

ANNUAL | 20  
REPORT | 17

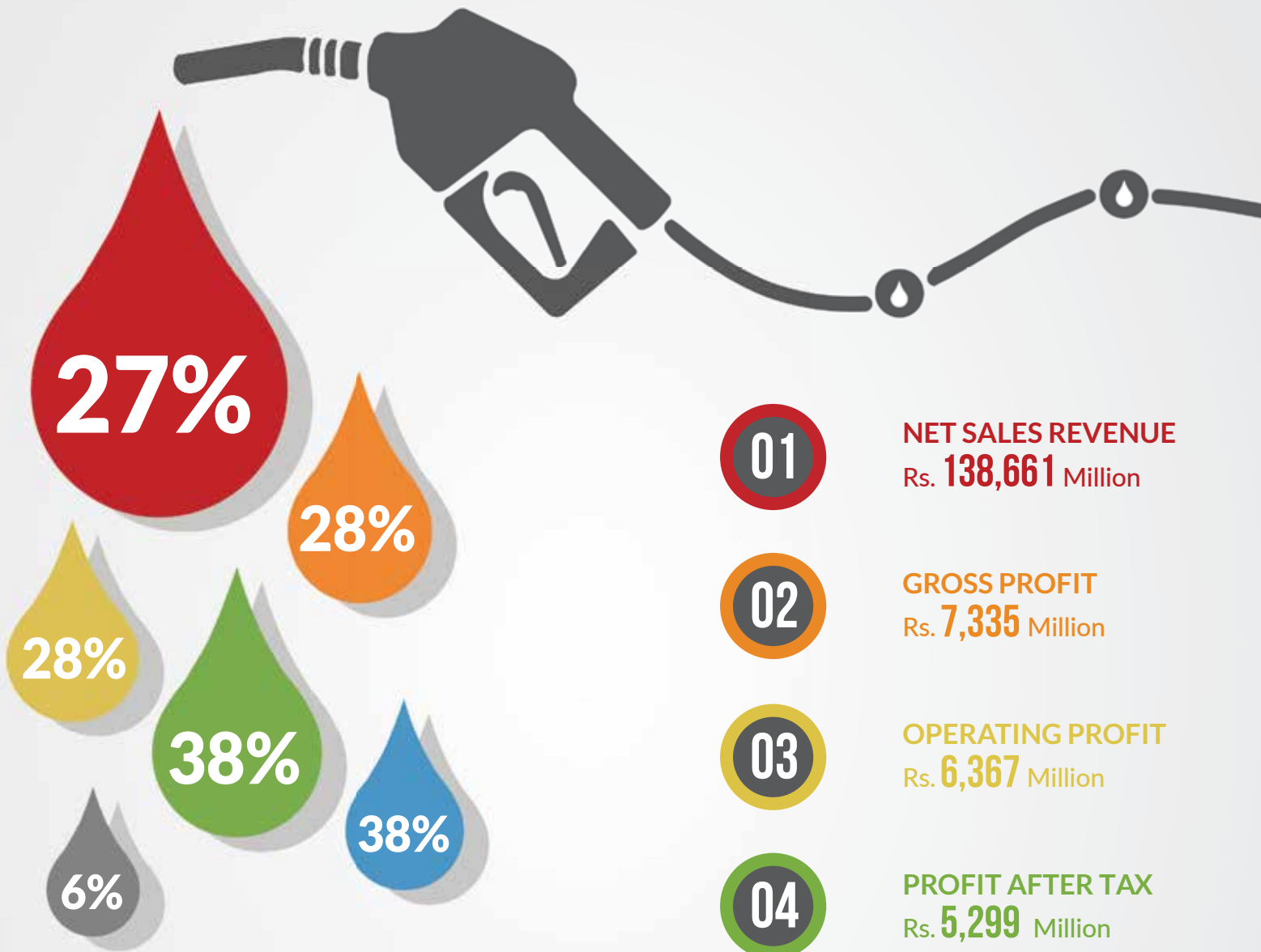
INNOVATION  
CREATES  
OPPORTUNITY



**Attock**

ATTOCK PETROLEUM LIMITED

# FINANCIAL HIGHLIGHTS



01

NET SALES REVENUE  
Rs. **138,661** Million

02

GROSS PROFIT  
Rs. **7,335** Million

03

OPERATING PROFIT  
Rs. **6,367** Million

04

PROFIT AFTER TAX  
Rs. **5,299** Million

05

EARNINGS PER SHARE  
Rs. **63.89**

06

CASH DIVIDEND  
Rs. **3,525** Million

# TABLE OF CONTENTS

## ● Introduction (2-19)

Our Vision, Our Mission (3)  
Corporate Strategy (5)  
Core Values (6)  
Management's Objectives & Strategies (8)  
Code of Conduct (9)  
Geographical Presence, Brief Company Profile and Group Structure (14)  
Quality Policy Statement (16)  
Environment, Health & Safety Policy (16)  
Product Portfolio (19)

## ● Chairman's Review (20-21)

Chairman's Review (20)

## ● Governance (22-86)

Board of Directors (24)  
Profile of Board of Directors (26)  
Board Committees and Corporate Information (30)  
Whistle Blower Protection Mechanism Policy (31)  
Tribute to Dr. Ghaith R. Pharaon (Late) (32)  
Board and Management Committees and their Terms of Reference (34)  
Directors' Report (38)  
Pattern of Shareholding (58)  
Other Corporate Governance Matters (62)  
Corporate Sustainability (66)  
Human Resource Management (70)  
Social and Environmental Responsibility (71)  
Prospects of the Entity including Targets for Financial and Non-Financial Measures (72)  
Risk and Opportunity Report (73)  
Segmental Review of Business Performance (75)  
Audit Committee & Internal Control Framework (76)  
Share Price Sensitivity Analysis (77)  
Calendar of Major Events (78)  
Information Technology Governance (80)  
Organizational Chart (82)  
Review Report on Statement of Compliance with the Code of Corporate Governance (84)  
Statement of Compliance with the Code of Corporate Governance (85)

## ● Financial Analysis (87-100)

DuPont Analysis (88)  
Key Operating and Financial Data for Six Years (89)  
Vertical Analysis (92)  
Horizontal Analysis (93)  
Graphical presentation (94)  
Comments on Financial Analysis (97)  
Analysis of Variation in Results of Interim Reports (99)  
Statement of Charity Account (99)  
Statement of Value Added (100)

## ● Financial Statements (101-143)

Auditor's Report to the Members (103)  
Balance Sheet (104)  
Profit and Loss Account (106)  
Statement of Comprehensive Income (107)  
Cash Flow Statement (108)  
Statement of Changes in Equity (109)  
Notes to and forming part of the Financial Statements (110)

## ● Annual General Meeting (144-146)

Notice of Annual General Meeting (144)  
  
Definition & Glossary of Terms (147)  
Directors' Report (Urdu) (166)  
Proxy Form  
Proxy Form (Urdu)



## QUALITY AND ENVIRONMENT FRIENDLY PETROLEUM PRODUCTS



## OUR VISION

To become a world class, professionally managed, fully integrated, customer focused, Oil Marketing Company, offering Value added quality & 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.



**Committed to  
the self defined  
models of  
economic, social  
and ecological  
responsibility**



## 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.

# 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.



## 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 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.



NO SMOKING  
دخان ممنوع





## COMMITMENT & 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.

## MANAGEMENT'S OBJECTIVES AND STRATEGIES FOR MEETING THOSE OBJECTIVES

The objectives of the Company are defined in a manner such that the realization 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 minimizing the threats arising due to change in external and internal environment.

## SIGNIFICANT CHANGES IN OBJECTIVES AND STRATEGIES FROM PREVIOUS PERIODS

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 & MANAGEMENT'S OBJECTIVES

In the year under review, volatility of oil prices at global stage demanded dexterous steering by the Company's management to achieve better profitability. APL maintained its market presence by venturing into a variety of projects and effectively managing the stock. The Company added a number of retail outlets during the

year and is in the process of establishing bulk terminals, APL enhanced its storage capacity to cater the demand of the country. The Company is en-route to go above and beyond the expectations of the investors and the customers.

## 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 along with customer base. It also includes enhancement of storage capacities, improvement in operational performance, efficiency in supply chain management, maintaining safe work environment, develop workforce diversity and increase in shareholders' wealth. Management believes that current

critical measures performance continue to be relevant in future as well.

The Company monitors the performance of its business through detailed operational and financial reporting, such as profitability & investment/market ratios and analysis, also with comparisons to budgets and updated forecasts being routinely made. In order to assess performance against targets and objectives, the Company has a comprehensive measurement system in place. The Company also engages external bodies such as ISO-9001 Quality Management System to measure performance.



# 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.

## ● **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.

## ● **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.

## ● **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.

## ● **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.

## ● **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.

## ● **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.

### **Media Relations and Disclosures**

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

### **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.

### **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 books of accounts.

### **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.

### **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.

### **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.

### ● **Record Keeping**

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

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

### ● **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.

### ● **Protection & 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.



Model Filling Station, F-11, Islamabad



Aviation Fuel Farm Facility at "New Islamabad International Airport"



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.

#### ● **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.

#### ● **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.

#### ● **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.

#### ● **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.

#### ● **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.

#### ● **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.

# GEOGRAPHICAL PRESENCE



## Marketing & Sales Office / Head Office

Morgah, Rawalpindi



## Bulk Oil Terminals

Rawalpindi Bulk Oil Terminal

Machike Bulk Oil Terminal

Karachi Bulk Oil Terminal



## Regional Marketing & Sales Offices

Karachi

Lahore

Faisalabad

Multan

Peshawar



## Invoicing Points

Mehmood Kot

Gatti

Vehari

Tarujabba

Shikarpur

## 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 4th Oil Marketing Company that was granted marketing license and commenced its operations in February 1998. The Company was listed on Pakistan Stock Exchange (formerly known as 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.





**Bulk Oil Terminals**



**Head Office**



**Virtual Depots**



**Regional Marketing & Sales Offices**



**Mehmoood Kot Faisalabad-Machike Pipeline (MFM)**



**Invoicing Points**



**White Oil Pipeline (WOP)**

## QUALITY POLICY STATEMENT

It is the policy of Attock Petroleum Limited to provide quality products and services based on needs of our valued customers. We approach the challenge of getting customer satisfaction and loyalty by focusing on two way communication, unparalleled performance, training, learning from our group experiences and those of others, to foster continuous improvement culture in all functions of organization.

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

- The primary objective of the Quality Management System is to ensure conformance to product specifications of all goods shipped to customers.
- 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.
- 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.
- To develop measurement techniques to gauge performance for improving effectiveness of our services, operations and quality management system.
- Fulfill all quality system requirements stated in our Quality Manual, including the requirements of ISO 9001:2008.
- 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:

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



# PRODUCT PORTFOLIO



### **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 heavy vehicles, boats and locomotives etc.

### **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.

### **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.

### **Residual Furnace Fuel Oil**

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

### **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.

### **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.

### **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.

### **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.

### **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.

### **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.

### **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.

### **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.

### **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.

### **Lubricants**

Different types 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 is indeed a great privilege for me to present the report of the performance of your Company for the year ended June 30, 2017. It has been a year when APL has crossed several milestones. In terms of profitability, your Company has once again delivered a stupendous performance by achieving an all-time high profit after tax of Rs 5,299 million. Given the dedication and commitment of every member of the Company, I am sure that your Company will keep delivering outstanding results in the years ahead.

There was no improvement in global economy from last year which remained controversial in many respects. The energy industry remained one of the major players in this regard and the issues related to the sector remained unresolved. The fate of world economy is dependent on the growth of emerging markets, which remained slow during the year resulting in a discouraging outlook.

The economic climate of the country improved slightly. The Government is focusing to control challenges regarding power and gas shortage, circular debt, unemployment which played a deteriorating role. The Government is pursuing viable projects for sustainable energy generation in coming years by attracting foreign investments. The China-Pakistan Economic Corridor (CPEC) will also become a source of coordination for developing energy related projects through indigenous energy resources such as coal, hydro and renewable sources.

The Company continued to perform in the financial year 2016-17, by making the best out of the given circumstances and reaping the maximum benefit in return despite increasing competitive environment. The Company relied on strategic decision making and maintained the profits by synergy of experience and business processes streamlining.

To fulfill energy requirements the Country depends mainly upon oil and gas resources. The domestic production remained at same level as of last year which are not enough to quench thirst of a growing economy. As a result the country has to import large quantity of petroleum products from other countries. The year 2016-17 saw an upward surge in consumption of almost all oil petroleum products which grew by 10% over last year. Major increase was witnessed in premier motor gasoline which increased by 16% in comparison to the last year, and the Company increased its sales of PMG by almost 40% thus capitalizing on the situation and increasing its market presence. The Company's market share increased from 8.5% in 2015-16 to 9.0% in 2016-17. The growth in sales volume and increased prices resulted in growth of 38% in net profitability to Rs 5,299 million (2015-16: Rs 3,829 million) which translated into earnings per share of Rs 63.89 (2015-16: Rs 46.16).

While the operational and financial results achieved are indeed positive, our ability to incur substantial amounts of capital expenditure and execute state of the art projects in a timely and cost effective manner is a matter of great pride. The construction of fuel farm at New International Islamabad Airport in collaboration with another Oil Marketing Company has been completed successfully. Construction work on other terminals at Mehmood kot, Sahiwal and Shikarpur coupled with storage enhancement at Machike terminal is also under progress and these will be commissioned during 2017-18. All this gives immense confidence that the Company will be able to deliver on the ambitious capital expenditure plans for the next years to come. With the commissioning of above mentioned projects the storage capacity would increase significantly.

Along with business activities the Company actively plays its role of social responsibility to improve the environment and society at large and benefiting from a better image and reputation. As we move forward, we have clear priorities, direction and focus. I remain confident of the continued success in the coming years and see great opportunities ahead. Our balance sheet is in a position that enables us to meet stern challenges. In shaping our portfolio, our priority is to create value for our shareholders and enable them to share in Company's growth.

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.



Laith G. Pharaon  
Chairman

Dubai, U.A.E.  
September 11, 2017

# GOVERNANCE





**Attock Petroleum Limited** has established state of the art retail outlets, where the concept of all facilities under one roof is reflected. At these retail outlets, our customers get to experience world class facilities of refueling their vehicles in a friendly and secure environment at all times.



# BOARD OF DIRECTORS



**Mr. Laith G. Pharaon**  
Chairman

Non Executive Director



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



**Mr. Sajid Nawaz**  
Non Executive Director



**Mr. M. Raziuddin**  
Independent Director

Non Executive Director



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

Executive Director



**Mr. Abdus Sattar**  
Non Executive Director



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



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

Non Executive Director



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

Executive Director

# PROFILE OF BOARD OF DIRECTORS



## Mr. Laith G. Pharaon

**Chairman**  
**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. Laith holds a graduate degree from the University of Southern California.

### Other Engagements

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

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



## 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. He is a Director on the Board of various Companies in the Attock Group of Companies.

### Other Engagements

**Director**  
The Attock Oil Company Limited  
Pakistan Oilfields Limited  
Attock Refinery Limited

Attock Cement Pakistan Limited  
National Refinery Limited  
Attock Gen Limited



## Mr. Shuaib A. Malik

**Chief Executive Officer**  
**Executive Director**

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.

### Other Engagements

**Chairman, Chief Executive Officer & Director**

Pakistan Oilfields Limited

**Chairman & Director**

Attock Refinery Limited

**Group Chief Executive**

**Chief Executive Officer, Deputy Chairman & Director**

National Refinery Limited

**Chief Executive Officer & Director**

The Attock Oil Company Limited

**Director & Alternate Director**

Attock Cement Pakistan Limited

Attock Gen Limited

**Resident Director**

Pharaon Investment Group Limited

Holding s.a.l



### 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 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

**Director**

Pakistan Oilfields Limited

Attock Refinery Limited

Attock Cement Pakistan Limited

National Refinery Limited



## Mr. Babar Bashir Nawaz

### Non Executive Director

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 Company Limited in 2002. Mr. Bashir holds a Master's degree in Business Administration from the Quaid-e-Azam University in Islamabad and at present is also a Director on the Board of all the listed companies of the Group in Pakistan. 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.

### Other Engagements

#### Chief Executive Officer & Director

Attock Cement Pakistan Limited

#### Alternate Director

Pakistan Oilfields Limited

Attock Refinery Limited

National Refinery Limited



## Mr. Sajid Nawaz

### Non Executive Director

Mr. Sajid Nawaz is currently holding the position of Managing Director of Pakistan Oilfields Limited (POL). He has almost 11 years of work experience with POL in senior management positions. Previously he served as Chief Executive Officer of POL as well as Director on the Board of various companies in the Group. He has over 30 years of work experience in service with Government of Pakistan at various management posts both within country and abroad. Due to the nature of various posts and assignments, he carries considerable experience of working in different environments. He has attended various management courses abroad and in Pakistan including one month course on International Petroleum Management at Canadian Petroleum Institute, Canada.

### Other Engagements

#### Director

Pakistan Oilfields Limited

Attock Refinery Limited

Attock Cement Pakistan Limited



### **Mr. Mohammad 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. Currently he is serving as the CEO of KP Oil & Gas Company Ltd.

#### **Other Engagements**

**Chief Executive Officer**  
KP Oil & Gas Co. Limited



### **Mr. Iqbal A. Khwaja**

**Alternate Director to Mr. Laith G. Pharaon**

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.

### **Mr. Rehmat Ullah Bardaie**

**Alternate Director to Mr. Wael G. Pharaon & Company Secretary**

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.

#### **Other Engagements**

**Alternate Director**  
Attock Gen Limited

**Company Secretary**

The Attock Oil Company Limited



# BOARD COMMITTEES & 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    | Member   |
- (Alternate director to Mr. Laith G. Pharaon)

## 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

Central Depository Company of Pakistan Limited  
CDC House, 99-B, Block 'B'  
S.M.C.H.S, Main Shahra-e-Faisal  
Karachi  
Tel: +92-21-111-111-500  
Fax: +92-21-34326053  
Customer Support Service:  
(Toll Free) 0800-CDCPL (23275)

## Bankers

Allied Bank Limited  
Askari Bank Limited  
Bank Alfalah Limited  
Faysal Bank Limited  
Habib Bank Limited  
MCB 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)



# 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.



## **IN THE MEMORY OF FOUNDING CHAIRMAN ATTOCK GROUP OF COMPANIES**

Dr. Ghaith Rachad Pharaon, the founding Chairman of the Attock Group of Companies in Pakistan breathed his last on January 06, 2017.

Dr. Pharaon was a visionary business leader, industrialist and investor of international repute. It was because of his vision and guidance that the Attock Group became one of the largest foreign investment business houses in the Country. His trust and confidence on the management in Pakistan was one of the important reasons for success of Attock Group.

He was always passionate about new ideas / business ventures and will always be remembered with great respect due to his immense love for Pakistan and his enormous contribution towards the economy of this Country.

The vacuum created by his death has been filled by the new Chairman Mr. Laith G. Pharaon under whose able leadership and guidance, the Group is now moving to carry forward the legacy and vision of late Dr. Pharaon.

May Allah rest his soul in eternal peace and grant place in Jannat ul Firdous.

Ameen



**DR. GHAITH R. PHARAON (LATE)**

# BOARD COMMITTEES AND THEIR TERMS OF REFERENCE



85<sup>th</sup> Board of Directors' Meeting in progress

## 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.





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



The Board of Directors takes pleasure in presenting the annual report on the performance & progress of the Company together with the audited financial statements for the year ended June 30, 2017.

## NATURE OF BUSINESS

Attock Petroleum Limited (APL) started operations as an Oil Marketing Company (OMC) in 1998. Being part of a vertically integrated oil group based in Pakistan, the Company deals in a wide range of petroleum products and serves local and international clients. APL markets and supplies fuels to retail outlets, industries, armed forces, power producers, government/semi-government entities, developmental sector and agricultural customers etc. A range of automotive and industrial grades lubricants is offered as well.

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). Prices of some of the petroleum products are regulated by OGRA whereas prices of other products are declared by the Company as per its own mechanism.

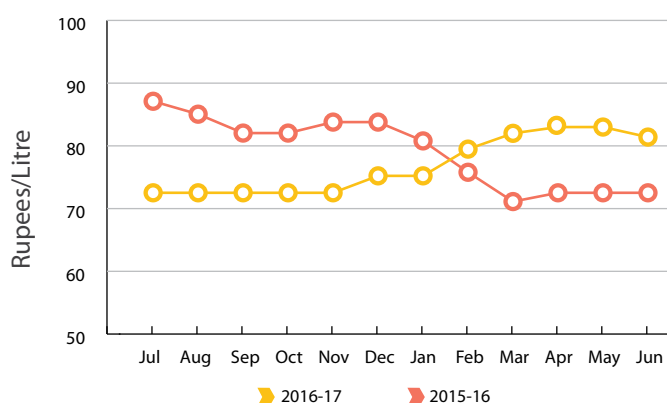
## FINANCIAL PERFORMANCE

During the year under review, the Company recorded net sales revenue of Rs 138,661 million, resulting in an increase of 27% as compared to last year (2015-16: Rs 109,234 million) mainly due to increase in sales volume by 16%. The Company achieved a significant increase of 38% in the profit after tax which stands at Rs 5,299 million (2015-16: Rs 3,829 million). Increase in profitability was made possible due to increase in sales revenue and inventory gains which were accomplished due to proactive approach and dedicated efforts by the management through excellent decision making and by ensuring a seamless supply chain along with effective stock management. Further, the Company made a reversal of provision of other charges for prior periods amounting to Rs 661 million in accordance with the decision of the Supreme Court whereby the amendments in Workers Welfare Fund Ordinance 1971 through Finance Acts 2006 and 2008 have been declared unconstitutional. The net profit translated into earnings per share of Rs 63.89 (2015-16: Rs 46.16).

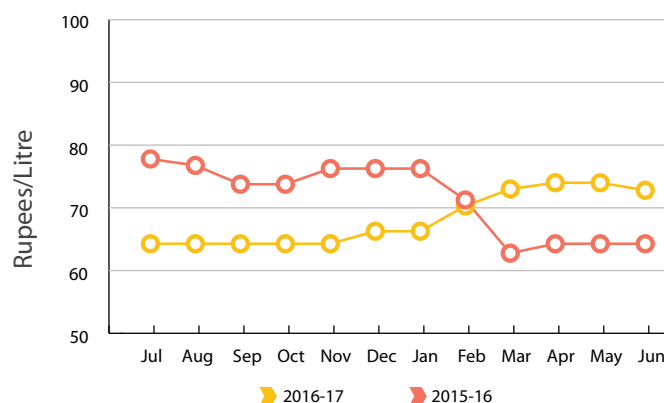
Financial results and appropriations for the year ended June 30, 2017 have been summarized below:	Rs in Million
Profit before taxation	7,699
Less: Provision for taxation	(2,400)
Profit after taxation	5,299
Add: un-appropriated profit as at June 30, 2016	13,361
Less: Transfer to special reserve by associated companies	(88)
Less: Other comprehensive loss for the year	(4)
Profit available for appropriation	18,568
Appropriations during the year	
Final cash dividend for the year 2015-16 @ 250% (Rs 25/- per share of Rs 10/- each)	2,074
Interim cash dividend for the year 2016-17 @ 150% (Rs 15/- per share of Rs 10/- each)	1,244
	3,318
<b>Balance as at June 30, 2017</b>	<b>15,250</b>
Subsequent Effects:	
Final cash dividend for the year 2016-17 @275% (Rs 27.50 per share of Rs 10/- each)	2,281
	12,969

## PRICE TREND ANALYSIS

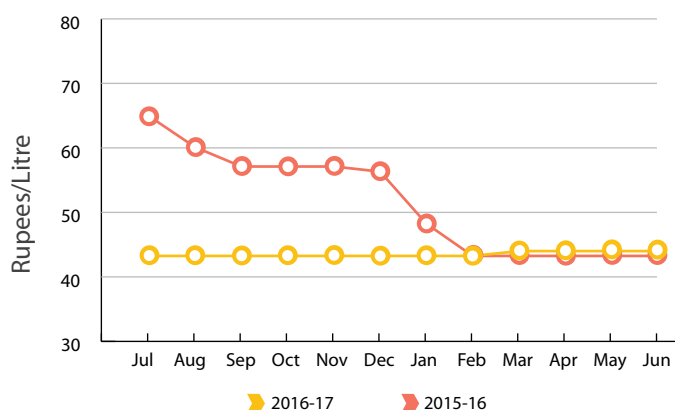
### HIGH SPEED DIESEL



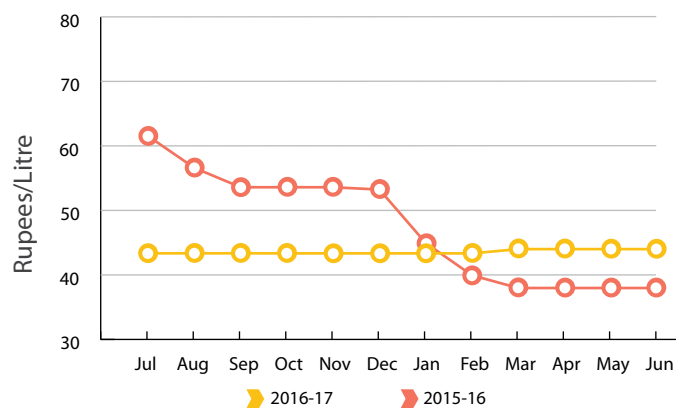
### PREMIER MOTOR GASOLINE



### KEROSENE OIL



### LIGHT DIESEL OIL



## Dividend

The Board has recommended a final cash dividend @ 275% (Rs 27.50 per share of Rs 10/- each) out of the profits for the year ended June 30, 2017. This is in addition to the interim cash dividend @ 150% (Rs 15.00 per share of Rs 10/- each) already declared and paid to the shareholders, thus making a total of 425% for the year under review.

## Contribution towards National Exchequer and Economy

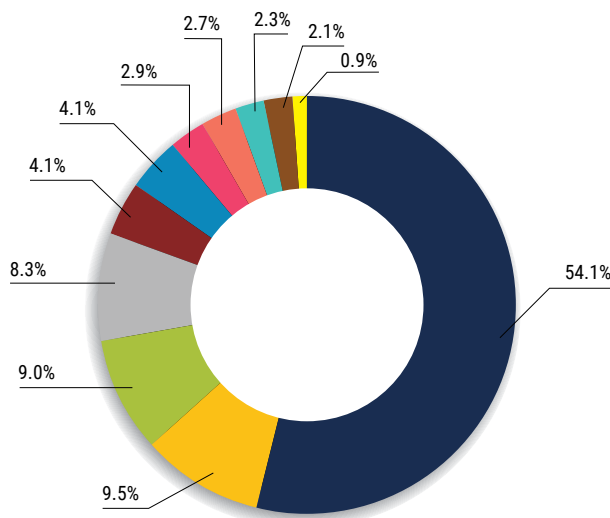
The Company contributed Rs 52,470 million towards national ex-chequer in the form of taxes and levies thus serving its community and nation. Expansion of its network of retail outlets and distributors by including remote and far flung localities in the development plan has led to generation of employment in those areas and the quality of life of the local populace is being improved. Providing quality

petroleum products to its consumers also helps contribute to the economy.

## Liquidity Management, Financing arrangements and Cash Flow Strategy

During the year under review, cash and cash equivalents increased by Rs 1,771 million. The cash was generated mainly from sale of products. Cash and cash equivalents at year end were Rs 10,933 million. Investment of surplus liquidity in diversified avenues helps to generate increased returns. Availability of funds is ensured by employing different methods including financial projections which are updated on a regular basis to stay up-to-date with the liquidity requirements. Even though the Company has sufficient borrowing capacity and is adequately geared to meet its future commitments and development plans, currently, all fund requirements are met by internal cash generation.

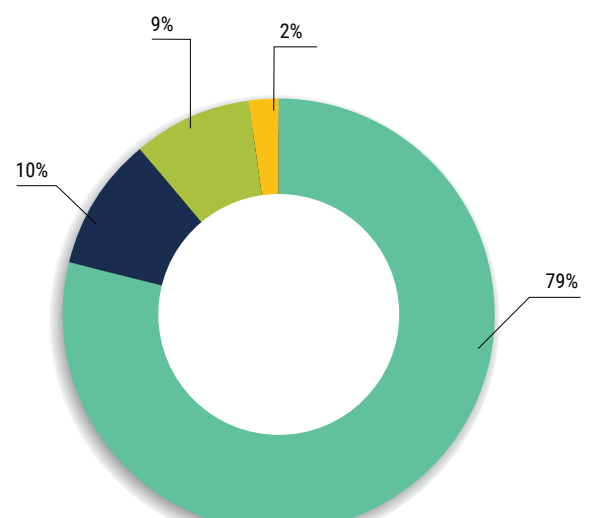
OVERALL MARKET SHARE



▶ PSOCL ▶ SPL ▶ APL ▶ HASCOL ▶ TPML ▶ TPPL  
 ▶ BPPL (MKTG) ▶ BTCPL ▶ GO ▶ PARCO (PEARL) ▶ OTHERS\*

\*ADMORE, ZOOM, ASKAR, OUTREACH

REVENUE CONTRIBUTION



▶ Gross Profit ▶ Net Finance Income  
 ▶ Other Income ▶ Share of Profit of Associates

Source: Oil Companies Advisory Council (OCAC)

### Strategies to Overcome Financial Problems

The Company does not expect any financial difficulties in the foreseeable future. Nonetheless, various standby arrangements with financial institutions have been made to ensure smooth continuation of the operations.

### Capital Structure

The capital of the Company is entirely structured on equity finance. There was no change in the capital structure during the year and the management is of the view that the capital structure is appropriate for the foreseeable future.

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

As at June 30, 2017, total assets increased by Rs 7,842 million to Rs 38,367 million as compared to last year and total liabilities also increased to Rs 22,073 million, an escalation of Rs 5,865 million. Focusing on increasing its storage capacity, the Company invested

substantial amount of Rs 1,200 million for purchase of land and construction of terminals and retail outlets which resulted in increase in non-current assets from Rs 4,523 million to Rs 5,867 million. An increase of Rs 741 million was observed in net current assets, resulting into Rs 11,161 million at the year end. Trade debtors and trade payables increased mainly due to circular debt.

Cash flow from operating activities for the year was Rs 4,848 million representing a 31% increase as compared to last year (2015-16: Rs 3,700 million) due to increase in sales and efficient management of working capital. Outflow of Rs 1,676 million was recorded from investment in property, plant and equipment. However, encashment of short term and other long term investments along with income earned on these investments resulted in an inflow of Rs 1,874 million which led to generating net cash flow of Rs 236 million from investing activities. Outflow relating to dividend was Rs 3,313 million (2015-16: Rs 3,065 million).

## MARKET AND INDUSTRIAL REVIEW

### Global

Internationally, the oil industry has observed uncertainty for the last couple of years. Volatility in oil prices in the backdrop of geo-political scenario has distressed global business outlook. Traditional centres of demand are being overtaken by fast-growing emerging markets. The energy mix is shifting, driven by technological improvements and environmental concerns. More than ever, industry is making efforts to adapt to meet these changing energy needs. OPEC and non-OPEC oil producing countries took to address this and slightly cut back on the production ensuing the surplus inventories which mildly supported the oil prices and help them attain stability for now. Decision of cutting back had been taken in an effort to end two years of oversupply and cheap oil. Improvement in oil sector shall have a positive impact on global business activity thereby triggering the stagnant economic environment.

Rapid technological improvements in the renewable energy sector achieved by

increased competition is set out to meet the future energy demands and in the years to come, alternate energy sources shall be relied upon. Natural gas is expected to grow faster than oil or coal, supported by the rapid growth of liquefied natural gas increasing the accessibility of gas across the globe. In the longer term, investment in oil and gas remain essential to keep the industry evolving but the growth in renewables and increased energy efficiency lessens the call on oil and gas imports in many countries. Navigating through the changes of this scale will require strategic judgment and innovative business practices on the part of oil and gas industry.

### Domestic

The oil demand within the Country continues to increase although the pace of growth is likely to saturate due to technological improvements in other sectors and the automotive becoming more fuel efficient. Ever increasing competition and increased cost of doing business are some of the



factors hampering the performance of the business in the oil marketing sector. Establishment of appropriate infrastructure is required to meet the domestic demand of petroleum products. Limited increase in production and insufficiency of natural resources creates shortage of oil and gas which can only be met by imports.

In the year 2016-17, the Country observed around 10% increase in consumption of petroleum products in comparison to the last year. Major increase was witnessed in usage of Premier Motor Gasoline (PMG). The prime reason behind the increase remained reverting of Compressed Natural Gas (CNG) consumers back to PMG & HSD because of shortage of CNG and low prices of PMG & HSD. Consumption of High Speed Diesel (HSD) increased as well primarily due to the increase in development projects by the Government mainly initiation of China Pakistan Economic Corridor (CPEC). Dependency on imports increased in order to meet

the Country's demand. Some projects of restoration of existing highways & Motorways and construction of new motorways & CPEC development throughout the Country led to the increase in consumption of Bitumen. Generally the prices of petroleum products in the Country followed the increasing global trend in the year 2016-17.

The Company is playing a very significant role in Country's economic development and ensuring uninterrupted supply of petroleum products in the Country in order to keep the wheels of the economy moving.

During year under review, many new entrants have joined the industry and competition has been resulting in a tough business landscape. There is a need to enhance the oil exploration and production activities significantly and if new wells are not explored the existing crude oil reserves will be exhausted in times to come. Furnace Oil (FO) consumption may be reduced if power sector fuel mix is changed as envisaged by the government authorities.

## COMPANY'S SALES AND MARKETING REVIEW

In spite of stiff competition in the market and Company's responsibility of contributing in long term social and economic development of the Country and to conduct the business in a manner to protect the environment for future generations, the management is firm for sustainable development and smooth supply of higher quality of fuel country-wide. Despite the change in the oil prices domestically and globally, the retail business sales volume grew positively with the introduction of new filling stations to the retail network throughout the year and maturing of the existing stations. During the year company sales in PMG increased by 40% and HSD sales increased by 19%, which is significantly higher than the industry.

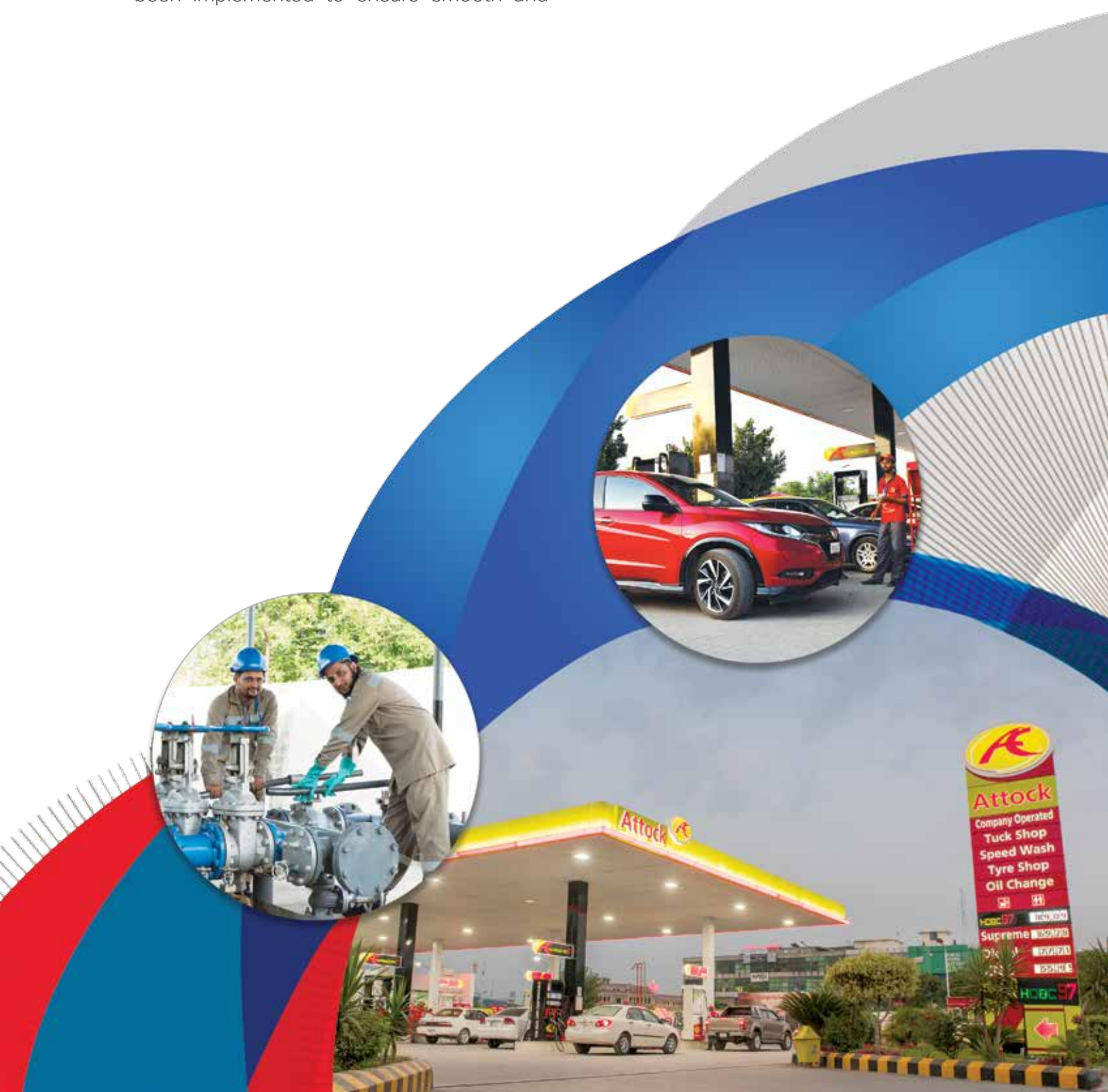
Prudent forecasting and intelligent commercial sense has enabled APL to win the major portion of order from the defense sector for the next year as well – making it the eight consecutive year for APL to be the preferred fuel partner of defense services for HSD, PMG, HOBC-97 and JP-1. The

Company's strong strategic relationship has also helped it to enter into various projects with the defense sector due to its unmatched services. APL also became one of the key suppliers of Bitumen for CPEC's PKM-Project (Peshawar Karachi Motorway) for a period of two years. This has been achieved from the long standing confidence of the clients in premium quality services offered by the Company.

Along with imports of other petroleum products, APL successfully executed the import of first cargo of HOBC-97 to serve valued customers across Pakistan with the most premium and finest fuel. The commercial business continued to perform positively despite intense competition and challenges posed by the crude oil price fluctuations. This was achieved by securing contracts of new clients as well as retaining existing customers. Lubricants business continued to secure market presence driven by aggressive marketing campaigns and

constantly increasing demand due to the trust in superior quality of our products. Construction of fuel farm at New Islamabad International Airport has been completed successfully and shall reap many benefits for the Company in the longer-run. State-of-the-art equipment has been installed to back Company's entry into aviation business. Number of international safety standards have been put in place to certify operational safety and precautionary measures have been implemented to ensure smooth and

uninterrupted operation of the facility. With a storage capacity of 11,000 M.Ton, this advanced technology fuel farm is capable of handling the future aviation traffic expected at the New Islamabad International Airport. APL proactively follows and adheres to any developing regulations and ensures adaptability to the changing market dynamics. The Company now markets 92-RON Motor Spirit (Premier Motor Gasoline) pursuant to instructions as notified by the Government of



Pakistan which is made available from local refineries and through imports. Furthermore, Euro-II compliant HSD is being marketed and the Company has remained successful in adapting to these new regulatory requirements. These new environment friendly fuels ignite better, burn cleaner leaving a low carbon footprint and at the same time optimizing performance and maintaining health of the engines of the vehicles utilizing these fuels.

To enhance brand image and presence, the Company has acquired lands at prime locations in the Capital city to establish Company Owned Company Operated (COCO) retail outlets. These technically sophisticated retail facilities are being established as a strategy to stay in the competition as well as ensuring brand visibility in urban localities. The Company is progressive to introduce these COCO sites and maintain them with highest quality standards. Along with new business development, the Company is continuing to develop and expand its retail outlet network. As per the Company's plan, large number of state-of-the-art new retail outlets were commissioned during the year and many number of outlets are currently under construction at various stages of completion.

### **Other Business Activities**

APL has remained steadfast in its commitment to provide unmatched ancillary services and offer non-fuel products for customer convenience and at the same time generate return and reduce costs for the Company. Large number of retail outlets are equipped with ATM facility, conversion of COCO outlets to solar energy for self-sustainability, satellite tracker-equipment in fleet vehicles for effective and efficient supply chain are some of the indicators to the Company's success in this area. APL is also set to mark its footprint in the fuel card's business with the Attock Smart Fuel Cards for corporate and individual clients. Smart Fuel Card will not only facilitate customers with cashless and secure transactions but also offer complete control on fuel budget, real-time online reporting, eliminate unauthorized purchases and maximum convenience. The

Fuel Card segment is in the testing phase and expected to roll-out soon.

### **Infrastructure Development**

To grow and gain competitive advantage, Company always manage to endure and progress in several segments i.e. high quality products, innovative services, new ventures and infrastructural expansion. The establishment of fuel farm at the New Islamabad International Airport as an entry into this new business segment of Aviation fuels as a joint venture is an example of such endurance.

Enhancement of storage capacity always remains vital for an OMC to generate sustainable returns, achieve cost efficiencies and ensure swift delivery of products. APL has invested heavily in development of an improved infrastructure which shall not only increase the storage capacity of the Company but shall also add to the storage capacity of the Country. Construction of storage terminals at Mehmood Kot, Shikarpur and Sahiwal is underway and Company has allocated substantial resources for the establishment of these storage facilities.

The Company has finalized the procurement of land at Tarujabba and Daulatpur for development of terminals. The management is optimistic that these developments will not only increase effectiveness and efficiency of the operations but also boost sales and help to attain cost efficiencies in terms of freight advantages. This will in turn help the Company to realize its potential to transform and gain sustainable growth.

The Company also successfully commissioned Furnace Oil gantry at Korangi Bulk Oil Terminal (KBT) with allied facilities like weighbridge operations/calibration/loading bays, pumps etc. The gantry has the capacity to handle loading of 40,000-50,000 M.tons of FO per month. This reinforces the confidence of FO consumers that the Company is delivering on its promise to provide unparalleled services.

### **Quality Assurance of Products**

In line with its vision, APL continued its tradition of providing highest quality products and tailored petroleum solutions to its valued



customers. APL's quality assurance team ensures premium quality of petroleum products received at APL terminals and supply points and ensures consistency in quality of all the products supplied to customers at retail outlets and other prestigious clients by employing state-of-the-art ground and mobile Quality Assurance Labs – equipped with contemporary and technically elegant apparatus followed by quick responsiveness to queries on quality whenever required by the customers. The quality of products to end-consumers at retail outlets is also ensured by surprise quality checks at retail outlets.

During the year under review, quality

assurance labs carried out quality inspection visits to various locations. A number of samples of various petroleum products were tested at the Company's ground laboratory which included samples from terminal tanks, tank-lorries and retail outlets.

Going forward, procurement of viscosity testing equipment is planned which will further increase testing capability by adding another sophisticated test to ensure adherence to the highest quality standards.

The Company has gone through a detailed audit exercise of its operational cycle and has successfully attained certification of Quality Management System (QMS) ISO 9001:2008.



Rawalpindi Bulk Oil Terminal, Morgah

# RISK MANAGEMENT

APL will continue to face economic uncertainties, both in terms of demand of the products and price volatility. Global environmental pressures for a cleaner and greener energy source, technological advancements, surplus production and weaker demand all pose a risk which needs careful foresight and alignment of resources to remain profitable in times to come. However, in the long term, increase in population, economic growth and over-all increase in energy consumption is expected.



## Volatility in International Oil Prices and Regulatory Risk

During the year 2016-17, a series of geopolitical and market factors have driven volatility in the oil prices. The exponential advancements in technology enabled cheaper oil production creating surplus supplies within the global arena. OPEC is determining supply volumes, with its consequent effect on price, and intense scrutiny is carried out to resolve the market tension. Businesses operating across the oil and gas supply chain continue to evolve and adapt to the new operational landscape driven by volatility in the oil price.

Navigating this new operational landscape present a variety of challenges, but also potential opportunities and the Company prudently built on it and managed its stocks at optimum levels. The Company continues to focus on developing new clients and new supply sources along with effective management of existing partners, in order to fulfill the requirements of our clients and

optimizing the stock management.

## Geopolitical and Security Risks

Pakistan is currently facing challenges on several fronts which comprises the low monetary growth, fiscal discrepancies, severe energy crises, poor law and order situation, stagnant exports, unemployment and stumpy investment in the back drop of unstable political scenario. The law and order situation in the Country is now expressively cultivating. Pakistan's struggle against extremism and terrorism has improved the overall security situation of the Country.

The global energy landscape is undergoing a paradigm shift. The recent global events (i.e. electric cars and new mobility technologies) have further made an impact on the overall supply-demand gap and pricing of oil in international markets. Traditional centres of demand are being overtaken by fast-growing emerging markets. The energy mix is shifting, driven by technological improvements and environmental concerns. More than ever, our industry needs to adapt to meet those changing energy needs. In the near term, much of our focus will remain on the continuing adjustment of the oil market. Considerable progress has been made but there is still a long way to go.

## Intense Competition

The Company has a positive edge over the competitors, due to the support of refineries and infrastructure developed by the Company.



Moreover, continuous imports during the year has further strengthened strategic trade relations as a secondary source of product availability, thereby ensuring smooth and guaranteed supply of petroleum products for the Company and its valuable customers

throughout the Country. Lately the competition is frenzied with number of new entities in the sector as Oil and Gas Regulatory Authority (OGRA) has issued 21 fresh licenses to oil marketing companies of Pakistan in just six months compared to only 20 over the past 70 years. As a result the market has become highly competitive which presents various challenges and multiple opportunities at the same time within the market.

To cater competition and remain empowered, our strategy is to continue doing what the Company does best. During the year, the management focused on growth areas and new services based on tailor-made solutions for our valued customers e.g. Fleet Management System (Attock Smart Fuel Card). To outpace the competition, the Company introduced High Octane Blending Component – RON 97 on our retail outlets.



### Human Resource

There is a fierce competition among oil industry in attracting capable and experienced human resource. Employees are investments that will, if effectively managed and developed, contribute significantly towards the profitability of the Company. The implementation of the Company's strategic business plans could be hampered by failure to recruit and retain competent personnel.

The Company compensation packages and benefits are in line with the market to help employees balance their professional and personal lives. Benefits such as life insurance, medical coverage, paid leaves and rewards etc. focus on the specialized needs of employees

thus retaining the quality human capital of the Company. Company has a culture that thrives on showing employees that they are valued. The ultimate goal is to retain the best talent.



### Health, Safety, Environment and Security

The Company manages and utilizes resources and operations in such a way that the safety and health of employees, customers and the general public at large is ensured. To achieve continuous performance improvement, the Company manages health, safety, security, environment and social performance in an efficient way. Safety, security, health and environmental responsibilities at APL extend beyond protection and enhancement of our own facilities.

The Company's business principles provide high-level guidance and the Commitment and Policy on HSE & Standard Operating Procedure reflects the management's aim on how we operate and involve communities close to operations of the Company.

We continue to promote deep capability and a safe operating culture across APL, our aims include, do no harm to people; protect the environment; and comply with all HSE laws and regulations.

The Company is managing HSE and social performance in line with the Commitment and Policy, local laws and the terms of relevant permits and approvals. The Company also include requirements for integrating environmental and social factors into the way we plan, design and take investment decisions, on new projects. This commitment

is in the best interests of the customers, the employees, the contractors, the shareholders and the communities. The Company's HSE policy is a true reflection of the fact that the business practices do not contravene to laws pertaining to health, safety and environment.

### Information Technology Risk

Information technology risk includes internal factors such as the number and duration of systems failures, employee access controls, 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 and Business Continuity Planning

Technological progressions, precariousness in global prices, political chaos, increased responsiveness of renewable energy sources and stiffer competition due to advent of more marketing companies has led the need to examine and evaluate continuity of business operations and to undertake measures to enhance the resilient capacity of business and operations against such disruptions. The Company has implemented an effective system for sustained business operations via strategic infrastructure and alternate supply channels in the event of a disaster/disruption and the Board reviews the efficiency and effectiveness of the system from time to time.

## CORPORATE GOVERNANCE

Good Corporate Governance holds a paramount importance to the Company. The Board makes certain that all the activities carried out are at par with the best practices. As a result of years of making this practice a habit, the Company is highly trusted by the investors. The Board ensures transparency in communication with stakeholders and implementation of a professional corporate culture thus complying with the principles of good governance at every step.

### Board Annual Evaluation

The Board complies with the Code of Corporate Governance in its true spirit. The performance of Board and its Committees remains of utmost importance and is continuously enhanced by way of following the best practices. As prescribed by the Code, a mechanism is developed and put in place to evaluate the efficacy of the Board and its Committees on an annual basis. During the year, the Board and its Committees were evaluated using this mechanism to further improve the effectiveness of the Board.

Developments in corporate governance are constantly reviewed and implemented to align the Board with principles of good corporate governance.

### Role of the Chairman and CEO

The Chairman heads the Board of Directors and is appointed by the Board from amongst the Non-Executive directors. Heading the meetings, defining agendas and signing the minutes are the primary responsibilities of the Chairman and making sure that the duties of the Board of Directors are met. He also manages conflicts of interests arising, if any, and makes recommendations to improve performance and effectiveness of the Board. The CEO manages the Company and is responsible for all of its operations. The CEO designs and proposes strategies and implements decisions of the Board. The CEO reports to the Board regarding the Company's performance and profitability along with suggesting improvements to enhance shareholders' wealth.

### CEO Performance Review

The Board assesses the CEO's performance using key performance indicators set on financial and non-financial measures. The Board also discusses the prospects of the Company with the CEO to ascertain smooth operation of the Company's affairs.

The Board is well contented with the CEO's performance for the year. Multiple new ventures, better profitability, improving market presence, up-gradation of the current bulk terminals along with construction of the new ones are a few examples of the Company's excellent performance during the year.

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

The Company ensures that it meets the

requirements set forth by Securities and Exchange Commission of Pakistan (SECP) and is complying with criteria of Directors' Training Programme (DTP) by obtaining certification for half of the Directors on Board till June 30, 2018. Two of the Directors, Mr. Babar Bashir Nawaz and Mr. Mohammad Raziuddin, have attended the Directors' Training Programme from recognized institution of Pakistan approved by the SECP whereas four of the Directors meet the exemption criteria for this purpose.

The Company keeps the Directors updated about the prevailing relevant laws and the current matters regarding corporate governance. The Directors are well-equipped with a thorough and practicable knowledge of the regulations in addition to the Code of Corporate Governance.





### Whistleblower Protection Mechanism

The Whistleblower Policy encompasses the procedure for reporting, handling, investigating and eliminating inconsistent and fraudulent activities in the Company's operations. The policy ensures protection of the whistleblowers. The Company makes certain that an open and transparent working environment is maintained and employees who intend to report such activities are provided with an adequate forum also ensuring their anonymity if required. No incident of whistle blowing was reported during the year.

### Code of Conduct for Directors and Employees

The Code of Conduct has been circulated to all the directors and the employees of the Company for their compliance as required under Code of Corporate Governance 2012. This Code provides the standard for professional behaviour in order to ensure that the business is carried out in an honest and ethical manner.

### Compliance with Code of Corporate Governance

The Company is compliant in all respects with the Code of Corporate Governance as per the requirements of the PSX 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 summarized form is annexed with the Report.
- 9) All major Government levies in the normal course of business, payable as at June 30, 2017, 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, 2017 are as follows:

Employees' Gratuity fund	Rs 66.407 million
Employees' Provident fund	Rs114.815 million

- 12) The total number of Company's shareholders as at June 30, 2017 was 3,209. The pattern of shareholding as at June 30, 2017 along with necessary disclosures as required under the Code of Corporate Governance is annexed.

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

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

The Board, on behalf of all of the directors, shareholders and employees of the Company, would like to put on record its sincere gratitude to respected Chairman Attock Group of Companies, Dr. Ghaith R. Pharaon who breathed his last on January 06, 2017. It was his vision, guidance, trust and confidence which enabled a moderate business set up to become one of the leading business groups of the country and thereby contributing significantly towards economic development of the country. May Allah rest him in eternal peace and give fortitude and courage to his family to bear this loss. The casual vacancy was filled up by Mr. Sajid Nawaz. Furthermore, Mr. Mofarrih Saeed H. Alghamdi resigned from the Board and the casual

vacancy was filled up by Mr. Wael G. Pharaon. The status of each director on the Company's Board whether non-executive, executive or independent has been disclosed in the Statement of Compliance as required under Code of Corporate Governance, 2012.

During the year the Board remained actively involved in performing their duties under various laws and the Memorandum and Articles of Association of the Company with the ultimate objective of enhancing the profitability of the Company thus increasing shareholders return.

During the year, 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.

### Audit Committee

The Audit Committee consists of three members comprising of non-executive directors including an independent director and 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.

### Human Resource & Remuneration Committee

The Board Human Resource and Remuneration (HR&R) Committee comprises of two non-executive directors and Chief Executive Officer. The Committee met once during the year to review the HR related agendas.

### Meetings held outside Pakistan

During the year ended June 30, 2017, no meeting of Board of Directors was held outside Pakistan.

## Attendance by Directors in the Meetings

Meetings attended / Eligible to attend

Sr. No.	Name	Board of Directors meetings	Audit Committee meetings	HR&R Committee meetings
1	Dr. Ghaith R. Pharaon* (Late)	2/2		
2	Mr. Laith G. Pharaon*	5/5		1/1
3	Mr. Wael G. Pharaon*	3/3		
4	Mr. Mofarrih Saeed H. Alghamdi*	2/2		
5	Mr. Shuaib A. Malik	5/5		1/1
6	Mr. Abdus Sattar	5/5	4/4	
7	Mr. Babar Bashir Nawaz	5/5	4/4	1/1
8	Mr. Sajid Nawaz	3/3		
9	Mr. Mohammed Raziuddin	4/5	3/4	

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

## AUDITORS

The present auditors Messrs A. F. Ferguson and Co., Chartered Accountants, a member firm of the PricewaterhouseCoopers network, retire and are eligible for reappointment for the year 2017-18. The Audit Committee of the Board

has recommended the re-appointment of the retiring auditors for the year ending June 30, 2018. The Board has recommended the same for the approval of the shareholders in the forthcoming Annual General Meeting.

## FORWARD LOOKING STATEMENT & FUTURE PLANS

For APL good business starts with a relentless focus on safe and reliable operations. The portfolio of the Company enables to develop high-quality opportunities from a broad set of options. The management prioritizes value over volume and invests where distinctive strengths, capabilities and technologies can be applied. The Company has set its objective to create shareholder value by growing sustainable, free cash flow and distributions over the long term through capital and cost discipline.

Over the years Company has emerged successful in all times. Currently the competition is significantly increasing by introduction of new OMCs and technological advancement but the management has taken strategic steps not just to maintain but to increase its market share.

A mix of fuels and technologies is needed to meet growing energy demand, improve efficiency and support the transition to

a lower-carbon economy. Projects and operations of the Company help to generate employment, investment and tax revenues in Country, helping to keep the economic wheel running.

Some major developments underway and achievements made are as follows:

- The Company is establishing bulk oil terminal at Port Qasim. Terminal will be connected through pipeline to effectively and efficiently manage imports. Currently the terminal is in design phase.
- Progressing forward in Aviation Fuels business, APL's Aviation fuel farm facility at New Islamabad International Airport is successfully established. Starting of operations at the airport shall start to generate revenues for the Company from Aviation segment.





- Company to supply Bitumen for CPEC's PKM-Project (Peshawar Karachi Motorway) for two years.
- Contract for Country wide supplies of High Octane Blending Component (HOBC 97) to Pakistan Army for 2017-18 has been completely secured by the Company.
- Company is also set to mark its footprint in the fuel card's business with the Attock Smart Fuel Cards for corporate and individual clients. It offers various customized features including complete control and detailed online reporting.

The best way to achieve sustainable success, is to act in the long-term interests of our shareholders, our partners and society. By supplying energy, we support economic development and help to improve quality of life for millions of people. Our activities also generate jobs, investment, infrastructure and revenues for governments and local communities. The Company has a diverse integrated portfolio that is balanced across resource types, geographies and businesses and is adaptable to evolving conditions. Geographic diversity of the Company gives access to growing markets and new resources and provides robustness to geopolitical events.

The Company is also geared to share functional excellence more efficiently across areas such as safety and operational risk, environmental and social practices, procurement, technology and treasury management.

#### ● Trends and uncertainties affecting Company's revenues and operation

Oil price trends as discussed in detail remain a major cause of uncertainty and trends for international oil prices are unknown at this point in time. Company's revenues can be affected by this uncertain factor. Prices cannot be forecasted reliably as many factors affect the prices including geo-political factors.

#### ● Performance related to forward-looking disclosure made in last year

The Company disclosed that Fuel Farm and Hydrant Refueling System at New Islamabad International Airport under a joint venture with PSO shall be completed within a year.

- The same has been successfully established and operations shall be commenced when the airport becomes operational.



Capital Filling Station, F-11, Islamabad

The Company disclosed plans to procure land for construction of terminals at Sahiwal, Tarujabba and Daulatpur.

- Land at Tarujabba and Daulatpur has been successfully acquired and at Sahiwal, not only the Company has acquired land but construction of

terminal has been commenced and construction work is being carried out rapidly.

Construction of terminals at Mehmood Kot and Shikarpur has progressed remarkably and the terminals are expected to soon start their operations.

## ACKNOWLEDGEMENT

The Board would like to take this opportunity to express its gratitude to our esteemed shareholders for their support. The Board also extends its appreciation and gratefulness to Government of Pakistan and regulatory

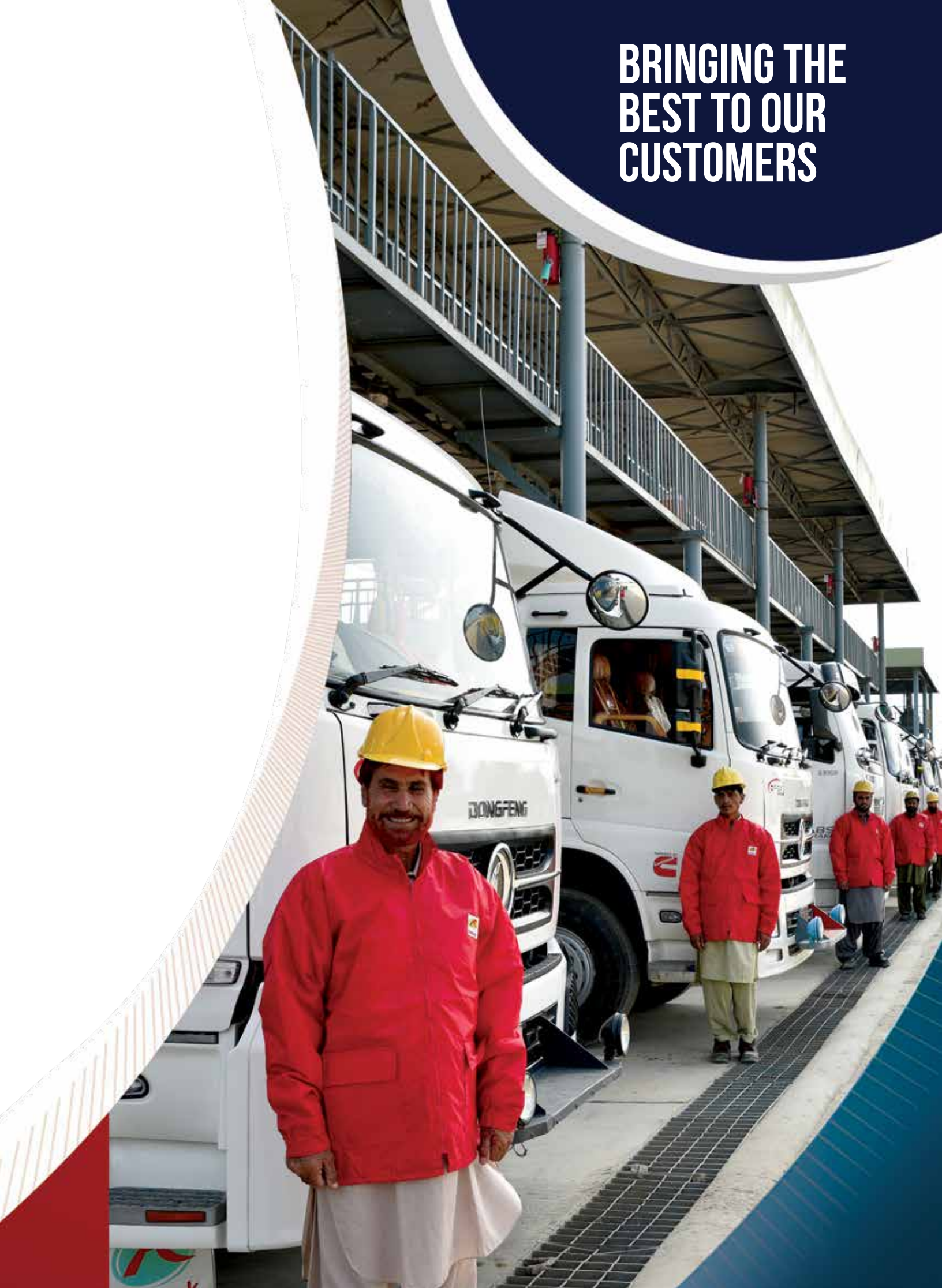
bodies for their cooperation. The Directors are thankful to employees, customers and strategic partners for their resolute dedication and contribution.

On behalf of the Board

Shuaib A. Malik  
Chief Executive

Dubai, U.A.E.  
September 11, 2017

**BRINGING THE  
BEST TO OUR  
CUSTOMERS**



# PATTERN OF SHAREHOLDING

As on June 30, 2017

Corporate Universal Identification Number: 0035831

Form-34

Sr. No.	Number of Shareholders	<-----HAVING SHARES----->		Total Shares Held	Percentage
		From	To		
1	610	1	100	31,610	0.04
2	769	101	500	224,659	0.27
3	372	501	1,000	298,795	0.36
4	1,165	1,001	5,000	1,799,645	2.17
5	95	5,001	10,000	722,935	0.87
6	53	10,001	15,000	680,478	0.82
7	25	15,001	20,000	432,719	0.52
8	23	20,001	25,000	530,077	0.64
9	9	25,001	30,000	248,370	0.30
10	9	30,001	35,000	295,415	0.36
11	7	35,001	40,000	259,549	0.31
12	3	40,001	45,000	126,600	0.15
13	8	45,001	50,000	386,060	0.47
14	7	50,001	55,000	374,316	0.45
15	2	60,001	65,000	125,807	0.15
16	3	65,001	70,000	199,974	0.24
17	3	70,001	75,000	214,740	0.26
18	2	75,001	80,000	157,200	0.19
19	1	80,001	85,000	81,108	0.10
20	1	85,001	90,000	86,000	0.10
21	3	90,001	95,000	273,950	0.33
22	1	100,001	105,000	103,400	0.12
23	3	105,001	110,000	324,450	0.39
24	3	110,001	115,000	339,100	0.41
25	2	115,001	120,000	236,000	0.28
26	2	130,001	135,000	267,900	0.32
27	2	135,001	140,000	276,150	0.33
28	1	140,001	145,000	143,950	0.17
29	2	145,001	150,000	296,166	0.36
30	1	150,001	155,000	153,800	0.19
31	2	155,001	160,000	313,655	0.38
32	1	175,001	180,000	177,450	0.21
33	2	180,001	185,000	365,262	0.44
34	1	190,001	195,000	191,900	0.23
35	1	195,001	200,000	197,950	0.24
36	1	235,001	240,000	240,000	0.29
37	1	325,001	330,000	327,579	0.39
38	1	335,001	340,000	336,600	0.41
39	1	370,001	375,000	370,200	0.45
40	1	545,001	550,000	550,000	0.66
41	1	805,001	810,000	807,994	0.97
42	1	1,045,001	1,050,000	1,048,651	1.26
43	1	1,310,001	1,315,000	1,310,900	1.58
44	1	1,335,001	1,340,000	1,338,450	1.61
45	1	1,820,001	1,825,000	1,824,768	2.20
46	1	5,530,001	5,535,000	5,534,821	6.67
47	1	5,805,001	5,825,000	5,820,595	7.02
48	1	5,825,001	5,840,000	5,836,017	7.04
49	1	18,140,001	18,145,000	18,144,138	21.88
50	1	28,515,001	28,520,000	28,516,147	34.38
	3,209			82,944,000	100.00

# CATEGORIES OF SHAREHOLDERS

As on June 30, 2017

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	50,229	0.06
4	BANKS, DEVELOPMENT FINANCE INSTITUTIONS, NON-BANKING FINANCE COMPANIES	9	2,749,667	2.05
5	INSURANCE COMPANIES	10	2,872,225	3.46
6	MODARABAS & MUTUAL FUNDS	40	2,643,984	3.19
7	FOREIGN COMPANIES	17	1,098,677	1.32
8	TRUST AND FUNDS	91	1,547,591	1.87
9	JOINT STOCK COMPANIES	63	467,927	0.52
10	GENERAL PUBLIC (LOCAL)	2,962	5,808,425	6.92
11	GENERAL PUBLIC (FOREIGN)	2	14,800	0.02
12	SHAREHOLDERS HOLDING 10% OR MORE	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 LTD. (HOLDING) S.A.L	1	28,516,147
ATTOCK REFINERY LIMITED	1	18,144,138
ATTOCK PETROLEUM LTD. EMPLOYEES WELFARE TRUST	1	5,836,017
PAKISTAN OILFIELDS LIMITED	1	5,820,595
THE ATTOCK OIL COMPANY LIMITED	1	1,824,768
	<b>5</b>	<b>60,141,665</b>
<b>MUTUAL FUNDS</b>		
CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND	1	2,150
CDC - TRUSTEE JS LARGE CAP. FUND	1	55,000
CDC - TRUSTEE ALHAMRA ISLAMIC STOCK FUND	1	300
CDC - TRUSTEE MEEZAN BALANCED FUND	1	10,000
CDC - TRUSTEE JS ISLAMIC FUND	1	55,000
CDC - TRUSTEE ALFALAH GHP VALUE FUND	1	36,400
CDC - TRUSTEE AKD INDEX TRACKER FUND	1	3,650
CDC - TRUSTEE PICIC ENERGY FUND	1	78,600
CDC - TRUSTEE ALHAMRA ISLAMIC ASSET ALLOCATION FUND	1	550
CDC - TRUSTEE AL MEEZAN MUTUAL FUND	1	71,740
CDC - TRUSTEE MEEZAN ISLAMIC FUND	1	327,579
CDC - TRUSTEE UBL STOCK ADVANTAGE FUND	1	181,150
CDC - TRUSTEE ATLAS ISLAMIC STOCK FUND	1	105,100
CDC - TRUSTEE AL-AMEEN SHARIAH STOCK FUND	1	143,950
CDC - TRUSTEE NAFA STOCK FUND	1	149,750
CDC - TRUSTEE NAFA MULTI ASSET FUND	1	18,951
CDC - TRUSTEE MEEZAN TAHAFFUZ PENSION FUND - EQUITY SUB FUND	1	34,120
CDC - TRUSTEE APF-EQUITY SUB FUND	1	10,000
CDC - TRUSTEE JS PENSION SAVINGS FUND - EQUITY ACCOUNT	1	12,500
CDC - TRUSTEE ALFALAH GHP ISLAMIC STOCK FUND	1	139,550
CDC - TRUSTEE NAFA ISLAMIC ASSET ALLOCATION FUND	1	133,900
CDC - TRUSTEE APIF - EQUITY SUB FUND	1	27,200
MC FSL - TRUSTEE JS GROWTH FUND	1	136,600
CDC - TRUSTEE ALFALAH GHP STOCK FUND	1	36,500
CDC - TRUSTEE ALFALAH GHP ALPHA FUND	1	23,500
CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	1	23,148
CDC - TRUSTEE LAKSON EQUITY FUND	1	63,960
CDC - TRUSTEE NAFA ASSET ALLOCATION FUND	1	24,250
CDC - TRUSTEE PICIC STOCK FUND	1	12,000
CDC - TRUSTEE AL-AMEEN ISLAMIC ASSET ALLOCATION FUND	1	109,350
CDC - TRUSTEE AL-AMEEN ISLAMIC RET. SAV. FUND-EQUITY SUB FUND	1	29,000
CDC - TRUSTEE ABL ISLAMIC PENSION FUND - EQUITY SUB FUND	1	50
CDC - TRUSTEE NAFA ISLAMIC STOCK FUND	1	111,850
CDC - TRUSTEE AL AMEEN ISLAMIC DEDICATED EQUITY FUND	1	197,950
CDC - TRUSTEE NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND	1	68,800
CDC - TRUSTEE NAFA ISLAMIC ENERGY FUND	1	191,900
CDC - TRUSTEE LAKSON TACTICAL FUND	1	10,700
CDC - TRUSTEE LAKSON ISLAMIC TACTICAL FUND	1	1,786
CDC - TRUSTEE MEEZAN ENERGY FUND	1	5,000
	<b>39</b>	<b>2,643,484</b>

	Number of Shareholders	Shares Held
<b>DIRECTORS, THEIR SPOUSES AND MINOR CHILDREN</b>		
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. SAJID NAWAZ	1	1
MR. MOHAMMAD RAZIUDDIN	1	1
MR. IQBAL A. KHWAJA	1	13,296
MR. REHMAT ULLAH BARDAIE	1	88
	<b>9</b>	<b>5,548,810</b>
EXECUTIVES	4	69,517
PUBLIC SECTOR COMPANIES AND CORPORATIONS	3	1,085,651
BANKS, DEVELOPMENT FINANCE INSTITUTIONS, NON-BANKING FINANCE COMPANIES, INSURANCE COMPANIES, TAKAFUL, MODARABAS AND PENSION FUNDS	40	5,101,082
<b>SHARE HOLDERS HOLDING 5% OR MORE VOTING RIGHTS</b>		
PHARAON INVESTMENT GROUP LTD. (HOLDING) S.A.L	1	28,516,147
ATTOCK REFINERY LIMITED	1	18,144,138
ATTOCK PETROLEUM LTD. EMPLOYEES WELFARE TRUST	1	5,836,017
PAKISTAN OILFIELDS LIMITED	1	5,820,595
MR. SHUAIB A. MALIK	1	5,534,821
	<b>5</b>	<b>63,851,718</b>

### Trade in shares by Directors, Executives and their spouses and minor children during 2016-17:

No trade in shares was made by Directors, Executives\*, their spouses and minor children from July 01, 2016 to June 30, 2017 in the shares of Company.

\* "Executive means Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary and other employees of the Company who are drawing an annual basic salary of Rs. 1,200,000 or more."

## OTHER CORPORATE GOVERNANCE MATTERS

### Investor Grievance Handling

Investor satisfaction is the prime focus of the Company to retain long lasting relationship with its prestigious investors. The Company's existing and potential investors are allowed access to information regarding Company's operations in addition to details of investments, dividend distribution or circulation of regulatory publications.

Investor Grievances are managed centrally by Company Secretarial Matters (CSM) section. The section has an effective Investor Grievance redressal mechanism in place to handle investor's queries and complaints promptly and effectively. The Company's grievance handling is supported by a review mechanism to minimize recurrence of similar issues in future.

- Investors' queries and complaints are dealt with courtesy at all the times.
- Investors have facility to call on the contact number provided for the purpose on the Company's website.
- The Company has maintained an investor's relations section on the website.
- An email ID is designated for the investor's queries and complaints.
- Feedback/complaint forms are available on website where investors can lodge their complaints at any time.
- Complaints are addressed by designated employees without any delay. The CSM section has maintained a record of complaints mentioning status of pending complaints and their resolution.

### Issues raised at last AGM

The Annual General Meeting (AGM) is an effective way of engaging shareholders. Company's last AGM was held on September 29, 2016 at which shareholders concerns were satisfactorily responded.

On a shareholder's inquiry about status of the Company's upcoming depots and terminals it was stated that land has been purchased at Daulatpur, Mehmoodkot, Sahiwal, Tarujabba and Shikarpur and working is going on for acquiring land at Sarai Naurang, Kotla Jam & Gatti.

On another inquiry related to CPEC, it was stated that the Company is well geared to contribute in any upcoming projects of CPEC.

### Conflict of Interest Management

A formal Code of conduct is in place governing the actual or perceived conflict of interest relating to the Board members of the Company. Under the guidelines of code of conduct every director is required to disclose about his interest in any contract, agreement or appointment etc. These disclosures are circulated to the Board and it is ensured that interested director does not participate in decision making and voting on the subject. The effect to the above facts is recorded in minutes of meeting, if any. Any such conflicts of interests are recorded in Company's statutory register while disclosures of related party transactions are provided in financial statements.

### Safety of Records of the Company

To ensure prompt and accurate retrieval of records, protection of vital information in the event of disaster and to ensure compliance with legal and regulatory requirements, the Company has an established procedure for preservation of records holding significant value, in line with good governance practices and administrative requirements.

Records include books of accounts, documents pertaining to secretarial, legal, taxation and other matters etc. Key records are archived in a manner to protect them from physical deterioration, accidental fire and natural calamities.

- Documents in physical forms are stored at specifically designated record rooms with proper safety features.
- Financial data and other records in the ERP system are periodically backed up at various servers and protected under secure access protocols.
- Paperless environment is also being promoted and an e-record management system is being put in place to safeguard the records of the Company along with optimizing storage spaces.



## Investors' Relations Section on APL Website

Detailed Company information specified under the relevant regulations, including but not limited to financial reports, financial highlights, investors notices / announcements, pattern of shareholding, dividend declarations etc have been placed on the Company's website "[www.apl.com.pk](http://www.apl.com.pk)".

In order to promote investors' relations and to

facilitate investors' access for grievance/other query, a comprehensive "Investor Relations" section is placed on the APL website.

APL ensures to present the latest information by regularly updating its website. The Company is in full compliance with the latest regulations issued by SECP regarding maintenance of functional website by the listed companies. A Compliance Certificate by the Chief Executive is placed on the website as well.



# STAKEHOLDER ENGAGEMENT

Stakeholders	Management of Stakeholder Engagement	Effect and value to APL
Institutional Investors/ Shareholders	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. General meetings provide the shareholders a platform to voice their concerns and raise their queries which are addressed appropriately. The Company also engage shareholders through issuance of annual/quarterly financial reports and notices/updates.	The financiers of capital help APL: <ul style="list-style-type: none"> <li>• Convert its business plans into actions.</li> <li>• Achieve its business targets.</li> </ul>
Customers and Suppliers	The Company's primary customers include dealers, distributors and institutional customers. APL Customer Relationship Management is beyond extending credit facilities and trade discounts. Periodic engagements are held with customers in the form of dealers/ distributors conference. Various informal meetings are also held with customers and suppliers to maintain effectiveness of Supply Chain Management.	Customers' loyalty and effective supply chain is the key to the Company's sustainable business growth.
Banks	Banks and other financial institutions are engaged by the Company on regular basis in relation to negotiation of mark-up 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 and foreign remittances.	Bank dealings are central to the Company's performance in terms of: <ul style="list-style-type: none"> <li>• Access to better interest rates and financing terms.</li> <li>• Efficient Customer Service.</li> </ul>
Media	The Company engages with the media through regular press releases regarding key achievements. Statutory notices and other public announcements required by law are generally circulated through print media. Multiple mediums are also used for advertisement and marketing purposes. Employees of the Company have made appearances on media as well, for brand advertisement and awareness. Retail prices are notified through press-gazette. Furthermore, the website of the Company is also used as a medium to communicate information to stakeholders.	<ul style="list-style-type: none"> <li>• Media communication of the Company's achievements helps strengthen APL brand image.</li> <li>• Awareness of the company's status and activities is developed among the general public and potential investors.</li> </ul>
Regulators	APL prides itself for being a responsible corporate citizen. The Company abides by the laws and regulations of the Pakistan and makes certain that all the requirements of relevant regulators are met in a timely manner. 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. Company constantly liaisons with the Government authorities and regulators in terms of matters / issues relating to energy requirements of the Country.	Country's laws, regulations and other factors controlled by the Regulators, set operating guidelines for the Company.
Analysts	The Company regularly engages with analysts on its financial and operating results, with due regard to regulatory restrictions imposed on inside information/trading.	Providing required information to analysts helps: <ul style="list-style-type: none"> <li>• Attracting potential investors.</li> <li>• Clarifying misconceptions/ market rumors.</li> </ul>
Employees	Focus on the Company's most valuable resource "our competent and committed workforce" is the base of APL's Human Resource Strategy. Multiple in-house and external training are conducted for continuing professional developments of our employees. APL provides a nurturing and employee friendly work environment. APL has also invested in health and fitness activities for its employees.	The competent employees are the backbone of the Company. The Company's strategic, operational and tactical decisions taken by management are effectively implemented through our committed workforce.
General Public	Being a good corporate citizen, APL always tries to add value to the society. APL engages with general public at large through its CSR activities.	A contented and peaceful nation fixes the roots for a prosperous society.

# EFFORTS MADE TO MITIGATE THE ADVERSE IMPACT OF INDUSTRIAL EFFLUENTS

## Waste Management Plan

APL Waste Management Plan (WMP) provide a comprehensive methodology for the minimization, proper management and disposal of wastes generated during the operation, with the aim of protecting the environment, the health and safety of employees.

To facilitate achievement of the Waste Management Policy, a series of specific waste management objectives are being followed:

- Apply the Waste Management Policy to its full extent to protect people, the environment and company assets.
- Achieve and maintain compliance with the National Environmental Quality Standards of Pakistan.
- Ensure that all wastes are managed appropriately and safely according to their characteristics, composition and the availability of recycling, appropriate storage and/or disposal options.
- Appropriate standardized waste management documentation and reporting systems.
- Ongoing commitment for the minimization of waste, including the optimum reuse and/or recycling of materials, and establish goals & measures to target waste minimization.
- Promote and pursue 'continuous improvement' in management of wastes.

All the waste from facilities is segregated into Class I (Hazardous), Class II (Non Hazardous) and Class III (Inert) waste. The hazardous waste is properly disposed-off through incineration process, whereas non-hazardous waste is recycled through approved third party contractors.

## Effluent Monitoring

APL has committed to comply all environmental applicable and regulatory requirements and ensures its effectiveness through NEQS as per Pakistan environmental protection act. To comply with all existing environmental laws and other requirements APL monitors environmental emissions and effluent at all its installation through recognized Laboratories and renowned testing laboratories on an annual basis for the compliance of NEQS.



- You introduce the
- Name
- Department
- Years in the company
- What is your passion / what you like to do? – your colleagues to know

## ENERGY SAVING MEASURES

The Company took initiative for energy saving by replacing large quantities of Pole/Flood LED lights at all its terminals. These initiatives were taken to increase efficiency and reliability of lighting system at terminals. Pole/Flood lights have been converted from conventional 400 watts to 65 watts -150 watts, prior to installation of LED Lights, Mercury / sodium types of lights were installed which were the causes of high energy consumption.

To cater to the escalating energy crisis, the Company has switched its Company Owned Company Operated Retail outlets from conventional source of electricity to Solar power. The Company further plans to fully or partially switch over to solar generated electricity wherever feasible.

## CORPORATE SUSTAINABILITY

### Corporate Social Responsibility

Corporate Social Responsibility (CSR) is one of the core values and an integral part of the Company's overall mission. APL is committed to play vital role in supporting and working with its stakeholders for sustainable community and social development programs.

By integrating CSR into our business strategy, APL is helping to drive shared value amongst its stakeholders and enhance its corporate brand image community wide.

**Internship Opportunities:** As per APL's Internship Policy, the Company considers it a social responsibility to provide opportunity for first hand practical experience to students of Higher Education Commission (HEC) recognized educational institutions of the country. During the current year, 22 students were offered internships in various disciplines like Engineering, Finance, Supply Chain, Human Resource and Marketing & Sales.

These internships not only provide them the exposure of a corporate environment, but also a platform to apply their academic skills in order to jump-start their professional careers. Students are provided with an opportunity to experience and preview the practical environment, building their professional confidence through these internship programs.

**Educational Scholarship:** The Company realizes the importance of basic & higher education in building a strong Nation and always supports the bright students by sponsoring their education.

APL through its Trust awarded scholarships to 45 brilliant children of employees ranging from primary education to graduation.

**Sports promotion:** APL has played its role in promotion and development of sports and provided sponsorship of Polo Cup match.

**Health Care:** Besides providing Medical coverage to its regular & contractual staff, company also provides need based medical assistance to its 3rd party staff.

**Recreational Activities:** APL always strives on developing harmonious working environment among the employees through different recreational activities. This helps them develop team work and socialize with each other thus satisfying their social appetite.



Annual Cricket tournament was arranged as part of these programs. 10 teams from our various regional offices participated in this enthusiastic event. Honorable Chief Guest, CEO of APL graced the event with his presence and distributed prizes among the winners and runner ups of the sports gala.

### Energy Conservation

Electric lighting is a major energy consumer. Enormous energy savings are possible using energy efficient equipment and effective controls. Using less electric lighting reduces heat gain. Electric lighting also strongly affects visual performance and visual comfort by aiming to maintain adequate and appropriate illumination. For APL's energy saving initiatives, please refer to Page 66.

### Environmental Protection Measures

APL is pledged to offer priority to the protection of environment in the conduct of its business. Our Environmental Management System (EMS) is aimed to provide safest and healthiest possible working conditions to its employees and to the people working in outside environment.

For the purpose of protection and betterment of environment APL will stick to following principles:

- To comply with all existing environmental laws and other requirements in this context and also endeavor to set achievable goals and targets to go beyond prevailing environmental laws.
- To motivate its employees for setting environmental targets and objectives.
- To take corrective and preventive actions for proper functioning of the system.
- To train its employees to recognize and handle unsafe or environmentally harmful conditions.

There will be qualitative and quantitative (where possible) estimation of environmental aspects and impacts. The contents of this policy will be accessible to all the employees, interested parties and the public living in the surrounding environment.

With this pledge at hand we aim to continuously improve our Environmental Management System (EMS).

### Community Welfare

APL is also a donor to various trusts working for the public welfare. It includes donation to Attock Sahara Foundation and SOS village.

### Consumer Protection Measures

In line with its vision, APL always strives to protect its valued customers by providing the highest quality products and services. Our quality assurance team ensures premium quality of petroleum products received at our terminals and supply points. We ensure consistency in quality and quantity of all the products supplied to customers at retail outlets and other valuable clients by employing state-of-the-art ground and mobile Quality Assurance Labs - equipped with modern apparatus followed by quick responsiveness to queries on quality whenever required by the customers.

Keeping its spirit of continuous improvement and highest standards, the company has gone through a detailed audit exercise and successfully got certification of Quality Management System (QMS) ISO 9001:2008.

### Industrial Relations

APL is the member of Oil Companies Advisory Council (OCAC) a forum of oil industry which is responsible to ensure that its members i.e. refineries and OMCs abide by the ethical standards, observe regulations applicable to industry, including those related to HSEQ, laws of country, conduct business with integrity and honesty. The Downstream Oil Sector (Refining, Marketing, and Distribution) plays a very significant role in Pakistan's economic development, ensuring uninterrupted supply of petroleum product to the country in order to keep the wheels of the economy moving.

## ● **Employment of Special Persons**

APL fully supports the employment of special persons by focusing on responsible corporate entity. The Company is aware and committed to comply with the mandatory requirements of employment under quota of disabilities in accordance with section 459 of Companies Act, 2017.

## ● **Occupational & Environmental Health & Safety**

APL strives to achieve world-class performance and eliminate all possible injuries, occupational illnesses, unsafe practices and incidents of environmental harm caused by Company's Operational activities.

APL is committed to preventing serious injuries and fatalities, which requires operational discipline from assessing hazards to executing each step of the job to conducting a post-activity review. To accomplish this, we have developed our hazard identification tool along with our job hazard and safety analysis procedures. Written safe-work practices are a core part of our comprehensive safety program. These safe-work practices help ensure that potentially hazardous work, such as electrical work or entry into a confined space, is properly planned, permitted, executed and closed out to prevent workplace injuries and incidents. Our workforce truly believes that incidents are preventable and that "zero incidents" is achievable. We have policies, processes, tools and behavioral expectations in place to assist us in achieving that goal. We take steps to extend these safety principles to our contractors by reinforcing our expectations and monitoring compliance with requirements throughout the life cycle of our projects. This includes engaging with our contractors to improve oversight of their activities.

Our approach to sustainability includes sharing benefits with the communities where we operate. And we're helping to shape a more sustainable energy future, by collaborating with others on global energy challenges.

Compliance to all regulatory requirements as stated in NEQS (National Environmental Quality Standards) is strictly adhered to and all operations are carried out in such a way so as to have minimal impact on the environment.

Advanced technology, new ways of operating and partnerships are helping to manage our environmental impact as we contribute to meeting the world's growing energy needs.

## ● **Business Ethics & Anti-Corruption Measures**

The Company is committed to conduct/govern its business operations and relationship, honestly and will not pursue any activity that requires to act unlawfully or in violation of the Code of conduct.

Ethical codes and policies are implemented to eliminate corruption, 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 has zero tolerance to all types of corrupt practices. All employees are required to sign the compliance of Code of Conduct annually, certifying adherence to business ethics and anti-corruption measures.

## ● **National Cause Donations**

Company has previously donated to flood-relief camps on corporate level and employees at APL have taken various initiatives to donate money to victims of flood and other calamities. No national cause donations were made during the year.

## ● **Contribution To National Exchequer**

Please refer to Page 41 for details.

## ● **Rural Development**

The Company comprehend the significance of rural development and supported NGOs such as the Attock Sahara Foundation, which is playing a vital role in uplifting the economic conditions of the surrounding communities through various welfare activities. The Company has developed many retail outlets (fuel stations) in the rural and far-flung areas, creating the livelihood opportunities for local inhabitants resulting in improvement of quality of life.

# HUMAN RESOURCE MANAGEMENT

Competent workforce is the back bone of any Organization. Our employees are the most valuable assets of the Company. APL's Human resource is the appropriate mix of employees with professional & other qualifications.

APL is an equal opportunity Employer. To ensure our workforce competency, we at APL have a sophisticated system of Employee Hiring in place. Through this process we ensure to hire competent personnel with appropriate qualification & skills in line with Job requirements. Candidates' evaluation is based on their academic & professional portfolio. Transparency is maintained in employee selection, evaluation & hiring.

On becoming part of Team APL, the Company endeavors to facilitate employees in achieving their career progression and helping them refine their personal and professional skills. Training & development programs are planned throughout the year to keep the employees abreast with latest market trends.

Annual performance appraisal is carried out of employees in person to assess & manage the individual performances. It helps to bridge the gap between Organization's developmental needs at Company & Individual level and its Strategic & operational objectives.

To attract new talent, the Company participated in a prestigious institution's Job fair where APL's representatives counseled the young professionals about the future prospects.

- **Succession Planning:** The Company ensures availability of competent personnel in each department through a comprehensive succession planning policy in order to maintain its leadership continuity.  
APL believes in proactive approach towards succession planning. We recruit employees, develop their knowledge, skills & abilities through different training programs and employee job rotation to more challenging roles to prepare them for future endeavors.  
APL's Human Resource Department works closely with other departments to look promptly into the needs for new hiring or filling up of any vacancy. Job requirements & job descriptions are thoroughly discussed with the relevant department's management & the hiring is processed accordingly.
- **Employee Benefits:** Competitive Salary packages are offered to employees along with annual bonuses & rewards. Perquisites include Life insurance coverage, Medical coverage and Membership of Morgah Club- where employee can avail subsidized meals, gym and sports activities.
- **Code of Conduct:** To integrate the culture of organizational discipline and core ethical values in conduct of the Company's employees, a Code of conduct is in place which is circulated annually to employees to acknowledge their commitment towards the Company's Disciplinary Mechanism.
- **Human Resource Management System:** 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.

## Training and Organizational Development

Training & Development is the prime focus area of the organization. Training our workforce equips them with new skill sets, refines existing one, reveals employees potential capabilities, enhances productivity & efficiency and improve their leadership skills.

APL engages its employees in different in-house and open audience workshops to enhance their working skills at different levels to meet departmental competency requirements. During 2016-17 approximately 29 employees got training opportunity. Trainings Conducted during the year are:



- Public Procurements Rules & PPRA Regulations
- Preparing Perfect Bidding Documents
- The Super Secretary
- Counselling & Mentoring Employees at work place
- Income Tax Withholding

Employees are also encouraged to participate in various seminars to align them with current market best practices.

Besides these, in-house intra departmental trainings & presentation with the oversight of Departmental Management on latest professional trends, industrial norms and departmental functions are also arranged.

Culture of Intra & Inter-Departmental rotation of employees is another step towards the Company's commitment to Organizational Development.

## SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

### HSE Manual

Attock Petroleum Limited is committed to conduct business with strong environment conscience ensuring sustainable development, safe workplaces and enrichment of quality of life of Employees, Customers and the Community. We, at APL, believe that good HSE performance is an integral part of efficient and profitable business management.

Accordingly, the Corporation's endeavor is to:

- Establish and maintain high standards for safety of the people, the processes and the assets.
- Comply with all Rules and Regulations on Safety, Occupational Health and Environmental Protection.
- Plan, design, operate and maintain all facilities, processes and procedures to secure sustained Safety, Health and Environmental Protection. Remain trained, equipped and ready for effective and prompt response to accidents and emergencies.
- Welcome audit of our HSE conduct by external body, so that stakeholder confidence is safeguarded.
- Conduct safety audits on monthly basis & Safety manual revision on the basis of GAP Analysis
- Adopt and promote industry best practices to avert accidents and improve our HSE performance.
- Remain committed to be a leader in Safety, Occupational Health and Environmental Protection through continuing improvement.
- Make efforts to preserve ecological balance and heritage.

### Safety Trainings

APL's HSE department is committed to deliver the safety based trainings to their employees on regular basis which include:

- Firefighting drills
- Earthquake Evacuation plans
- First Aid training
- Oil Spill Prevention & Management
- Road safety training, through motorway police, was conducted for our management staff at MBT as well as contractors (Tank Lorry Drivers)

### Achievements

In FY 2016-17 one of the major milestones achieved by APL is the construction of Fuel Farm at Islamabad International Air Port (IIAP). IIAP Fuel Farm Project was started in February 2016, went onto its completion without any LTI or accident throughout its Construction Phase. It has now been commissioned successfully in May 2017 adding more than 1.5 Million safe man-hours to our company's overall statistics. It was only possible because of the Top Management commitment and efforts made by the whole project team under the leadership of Project Manager.

## ISO 9001:2008

Implementation of standard is another milestone achieved at APL in FY 2016-17, a step towards system's development and ensuring "Quality" during all its operations. Compliance with all relevant industry standards and executing all its operations in a safe and environment friendly manner is a core value here at APL.

## World Health & Safety Day

APL Celebrated World Health & Safety day on April 28, 2017 at its Machike Bulk Oil Terminal. At the forum Company's Health & Safety measures are thoroughly debated by the Company's Safety leaders and the Company resolute to its commitment towards the strong implementation & continuous improvement of its HSE Culture.

# PROSPECTS OF THE ENTITY INCLUDING TARGETS FOR FINANCIAL AND NON-FINANCIAL MEASURES

Retail network expansion, effective Supply chain management and Partnerships agreement with leading local & foreign companies are milestones of the Company towards business expansion and sustainable profitability. Establishment of bulk storage facilities and other capital ventures are also there to improve the operation's throughput.

## Financial Measures

APL has projected its financial targets based on historical financial performance keeping in view multiple risk & uncertainties prevailing in the market.

Stiff market competition coupled with volatile International prices of POL products are the basic challenges to effect Company's strategy and in turn its profitability. The Company combated these challenges by its effective strategic, tactical and operational direction, efficient inventory management, control over supply chain and growth in sales volumes hence maintained to be in good profits.

Growth of 10% as compared to financial year 2015-16 is observed in Oil marketing industry whereas APL sales volume growth is 16% in the year 2016-17.

Performance targets are continuously monitored to observe and reduce deviation from the defined goals.

## Non-financial Measures

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

- Human resource development, training and Succession planning
- Product Quality maintenance & improvement assurance
- Corporate Social Responsibility
- Healthy & Safe Environment
- Revamping of business processes in line with best practices
- Management responsibility for effective implementation of business plans, under strategic directions of the Board

# RISK & OPPORTUNITY REPORT

Effective risk management remains of utmost importance to the companies for sustainable business growth. Management endeavors to stay committed to the long-term strategy of the Company while minimizing the risks associated with short-term goals. Another challenge for the decision makers is to exploit the best opportunities in favor of the Company, generating viable returns and adhering to the vision and mission of the Company.

## Risks

Businesses face various types of risks including strategic, commercial, operational and financial risks. An overview of major risks faced by Attock Petroleum Limited and the mitigating strategies to overcome these risks are outlined below.

Risk	Category	Mitigating Strategy
Increased industry competition resulting in loss of market share	Strategic	APL's customer focused strategy and proactive approach towards potential opportunities restricts any loss in market share and enable retention of existing customers.
Volatility in international oil prices	Strategic	Efficient and effective stock management results in minimal losses from decline in prices and vice versa.
Operating in a fixed margin industry	Strategic/ Financial	Increased focus on pushing volume based sales generating optimum returns and diverse portfolio of products including deregulated high margin products.
Non-compliance with statutory requirements and regulatory framework	Strategic	Proactive approach by the management in timely implementation of and compliance with any changes in the regulatory environment of the industry.
Shortage of products due to delay in supplies by local refineries/ strikes by transporters disrupting supply chain	Commercial/ Operational	Adequate stock levels are maintained and regular imports are planned to counter the risk arising from these situations to maintain smooth uninterrupted operations of the Company.
Turnover of trained employees at critical positions/ employee misconduct	Operational	APL's succession planning policy coupled with employees' job rotations & training practices have been put in place to cater this risk. A formal code of conduct is in place to ensure employees' disciplinary mechanism.
Risks of accidents causing serious injuries to employees / stakeholders or damage to Company's property	Operational	A sound system of HSE is in place for hazard identification & threat management to ensure workplace safety.
IT security risks, internal external frauds and system failures	Operational	System integrated controls are in place to prevent unauthorized access to confidential information and to avoid breaches, errors & other irregularities. Data auto backup mechanism is also followed.
Natural calamities/ force majeure	Operational	These events are beyond the Company's control however with the APL's disaster recovery/ business continuity plans, Company is well equipped to recover from any natural disaster.

## Opportunities

The Company is always presented with a lot of opportunities for improvement of business in general and profit maximization in specific. Enhancement of market share always remains a challenging opportunity for the Company as the industry volumes grow and with ever increasing competition, Company has aligned itself to achieve maximum benefit from this growth in industry. An opportunity to be geographically present and appropriately spread across the Country to attain competitive advantage is accessible to the Company. APL has recognized this opportunity and setting up storage terminals across the Country to exploit this opportunity and gain cost and freight advantages. Geographical presence through retail development is also part of this strategy.

Development of China Pakistan Economic Corridor (CPEC) presents enormous opportunities to businesses across Pakistan. APL has started to actively participate in the project and contracts have been obtained for supply of petroleum products. With increasing focus on CPEC in the near future, Company shall make efforts to generate maximal benefits from the available prospects.

The Company is geared to make the best use of opportunities presented. APL remains interested in acquisition of entities available for sale which can add to the Company's strength by way of offering associated services or participating in bidding for other OMCs which were offered for sale. Previously, the Company participated in bidding for acquisition of OMCs.

Government's active focus on the power sector has also given rise to opportunities for oil marketing sector. The Company has remained proactive to engage with existing customers (IPPs) to maintain market share while tapping in to contracts with new customers to provide them with superior quality products and unmatched services meeting their increasing demand.

The untapped segment of aviation presents a huge opportunity for APL to enter and grab market share. APL has established its fuel farm facility in the largest airport of the Country i.e. New Islamabad International Airport. The Company has positioned itself in such a manner to gain maximum advantage from the sector including financial and non-financial benefits.

## Key Sources of Estimating Uncertainty

Financial Statement preparation requires the management and the Board of Directors to make estimates that affect the reported figures of financial statements' elements and use their professional judgment while applying appropriate accounting policies.

These estimates are developed on assumptions based on historical experience and other reasonable factors, the result of which form the basis for making judgment about the carrying values of assets and liabilities which are not readily available from other sources. Actual results may differ from the estimates under different assumptions or conditions applicable.

The estimates are reviewed on ongoing basis to check for any revision in the estimates. Effect of revision in accounting estimates are recognized prospectively i.e. in the period of revision or future period if it effects so. Key sources of estimation of uncertainty are detailed below:

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

APL has investment in associated companies ARL, NRL 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 described in notes 15.5, 15.6 while value of unlisted associated company AITSL is based on its financial statements as described in note 15.7 of financial statements.

### Assessment of significant influence in associated companies

NRL, ARL and AITSL are treated as associated companies in spite of having less than 20% shareholding by APL in these companies, as APL has representation on their Board of Directors.

### Provision for taxation

Current tax (Rs 2,190 million) has been recognized in financial statements taking account

of relevant laws and decisions taken by appellate authorities. Contingent liabilities are disclosed in financial statements where the Company's view differs from 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. Deferred tax liability of Rs 210 million is recorded in the Company's financial statements.

● **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 and detailed extensively in note 32 to the financial statements.

● **Materiality approach adopted by the Management**

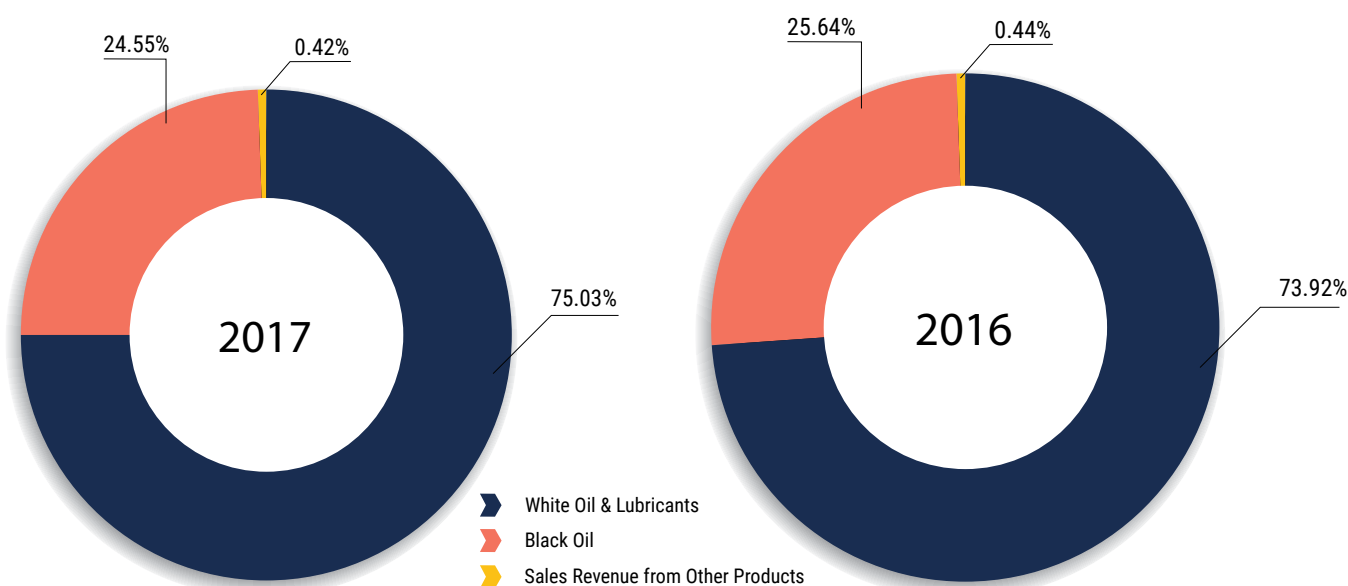
Information and events are considered to be material if, individually or in aggregate, they have significant impact on the Company's performance or profitability which in turn can influence the economic decisions of the Company's Stakeholders.

APL's management has developed a materiality policy duly approved by the Board. Assessment of materiality levels other than those provided under the regulations is matter of professional judgment and is organization specific. Materiality levels are reviewed periodically and updated appropriately where necessary.

Power of the Board of Directors and the Company's Management have been defined in line with the guidelines of the Companies Ordinance 1984, the Code of Corporate Governance, Company's Article of Association and regulations of professional bodies and best practices. All the decisions are taken and new risks and opportunities are identified, assessed and disclosed in light of Company's materiality policy in addition to other regulatory requirements.

## 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 categories:



## 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, 2017. 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 organization.

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.



Gantry Area

# 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 430 to the mark of Rs 765. 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, which in turn has 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**

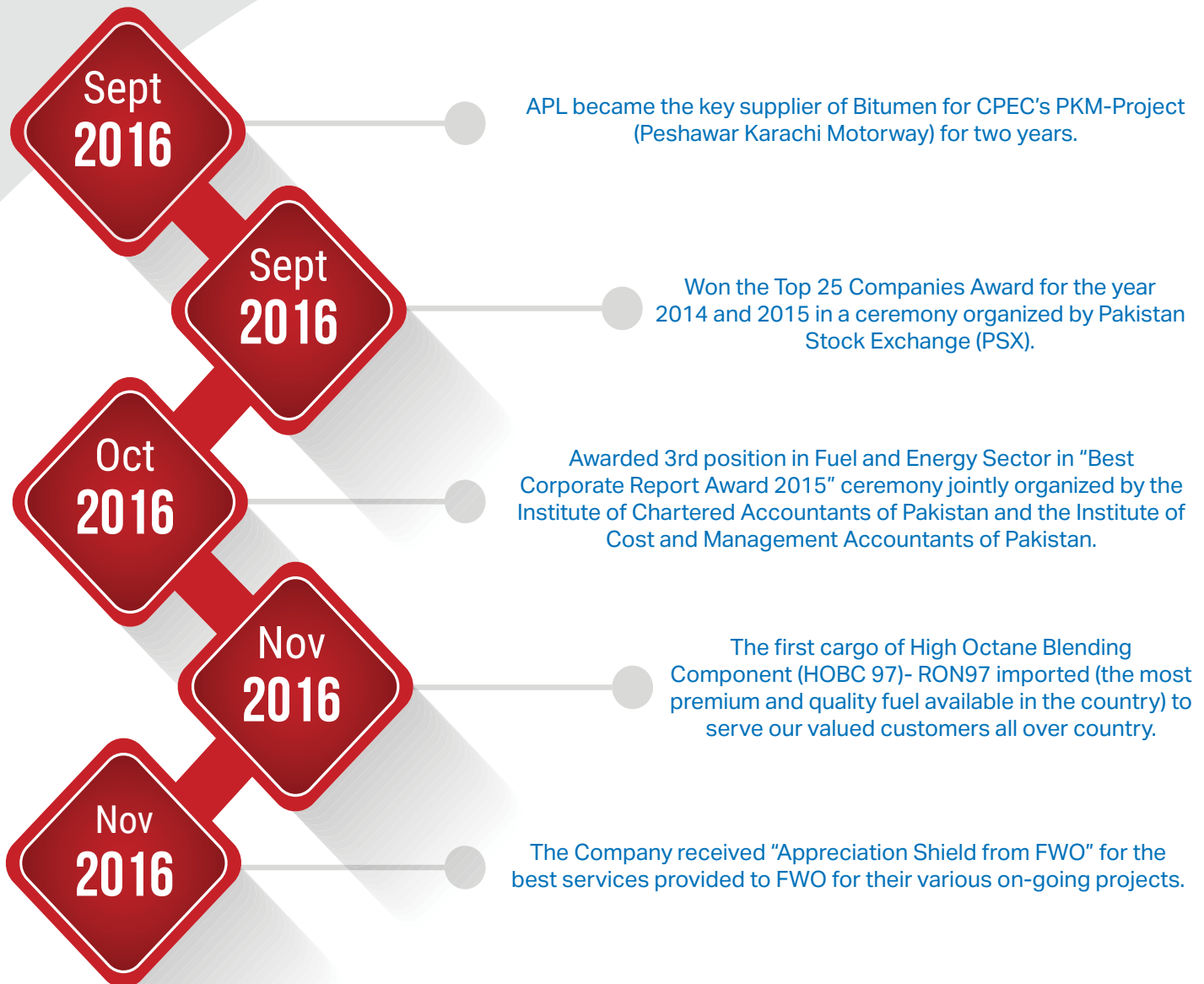
The Country is highly dependent for its energy requirements on import of petroleum products. APL also actively imports various POL products. Movement in Rupee – Dollar parity incurs exchange can also indirectly affect the share price.

- **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.



# CALENDAR OF MAJOR EVENTS





Keeping its spirit of continuous improvement and highest standards, the company has gone through a detailed audit exercise and successfully got certification of Quality Management System (QMS) ISO 9001:2008.

Following the ritual of inculcating health culture, APL organized an annual sports competition to promote physical activities and sportsmanship amongst the staff and to help build a sense of cooperation and team-spirit.

Celebrated "World Safety Day" at our Machike Bulk Oil Terminal following the strong implementation & continuous improvement of its HSE Culture.

Successful commissioning of Furnace Oil loading gantry at Karachi Bulk Oil Terminal with allied facilities like Weighbridge operations / calibration / 04 loading bays, pumps etc. Capable of loading 40,000 to 50,000 Metric Tons Furnace Oil per month.

True to its mission, APL celebrated the commissioning of its 600th retail outlet - dedicated to bringing premium quality fuels & innovative Non-Fuel Retail services for all our valuable consumers.

Progressing forward in Aviation Fuels business, APL's Aviation fuel farm facility at Islamabad New International Airport is completed.

Mar  
2017

Apr  
2017

Apr  
2017

Apr  
2017

May  
2017

Jun  
2017

# 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.

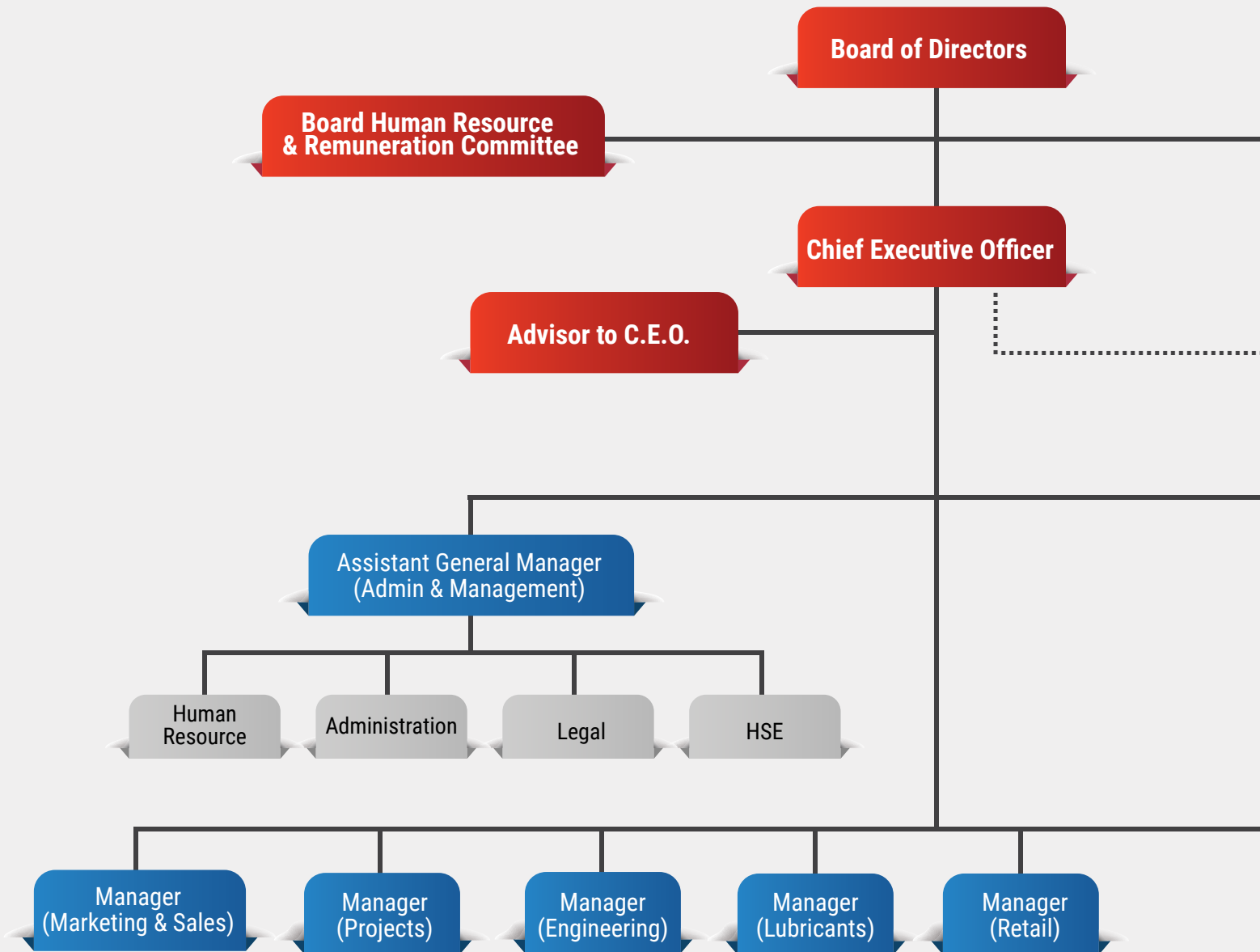


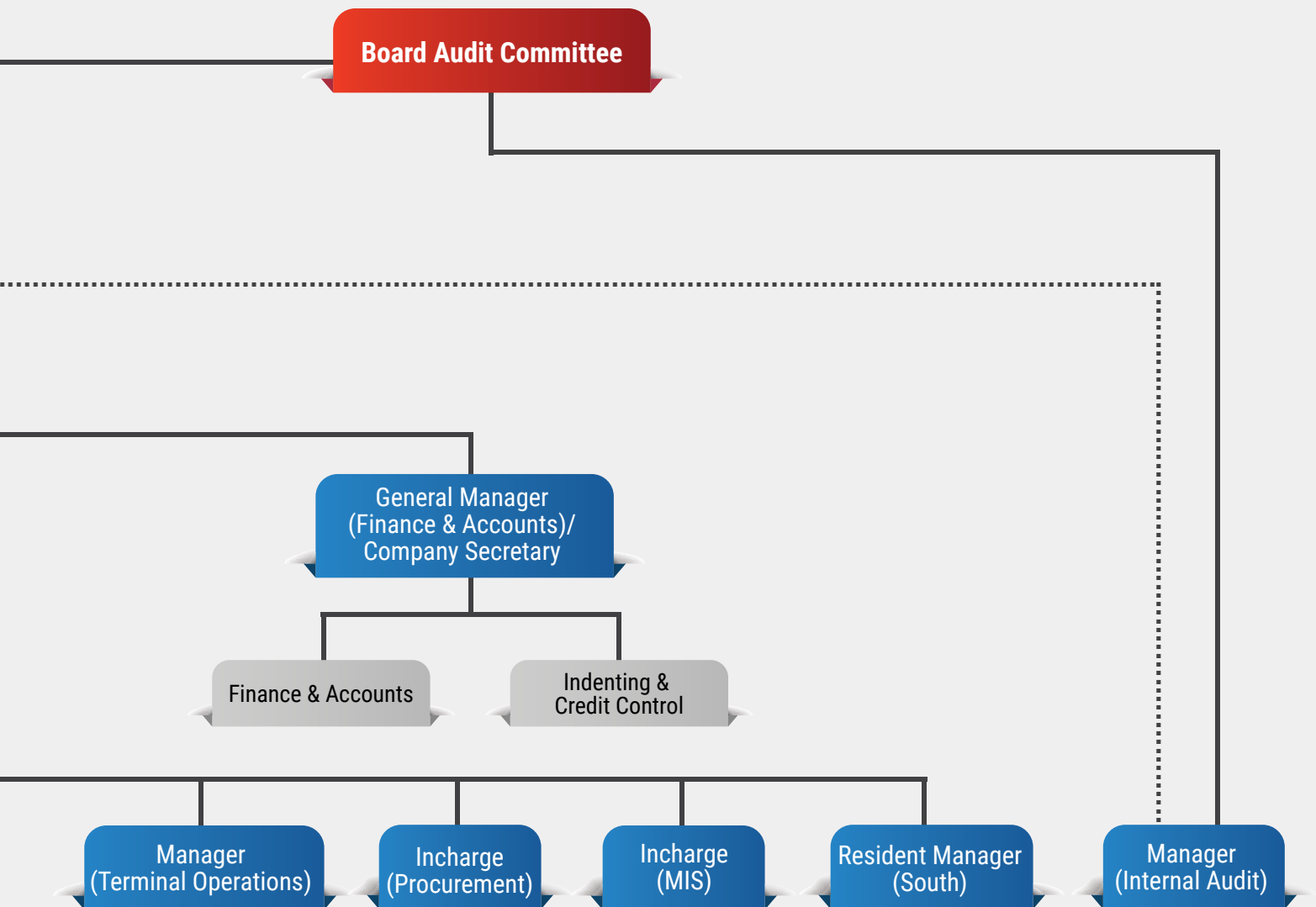
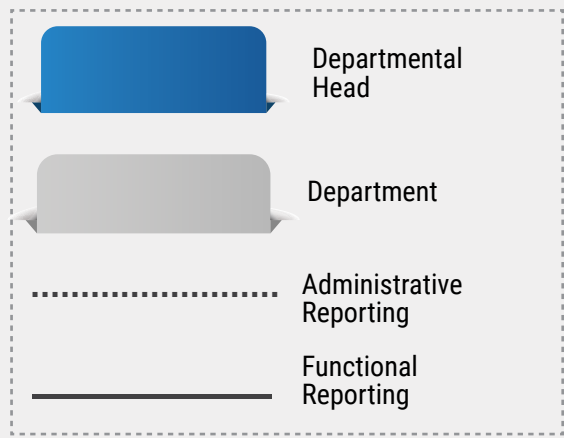
# TOTAL RETAIL OUTLETS

604 and counting retail outlets spread strategically across the Country to provide the best petroleum products and services to the local populace.



# ORGANIZATIONAL CHART





## **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, 2017, to comply with the requirements of the Clause No. 5.19.24 of Pakistan Stock Exchange Limited Regulations.

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 non-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, 2017.



Chartered Accountants  
Islamabad  
September 11, 2017

Engagement partner: Asim Masood Iqbal

---

*A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network  
PIA Building, 3rd Floor, 49 Blue Area, Fazl-ul-Haq Road, P.O. Box 3021, Islamabad-44000, Pakistan  
Tel: +92 (51) 2273457-60/2604934-37; Fax: +92 (51) 2277924, 2206473; < [www.pwc.com/pk](http://www.pwc.com/pk)>*

# STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2017

This statement is being presented to comply with the Code of Corporate Governance (the Code) contained in regulation No. 5.19.24 of the Pakistan Stock Exchange Limited Regulations 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:

The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. As at June 30, 2017, the Board includes:

Category	Names
Independent Director*	Mr. Mohammad Raziuddin
Non Executive Directors	Mr. Laith G. Pharaon Mr. Wael G. Pharaon Mr. Abdus Sattar Mr. Babar Bashir Nawaz Mr. Sajid 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.

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).

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.

Two casual vacancies occurred on the Board during the year and were filled up by the directors within 30 days.

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.

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.

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.

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.

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

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.

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.

The financial statements of the Company were duly endorsed by Chief Executive Officer and Chief Financial Officer before approval of the Board.

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.

The Company has complied with all the corporate and financial reporting requirements of the Code.

The Board has formed an Audit Committee. It comprises three members of whom all are non-executive directors including one independent director.

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.

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.

The Board has set up an effective internal audit function.

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.

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.

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.

Material/price sensitive information has been disseminated among all market participants at once through stock exchange.

The Company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.

We confirm that all other material principles enshrined in the Code have been complied with.



Shuaib A. Malik  
Chief Executive

Dubai, U.A.E.  
September 11, 2017

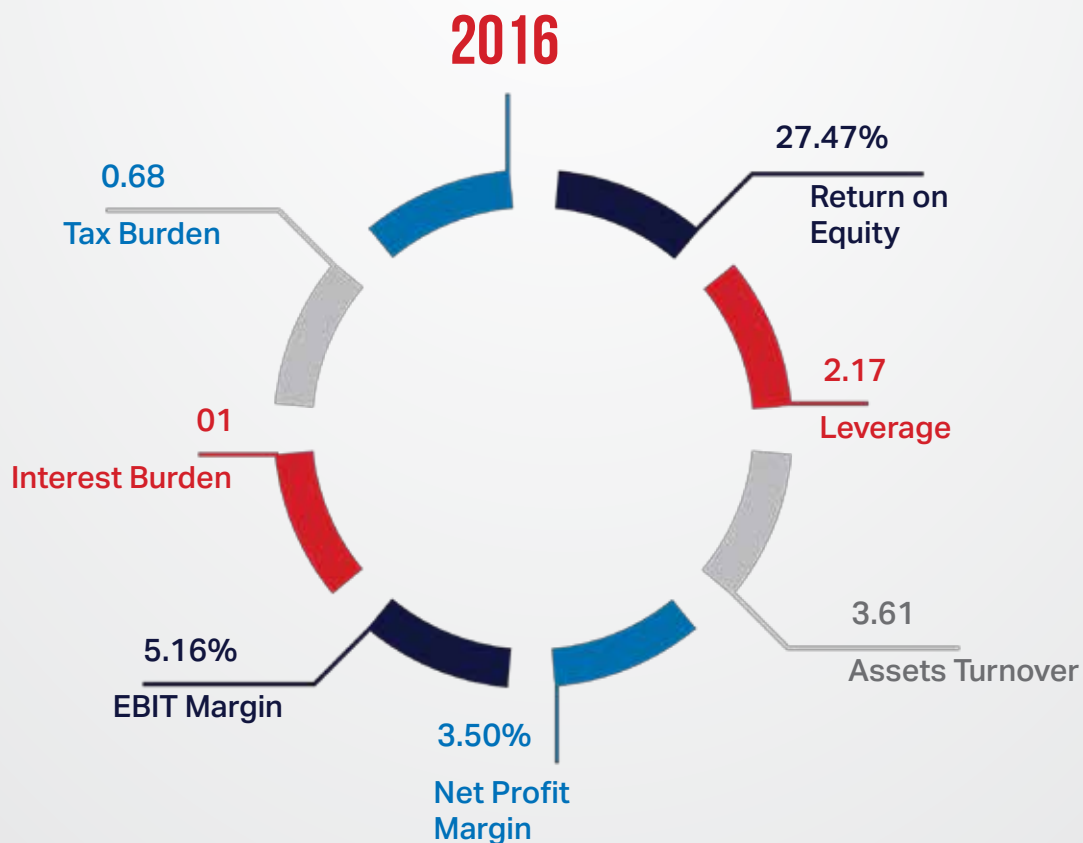
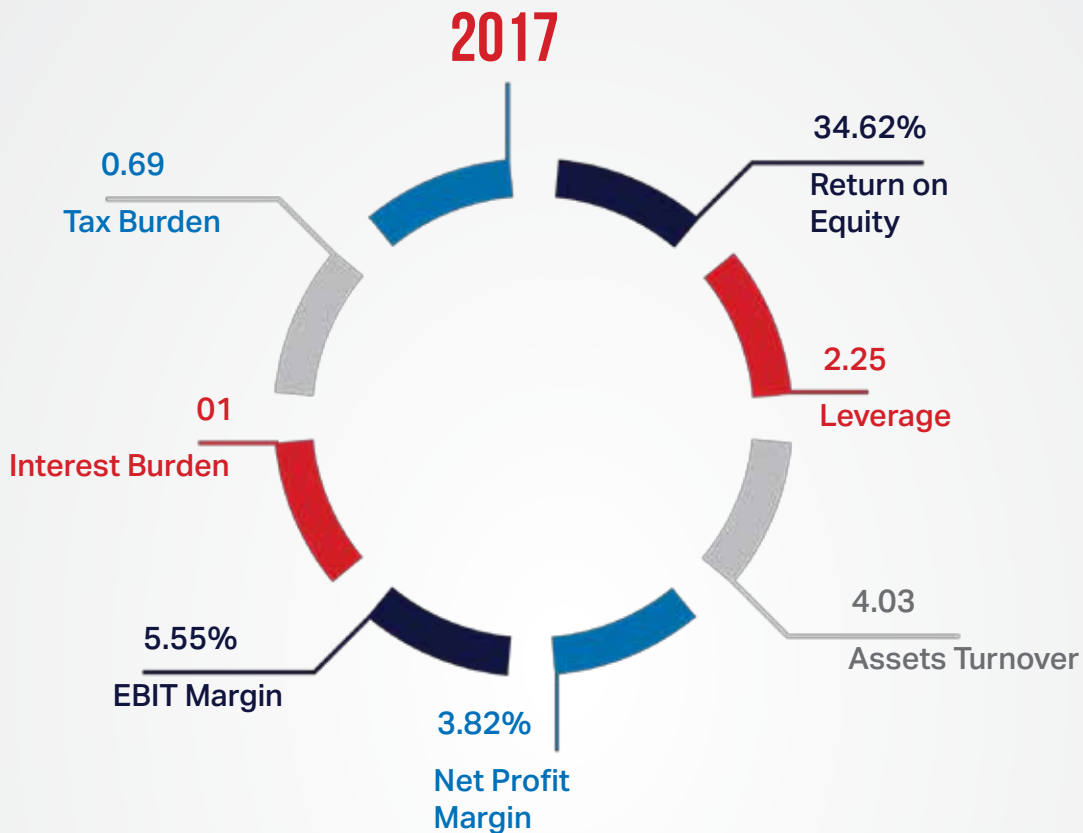


# FINANCIAL ANALYSIS



# DUPONT ANALYSIS

Increase in sales volume by 16% coupled with increasing price trend during the year resulted in higher sales and profits due to which EBIT margin increased by around 8%. Interest and tax burden remained almost at 2016 level. The increase in EBIT margin resulted in increase in net profit margin by around 9%. Increase in gross profit coupled with reversal of workers' welfare fund provision for prior years resulted in increase in net income and resultantly increase in Asset turnover by 12% consequently the return on equity increased by 26% to 34.62% against 27.47% of 2016.



# KEY OPERATING AND FINANCIAL DATA FOR SIX YEARS FROM 2011-12 TO 2016-17

		2017	2016	2015	2014	2013	2012
<b>Profit and Loss Summary</b>							
Sales volumes	Metric Tons	2,360,529	2,034,818	2,368,990	2,190,293	1,837,357	1,761,682
Net sales	Rs thousand	138,660,665	109,234,361	171,729,782	205,162,911	164,710,177	152,843,437
Gross profit	Rs thousand	7,335,321	5,749,061	4,926,509	5,942,294	5,176,801	4,587,853
Operating profit	Rs thousand	6,367,177	4,984,849	3,885,822	5,381,469	4,873,355	5,050,460
Profit before tax	Rs thousand	7,699,168	5,633,450	4,537,855	5,906,565	5,593,404	5,646,740
Profit after tax	Rs thousand	5,299,168	3,828,585	3,286,384	4,326,764	3,906,534	4,120,315
Profit before interest, tax, depreciation and amortization (EBITDA)	Rs thousand	8,046,868	5,951,622	4,828,902	6,228,433	5,817,731	5,822,179

		2017	2016	2015	2014	2013	2012
<b>Balance Sheet Summary</b>							
Share capital	Rs thousand	829,440	829,440	829,440	829,440	691,200	691,200
Reserves	Rs thousand	15,465,051	13,487,726	12,730,365	12,970,282	13,352,257	11,692,123
Shareholders' equity	Rs thousand	16,294,491	14,317,166	13,559,805	13,799,722	14,043,457	12,383,323
Non- current liabilities	Rs thousand	733,581	626,159	604,814	581,682	462,871	412,729
Current assets							
Stock in trade	Rs thousand	7,234,415	4,836,653	5,572,867	6,787,904	5,156,298	4,165,895
Trade debts	Rs thousand	10,801,077	6,046,556	8,214,189	13,009,051	8,227,392	14,113,311
Cash, bank balances & Short term investments	Rs thousand	11,843,739	11,030,176	10,303,318	9,432,730	11,914,100	7,686,898
Others	Rs thousand	2,620,894	4,088,455	2,033,203	2,019,134	2,058,876	2,096,691
	Rs thousand	32,500,125	26,001,840	26,123,577	31,248,819	27,356,666	28,062,795
Current liabilities							
Trade and other payables	Rs thousand	21,098,679	15,466,823	15,747,035	19,516,149	15,413,808	17,666,747
Others	Rs thousand	240,380	115,157	-	188,311	177,383	68,342
	Rs thousand	21,339,059	15,581,980	15,747,035	19,704,460	15,591,191	17,735,089
Net current assets	Rs thousand	11,161,066	10,419,860	10,376,542	11,544,359	11,765,475	10,327,706
Property, plant and equipment	Rs thousand	4,339,301	3,011,665	2,444,164	1,931,085	1,862,742	1,601,576
Other non-current assets	Rs thousand	1,527,705	1,511,800	1,343,913	905,960	878,111	866,770
Capital expenditure during the year	Rs thousand	1,676,134	886,972	808,421	392,261	485,684	402,248
Total assets	Rs thousand	38,367,131	30,525,305	29,911,654	34,085,864	30,097,519	30,531,141
Total liabilities	Rs thousand	22,072,640	16,208,139	16,351,849	20,286,142	16,054,062	18,147,818

		2017	2016	2015	2014	2013	2012
<b>Cash Flow Summary</b>							
Cash flows of operating activities	Rs thousand	4,848,276	3,700,253	4,735,369	1,456,813	6,035,751	4,213,709
Cash flows of investing activities	Rs thousand	235,566	3,660,211	(3,999,956)	778,567	(636,059)	(155,887)
Cash flows of financing activities	Rs thousand	(3,312,880)	(3,064,694)	(3,521,257)	(4,555,092)	(2,244,902)	(3,278,768)
Effect of exchange rate changes	Rs thousand	142	698	1,206	(153)	1,797	4,470
Net change in cash and cash equivalents	Rs thousand	1,771,104	4,296,468	(2,784,638)	(2,319,865)	3,156,587	783,524
Cash & cash equivalents at end of the year	Rs thousand	10,933,386	9,162,282	4,865,814	7,650,452	9,970,317	6,813,730

## PERFORMANCE INDICATORS (RATIOS)

		2017	2016	2015	2014	2013	2012
<b>Profitability and Operating Ratios</b>							
Gross profit	%	5.29	5.26	2.87	2.90	3.14	3.00
Net profit to sales	%	3.82	3.50	1.91	2.11	2.37	2.70
EBITDA margin to sales	%	5.80	5.45	2.81	3.04	3.53	3.81
Operating leverage	%	136.12	(66.34)	142.20	22.80	(12.17)	(15.51)
Return on equity	%	34.62	27.47	24.02	31.08	29.56	34.44
Return on capital employed	%	34.62	27.47	24.02	31.08	29.56	34.44

		2017	2016	2015	2014	2013	2012
<b>Liquidity Ratios</b>							
Current	Times	1.52	1.67	1.66	1.59	1.75	1.58
Quick / Acid test ratio	Times	1.18	1.36	1.30	1.24	1.42	1.35
Cash to current liabilities	Times	0.51	0.59	0.31	0.39	0.64	0.38
Cash flows from operations to sales	Times	0.03	0.03	0.03	0.01	0.04	0.03

		2017	2016	2015	2014	2013	2012
<b>Activity / Turn Over Ratios</b>							
Inventory turnover	Times	21.76	19.88	26.99	33.36	34.23	31.50
No. of days in inventory		17	18	14	11	11	12
Debtors turnover	Times	16.46	15.32	16.18	19.32	14.75	13.11
No. of days in receivables		22	24	23	19	25	28
Creditors turnover	Times	7.18	6.63	9.46	11.41	9.65	9.97
No. of days in payables		51	55	39	32	38	37
Total assets turnover	Times	4.03	3.61	5.37	6.39	5.43	5.56
Fixed assets turnover	Times	37.73	40.04	78.50	108.16	95.09	102.71
Operating cycle	Days	(12)	(13)	(3)	(2)	(2)	3
Number of retail outlets		604	563	516	468	414	362

		2017	2016	2015	2014	2013	2012
<b>Investment / Market Ratios</b>							
Basic and diluted EPS	Rs	63.89	46.16	39.62	52.16	56.52	59.61
Basic and diluted EPS (restated)	Rs	63.89	46.16	39.62	52.16	47.10	49.68
Price earning	Times	9.81	9.48	14.32	11.31	9.93	7.96
Dividend yield	%	6.94	8.32	6.26	9.01	8.96	11.98
Dividend payout	%	66.52	86.66	87.07	91.06	79.62	83.88
Dividend cover	Times	1.50	1.15	1.15	1.10	1.26	1.19
Cash dividends	Rs thousand	3,525,120	3,317,760	2,861,568	3,939,840	3,110,400	3,456,000
Cash dividend per share	Rs	42.50	40.00	34.50	47.50	45.00	50.00
Bonus shares issued	Rs thousand	-	-	-	-	138,240	-
Bonus per share	%	-	-	-	-	20.00	-
Break-up value per share without surplus on revaluation of fixed assets	Rs	196.45	172.61	163.48	166.37	203.18	179.16
Break-up value per share including the effect of surplus on revaluation of fixed assets	Rs	196.45	172.61	163.48	166.37	203.18	179.16
<b>Market value per share</b>							
Year end	Rs	626	438	567	590	561	474
Highest (during the year)	Rs	765	596	610	607	585	478
Lowest (during the year)	Rs	430	398	494	414	471	316

		2017	2016	2015	2014	2013	2012
<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		-	-	-	-	-	-
<b>Market Share</b>	%	9.0	8.5	10.4	10.1	9.3	9.1
(Source: OCAC)							

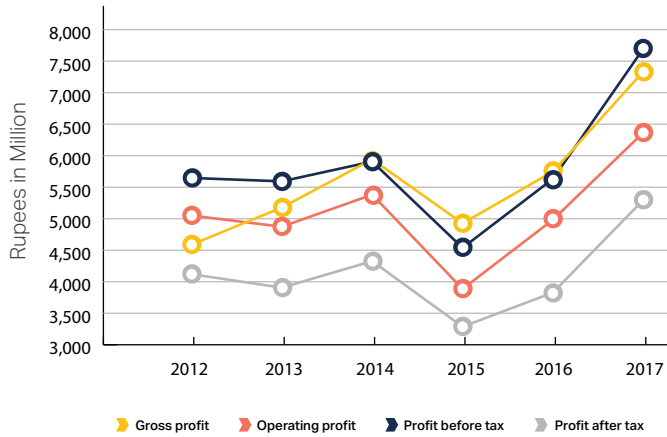
# VERTICAL ANALYSIS

	2017	2016	2015	2014	2013	2012
	Rs ('000)	Rs ('000)	Rs ('000)	Rs ('000)	Rs ('000)	Rs ('000)
	%	%	%	%	%	%
<b>Balance Sheet Items</b>						
Property, Plant and Equipment	4,339,301	3,011,665	2,444,164	1,931,085	1,862,742	1,601,576
	11.3	9.9	8.2	5.7	6.2	5.3
Other Non-Current Assets	1,527,705	1,511,800	1,343,913	905,960	878,111	866,770
	4.0	5.0	4.5	2.6	2.9	2.8
Current Assets	32,500,125	26,001,840	26,123,577	31,248,819	27,356,666	28,062,795
	84.7	85.1	87.3	91.7	90.9	91.9
<b>Total Assets</b>	<b>38,367,131</b>	<b>30,525,305</b>	<b>29,911,654</b>	<b>34,085,864</b>	<b>30,097,519</b>	<b>30,531,141</b>
	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Shareholders' Equity	16,294,491	14,317,166	13,559,805	13,799,722	14,043,457	12,383,323
	42.5	46.9	45.3	40.5	46.7	40.6
Non- Current Liabilities	733,581	626,159	604,814	581,682	462,871	412,729
	1.9	2.1	2.0	1.7	1.5	1.4
Current Liabilities	21,339,059	15,581,980	15,747,035	19,704,460	15,591,191	17,735,089
	55.6	51.0	52.6	57.8	51.8	58.0
<b>Total Shareholders' Equity &amp; Liabilities</b>	<b>38,367,131</b>	<b>30,525,305</b>	<b>29,911,654</b>	<b>34,085,864</b>	<b>30,097,519</b>	<b>30,531,141</b>
	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Profit &amp; Loss Items</b>						
Net Sales	138,660,665	109,234,361	171,729,782	205,162,911	164,710,177	152,843,437
	100.0	100.0	100.0	100.0	100.0	100.0
Cost of Products Sold	131,325,344	103,485,300	166,803,273	199,220,617	159,533,376	148,255,584
	94.7	94.7	97.1	97.1	96.9	97.0
Gross Profit	7,335,321	5,749,061	4,926,509	5,942,294	5,176,801	4,587,853
	5.3	5.3	2.9	2.9	3.1	3.0
Operating Profit	6,367,177	4,984,849	3,885,822	5,381,469	4,873,355	5,050,460
	4.6	4.6	2.3	2.6	3.0	3.3
Profit before Taxation	7,699,168	5,633,450	4,537,855	5,906,565	5,593,404	5,646,740
	5.6	5.2	2.6	2.9	3.4	3.7
<b>Profit for the Year</b>	<b>5,299,168</b>	<b>3,828,585</b>	<b>3,286,384</b>	<b>4,326,764</b>	<b>3,906,534</b>	<b>4,120,315</b>
	<b>3.8</b>	<b>3.5</b>	<b>1.9</b>	<b>2.1</b>	<b>2.4</b>	<b>2.7</b>

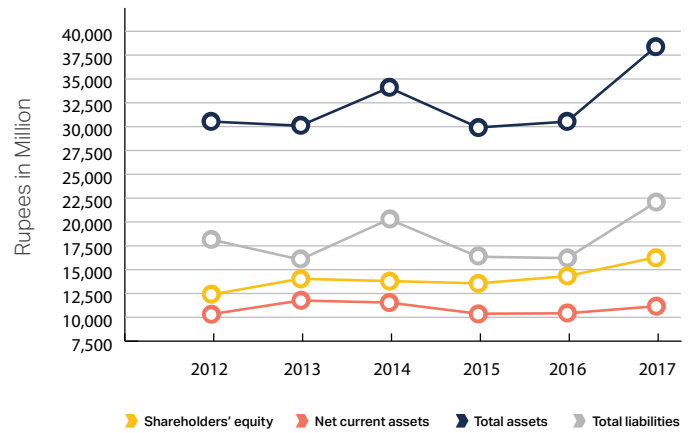


# GRAPHICAL PRESENTATION

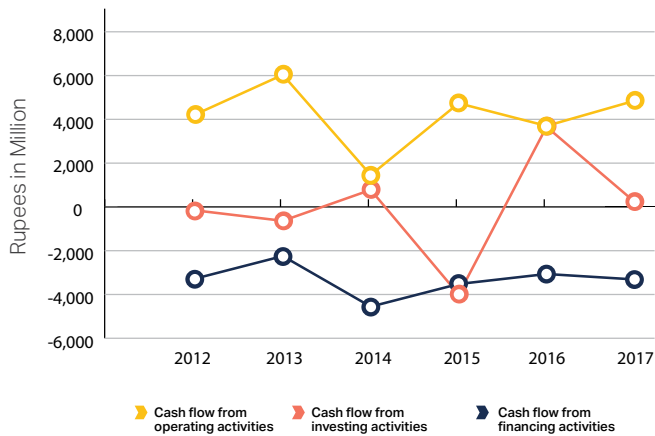
## Profit and Loss



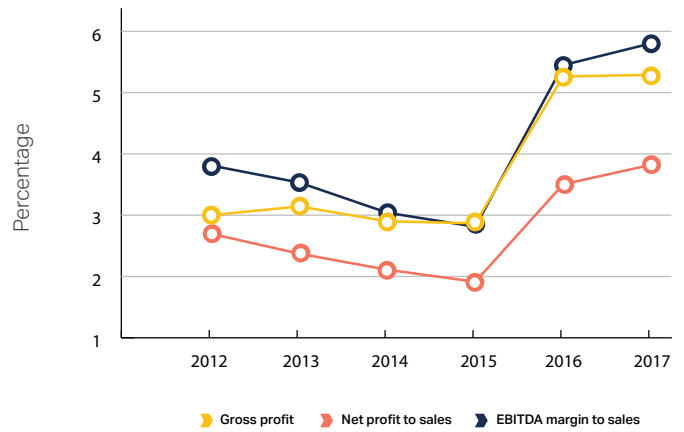
## Balance Sheet



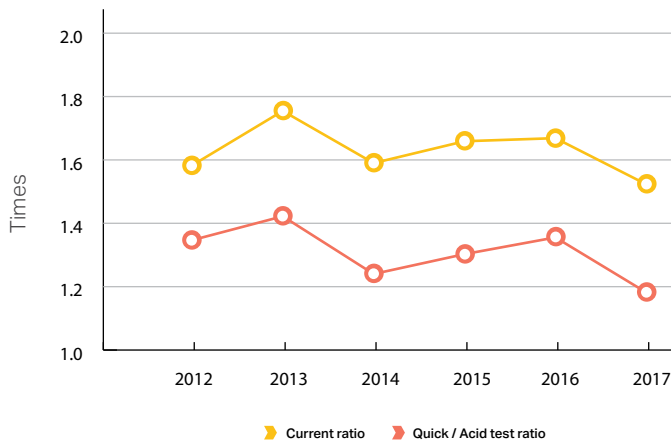
## Cash Flows



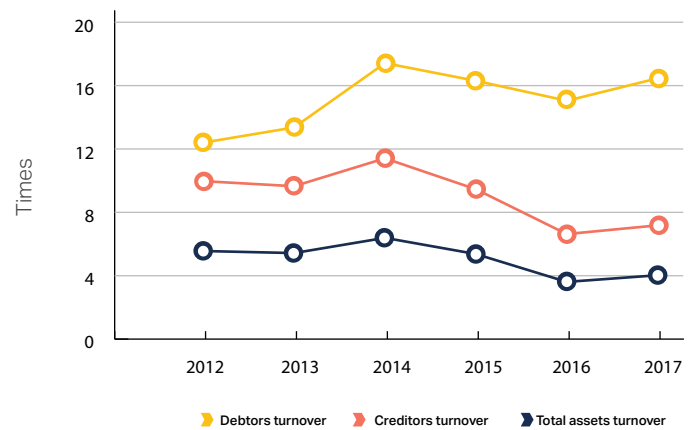
## Profitability Ratios



## Liquidity Ratios

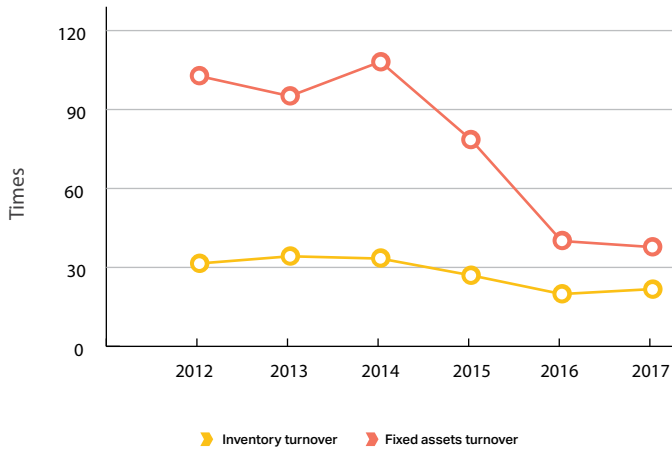


## Turnover Ratios

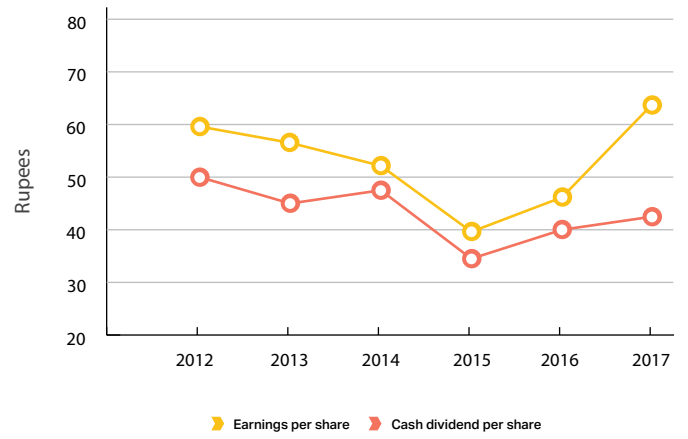




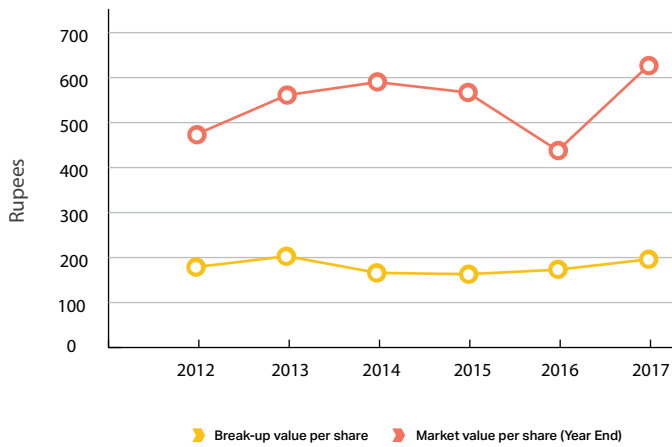
## Turnover Ratios



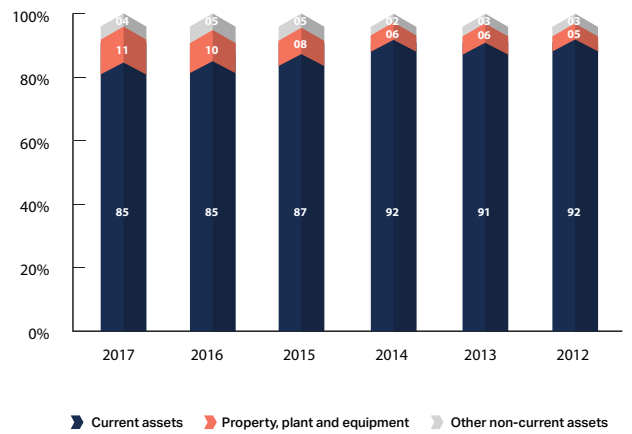
## Investment Ratios



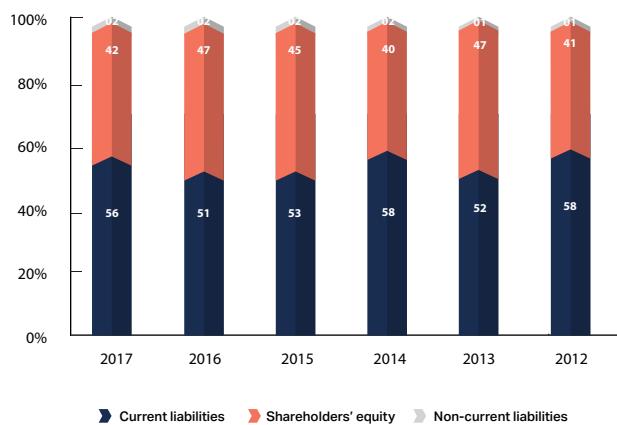
## Market Ratios



## Composition of Assets



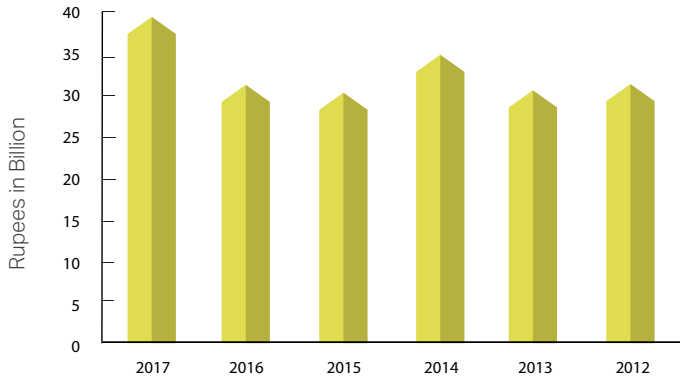
## Composition of Total Liabilities & Shareholders' Equity



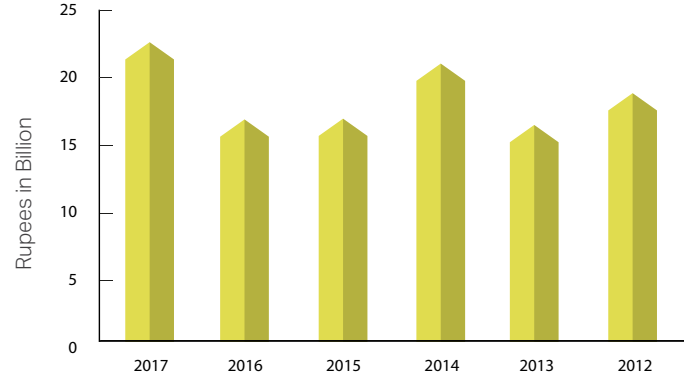
## Composition of Profit & loss



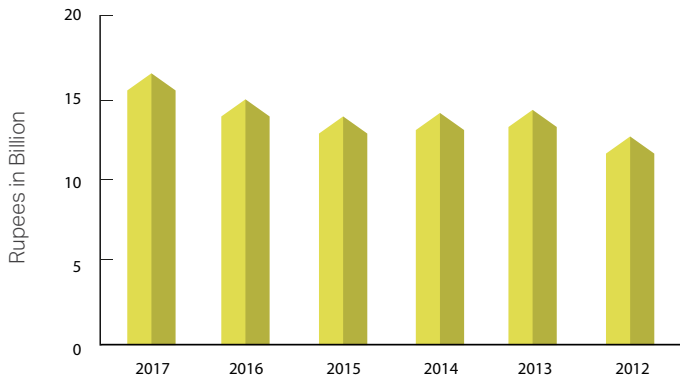
### Total Assets



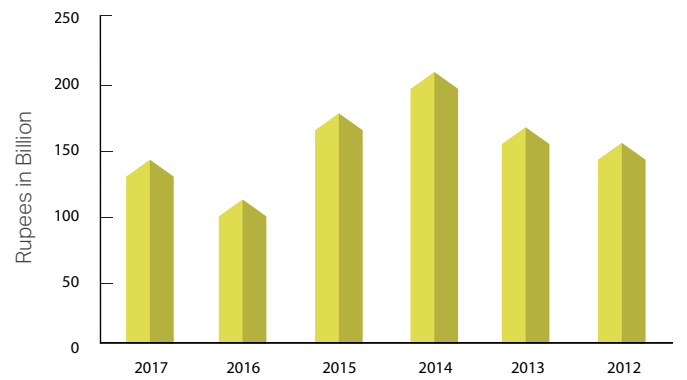
### Total Liabilities



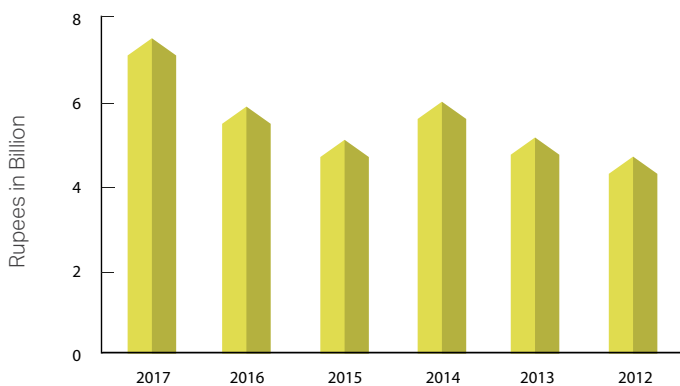
### Total Shareholders' Equity



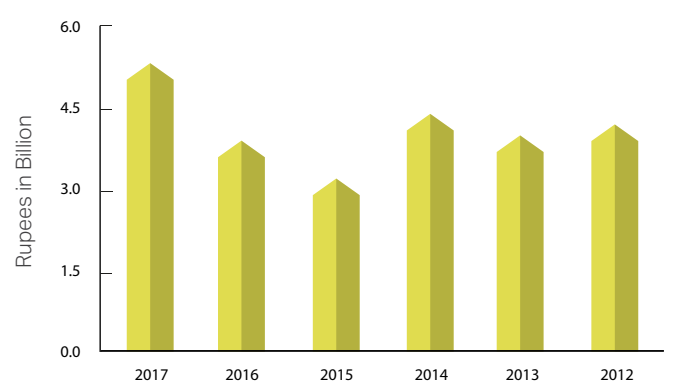
### Net Sales



### Gross Profit



### Net Profit



# COMMENTS ON FINANCIAL ANALYSIS

## CASH FLOW

- **Cash flow from operating activities:** It varies depending on the working capital management, product pricing trends, stock levels and margins. In 2016-17 it is on rising trend. However, in 2013-14, it was on lower side due to extension of credit to customers as per market demand.
- **Cash flow from investing activities:** Company invested huge amount of Rs 1.6 billion in 2016-17 in property, plant and equipment that resulted in less cash flow from investing activities from last year. To hedge declining interest rates, Company invested substantial amount in PIBs and T-Bills in 2014-15 that resulted in net outflow of cash in that year.
- **Cash flow from financing activities:** Financing activities mainly comprises of dividends payment which was at high level in 2013-14 as no interim dividend was announced in 2013 and due to this reason higher final dividend was paid in 2013-14.

## RATIOS ANALYSIS

- **Profitability ratios:** Increasing price trend of products during the year 2016-17 resulted in inventory gains that eventually resulted in improved profitability ratios. EBITDA margin to sales improved due to reversal of provision of WWF for prior years after High Courts' decision in favor of tax payers as more elaborated in directors' report. Further these ratios fluctuate over the years due to varying margins and product sale prices.
- **Liquidity ratios:** Increase in trade debts and corresponding trade payable due to supply of products to IPPs and increase in stock and corresponding liabilities has resulted in slight decrease in Liquidity ratios.
- **Activity / Turnover ratios:** Increased stock levels, debtors and creditors and varying prices results in fluctuation of these ratios over the period. Inventory turnover and number of days in inventory has shown improvement over last year due to better stock management. There is slight change in Debtors turnover ratio and number of days in receivable over last year due to improved collection of debts. Creditors' ratio has also changed due to increase in liabilities relating to imported products. Total assets turnover has increased by 12% compared to last year whereas fixed assets turnover has decreased due to significant investment in construction of new storage terminals and depots.
- **Investment / Market ratios:** Improved due to higher profits from last year. Market value per share stood at Rs 626, higher by around 43% compared to last year. Price earnings ratio of 9.81 also shows improved performance over last year. Dividend payout ratio for 2017 was recorded at 67%, translating into a total cash dividend of Rs 42.50 per share.
- **Capital Structure ratios:** All capital requirements are financed through equity contribution and no loan has been received hence zero leverage.

## VERTICAL ANALYSIS

- **Balance sheet:** Substantial investment in new storage terminals, enhancement in existing terminals and facilities and procurement of other capital nature items in 2017 resulted in increase in weightage of Property, plant and equipment over last 05 years period. Increase in trade debts and stock has not materially changed the weightage of current assets in 2017. Increase in trade payable in excess to increase in shareholders equity has resulted in increased weightage of current liabilities in 2017 compared to 2016.

● **Profit & loss:** Overall sales volume grew since 2012 however fluctuation in prices of products and stock management are the factors which affected weightage of components of profit and loss items. Efficient stock management and import at competitive prices resulted in better weightage of profits in 2016 and 2017 compared to last couple of years.

## **HORIZONTAL ANALYSIS**

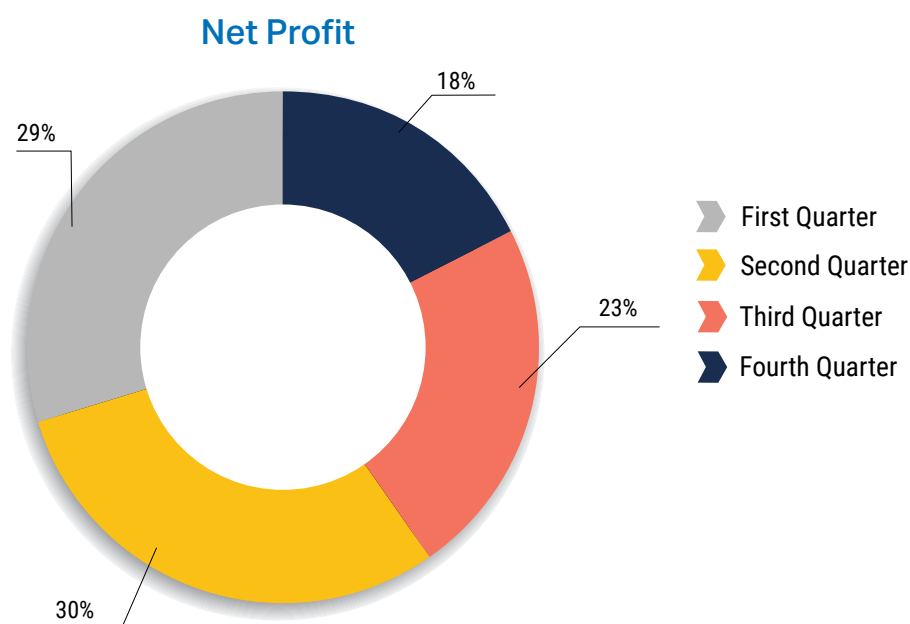
● **Balance sheet:** Property, plant and equipment increased by Rs 2,738 million over last 05 years period due to investment in new storage terminals, enhancement in existing terminals and facilities and procurement of other capital nature items. Current assets constitute of stores and spares, stock in trade, trade debts, other receivables, short term investments and cash & bank balances. Variation in current assets' balances during the five years since 2012 was mainly due to fluctuations in trade debts due to circular debt issue and stock balances as per operational requirements. Current liabilities increased in 2017 due to increase in payables relating to circular debt and imported products.

● **Profit & loss:** Overall sales volume grew since 2012 however fluctuation in prices of products which depends on international prices and tax structure resulted in varying sales and profits during the years. Increase in sales volume, increasing price trend, efficient stock management and reversal of WWF provision resulted in improved performance in 2017.

# ANALYSIS OF VARIATION

in results of interim reports with the final accounts

	Total	Fourth Quarter	Third Quarter	Second Quarter	First Quarter
	Rs ('000)	Rs ('000)	Rs ('000)	Rs ('000)	Rs ('000)
<b>Profit &amp; Loss Items</b>					
Net Sales	138,660,665	42,486,964	34,678,613	29,993,151	31,501,937
Gross Profit	7,335,321	1,608,950	1,807,629	1,627,574	2,291,168
Profit Before Taxation	7,699,168	1,553,245	1,664,927	2,281,207	2,199,789
Net Profit	5,299,168	939,952	1,202,290	1,593,679	1,563,247
Earnings Per Share (Rupees)	63.89	11.33	14.50	19.21	18.85



Net sales revenue was highest in fourth quarter as volume sold in fourth quarter were highest based on product seasonal demand and better availability, however inventory losses occurred due to declining price trend that resulted in lowest gross profit for the quarter.

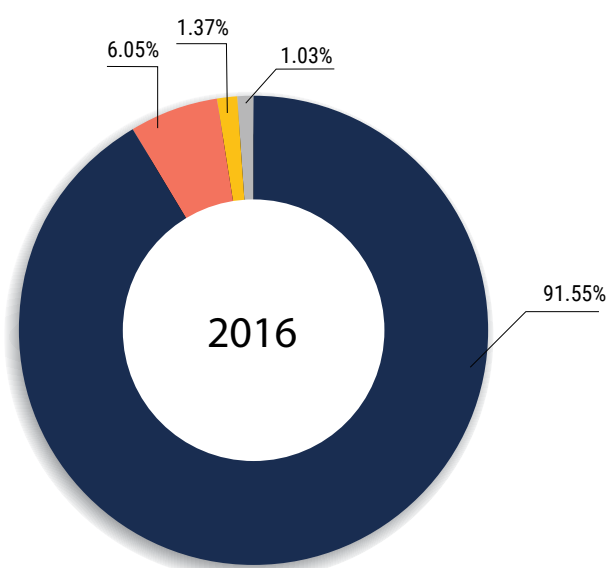
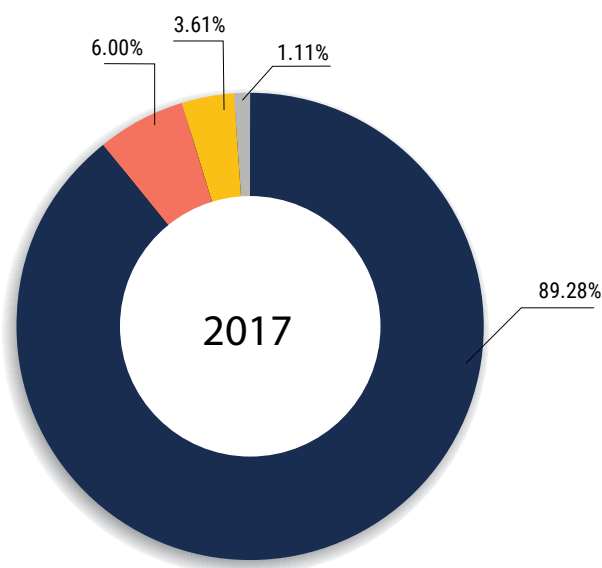
High court's decision in November 2016 in favor of tax payers that charges incorporated through money bill is unconstitutional resulted in reversal of WWF provision amounting to Rs 661 million for the year 2011 to 2016 resulted in highest profit before taxation in 2nd quarter. Tax provision in 4<sup>th</sup> quarter is on higher side due to booking of super tax for full year after announcement of federal budget in June 2017.

## Statement of Charity Account\*

	2016-17 Rs ('000)
Education and Scholarship	2,136
Health care and Environment	337
Sports Promotion and Sponsorships	922
Community Welfare	7,766
	<b>11,161</b>
* Includes through Company's trust	

# STATEMENT OF VALUE ADDED

	2017		2016	
	Rs ('000)	%	Rs ('000)	%
Gross revenue and other income	174,525,619		146,350,281	
Cost of sales and operating expenses	(115,763,806)		(91,519,095)	
<b>Total value added</b>	<b>58,761,813</b>		<b>54,831,186</b>	
<b>DISTRIBUTION</b>				
Employee remuneration:	652,335	1.11	563,248	1.03
Government as:				
Company taxation	2,400,000	4.08	1,804,865	3.29
Sales tax, duties and levies	50,363,837	85.71	47,989,264	87.52
WPPF & WWF	(301,227)	(0.51)	406,328	0.74
Shareholders as:				
Dividends	3,525,120	6.00	3,317,760	6.05
Bonus share	-	-	-	-
Society as:				
Donation	-	-	272	0.00
Providers of finance as:				
Financial Charges	-	-	-	-
Retained in business:				
Depreciation	347,700	0.59	318,172	0.58
Net earnings	1,774,048	3.02	431,277	0.79
	<b>58,761,813</b>	<b>100.00</b>	<b>54,831,186</b>	<b>100.00</b>










▶ Government 
 ▶ Shareholders 
 ▶ Retained in business 
 ▶ Employee remuneration 
 ▶ Provider of finance 
 ▶ Society



**Be aware, Be alert,  
Be safe**

**Learn about investing at  
www.jamapunji.pk**

**Key features:**

-  Licensed Entities Verification
-  Scam meter\*
-  Jamapunji games\*
-  Tax credit calculator\*
-  Company Verification
-  Insurance & Investment Checklist
-  FAQs Answered

-  Stock trading simulator  
(based on live feed from KSE)
-  Knowledge center
-  Risk profiler\*
-  Financial calculator
-  Subscription to Alerts (event notifications, corporate and regulatory actions)
-  Jamapunji application for mobile device
-  Online Quizzes



Jama Punji is an Investor Education Initiative of Securities and Exchange Commission of Pakistan

 jamapunji.pk

 @jamapunji\_pk

\*Mobile apps are also available for download for android and ios devices



## ATTOCK PETROLEUM LIMITED

Attock House, Morgah, Rawalpindi, Pakistan.

Tel: +92-51-5127250-54, Fax: +92-51-5127272

Email: [contact@apl.com.pk](mailto:contact@apl.com.pk)

[www.apl.com.pk](http://www.apl.com.pk)

Scan QR code to access  
financial reports online

