Other Corporate Governance Matters

## Investor Grievance Handling

Investor service is an important element for sustained business growth and the Company ensures that the investors receive excellent service which is vital to retain the existing relationships. The potential investors and shareholders of APL have full access to obtain information relating to Company's operations in addition to the queries raised specifically relating to their investment, dividend distribution and circulation of statutory notices and reports. The Company endeavors for prompt resolution of the queries and provision of required information in accordance with provisions of the law.

Investor grievances are managed essentially by the Company Secretarial Matters Section through an efficient and effective system of grievance resolution. The initial functional nodes of complaint resolution are the Company's Secretariat and the Share Registrar. Awareness among investors is spread regarding changes in laws and regulations to keep them abreast of the requirements. Investor Relations section on the website of the Company includes feedback/complaint form in addition to the various notices/announcements updated from time to time.

## Issues raised at last AGM

The Company is working to safeguard the interests of the shareholders and maximize their wealth by value creation. The Annual General Meeting (AGM) is an effective way of engaging shareholders. In addition to AGM, the queries and concerns of shareholders are highlighted and addressed appropriately from time to time. The shareholders appreciated the performance of the Company at last AGM held on September 16, 2014 and raised some queries which were satisfactorily responded.

## Safety of Records of the Company

The Company has an established process for safety of records of the Company and has effectively implemented procedures to ensure the same. Records include the books of accounts, documents

pertaining to secretarial, legal and taxation matters etc. Documents are preserved keeping in view to meet different legal, contractual, administrative and other requirements of the Company. The key records have been archived in a manner to protect them from deterioration, accidental fire and damage. Accounting and other records in the ERP system are periodically backed up at various servers and remain protected under secure access protocols. Documents in physical form are stored at a specifically designed record room which is a secure facility with proper safety features. A paperless environment is also being promoted and an e-record management system is being put in place to safeguard the records of the Company as well optimizing storage spaces.

## Conflict of Interest among members of the Board of directors and employees

In addition to the compliance of regulatory requirements, a formal Code of conduct is in place for avoidance of known or perceived conflicts of interest among board of directors' members and employees. Board members exercise their due rights of participation in proceedings of Board meetings. The minutes of the proceedings are comprehensively prepared and any reservation of the Board members are appropriately documented, for further evaluation as to qualification for conflict of interest.

## Investor Relations Section on Website

The Company strongly believes in the promotion of its corporate outlook. The website of APL ([www.apl.com.pk](http://www.apl.com.pk)) is one such medium to generate awareness and provide reliable information to the investors. Detailed Company information is provided on the website which includes but not limited to financial reports, investors notices/announcements, pattern of shareholding, dividend declarations etc. The investor relations section is comprehensively covered on the website of APL which is regularly updated.

The Company is also in full compliance with the SRO 634(I)/2014 dated July 10, 2014 issued by SECP regarding maintenance of functional website by listed companies. A Compliance Certificate by the Chief Executive under the said SRO is also placed on the website.

## Stakeholder Engagement

APL maintains sound collaborative relationships with its stakeholders. Stakeholder engagement promotes improved risk management, compliance with regulatory requirements, market awareness and provides a medium to the Company for clear, effective and consistent communication with all its stakeholders. This helps to establish sound reputation of the Company and its management. Dialogues with investors, analysts and other stakeholders are also encouraged.

Frequency of engagements is based on specific corporate requirements under the Code of Corporate Governance and with the objective to establish, promote and enhance the corporate image of the Company.

Group of stakeholders includes but not limited to the following.

**Investors / Shareholders:** Best practices and guidelines are followed to maintain satisfactory relations with the investors. The confidence put in the Company by the investors is honored and acknowledged by providing them with a steady rate of return on their investment. APL engages with the shareholders through the Annual General Meeting and dispatch of Annual Reports which include comprehensive information on operations and financial performance of the Company. Moreover, the general meetings provide the shareholders a platform to voice their concerns and raise their queries which are addressed appropriately.

**Customers and Suppliers:** The Company has extensively invested in customer relationship management going beyond extending credit facilities and offering discounts. The primary set of customers includes dealers, distributors and

institutional customers. Periodic engagements are held with customers in the form dealers/distributors conference. Various informal meetings are also held with institutional customers to provide them with an opportunity to give feedback regarding the services provided. Carriage contractors are also invited to interact with the Company through various forums. Suppliers are also continuously engaged in terms of meetings held with them to ensure the efficient management of supply-chain cycle of the Company.

**Banks:** Banks and other financial institutions are engaged by the Company on an on-going basis in relation to negotiation of rates, short term financing arrangements, deposits and investments. Banks are also consulted on issues linked with letters of credit and payments to suppliers, along with other disbursements of operational nature including payment of dividends.

**Media:** The Company engages with the media through press releases regarding key achievements. Statutory notices and other various public announcements as required by law are also circulated through print media. Various mediums are also used for advertisement and marketing purposes. Retail prices are also notified through press-gazette. Furthermore, the website of the Company is also used as a medium to communicate information to stakeholders.

**Regulators:** APL takes pride in being a responsible corporate citizen. Regulators are continuously engaged at various local, provincial and federal levels. Various statutory forms and returns are periodically submitted as per requirements of the law in addition to the information required by regulators from time to time. Company constantly liaisons with the Government authorities and regulators in terms of matters/issues relating to energy requirements of the Country.

**Analysts:** Analysts are periodically updated regarding quarterly and annual financial results of the Company. Details of the projects already disclosed to regulators are also shared with due regard to confidentiality.

# CORPORATE SUSTAINABILITY

## Human Resource Development and Succession Planning

APL prides itself to be included amongst the leading Oil Marketing Companies of the Country. Our employees are our biggest assets and the Company endeavours to facilitate them in achieving their career progression and helping them to hone their personal and professional skills. APL equips the employees with latest market trends and keeps the employees updated by training and development programs planned throughout the year. Various social activities are also organised to keep the employees socially active. Such activities improve the working relationship among the employees and superiors and also enhance the association among peers. This ensures the welfare of the employees while reducing risk of employee turnover.

To improve effectiveness of business as well as human resource processes, APL has implemented Human Resource Management System (HRMS) across the organization. The implementation of HRMS has

streamlined employee database management by providing swift yet reliable employee information.

APL believes in proactive approach towards succession planning. We recruit employees, develop their knowledge, skills, abilities and prepare them for future roles. The Company also ensures availability of competent personnel in each department through a comprehensive succession planning policy.

## 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 corporate social responsibility (CSR) program. Our management believes in the importance of all facets of CSR.

**Internship Opportunities:** APL offers internship programs to students and fresh graduates from

Spring Tree Plantation Event





various disciplines in a way that provides them with an opportunity to apply their academic abilities in a practical professional environment. Students build upon the knowledge and experience gained during the program which helps them in securing better positions in the job market. Such programs also boost the professional confidence of the students. During the year 2014-15, 25 students from several reputed universities/institutes were offered internship in various disciplines like Engineering, Finance & Accounts, Supply Chain, Human Resource and Marketing & Sales.

**Scholarships:** APL through its Trust awarded scholarships to 23 brilliant children of employees, ranging from primary education to graduation including one full scholarship to a Mechatronics student of National University of Science & Technology (NUST). Being responsible corporate citizen and to assure commitment in the area of education, APL has always supported the bright students by sponsoring their education expenses.

**Recreational Activities:** Employees of the Company are a smaller fragment of a large society and APL considers it to be its prime responsibility to focus its CSR efforts toward this integral segment which leads to the improvement of employee motivation and Company productivity. This also contributes to the larger society by providing better service and uplifting the Country's economy through better financial performance. For this purpose, APL organized various programs like sport events and trips during the year.

In this regard, a recreational trip to Wahgah Border was organized as a part of such activities for employees which helped them socialize with each other thus satisfying their social appetite. Annual Cricket tournament – 2015 was also arranged as part of these programs. 09 teams participated in this enthusiastic event with employees from all our national offices. Honourable Chief Guest, CEO of APL distributed prizes among the winners and runner ups of the sports gala. Another cricket tournament was organized at APL's Bulk Oil Terminal, Machike in March; where 06 teams fought for the winner trophy. These activities help employees work in teams and

fight for one mutual goal thus focusing not only on employees' team work skills but also on leadership skills and goal achievement. Employee's skills and motivation level are enhanced by organizing such activities for them.

APL has always appreciated the employee's loyalty by rewarding them in different ways. This year, Long Service Awards distribution ceremony was organized at Karachi for recognizing the services of employees who have been with APL for more than 05 years. These employees were given certificates and presented with gifts as a token of appreciation for serving APL for such long time.

**Environment Protection Measures:** To realise the importance of trees in our lives and their impact on global environment, a tree plantation campaign "We are Green" was launched in collaboration with Capital Development Authority (CDA). More than 600 trees were planted on green belt of Kashmir Highway by the employees of the Company including senior management.

### 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, profitable operation. We strongly believe that our workforce delivers our business goals so we attach great importance to ensure their continued health and safety for the development of our workforce and to minimize the distress and disruption caused by any injuries or work related illness which may occur.

Safety and Health Bulletins is one of OSHA's (Occupational Safety Health Administration) tool being implemented at APL which is used to inform internal staff and the public of significant occupational health and safety issues concerning hazard recognition, evaluation and control in the workplace and at emergency response sites.

Job specific and activity relevant notices/posters are developed and communicated to employees across all work locations. This is a very effective mean to promote health and safety awareness for employees, visitors and the general public.

APL ensures employee's safety by organizing different programs for awareness and trainings like Firefighting, Emergency response and safety talks. Periodic trainings and related events are conducted for the staff members for responsible, safe and ethical handling of all products. Eighteen (18) fire drills have been conducted during the current year. A detailed emergency response/evacuation plan has been formulated to ensure safety and security of our employees especially at our Bulk Oil Terminals. A two day workshop on "CPR and First Aid" was also arranged during the year. This training is meant to equip our employees with basic lifesaving methods in case of any emergency.

### **Energy Conservation, Energy saving measures and plan to overcome the escalating energy crisis**

The Company had taken a number of steps and initiatives to optimise energy consumption at its various locations across the Country by introducing energy efficient equipments like installing LEDs (Light Emitting Diodes) in pylons, spreaders and fascia. Up till the period under review, we had successfully converted approx. 30% of our retail network upon Smart Signages – not only conserving energy but also helping our business partners to reduce their overhead costs.

Moreover, the Company has installed LEDs (Light Emitting Diodes) and submersible pumps instead of conventional lights and suction pumps, respectively, at its Company Owned & Company Operated (COCO) site named Quality Filling Station, Islamabad. The Company has also converted the major load of this outlet to Hybrid Solar System – further reducing energy consumption by approx. 40%. In-line with our vision of a cleaner, greener Company; in the next phase, Company intends to shift its remaining COCO



sites on green energy in order to lower down financial and environmental impacts.

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**

Continuous human resource development on both technical and behavioural skills results in highly trained work force which ultimately results in higher performance levels. Employees' personal and professional development is one of the fundamental building blocks of our corporate growth. APL invests in training and development of human capital by carrying out various trainings at various intervals. We establish and appreciate the skills of every single employee and carry out initiatives to encourage their professional development and improve their talents.

Our fundamental trainings are composed of internal and external training programs. During the year

2014-15, six in-house workshops were organized polishing various skills of our employees on subjects of sale and customer relationship management skills, business communication skills, HR for line managers, emergency first aid and practical CPR, project management and Microsoft Excel.

More than 90 employees were trained internally and more than 40 employees were sent for public programs to various institutes like LUMS, ICAP, PIM, etc on trainings and conferences/workshops.

### Community investment and welfare schemes

As part of community care, we support the communities we operate in. APL has taken different measures for the prosperity, health and literacy of the local community.

With the increased waste production, loss of bio-diversity and air pollution which is further compounded by a lack of awareness and interest at large, "Conservation of Environment" is becoming one of the primary concerns world is facing as of

now. APL, fully understands and realize the need and responsibility towards the community and held "Spring Tree Plantation Event" in collaboration with CDA (Capital Development Authority) at Kashmir Highway, Islamabad. It was an opportunity to make a contribution in improving the urban landscape and protecting the environment.

The Company has also supported healthy and productive engagement activities such as sports by providing sponsorships to various institutions.

### Efforts made to mitigate the adverse impact of industrial effluents

Our foremost priority is preservation of public health and safety. In order to fulfill this obligation, operational procedures for shipping and handling of oil products to the end users, are strictly observed under the Health, Safety and Environment (HSE) guidelines. All of our products have well defined Material Safety Data Sheet (MSDS), from entrance of the tank lorry in the bulk terminal for filling, to the decantation process at the customer's oil storage tanks.



Employees' Training in Progress



# Audit Committee and Internal Control Framework

The Board of Directors of the Company has formed a Board Audit Committee as required under the Code of Corporate Governance (the Code). The Committee comprises of 03 non executive directors including an independent director. The Chairman of the Committee, Mr. Abdus Sattar, has vast experience in finance and accounting. Detailed profile of Mr. Abdus Sattar is given in 'Profile of Board of Directors' section.

The Audit Committee met 04 times during the year ended June 30, 2015. The meetings of the Committee were held at least once every quarter prior to approval of interim and final results of the Company as required by the Code. The agenda of the meetings included discussions on financial matters of the Company along with review of other matters as per the Terms of Reference (TOR) of the Committee.

Head of Internal Audit Department, being the Secretary to the Committee, arranged all the Committee meetings. In addition to the Committee members, the meetings were also attended by the Chief Financial Officer (CFO). The Committee also met with the External Auditors separately in the absence of Head of Internal Audit and CFO to get feedback on the overall control and governance framework within the Company.

The Internal Control Framework is a major part of overall governance structure. It is fundamental to the successful operation and day-to-day running of a

business. 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 effectiveness and efficiency of operations, reliability of financial reporting and 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.

The Head of Internal Audit has direct access to the Committee. Audit observations along with compliance status are regularly presented to the Committee. The role of Internal Audit department includes review of systems within the Company at appropriate intervals to determine whether they are effectively designed and carrying out the functions in accordance with management instructions, policies and procedures and in a manner that is in agreement with Company's objectives and high standard of administrative practices.

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



## Key Sources of Estimating Uncertainty

The preparation of financial statements requires management and the Board of Directors to make estimates and judgments that affect reported amounts. These estimates are based on historical experience and various other assumptions that management and the Board believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. The key sources of estimating uncertainty are discussed below.

### Recoverable amount and valuation of investment in associated companies

APL has made investments in associated companies like NRL, ARL and AITSL. The value of investments in listed associated companies NRL and ARL is based on valuation analysis carried out based on value in use calculation as briefly described in notes no 14.5 and 14.6 in the financial statements. The value of unlisted associated company AITSL is based on its financial statements as described in note no 14.7 in the financial statements.

### Provision for taxation

Your Company has recognized current tax charge of Rs 1,461 million after taking into account the relevant laws and decisions taken by appellate authorities. Instances, where the Company's view differs from the view taken by the tax authorities at the assessment

stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities. The Company has recorded deferred tax credit of Rs 55 million as at June 30, 2015 on the assumption that sufficient taxable profits will exist in future periods to utilize the deferred tax asset.

### Useful life of property, plant and equipment

The useful lives are estimated having regard to the factors as asset usage, maintenance, rate of technical and commercial obsolescence. The useful lives of assets are reviewed annually.

### Value of staff retirement benefit obligations

The defined benefit obligations are based on actuarial assumptions such as discount rate, expected rate of return on plan assets, expected rate of growth in salaries and expected average remaining working life of employees which are extensively detailed in note 32 to the financial statements.

### Assessment of significant influence in associated companies

Although the Company has less than 20 percent shareholding in NRL, ARL and AITSL these companies have been treated as associated companies since the Company has representation on their Board of Directors.

## Materiality approach adopted by the Management

Definition of materiality is descriptive in nature but in general, an information is material if omission or misstatement of which could influence the economic decision of the users of financial statements.

The assessment of materiality is matter of

professional judgment and may vary from company to company. The management has developed a materiality policy duly approved by the Board. All the decisions are taken and new risks and opportunities are assessed in light of this policy in addition to other regulatory requirements.



## Share Price Sensitivity Analysis

The shares of Attock Petroleum Limited are regarded as blue chip stock and considered as a secure investment. The share price has reflected our strong market position and prospects of growth but might respond to exogenous factors in the future as there are number of events that are affecting the share prices either in the short or broad spectrum.

During the year, the share price varied from Rs 494.12 to the mark of Rs 610.00. The spread between the prices is attributable to the milestones achieved by the Company during the period under review. Strong performance resulted in higher dividend payouts over the years have gradually increased the share price of the Company. We continuously build confidence of our investors, providing them optimal returns on their investment promoting the long term retention of the shares.

Following factors or events may affect the share price of the Company.

### Sales Volume

Operating in an industry where margins are fixed, the profitability of the Company is highly dependent on sales volume which ultimately also affects the share price. Increase in economic activity will lead to

increased sales and ultimately reflected on the net profit and share price of the Company.

### Sales Margin

As stated above, the profitability is positively correlated to fixed sales margin on petroleum products. Any change in margins by the Government of Pakistan (GoP) for the regulated products shall directly affect the profitability and the same shall be reflected on the share price of the Company.

### Exchange Losses

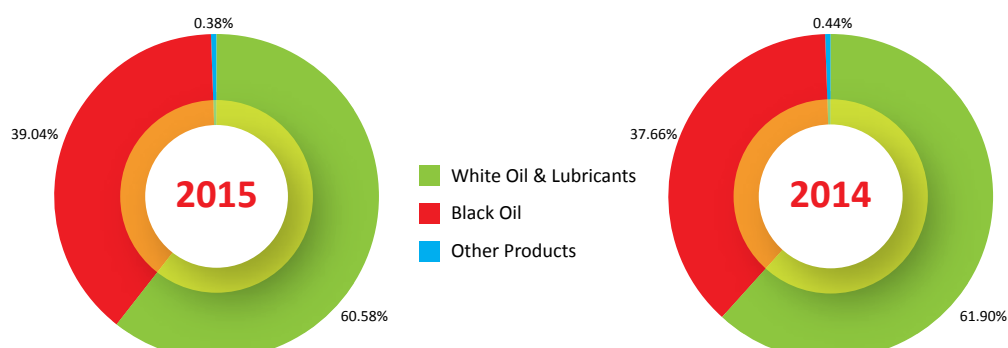
The Country is highly dependent for its energy requirements on import of petroleum products. APL also actively imports various POL products. Adverse movement in rupee – dollar parity incurs exchange losses for the Company which can also indirectly affect the share price.

### Inventory Gains / Losses

High volatility in international oil prices also severely affects the profitability of the Company. Downward trend leads to inventory losses while an increasing trend positively impacts the profitability and hence affects the share price accordingly.

## Segmental Review of Business Performance

APL's financial statements have been prepared on the basis of a single reportable segment. Total sales revenue is broadly divided into following two categories:





# Prospects of the Entity including Targets for Financial and Non-Financial Measures

## Prospects of the Entity

Expansion in the retail network, adoption of energy saving technologies, improvements in the supply chain, and partnership agreements with leading foreign and local companies entails adequate support to the management's projection of business expansion and sustained profitability.

Construction work for the establishment of bulk storage facilities is in progress according to the plan and the upcoming year will witness enhancement in capital projects, which will significantly improve the throughput of operations.

## Financial Measures

Targets for the year were set on the basis of historical data keeping in view the various factors affecting the industry. There are various risks and uncertainties prevailing in the market, the Company has tried to curtail the effects of those with due strength but still there are certain factors that are outside the control of the Company and the industry as well.

Stiff competition and decrease in the international petroleum prices are factors that are uncontrollable and have affected the profitability of the Company.

Performance targets are timely monitored to reduce deviation from the defined goals. The provision

of products at retail outlets during the periods of shortages is a demonstration of sustainable and effective stock management.

Oil marketing industry has shown overall growth of 5% in comparison to last year, the prices of High Speed Diesel and Premier Motor Gasoline has seen a steep decline in prices due to fall in the international petroleum prices. Despite this factor, the Company has been able to register an overall growth in sales volume of 8%.

## Non-financial Measures

The Company has identified the following areas as key non-financial performance measures:

- Human resource development and training.
- Maintenance of product quality.
- Responsibilities towards the society.
- Healthy and safe environment.
- Revamping of business processes in line with best practices.
- Responsibility for implementation has been delegated to the management, with oversight from the Board.

# Calendar of Major Events

**July  
2014**

Keeping our commitment to going-green; the Company installed LEDs (Light Emitting Diodes) & submersible pumps at Quality Filling Station (COCO Site), Islamabad in order to further reduce its carbon foot-print.

**Sep  
2014**

True to its promise, the Company has made arrangements to enhance its Premeir Motor Gasoline (PMG) storage at Kemari for handling of imports; thereby securing additional channels for product availability and to serve our prestigious clientele.

**Nov  
2014**

Signed an agreement with JX Nippon Oil & Energy Corporation, the leading Oil & Energy group in Japan, for joint business collaboration in lubricants business throughout Pakistan. With this strategic joint-venture, APL will blend and market premium international lubricant grades in Pakistan to cater to the lube demand of all segments of industry.

**Feb  
2015**

Achieved a major milestone of commissioning 500<sup>th</sup> Retail Outlet - a testimony to the ever expanding trust & confidence of our customers & partners.

**Mar  
2015**

Concession & License agreement between Civil Aviation Authority (CAA), Attock Petroleum Limited (APL) & Pakistan State Oil (PSO) for establishment of Fuel and Miantenance/Operations of Fuel Farm & Hydrant Refueling system (HRS) at New Islamabad International Air-Port is signed - Opening up new business avenues and horizons to explore.

**Apr  
2015**

Introduced hybrid solar system at Quality Filling Station (Company Owned & Company Operated Site), Islamabad for self reliance on uninterruptable energy and organized annual sports event to support the active recreation of staff.

**May  
2015**

Organized "Spring Tree Plantation Event" in collaboration with CDA (Capital Development Authority) and contributed in improving the urban landscape by protecting the environment.

**Jun  
2015**

Introduced the Variable Frequency Device System (VFD) at Machike Bulk Oil Terminal as our relentless drive towards cleaner & greener energy.

# Information Technology 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, approves the planning 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 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.

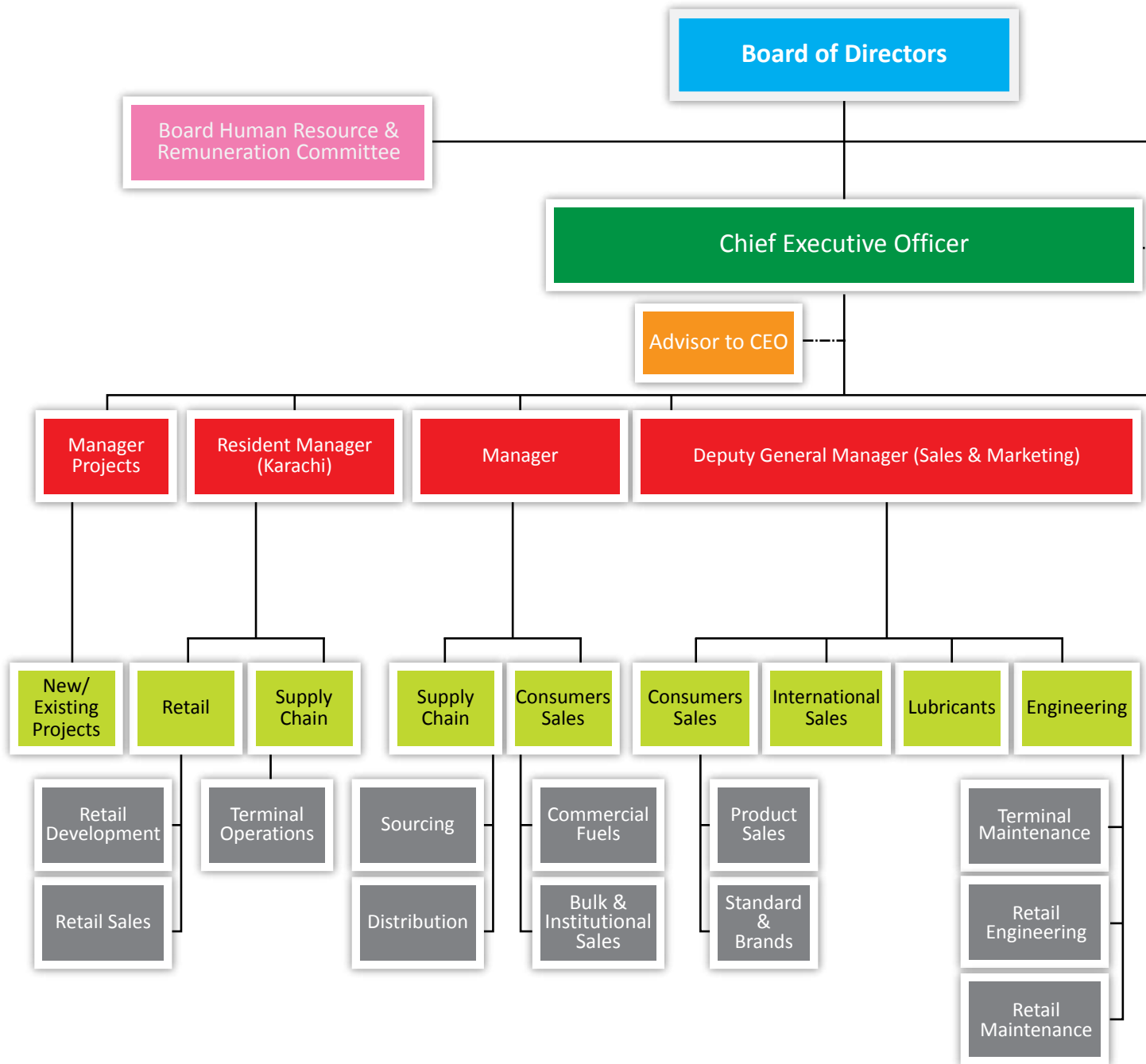
## Value Addition and Return on Investment

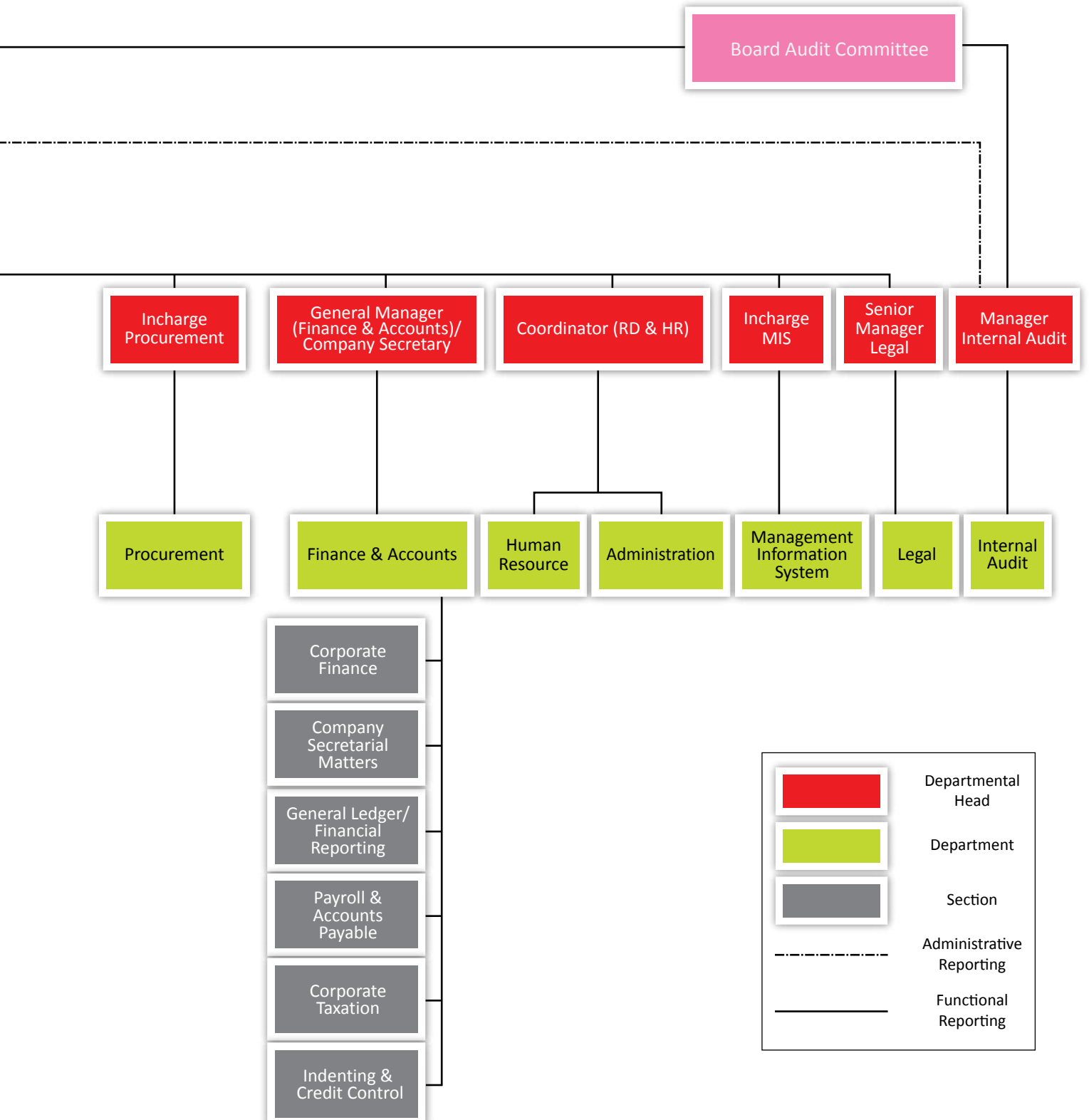
APL has an on-going commitment to continuously improve upon its IT infrastructure, technologies, processes and procedures. This directly translates in to improved controls, enhanced reporting, optimized procedures and better overall performance. Key Performance Indicators are being developed to quantify 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 (the Company) for the year ended June 30, 2015, to comply with the requirements of Regulation No. 5.19.23 of Rule Book of 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, 2015.

Chartered Accountants  
Islamabad  
August 12, 2015

Engagement partner: Asim Masood Iqbal

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Lahore: 23-C, Aziz Avenue, Canal Bank, Gulberg V, P.O. Box 39, Lahore-54660, 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 (799) 315320, +93 (799) 315320

## Statement of Compliance with the Code of Corporate Governance for the Year Ended June 30, 2015

This statement is being presented to comply with the Code of Corporate Governance (the Code) contained in regulation No. 5.19.23 of the Rule Book 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. The elections of directors of the Company were held in March 2015. As at June 30, 2015, the Board includes:

Category	Names
Independent Director*	Mr. Mohammad Raziuddin
Non Executive Directors	Dr. Ghaith R. Pharaon Mr. Laith G. Pharaon Mr. Wael G. Pharaon Mr. Abdus Sattar Mr. Babar Bashir Nawaz 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 5.19.1 (b) of the Code 2012.

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. Four of the Directors meet the exemption requirement of the directors' training program and two Directors have obtained the certification under directors' training program till 2015. The remaining directors shall obtain certification under directors' training program upto 2016. Directors are also kept abreast with changes/ updates in relevant laws and regulations including Code of Corporate Governance from time to time.



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 including one independent director. During the year, the Audit Committee was reconstituted following the election of directors in March 2015.
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 also formed a Human Resource and Remuneration Committee. It comprises of three members, of whom two members including the chairman are non-executive directors. During the year, the Human Resource and Remuneration Committee was also reconstituted following the election of directors in March 2015.
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

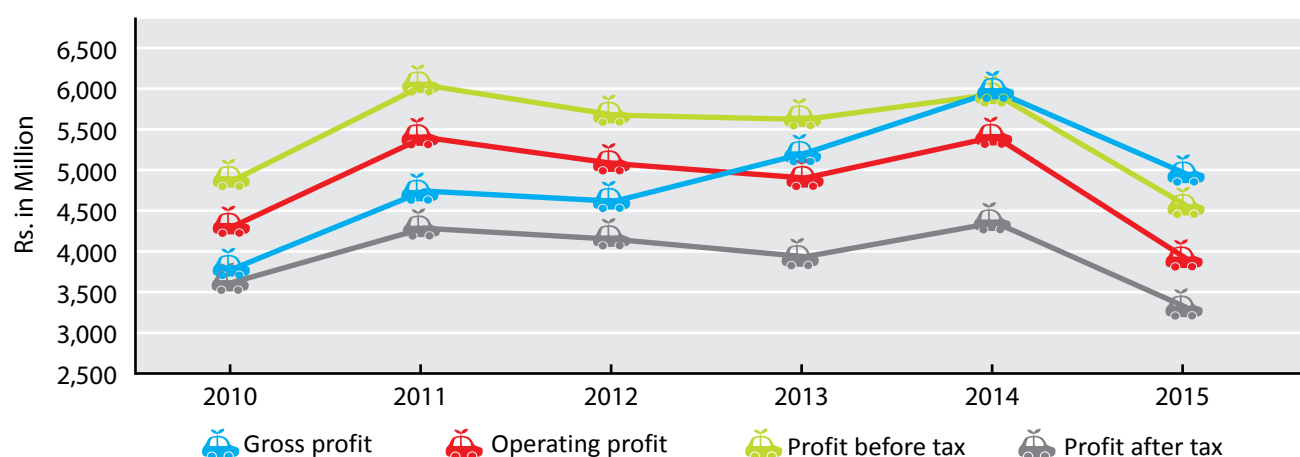


Shuaib A. Malik  
Chief Executive

Rawalpindi.  
August 12, 2015

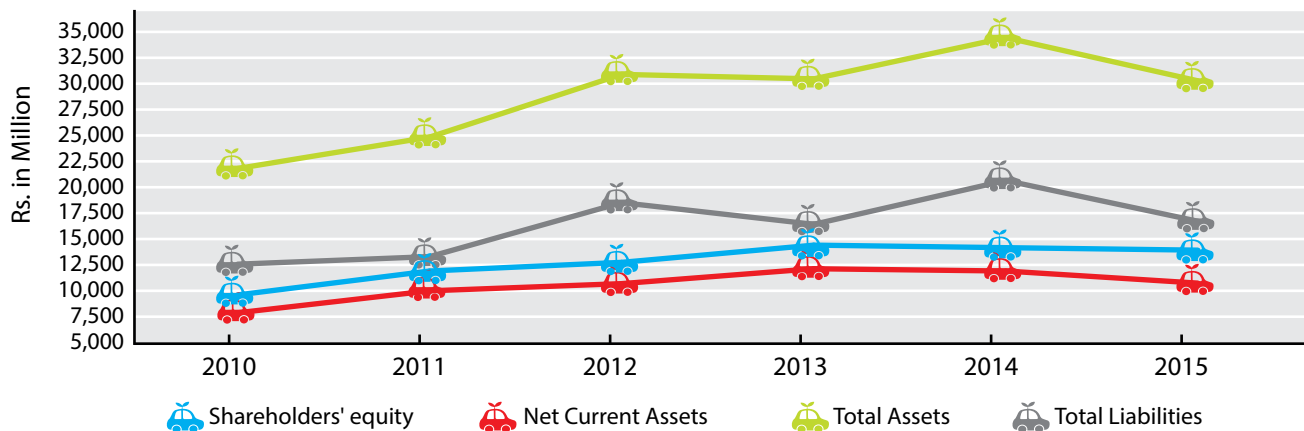
## Six Years at a Glance

		2015	2014	2013	2012	2011	2010
<b>Profit and Loss Summary</b>							
Sales volumes	Metric Tons	2,368,990	2,190,293	1,837,357	1,761,682	1,593,336	1,436,891
Net sales	Rs thousand	171,729,782	205,162,911	164,710,177	152,843,437	109,394,725	82,791,918
Gross profit	Rs thousand	4,926,509	5,942,294	5,176,801	4,587,853	4,714,218	3,759,884
Operating profit	Rs thousand	3,885,822	5,381,469	4,873,355	5,050,460	5,374,298	4,282,497
Profit before tax	Rs thousand	4,537,855	5,906,565	5,593,404	5,646,740	6,017,511	4,846,309
Profit after tax	Rs thousand	3,286,384	4,326,764	3,906,534	4,120,315	4,256,511	3,594,309
Profit before interest, tax, depreciation and amortization (EBITDA)	Rs thousand	4,828,902	6,228,433	5,817,731	5,822,179	6,162,575	4,973,607



- Consistent increase in sale volumes over the years and 8% increase in 2015 from last year.
- Net sales decreased by Rs 33 billion due to decrease in crude oil prices in international market by 44%.
- Gross profit decreased by 17% due to inventory losses on account of decline in crude oil prices, this together with decrease in operating income, resulted in decline in net profit by 24% in 2015 from last year.

		2015	2014	2013	2012	2011	2010
<b>Balance Sheet Summary</b>							
Share capital	Rs thousand	829,440	829,440	691,200	691,200	691,200	576,000
Reserves	Rs thousand	12,730,365	12,970,282	13,352,257	11,692,123	10,855,008	8,660,577
Shareholders' equity	Rs thousand	13,559,805	13,799,722	14,043,457	12,383,323	11,546,208	9,236,577
Non-current liabilities	Rs thousand	604,814	581,682	462,871	412,729	320,316	288,908
Current assets	Rs thousand	26,123,577	31,248,819	27,356,666	28,062,795	22,247,396	19,429,233
Current liabilities	Rs thousand	15,747,035	19,704,460	15,591,191	17,735,089	12,613,827	11,917,167
Net current assets	Rs thousand	10,376,542	11,544,359	11,765,475	10,327,706	9,633,569	7,512,066
Property, plant and equipment	Rs thousand	2,444,164	1,931,085	1,862,742	1,601,576	1,374,767	1,217,217
Other non-current assets	Rs thousand	1,343,913	905,960	878,111	866,770	858,188	796,202
Capital expenditure during the year	Rs thousand	808,421	392,261	485,684	402,248	308,200	215,396
Total assets	Rs thousand	29,911,654	34,085,864	30,097,519	30,531,141	24,480,351	21,442,652
Total liabilities	Rs thousand	16,351,849	20,286,142	16,054,062	18,147,818	12,934,143	12,206,075

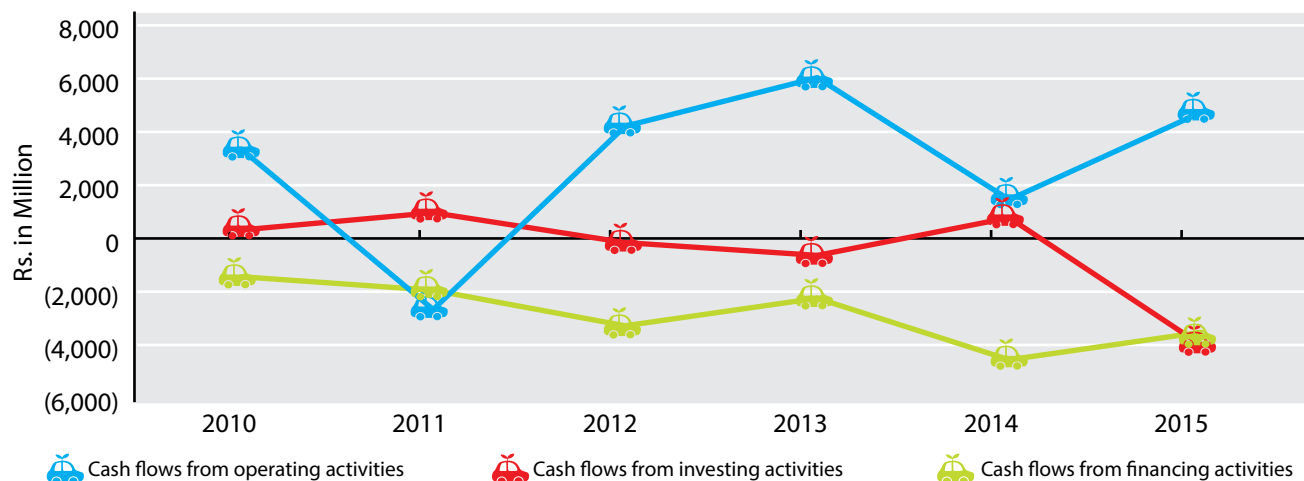


- Shareholders' equity decreased due to decline in net retained earnings during the year.
- Net current assets decreased by 10% on account of decline in average oil prices which resulted in decrease in the value of stock in trade.
- Capital expenditure increased on account of land purchased for establishing bulk oil terminals and company owned retail outlet.

2015      2014      2013      2012      2011      2010

**Cash Flow Summary**

	Rs thousand	2015	2014	2013	2012	2011	2010
Cash flows of operating activities		4,735,369	1,456,813	6,035,751	4,213,709	(2,668,549)	3,358,779
Cash flows of investing activities		(3,999,956)	778,567	(636,059)	(155,887)	966,107	318,114
Cash flows of financing activities		(3,521,257)	(4,555,092)	(2,244,902)	(3,278,768)	(1,944,108)	(1,437,573)
Effect of exchange rate changes		1,206	(153)	1,797	4,470	1,903	623
Net change in cash and cash equivalents		(2,784,638)	(2,319,865)	3,156,587	783,524	(3,644,647)	2,239,943
Cash & cash equivalents at end of the year		4,865,814	7,650,452	9,970,317	6,813,730	6,030,206	9,674,853

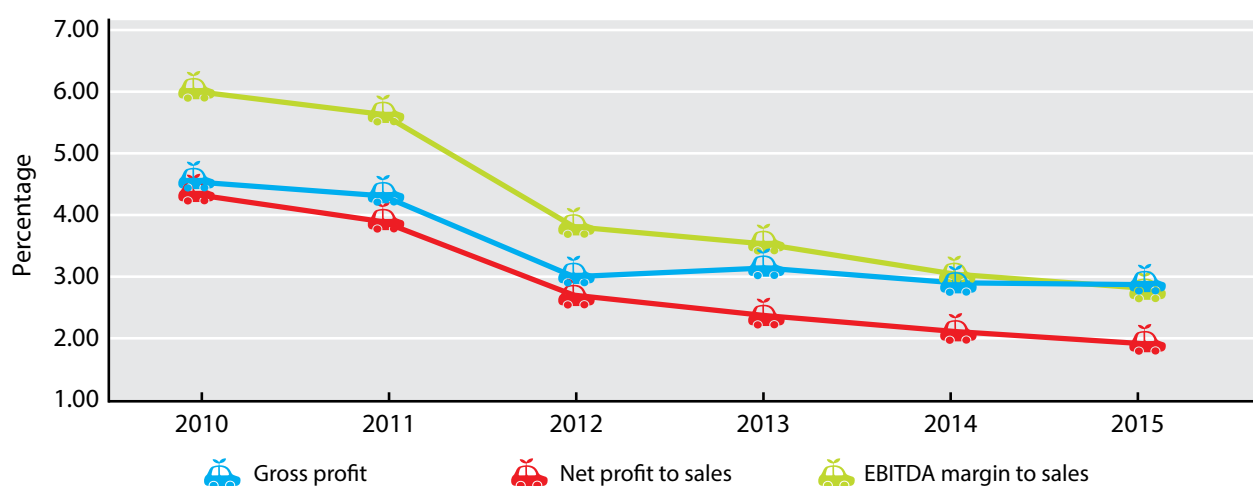


- Cash flows from operating activities is stronger mainly due to cash generated from operations and decline in the value of stock in trade.
- Cash flow from investing activities decreased mainly due to significant increase in short term and long term investments.
- Cash flow from financing activities has reduced due to less dividend paid during the year.

2015 2014 2013 2012 2011 2010

### Profitability and Operating Ratios

Gross profit	%	2.87	2.90	3.14	3.00	4.31	4.54
Net profit to sales	%	1.91	2.11	2.37	2.70	3.89	4.34
EBITDA margin to sales	%	2.81	3.04	3.53	3.81	5.63	6.01
Operating leverage	%	142.20	22.80	(12.17)	(15.51)	75.21	39.08
Return on equity	%	24.02	31.08	29.56	34.44	40.96	44.05
Return on capital employed	%	24.02	31.08	29.56	34.44	40.96	44.05

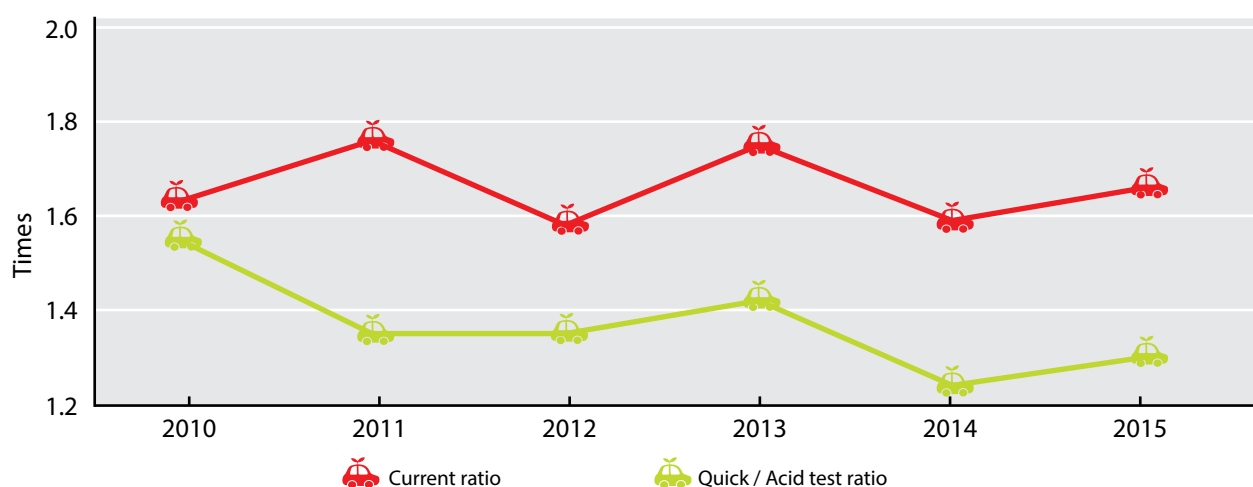


- Gross profit ratio has shown a stable trend, however net profit ratio and EBITDA margin to sale decreased due to increase in operating expenses by 13% and decrease in other income by 17%.
- Return on equity decreased by 23% due to decrease in net profit during the year.

2015 2014 2013 2012 2011 2010

### Liquidity Ratios

Current	Times	1.66	1.59	1.75	1.58	1.76	1.63
Quick / Acid test ratio	Times	1.30	1.24	1.42	1.35	1.35	1.55
Cash to current liabilities	Times	0.31	0.39	0.64	0.38	0.48	0.81
Cash flows from operations to sales	Times	0.03	0.01	0.04	0.03	(0.02)	0.04



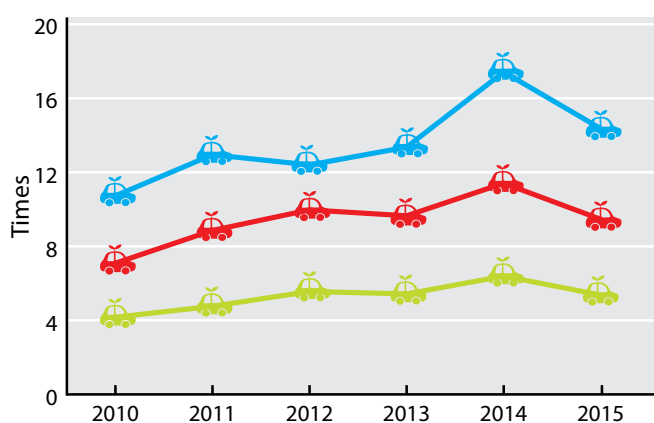
- Current and Quick ratios improved by 5%.
- Cash to current liabilities decreased due to utilization of significant amount of cash for short term and long term investments.
- Cash flow from operations to sales have increased due to decrease in working capital on account of decline in average prices of petroleum products.



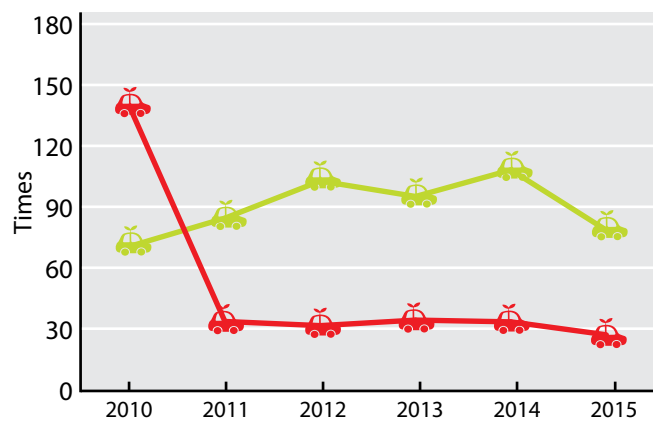
2015 2014 2013 2012 2011 2010

### Activity / Turn Over Ratios

Inventory turnover	Times	26.99	33.36	34.23	31.50	33.55	139.29
No. of days in inventory		14	11	11	12	11	3
Debtors turnover	Times	14.36	17.42	13.36	12.40	12.95	10.73
No. of days in receivables		25	21	27	29	28	34
Creditors Turnover	Times	9.46	11.41	9.65	9.97	8.86	7.09
No of days in payables		39	32	38	37	41	51
Total assets turnover	Times	5.37	6.39	5.43	5.56	4.76	4.17
Fixed assets turnover	Times	78.50	108.16	95.09	102.71	84.41	70.52
Operating cycle	Days	0	(0)	0	4	(2)	(15)
Number of retail outlets		516	468	414	362	318	277



Debtors turnover Creditors turnover Total assets turnover



Inventory turnover Fixed assets turnover

- Inventory turnover, debtors turnover and creditors turnover decreased by 19% , 18% and 17% respectively due to decrease in net sales by 16%, however number of days increased in each case.
- Total asset turnover and fixed asset turnover decreased by 16% and 27% respectively due to decrease in net sales by 16%.

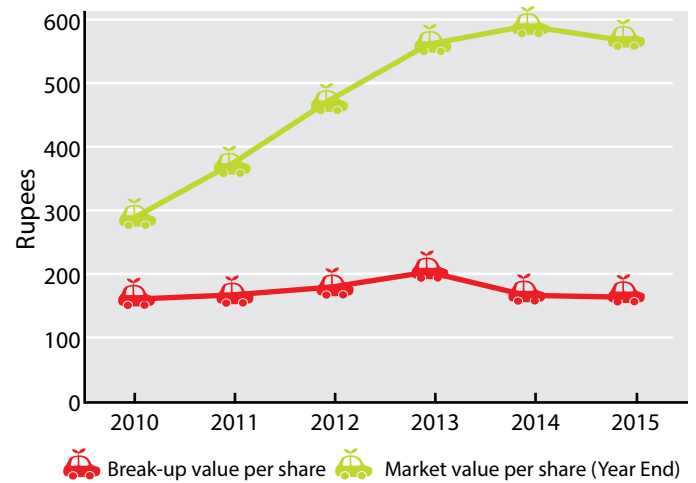
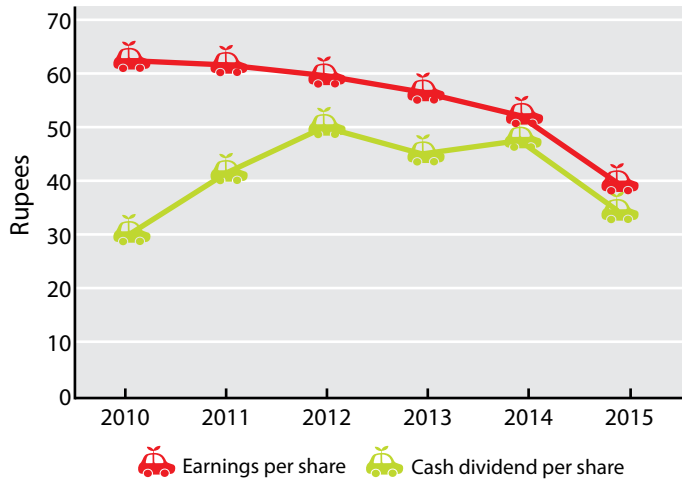
2015 2014 2013 2012 2011 2010

### Investment / Market Ratios

Basic and diluted EPS	Rs	39.62	52.16	56.52	59.61	61.58	62.40
Basic and diluted EPS (restated)	Rs	39.62	52.16	47.10	49.68	51.32	43.33
Price earning	Times	14.32	11.31	9.93	7.96	6.08	4.63
Dividend yield	%	6.26	9.01	8.96	11.98	12.08	8.61
Dividend payout	%	87.07	91.06	79.62	83.88	67.39	48.08
Dividend cover	Times	1.15	1.10	1.26	1.19	1.48	2.08
Cash dividends	Rs thousand	2,861,568	3,939,840	3,110,400	3,456,000	2,868,480	1,728,000
Cash dividend per share	Rs	34.50	47.50	45.00	50.00	41.50	30.00
Bonus shares issued	Rs thousand	-	-	138,240	-	-	115,200
Bonus per share	%	-	-	20.00	-	-	20.00
Break-up value per share without surplus on revaluation of fixed assets	Rs	163.48	166.37	203.18	179.16	167.05	160.36
Break-up value per share including the effect of surplus on revaluation of fixed assets	Rs	163.48	166.37	203.18	179.16	167.05	160.36

#### Market value per share

Year end	Rs	567	590	561	474	374	289
Highest (during the year)	Rs	610	607	585	478	401	405
Lowest (during the year)	Rs	494	414	471	316	281	275



- Earnings per share decreased by 24% in the year 2015 compared to last year mainly due to decreased in gross profit, resultantly, cash dividend also decreased.
- Dividend payout ratio decreased by 4%.

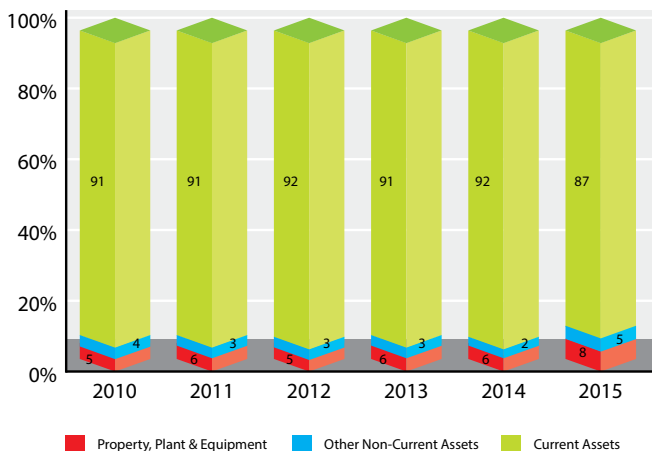
	2015	2014	2013	2012	2011	2010
<b>Capital Structure Ratios</b>						
Debt to equity	0:100	0:100	0:100	0:100	0:100	0:100
Financial leverage	-	-	-	-	-	-
Weighted average cost of debt	-	-	-	-	-	-
Interest cover	-	-	-	-	-	-
Market Share	% 10.4	10.1	9.3	9.1	7.9	7.0
(Source: OCAC)						

Company has no debt impact due to 100% equity based capital structure.

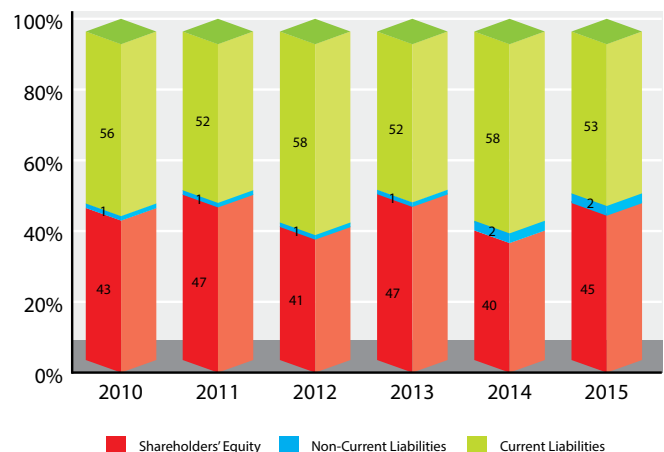
# Vertical Analysis

	2015		2014	
	Rs ('000)	%	Rs ('000)	%
<b>Balance Sheet Items</b>				
Property, Plant and Equipment	2,444,164	8.2	1,931,085	5.7
Other Non-Current Assets	1,343,913	4.5	905,960	2.6
Current Assets	26,123,577	87.3	31,248,819	91.7
<b>Total Assets</b>	<b>29,911,654</b>	<b>100.0</b>	<b>34,085,864</b>	<b>100.0</b>
<b>Shareholders' Equity &amp; Liabilities</b>				
Shareholders' Equity	13,559,805	45.3	13,799,722	40.5
Non- Current Liabilities	604,814	2.0	581,682	1.7
Current Liabilities	15,747,035	52.6	19,704,460	57.8
<b>Total Shareholders' Equity &amp; Liabilities</b>	<b>29,911,654</b>	<b>100.0</b>	<b>34,085,864</b>	<b>100.0</b>
<b>Profit &amp; Loss Items</b>				
<b>Net Sales</b>	<b>171,729,782</b>	<b>100.0</b>	<b>205,162,911</b>	<b>100.0</b>
Cost of Products Sold	166,803,273	97.1	199,220,617	97.1
Gross Profit	4,926,509	2.9	5,942,294	2.9
Operating Profit	3,885,822	2.3	5,381,469	2.6
Profit before Taxation	4,537,855	2.6	5,906,565	2.9
Profit for the Year	3,286,384	1.9	4,326,764	2.1

Composition of Assets



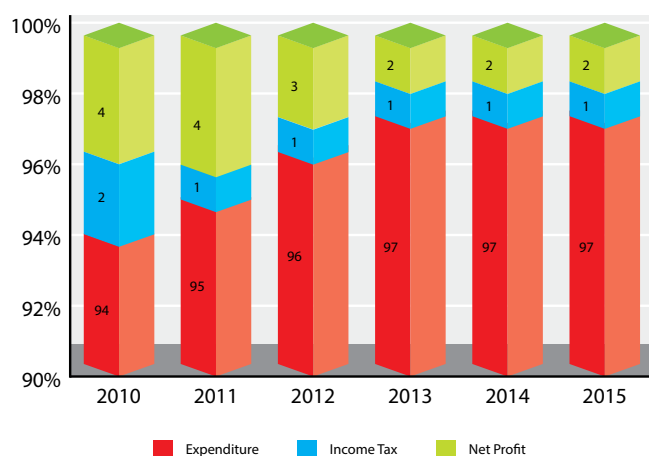
Composition of Total Liabilities & Shareholders' Equity



Total assets comprise of current assets by 87.3% and non-current assets by 12.7% showing slight change in composition from last year due to decrease in current assets, addition in property, plant and equipment and other non-current assets. On the other side, the ratio of total liabilities to shareholders' equity is 55:45 as compared to last year of 60:40. This change is due to decrease in current liabilities.

2013		2012		2011		2010	
Rs ('000)	%	Rs ('000)	%	Rs ('000)	%	Rs ('000)	%
1,862,742	6.2	1,601,576	5.3	1,374,767	5.6	1,217,217	5.7
878,111	2.9	866,770	2.8	858,188	3.5	796,202	3.7
27,356,666	90.9	28,062,795	91.9	22,247,396	90.9	19,429,233	90.6
<b>30,097,519</b>	<b>100.0</b>	<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>
14,043,457	46.7	12,383,323	40.6	11,546,208	47.2	9,236,577	43.1
462,871	1.5	412,729	1.4	320,316	1.3	288,908	1.3
15,591,191	51.8	17,735,089	58.0	12,613,827	51.5	11,917,167	55.6
<b>30,097,519</b>	<b>100.0</b>	<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>164,710,177</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>
159,533,376	96.9	148,255,584	97.0	104,680,507	95.7	79,032,034	95.5
5,176,801	3.1	4,587,853	3.0	4,714,218	4.3	3,759,884	4.5
4,873,355	3.0	5,050,460	3.3	5,374,298	4.9	4,282,497	5.2
5,593,404	3.4	5,646,740	3.7	6,017,511	5.5	4,846,309	5.9
3,906,534	2.4	4,120,315	2.7	4,256,511	3.9	3,594,309	4.3

### Composition of Profit and Loss



During 2015, in profit and loss, cost of products sold consumed major portion (97.1%) of net sales.

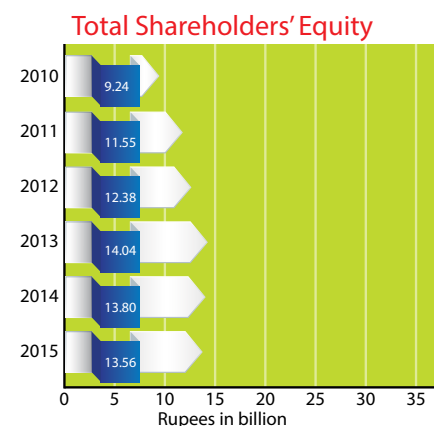
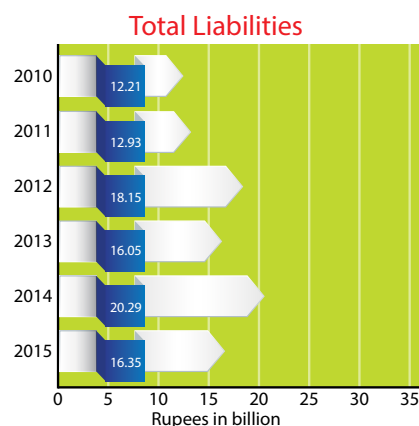
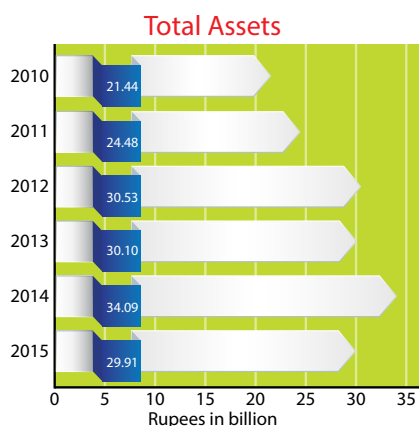


# Horizontal Analysis

2015

2014

	Rs ('000)	Increase / (decrease) from last year (%)	Rs ('000)	Increase / (decrease) from last year (%)
<b>Balance Sheet Items</b>				
Property, Plant and Equipment	2,444,164	26.6	1,931,085	3.7
Other Non-Current Assets	1,343,913	48.3	905,960	3.2
Current Assets	26,123,577	(16.4)	31,248,819	14.2
<b>Total Assets</b>	<b>29,911,654</b>	<b>(12.2)</b>	<b>34,085,864</b>	<b>13.3</b>
Shareholders' Equity	13,559,805	(1.7)	13,799,722	(1.7)
Non- Current Liabilities	604,814	4.0	581,682	25.7
Current Liabilities	15,747,035	(20.1)	19,704,460	26.4
<b>Total Shareholders' Equity &amp; Liabilities</b>	<b>29,911,654</b>	<b>(12.2)</b>	<b>34,085,864</b>	<b>13.3</b>
<b>Profit &amp; Loss Items</b>				
<b>Net Sales</b>	<b>171,729,782</b>	<b>(16.3)</b>	<b>205,162,911</b>	<b>24.6</b>
Cost of Products Sold	166,803,273	(16.3)	199,220,617	24.9
Gross Profit	4,926,509	(17.1)	5,942,294	14.8
Operating Profit	3,885,822	(27.8)	5,381,469	10.4
Profit Before Taxation	4,537,855	(23.2)	5,906,565	5.6
Profit for the Year	3,286,384	(24.0)	4,326,764	10.8



In 2015, Property, plant and equipment increased by 27% representing expenditure on purchase of land for construction of bulk oil terminals & retail outlet. Other non-current assets increased by 48% due to long term investments made during the year. Current assets decreased by 16% representing decrease in receivable balance from Power Producers and other customers. This also resulted in corresponding decrease in amounts payable under current liabilities. Shareholder's equity decreased by 2% due to decrease in net profit.

## 2013

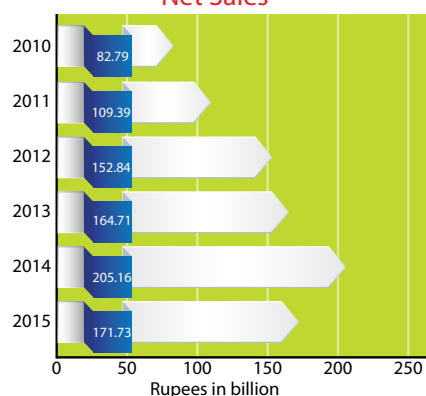
## 2012

## 2011

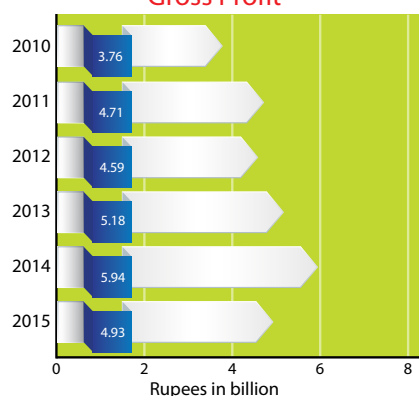
## 2010

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 (%)
1,862,742	16.3	1,601,576	16.5	1,374,767	12.9	1,217,217	7.6
878,111	1.3	866,770	1.0	858,188	7.8	796,202	8.6
27,356,666	(2.5)	28,062,795	26.1	22,247,396	14.5	19,429,233	18.4
<b>30,097,519</b>	<b>(1.4)</b>	<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>
14,043,457	13.4	12,383,323	7.3	11,546,208	25.0	9,236,577	30.4
462,871	12.1	412,729	28.9	320,316	10.9	288,908	14.9
15,591,191	(12.1)	17,735,089	40.6	12,613,827	5.8	11,917,167	8.9
<b>30,097,519</b>	<b>(1.4)</b>	<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>164,710,177</b>	<b>7.8</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>
159,533,376	7.6	148,255,584	41.6	104,680,507	32.5	79,032,034	34.9
5,176,801	12.8	4,587,853	(2.7)	4,714,218	25.4	3,759,884	14.2
4,873,355	(3.5)	5,050,460	(6.0)	5,374,298	25.5	4,282,497	17.0
5,593,404	(0.9)	5,646,740	(6.2)	6,017,511	24.2	4,846,309	13.2
3,906,534	(5.2)	4,120,315	(3.2)	4,256,511	18.4	3,594,309	16.6

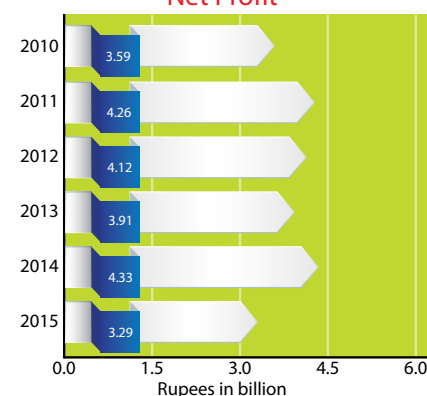
## Net Sales



## Gross Profit



## Net Profit

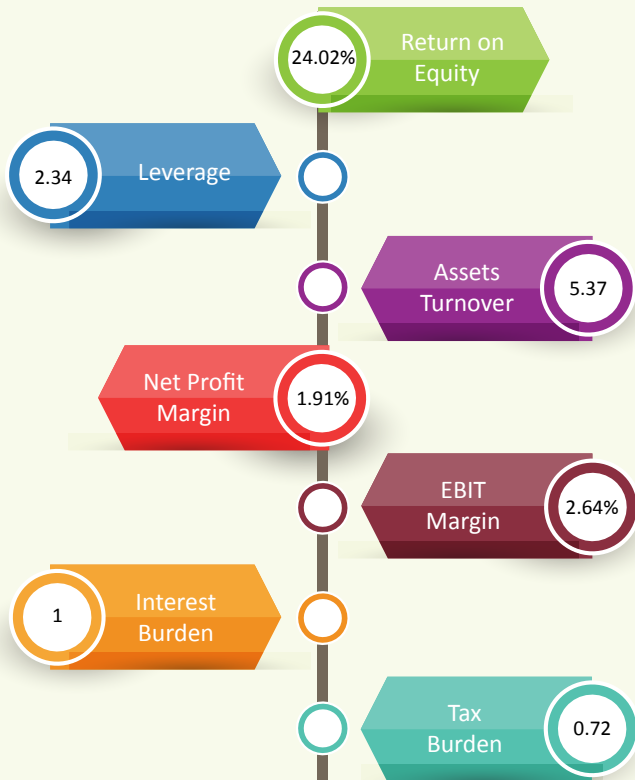


Net sales revenue in 2015 decreased by 16% from 2014 due to decrease in average prices of products. Profitability decreased by 24% as compared to 2014 due to inventory losses on account of unfavorable impact of changes in crude oil prices in international market.

# DuPont Analysis

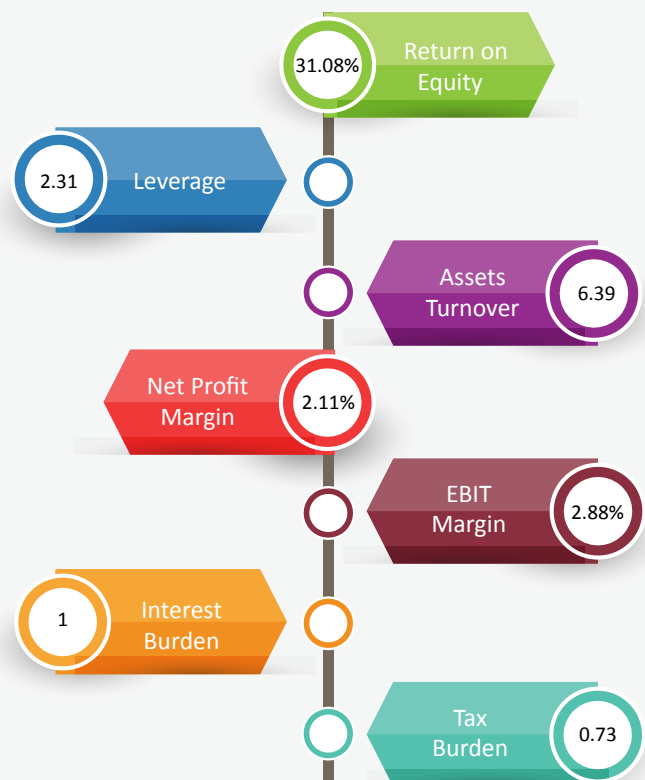
In year 2015, the DuPont analysis shows downward fluctuation in Return on Equity (ROE) as compared to last year due to following reasons;

- Operating efficiency in terms of profit margins is effected this year due to sharp decline in international oil prices.
- Asset efficiency, measured in term of total asset turnover effected by decrease in net sales due to decline in prices of petroleum products.
- Financial leverage, measured by the equity multiplier is slightly increased in year 2015.



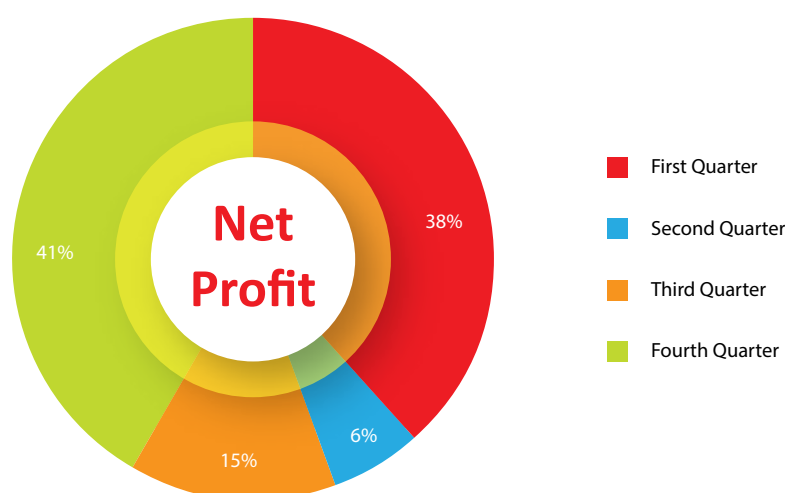
## 2015

## 2014



## 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	171,729,782	37,109,325	34,467,527	44,805,782	55,347,148
Gross Profit / (Loss)	4,926,509	2,278,637	769,744	(59,369)	1,937,497
Profit Before Taxation	4,537,855	2,004,654	667,385	48,864	1,816,952
Net Profit	3,286,384	1,334,381	484,387	209,081	1,258,535
Earnings Per Share (Rupees)	39.62	16.09	5.84	2.52	15.17



### Quarterly analysis of financial performance:

The highest sale revenue was earned in the first quarter due to high demand of Furnace Fuel Oil (FFO) and High Speed Diesel (HSD). The sales revenue started to decrease in the second quarter and lowest sales revenue was earned in the third quarter due to significant fall in the international oil prices. The downward trend in the oil prices led to substantial inventory losses in the second and third quarter, particularly in the second quarter when lowest net profit was recorded. However, due to recovery in the international oil prices and better profit margins, the Company's net profitability was highest in the last quarter.

## Statement of Charity Account \*

	2015 Rs ('000)
Education and Scholarships	1,138
Health care and Environment	185
Sports Promotion and Sponsorships	1,618
Community Welfare	751
	<b>3,692</b>

\* Includes through Company's trust



## Statement of Value Added

	2015		2014	
	Rs ('000)	%	Rs ('000)	%
Gross revenue and other income	208,190,082		243,052,281	
Cost of sales and operating expenses	(155,931,958)		(190,418,047)	
<b>Total value added</b>	<b>52,258,124</b>		<b>52,634,234</b>	
<b>DISTRIBUTION</b>				
Employee remuneration:	490,009	0.94	475,142	0.90
Government as:				
Company taxation	1,251,471	2.39	1,579,801	3.00
Sales tax, duties and levies	46,605,194	89.18	45,496,136	86.44
WPPF & WWF	334,019	0.64	434,523	0.83
Shareholders as:				
Dividends	2,861,568	5.48	3,939,840	7.49
Bonus share	-	-	-	-
Society as:				
Donation	-	-	-	-
Providers of finance as:				
Financial Charges	-	-	-	-
Retained in business:				
Depreciation	291,047	0.56	321,868	0.61
Net earnings	424,816	0.81	386,924	0.74
	<b>52,258,124</b>	<b>100.00</b>	<b>52,634,234</b>	<b>100.00</b>

