

ANNUAL REPORT 2018  
Attock Petroleum Limited

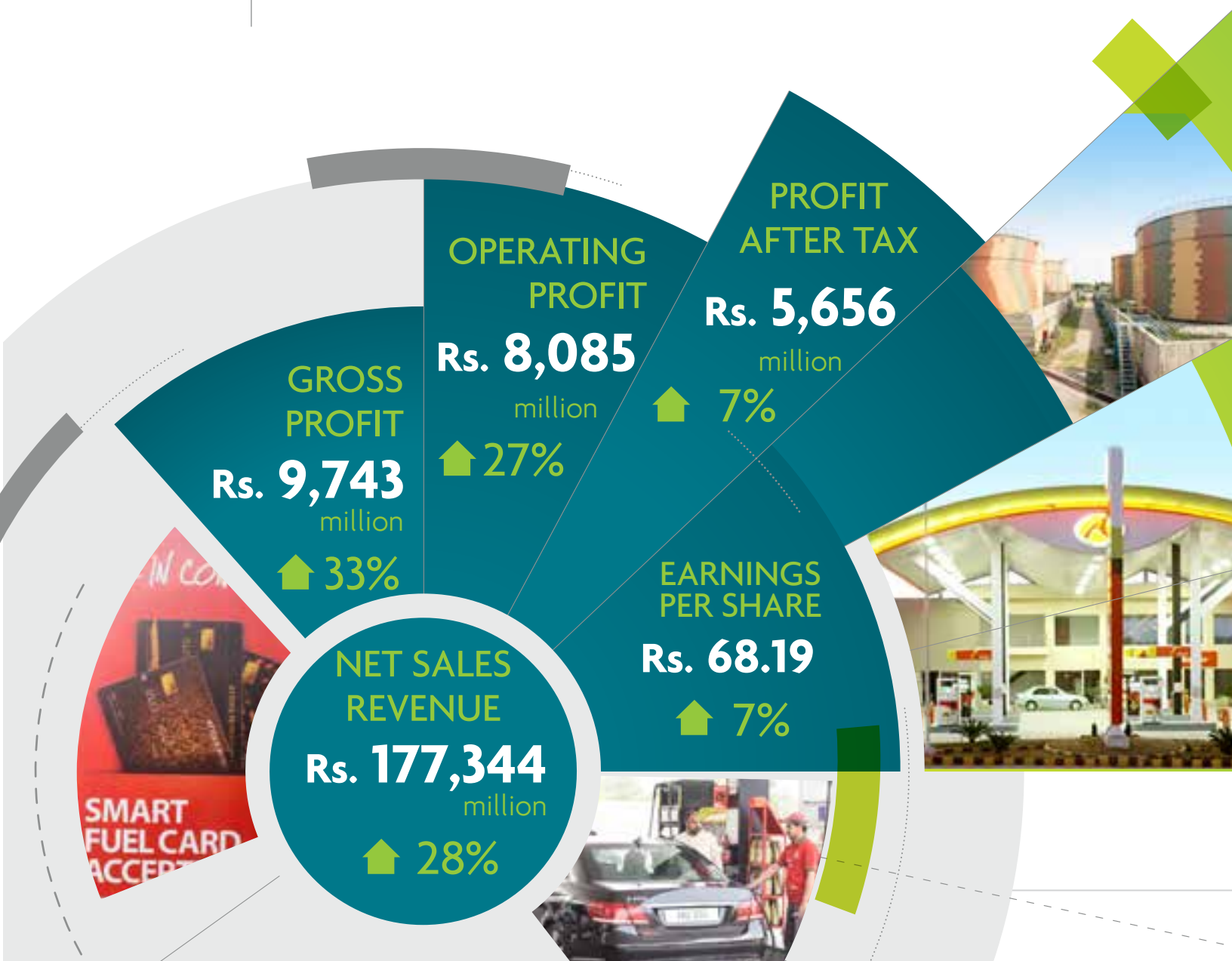


**Attock**

Growth on  
**STRONG  
FOOTING**



# FINANCIAL HIGHLIGHTS



# TABLE OF CONTENTS

## **Introduction (2-21)**

- Our Vision, Our Mission (3)
- Corporate Strategy (4)
- Core Values (6)
- Management's Objectives & Strategies (8)
- Code of Conduct (10)
- Geographical Presence & Brief Company Profile and Group Structure (16)
- Quality Policy Statement (18)
- Environment, Health & Safety Policy (19)
- Product Portfolio (20)

## **Chairman's Review (22-23)**

- Chairman's Review (22)

## **Governance (24-92)**

- Board of Directors (26)
- Profile of Board of Directors (28)
- Board Committees and Corporate Information (32)
- Whistle Blower Protection Mechanism Policy (33)
- Board Committees and their Terms of Reference (34)
- Management Committees (37)
- Directors' Report (39)
- Pattern of Shareholding (60)
- Other Corporate Governance Matters (64)
- Corporate Sustainability (70)
- Human Resource Management (74)
- Social and Environmental Responsibility (75)
- Prospects of the Entity including Targets for Financial and Non-Financial Measures (76)
- Risk and Opportunity Report (77)
- Segmental Review of Business Performance (81)
- Audit Committee & Internal Control Framework (82)
- Share Price Sensitivity Analysis (83)
- Calendar of Major Events (84)
- Information Technology Governance (86)
- Organizational Chart (88)

- Review Report on Statement of Compliance with the Code of Corporate Governance (90)
- Statement of Compliance with the Code of Corporate Governance (91)

## **Financial Analysis (93-106)**

- DuPont Analysis (94)
- Key Operating and Financial Data for Six Years (95)
- Vertical Analysis (98)
- Horizontal Analysis (99)
- Graphical presentation (100)
- Comments on Financial Analysis (103)
- Statement of Economic Value Added (104)
- Analysis of Variation in Results of Interim Reports (105)
- Statement of Charity Account (105)
- Statement of Value Added (106)

## **Financial Statements (107-166)**

- Independent Auditor's Report to the Members (109)
- Statement of Financial Position (114)
- Statement of Profit or Loss (116)
- Statement of Comprehensive Income (117)
- Statement of Cash Flows (118)
- Statement of Changes in Equity (119)
- Notes to and forming part of the Financial Statements (120)

## **Annual General Meeting (167-169)**

- Notice of Annual General Meeting (167)

- Definition & Glossary of Terms (170)
- Directors' Report (Urdu) (190)
- Proxy Form
- Proxy Form (Urdu)





## 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.

# 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.







## 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

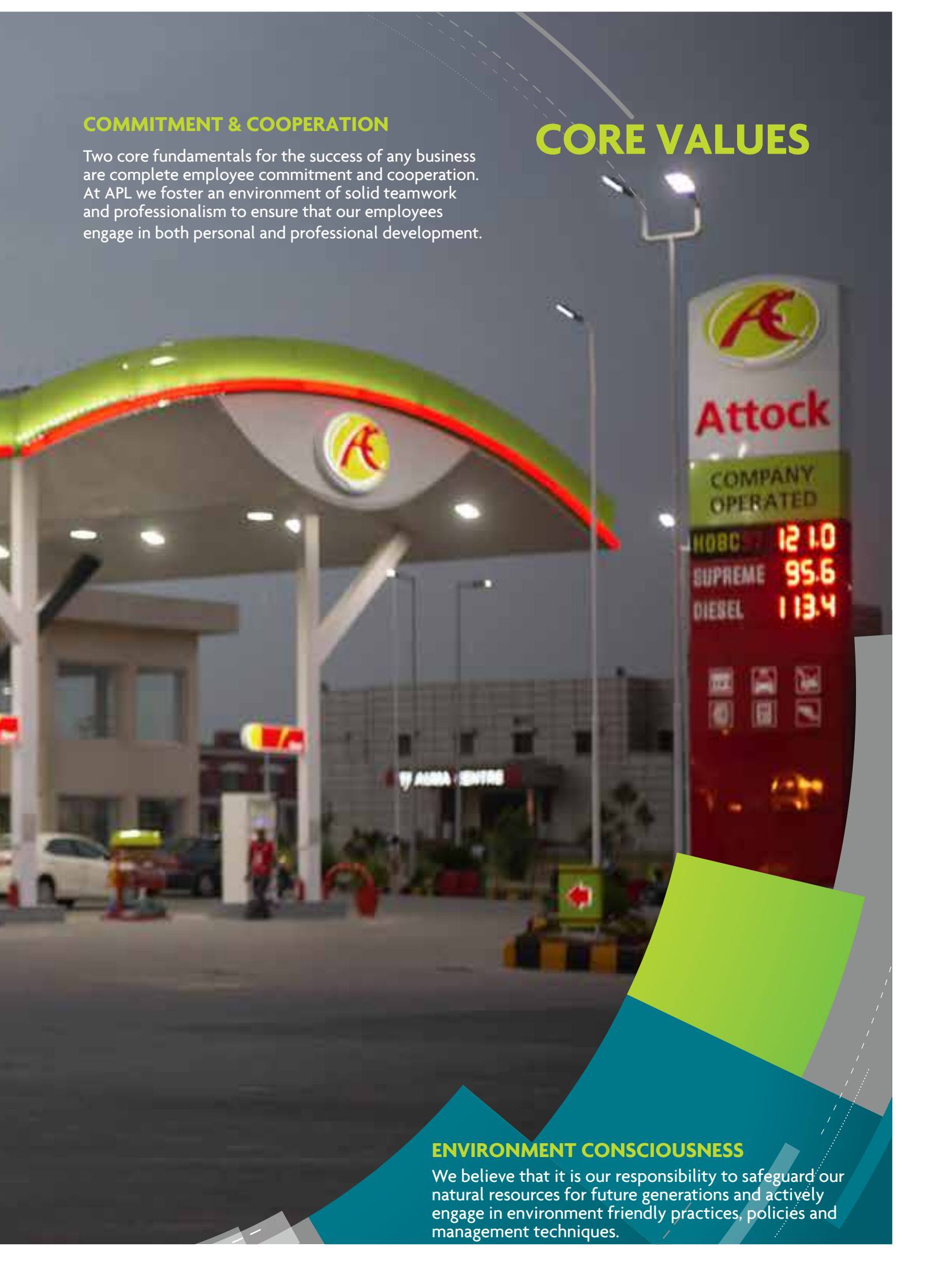
We strongly believe in the promotion of societal well-being and awareness within one's community, actively engaging in activities and initiatives to meet this objective.



## 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.

# CORE VALUES



## 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.



BAY-6  
HSD PMO

BAY-7  
HSD PMO

BAY-8  
HSD PMO



# 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

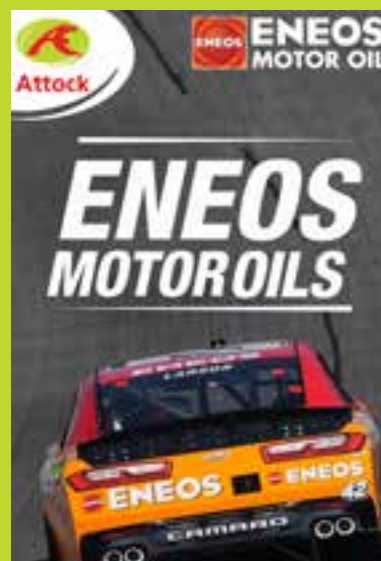
Directors and employees may become aware of information about Company that has not been made public. The use of such non-public or "inside" information about the Company other than in the normal performance of one's work, profession or position is unethical and may also be a violation of law.

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.

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.



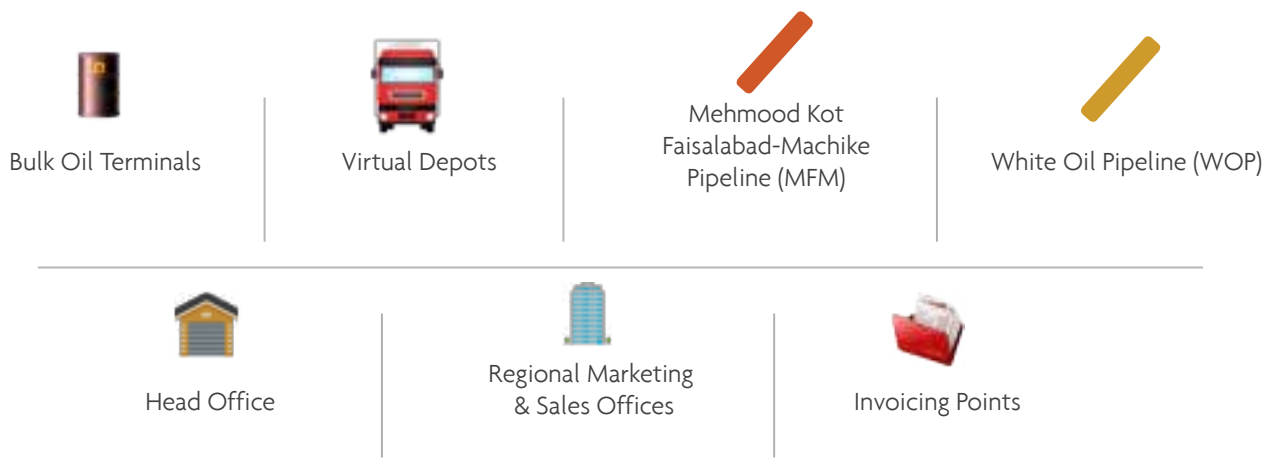
# BRIEF COMPANY PROFILE AND GROUP STRUCTURE

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.







## 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.

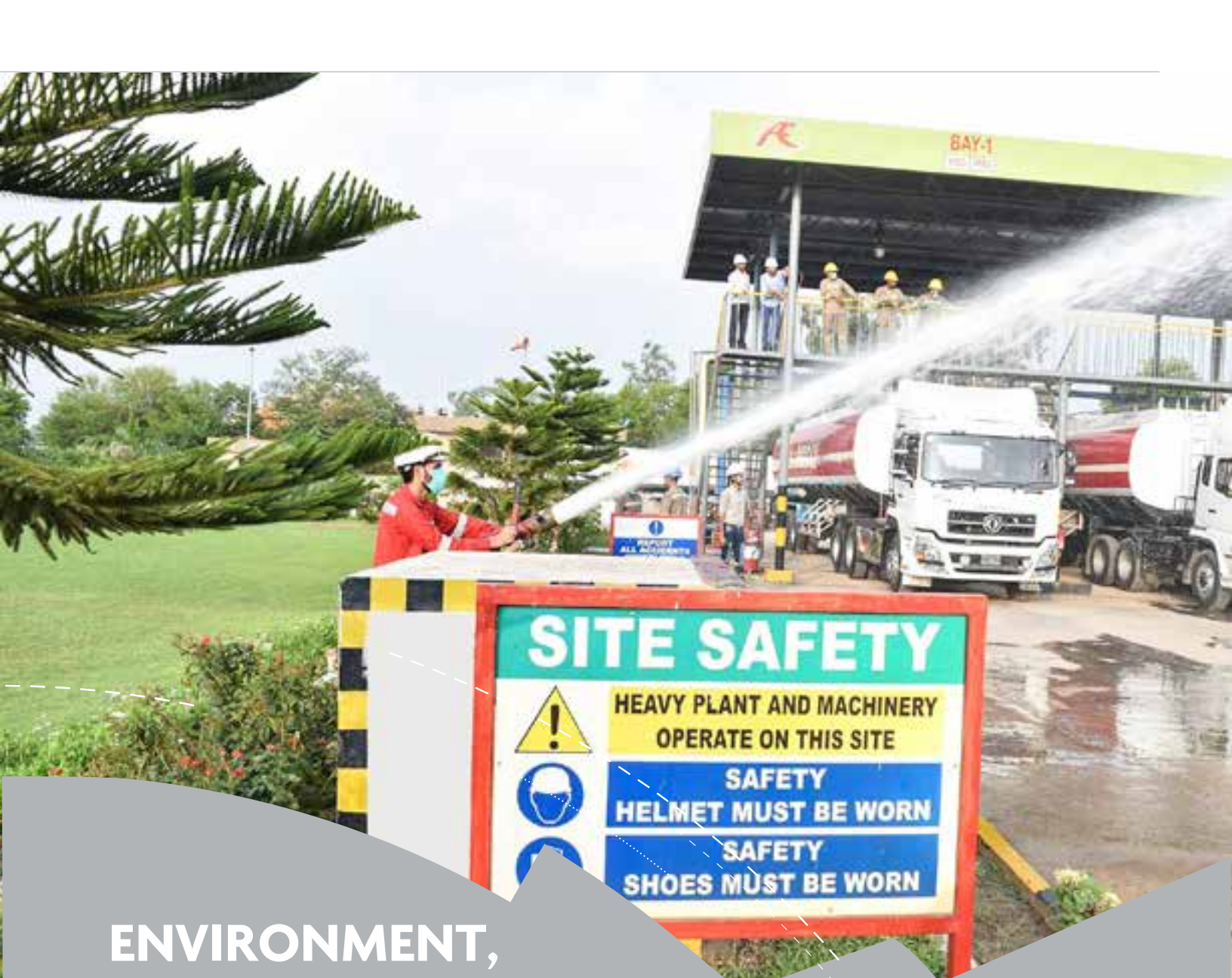
Provide confidence to management, our employees, clients, and stakeholders that the requirements for quality are being fulfilled and maintained and that quality improvement is continuously taking place.

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.



## 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.



## 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.



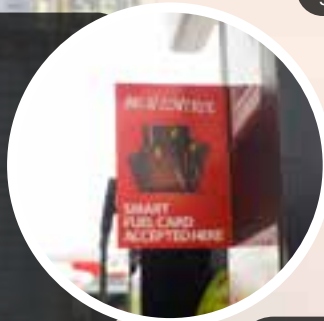
## Jet Fuel

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.



## 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.



## 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.





**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.



**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.



**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.



**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.

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



## CHAIRMAN'S REVIEW

On behalf of the Board of Directors, prestigious shareholders of the Company are warmly welcomed to the 23<sup>rd</sup> Annual General Meeting of the Company. I also welcome the newly elected Board of Directors and recently constituted various Board committees and hope that they will

introduce Company's tactical, operational and financial strategies to new insights utilizing their broad visions, in depth knowledge and vast market experience. I would also like to place on record my appreciation of the contributions made by outgoing Board and its Committees.



Upholding the vision and core values of the business, the Board followed a proactive approach to maximize shareholders' value by equipping the Company with all necessary resources enabling the Company's management to exploit all possible opportunities and at the same time achieving an appropriate tradeoff between risk and returns. Good corporate governance has been ensured by maintaining high levels of professional and business conduct, implementing effective internal controls and audit functions including risk management framework. The Board not only focused on implementing the strategy set in the previous years to continue with the momentum of growth and progression but also took benefit of the new business opportunities. The year was started, under the visionary stewardship of the Board, with a clear roadmap on how to create and capture value for all stakeholders.

2017-18 was another volatile year for the international oil market with prices finally appearing to be on track to a sustainable recovery by the end of the year. The global economy during the fiscal year remained contentious. The energy industry has faced several challenges and pressures during the recent years which still need be addressed to make the business more viable in light of slowing global economy and changing political and socio-economic factors. Growth in emerging markets shall provide an opportunity to support and strengthen this industry to make it more lucrative and profitable.

The economic factors within the Country deteriorated in the backdrop of political upheaval and the Government focused on

controlling challenges regarding energy crisis, unemployment, infrastructure development and other sectors. Lack of Foreign Direct Investment also contributed to slow down of economy.

The energy requirements of the Country are met through domestic production and import channels. Indigenous resources are unable to fulfill the total demand, therefore, heavy reliance is placed on import of petroleum products. However, technological advancements and upgradation in the refining sector has led to an increase in production of Premier Motor Gasoline (PMG) and APL exploited this opportunity to its benefit by increasing its local procurement of PMG. The same also contributed to increased sale of PMG by 12%. The total market share of the Company increased from 9.0% in 2016-17 to 9.7% in 2017-18. This growth in sales volume resulted in an increase in profitability by 7% to Rs 5,656 million (2016-17: Rs 5,299 million) which is the highest ever profit after tax earned by APL. These results translate into earnings per share of Rs 68.19 (2016-17: Rs 63.89). Given the leadership of the Board, the decision-making of the management and the effort of every member of the Company, it is certain that APL will remain on the path of delivering excellent performance consistently.

A streamlined supply chain is the backbone of any business' success. The Company has been consistently contributing to the Country's economic growth by incurring substantial capital expenditure to develop its infrastructure, strengthening its supply chain cycle and enhancing its storage capacity. As part of this, refinements have been carried out in procurement, operations and logistics. The

year 2017-18 is characterized by transformation in APL's business and strategic direction. The Company successfully stepped into the Aviation business with the official commissioning of fuel farm at Islamabad International Airport in collaboration with another OMC.

Besides creating wealth for the shareholders, APL actively plays role for the benefit of the society and the environment and being a good corporate citizen, has always maintained its image and reputation of playing its role towards corporate social responsibility. Moving forward, I have confidence in the Board and the management to shape the Company in such a manner that potential opportunities are utilized to our benefit and continued success remains our fate.

I wish to place on record my appreciation and gratitude for the support received by the Company from the Ministry of Energy, other Government organizations, customers, suppliers and contractors. I would also like to thank our shareholders, for their confidence and trust reposed in the Company and our Board of Directors and employees for their untiring endeavors and contribution that have made achievements to date possible and hope that with these joint dedication we can lead our Company to new heights of success.



Laith G. Pharaon  
Chairman

Dubai, U.A.E.  
August 14, 2018

# 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. Babar Bashir Nawaz**  
Non Executive Director



**Lt General Javed Alam Khan (Retd.)**  
Independent  
Non Executive Director



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



**Mr. Abdus Sattar**  
Non Executive Director



**Mr. Mohammad Raziuddin**  
Independent  
Non Executive Director



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



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

### Lt General Javed Alam Khan (Retd.)

Independent

Non Executive Director

Lt General Javed Alam Khan was commissioned in Pakistan Army in April 1971 and subsequently joined the Armoured Corps – 24 Cavalry (Frontier Force) in 1972. He is a graduate of Armour Officer Advance Course, Fort Knox (USA), Command and Staff College, Camberley (UK), National Defense College, Islamabad and INSEAD, France. He holds a Master's degrees in War Studies. During the tenure of his service, the General has held various command, staff and instructional appointments which include General Staff Officer-3 (Intelligence) in an Independent Armoured Brigade Group, Instructor School of Armour, Brigade Major of an Infantry Brigade, Commandant 24 Cavalry (Frontier Force), Directing Staff Command and Staff College Quetta, Army Advisor High Commission of Pakistan, United Kingdom, Commander of an Armoured Brigade and an Infantry Brigade, General Officer Commanding of an Infantry Division, Director General Analysis, Directorate General Inter Service Intelligence. His military career of nearly 35 years achieved its peak when appointed as Commander of a Strike Corps followed by his retirement in April 2006.

After his retirement from Pakistan Army, he was appointed as CEO/MD of Fauji Kabirwala Power Company Limited and also served as CEO/MD of Fauji Cement Company Limited from September 2008 to February 2011. In recognition of his meritorious services, he has been awarded Hilal-e-Imtiaz (Military).





### **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 The Institute of Chartered Accountants of Pakistan, The Institute of Cost and Management Accountants of Pakistan and Association of Chartered Certified Accountants (UK).

#### **Other Engagements**

**Alternate Director**  
Attock Gen Limited

**Company Secretary**  
The Attock Oil Company Limited

# BOARD COMMITTEES & CORPORATE INFORMATION

## Board Audit Committee

1. Mr. Mohammad Raziuddin	Chairman
2. Mr. Abdus Sattar	Member
3. Mr. Babar Bashir Nawaz	Member
4. Lt Gen (Retd) Javed Alam Khan	Member

## Human Resource & Remuneration Committee

1. Mr. Mohammad Raziuddin	Chairman
2. Mr. Shuaib A. Malik	Member
3. Mr. Iqbal A. Khwaja (Alternate director to Mr. Laith G. Pharaon)	Member

## Auditors

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

## Registered Office

Attock House, Morgah, Rawalpindi.

## Legal Advisor

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

## Share Registrar

Central Depository Company of Pakistan Limited  
CDC House, 99-B, Block 'B'  
S.M.C.H.S, Main Shakra-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  
JS 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: +92-51-5127255  
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's 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 Chairman Audit Committee and / or 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/her own end;

- The Whistle Blower understands that his/her act will cause more good than harm to the Company and he/she is doing this because of his/her 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 to any of the above offices.

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.



# BOARD COMMITTEES AND THEIR TERMS OF REFERENCE





90<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 Listed Companies (Code of Corporate Governance) Regulations, 2017, the Board has revised the terms of reference of Audit Committee and 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



# DIRECTORS' REPORT

The Board of Directors takes pleasure in presenting the annual report on the performance and progress of the Company together with the audited financial statements for the year ended June 30, 2018.

## PRINCIPAL BUSINESS ACTIVITIES

Attock Petroleum Limited (APL) started operations as an Oil Marketing Company (OMC) in 1998. Being part of a fully 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 Energy and Oil & Gas Regulatory Authority (OGRA). Prices of some of the petroleum products are regulated by OGRA and prices of other products are declared by the Company as per its own mechanism.

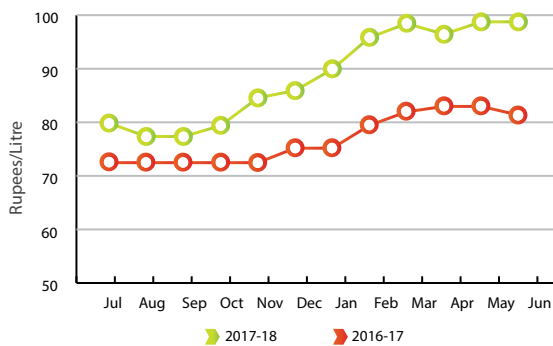
## FINANCIAL PERFORMANCE

During the year under review, the Company recorded net sales revenue of Rs 177,344 million, resulting in an increase of 28% as compared to last year (2016-17: Rs 138,661 million). This increase is attributed to increased prices of petroleum products and partially attributable to increase in sales volume by 6%. The increase in sales revenue led to increase of 33% in the gross profit which was made possible due to proactive approach and dedicated efforts by the management through intelligent decision making and by ensuring a seamless supply chain along with effective stock management leading to inventory gains. The profit after tax increased by 7% which stands at Rs 5,656 million (2016-17: Rs 5,299 million) due to reversal of provision of other charges in last year amounting to Rs 437 million (net of tax) relating to the Workers Welfare Fund recorded as per the decision of Supreme Court of Pakistan and increase in operating expenses including increase in exchange loss by Rs 292 million. The net profit translated into earnings per share of Rs 68.19 (2016-17: Rs 63.89).

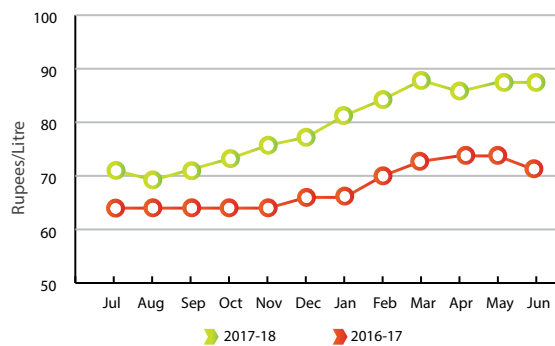
Financial results and appropriations for the year ended June 30, 2018 have been summarized below:	Rs in Million
Profit before taxation	8,289
Less: Provision for taxation	(2,633)
Profit after taxation	5,656
Add: un-appropriated profit as at June 30, 2017	15,250
Less: Transfer to special reserve by associated companies	(35)
Less: Other comprehensive loss for the year	(8)
	20,863
Appropriations during the year:	
Final cash dividend for the year 2016-17 @ 275% (Rs 27.50 per share of Rs 10/- each)	2,281
Interim cash dividend for the year 2017-18 @ 150% (Rs 15/- per share of Rs 10/- each)	1,244
	3,525
<b>Balance as at June 30, 2018</b>	<b>17,338</b>
Subsequent Effects:	
Final cash dividend for the year 2017-18 @ 250% (Rs 25/- per share of Rs 10/- each)	2,074
Transfer from reserve for issue of bonus shares in the proportion of one share for every five shares held i.e. 20%	166
	15,098

### PRICE TREND ANALYSIS

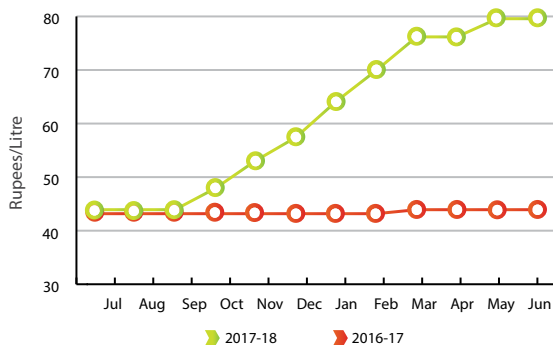
#### HIGH SPEED DIESEL



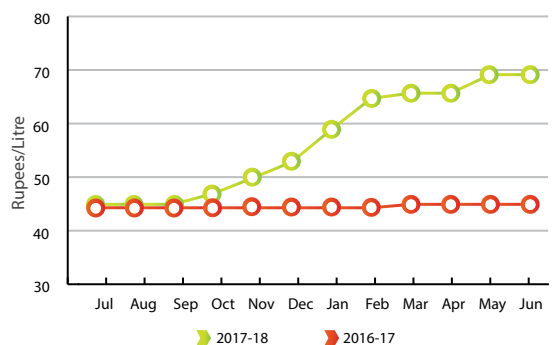
#### PREMIER MOTOR GASOLINE



#### KEROSENE OIL



#### LIGHT DIESEL OIL



## Dividend

The Board has recommended a final cash dividend @ 250% (Rs 25/- per share of Rs 10/- each) and bonus issue @ 20% i.e. one share for every five shares held out of the profits for the year ended June 30, 2018. This is in addition to the interim cash dividend @ 150% (Rs 15/- per share of Rs 10/- each) already declared and paid to the shareholders, thus making a total of 400% cash dividend for the year under review.

## Contribution towards National Exchequer and Economy

The Company contributed Rs 60,795 million towards national

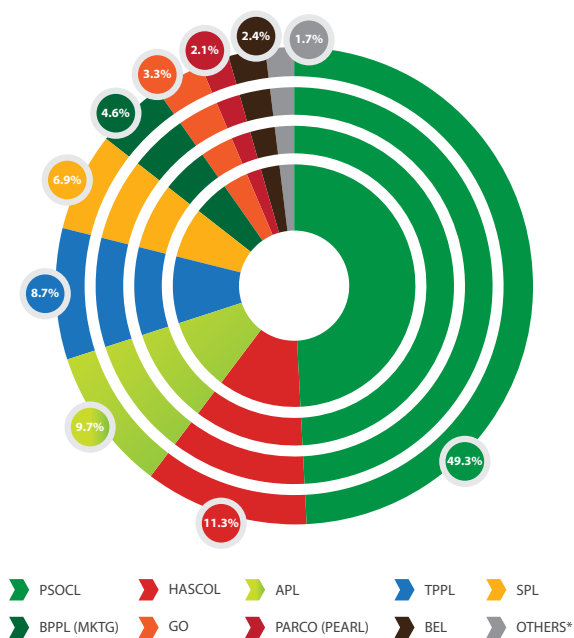
ex-chequer in the form of taxes and levies thus serving its community and nation. Expansion of its network of retail outlets and distributors by including remote and far flung localities in the development plan has led to generation of employment in those areas and the quality of life of the local populace is being improved.

## Liquidity Management, Financing arrangements & Cash Flow Strategy

During the year under review, cash and cash equivalents decreased by Rs 6,735 million. The cash was used mainly for purchase of property, plant & equipment,

payments of petroleum products and operating expenses. Cash and cash equivalents at year end were Rs 4,198 million. 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.

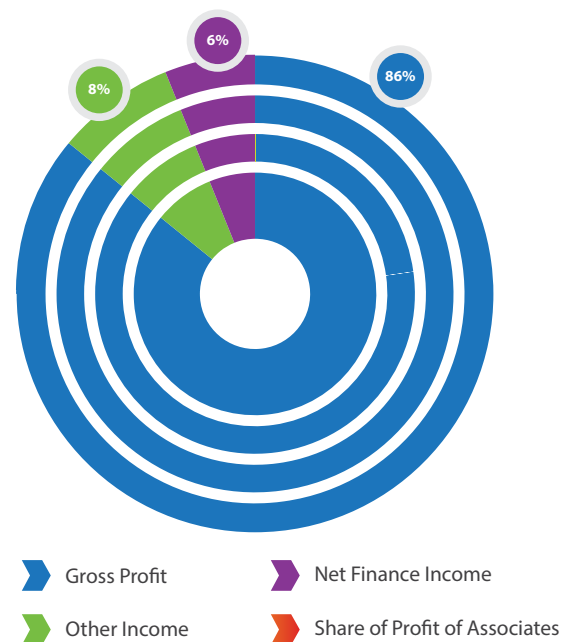
## OVERALL MARKET SHARE



\*PUMA, OTO, ZOOM, ASKAR

Source: Oil Companies Advisory Council (OCAC)

## REVENUE CONTRIBUTION



### 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.

As the entire capital structure is equity financed, hence no default in payments of any debts was observed.

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

As at June 30, 2018, total assets increased by Rs 7,764 million to Rs 46,131 million as compared to last year and total liabilities increased to Rs 27,714 million, an escalation of Rs 5,641 million. Focusing on increasing its storage capacity, the Company invested substantial amount of Rs 2,193 million for purchase of land and construction of bulk oil terminals and retail outlets which resulted in increase in non-current assets from Rs 5,867 million to Rs 7,983 million. An increase of Rs 185 million was observed in net current assets, resulting into Rs 11,346 million at the year end. Trade debtors and trade payables increased mainly due to market forces.

Cash outflow from operating activities for the year was Rs 1,030 million as compared to cash inflow of Rs 4,848 million last year mainly due to excess of payments to suppliers etc over receipts from customers. Outflow of Rs 2,503 million was recorded from investment in property, plant and equipment. Purchase of short term and other long term investments resulted in outflow of Rs 839 million while income earned on investments resulted in an inflow of Rs 688 million. Total cash out flow of Rs 2,620 million was recorded from investing activities. Outflow relating to dividend was Rs 3,089 million (2016-17: Rs 3,313 million).

## MARKET AND INDUSTRIAL REVIEW

### Global

Globally, the oil prices increased significantly since last year. The oil market was underpinned by renewed geopolitical issues, tightening product inventories and robust global demand. This all dampened the effects of a stronger dollar and rising US production. Strong conformity from OPEC and participating non-OPEC nations, in terms of production adjustments, under

the 'Declaration of Cooperation' continue to support the oil market/prices.

Global oil demand growth remains healthy driven by developing countries in Asia, even as oil consumption growth slows down in China due to the new environmental policies designed to curb air pollution and other economic factors.

The world economy continues to grow, driven by increasing prosperity in the developing world. The competitive pressures within global energy markets are intensifying. International research indicates that the

demand will continue to grow, with global energy consumption set to increase by approximately a third or so by the year 2040. However, exponential advancement in technology means the ability to produce energy is growing faster – be that in unconventional oil and gas, or in the renewables sector like wind and solar energy etc. Indeed, the continuing rapid growth of renewables is leading to the most diversified fuel mix ever seen in history. Abundant and diversified energy supplies will make for a challenging marketplace in times to come.

Growth in global energy demand is broad-based across all the main sectors. Differing trends in the way energy is used and consumed in these sectors has an important role and will have a bearing on the energy transition in future.

### Domestic

As a developing country, Pakistan's energy requirements have been growing steadily over time. However, in the year under review, a decrease of 2.3% was recorded in the industry



volumes but APL outperformed the industry increasing its sales volumes year on year by 5.4%. The Country observed increase in consumption of Premier Motor Gasoline (PMG) due to increase in passenger motor vehicles and less usage of Compressed Natural Gas (CNG). The Country also witnessed a surge in consumption of High Speed Diesel (HSD) which was mostly due to the growth in development projects by the GoP; owing mainly to China Pakistan Economic Corridor (CPEC) activities and other construction projects nationwide. In order to meet the Country's growing demand, the dependency on imports also augmented. Generally, prices of petroleum products in the Country followed the increasing global pricing trend in the year 2017-18.

During the year under review multiple restoration projects related to existing roads network, construction of new motorways and CPEC development nationwide also contributed substantially in the consumption of Bitumen/Asphalt.



# COMPANY'S SALES AND MARKETING REVIEW

Operational robustness is a tough attribute to achieve and grow consistently. However, in line with the Company's vision and past performances and despite the ever increasing competition - APL managed to achieve great milestones in almost all of its business activities and operations. During the year under review, the operational and marketing landscape of the oil and gas industry within Pakistan has rapidly evolved with further issuance of OMC licenses to new entrants within the field. The Company stood by its resolve of positively contributing towards the over-all growth and prosperity of the Country churning the wheel of economic growth for a better, brighter future of Pakistan.

The Company was also able to secure landmark contracts of HSD, PMG and Jet Petroleum (JP) with respect to major CPEC projects and also the armed forces. This resulted in achieving growth of 12% in PMG over the last year. Similarly, for Bitumen, the Company entered into arrangements with major CPEC contractors and FWO – helping connect the nation via the best in class road and highways network. The premium grade product,

HOBC-97 – imported through our trusted international suppliers, also witnessed phenomenal growth over the last year.

All of this was only possible through a steady and robust supply line of the Company, which includes the domestic refineries but also the international suppliers through which APL imports the desired products – ensuring ample product availability despite numerous operational and exchange rate related challenges and price volatilities within the international market. The Company further added reliable international suppliers in its list of suppliers, thereby improving not only the availability of the highest quality products but also economically more viable.

The Company further improved and sustained its market share within the Lubricant division. Renewed focus on the over-all production, blending, packaging and promotional activities not only created better customer experience but also better product line management. The Company ventured into long term contracts with a few vehicle manufacturers for one of its

product lines (ENEOS).

During the last year, the company focused on strategic expansion of its retail network – especially in the urban and suburban areas of the major cities and towns of Pakistan. This not only helped us to create a wider presence of our brand, but also to capture the opportunities within the growing PMG market/consumption of the Country. Several outlets are being commissioned, or are under various construction phases, within the major cities of Pakistan; Islamabad, Lahore, Karachi, Quetta and northern areas of Pakistan. This will further increase our footprint and enable us to serve our clients as per the highest standards of quality and convenience. APL has expanded its retail outlet network and as at June 30, 2018 the total number of retail outlets is 629.

The Company continues to grow on being a responsible corporate citizen. During the year under review, APL embarked on several green projects in order to further reduce our carbon footprint and contribute towards the overall environment that we operate in. Conversion of our old outlets towards the SMART lighting

system will also play a vital role in reducing the electricity consumption and thereby the power burden on the national grids. In order to further enhance the outlook and visibility of the outlets, introduction of LED based Pylons and the 85 feet tall Mega/ Zoom signs were made to create an edge over the competition.

### Other Business Activities

Being a consumer convenience focused Company, Attock Petroleum Limited further equipped its retail outlets with different payment solutions i.e. Credit Cards, ATM facilities and

Attock Smart Fuel Cards. During the year, the Company launched its Attock Smart Fuel Cards for corporate and individual clients. The Attock Smart Fuel Card facilitates customers with cashless and secure transactions and offers complete control on fuel budget, real-time online reporting, eliminate unauthorized purchases and provides maximum convenience.

To enhance the over-all experience at retail outlets, state-of-the-art and technically elegant lube oil change facilities have been installed. This will not only boost efficiency in the process of oil change, but also add and improve the outlook of the retail outlets. Company is also planning to bring more convenience for its valued

customers on retail outlets by venturing with different consumer products and creative solutions for ease and premium fuelling experience. By modernizing the fuelling experience and enabling various consumer facilitating services, Company will not only engage and serve more customers but also generate revenue from non-fuel retail services.

### Infrastructure Development

The Company firmly believes that infrastructure expansion is absolutely imperative to grow and gain competitive advantage, especially when the competition is intensifying. Premium quality products, innovative services and solutions, new ventures and infrastructural expansion remained the primary goals during the year. The Company marked its footprint







**Inauguration Ceremony of Capital Filling Station, F-11 Islamabad**

in the Aviation Fuels business and started refueling operations at Islamabad International Airport on May 03, 2018. This Fuel Farm and Hydrant Refueling System is the largest facility in the Country, having a storage capacity of 10,000 M.Tons of Jet Fuel. The refueling system has a 14 km hydrant line of 14 inch diameter with 55 hydrants pits to fuel the aircrafts around the clock and is equipped with robust and latest monitoring and control systems, state of the art product pumping system, modern and technologically advanced refueling equipment and fool proof security system - which all together makes it the most advanced and largest Fuel Farm of Pakistan serving national and international air carriers.

During the year, the Company also commissioned Mehmood Kot Bulk Oil Terminal with a storage capacity of 13,100 M.Tons of HSD and 4,000 M.Tons of PMG. Special focus on this project was given as the region is a natural fuelling

pocket and the Company wanted to explore the potential business opportunities to help cut-down on the freight charges as well as become more responsive to market demands and opportunities within that region.

New infrastructure developments will help the Company to cater to volatility within the rapidly evolving operational and marketing dynamics within the industry. Construction of storages and new terminals is underway; resources have been aligned and mobilized for speedy work at sites for earliest commissioning. Construction of bulk oil terminals at Shikarpur, Sahiwal and Daultpur is under progress.

The Company has purchased land at Tarujabba for development of a bulk oil terminal and actively pursuing land acquisitions at Faisalabad (Gatti) and Dera Ismail Khan. 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.

### **Quality Assurance of Products**

APL has continued its tradition to provide quality products to its customers. Quality Assurance (QA) team ensures that quality and premium product is delivered by regular testing at terminals and retail outlets by employing state-of-the-art ground and mobile quality assurance labs, equipped with contemporary and technically advanced apparatus. Surprise quality checks are carried out throughout the year by the QA team to ensure that premium quality product is delivered to the end user. Furthermore, the Company has maintained and upgraded its certification of Quality Management System (QMS) ISO 9001:2008 to Quality Management System (QMS) ISO 9001:2015 thereby ensuring its commitment to adherence to highest quality standards of the Country.

# RISK MANAGEMENT

APL faces economic uncertainties due to various factors including uneven demand and supply of products and price fluctuations. Cleaner and greener energy source, technological progressions, surplus production and low demand all present risks, which need cautious foresight to stay beneficial in times to come. However, increase in population, economic development and growth in energy utilization is expected in times to come.



## Risk Management Framework

The adoption of a risk management framework that embeds best practices into the Company's risk culture is the cornerstone of the Company's financial future. Our Company's risk management framework is built upon following pillars:

- risk identification
- risk assessment
- risk mitigation
- risk reporting and monitoring
- risk governance

The Board of Directors has approved a Risk Management Policy to ensure Company's level of risk tolerance is determined and identified risks are appropriately reported, managed or mitigated within timely manner. Risk exposures are periodically gauged in accordance with the risk management framework. The Board of Directors have carried out a robust assessment of principal risks facing the Company including those that might affect the future performance, solvency or liquidity.

## Volatility in International Oil Prices and Regulatory Risks

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. During the year 2017-18, 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 resulting in different geo-political scenarios globally.

Navigating this new operational landscape present variety of challenges, but also potential opportunities and the Company prudently built on them 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 in this highly volatile international market.

## Geopolitical and Security Risks

The daunting challenges like slow economic growth, economic inconsistencies, energy crisis, immobile exports, high rate of unemployment, undersized investment along with unhinged political situation of the Country is affecting the businesses. During the past years, Pakistan's law and order situation has improved considerably due to implementation of the National Action Plan.

The paradigm shift within the oil and gas sector has been witnessed due to renewable energy sources, latest machinery and new and elegant technologies. The new global energy landscape have affected overall global demand supply gap and pricing of oil in international market. The fast growing and emerging markets have taken over the traditional centres of demand and due to global technological improvements and environmental concerns; the energy mix has evolved rapidly. The Company believes our industry should proactively respond towards changing energy needs of the consumer segments. In the near future, our emphasis will remain on the continuous fine-tuning of the oil market. Sizable advancements have been made in this regard but the journey still goes on.

### Intense Competition

The Company has always been ahead of the competition by staying proactive towards the market trends and using our strategically placed refineries for smooth and uninterrupted supply of petroleum products.



Furthermore, consistent imports have also supported the Company's strategic trade relations and strengthening Company's position and market share within the Country. During the year, OGRA issued multiple new oil marketing licenses and these new entrants have made the competition extremely pungent. In order to compete, the Company is exploring and building on opportunities, challenges to stay competitive and continue to be the preferred choice of all consumers. The Company introduced Fleet Management System (Attock Smart Fuel Card), technically advanced and sophisticated Lube Change Facilities and strive to create innovative solutions at all its retail network for convenience of our valued consumers and to provide a one-window service for all their needs.

### Human Resource

APL, being equal opportunity employer, focuses on attracting competitive, talented and innovative professionals. APL considers employees as Human Capital and invests on them for nurturing their skills and talents, incessant motivation and retention.

Company fosters the culture of employee empowerment, respect

and teamwork and through these behaviours, they contribute to the overall success of the Company.

Company strives to provide market competitive benefits thus sending a powerful message to employees about their importance at the organization resulting in retention of competent personnel.

### Health, Safety, Environment and Security

Attock Petroleum Limited is committed to an incident-free workplace; everyday, everywhere. While protecting people and minimising the impact on the environment, our performance depends on our ability to continually improve the quality of the services provided to our clients. Company believes on active commitment to HSE in all work activities wherever we operate by ensuring compliance with all HSE policies, procedures and standards. Company ensures safety, security, health and environmental responsibilities beyond protection and enhancement of our own facilities.

The company is managing HSE and social performance in line with its commitment and policy, local laws and the terms of relevant permits and approvals.

The Company also includes 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 interest of the customers, employees, contractors, stakeholders and communities. The Company's HSE policy is a true reflection of the fact that the business practices do not contravene to law pertaining to health, safety and environment.

In APL, security of employees, materials and installations is accorded high priority. All bulk oil terminals have been duly categorized as "Key Points" as defined in the Key Point Intelligence Division's pamphlet, "Security and Protection of Key Point, 1983". All recommended security measures for the Key Point, as enunciated by the authorities have been

duly and fully put into practice. Besides, the security environment is continuously monitored in close coordination with District Authorities, Law Enforcement Agencies and other relevant quarters to update the security standards regularly.

### 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

Economic inconsistencies, unstable law and order situation, energy crisis, political anarchy, technological innovations, unstable global prices, global slant towards renewable energies and increasing number of oil marketing companies has led to the need of assessing and gauging steadiness of the business and to undertake measure to enrich the resilience capacity of the manoeuvres and set-ups against such disturbances.

To mitigate the disaster/disruption events, sophisticated and effective business techniques have been employed for continual smooth business operations via strategic infrastructure and alternative supply channels. The Board reviews the effectiveness and usefulness 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. In light of the recent changes in Corporate Governance framework by regulators, Attock Petroleum Limited has taken steps to ensure that it is fully compliant with the new requirements of law and therefore, the Company is highly trusted by the investors. Transparency in communication with stakeholders remains at core and implementation of a professional corporate culture is critical for complying with the principles of good governance at every step.

## Board Annual Evaluation

Code of Corporate Governance has been adopted by the Board in its true spirit. The performance of Board and its Committees effectively shapes the overall performance of the Company hence remains crucial. Performance of the Board and Committees can be improved by promoting best practices and professional corporate culture. As required by the Code of Corporate Governance, performance of the Board and its Committees is internally evaluated through a mechanism developed and approved by the Board of Directors 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 Chairman, at the start of the term of Directors, intimates them regarding their roles, responsibilities, duties and powers to help them manage the affairs of the Company effectively.

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.

The Board of Directors has clearly defined and segregated the roles and responsibilities of the Chairman and the CEO.

## 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 oil 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) through Code of Corporate Governance and is complying with criteria of Directors' Training Programme (DTP) by obtaining certification for half of the Directors on Board till June 30, 2019. 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.



**Inauguration Ceremony of Jet Fuel Farm Facility at New Islamabad International Airport**

### 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.

### Decisions taken by the Board and Delegated to Management

The Board of Directors ensures that the management upholds the vision and mission set by the shareholders of the Company. To achieve this objective, policies and objectives are set by the Board in such a manner that implementation by the management results in benefit to the Company. The Board is involved in top-level strategic decisions having long-term implications including major investments, capital financing, capital expenditure, disposal of fixed assets, approval of budgets, approval of financial statements, future projects, acquisitions and dividend declarations etc.

Operational level decisions, having 1-2 years medium-term implications, are delegated by the Board to the management including short term investments, sale/purchase contracts, implementation of policies, treasury, taxation and stock management and Board has given them the responsibility of day to day running of the Company.

### Security Clearance of Foreign Directors

Foreign Directors elected on the Board of Attock Petroleum Limited requires security clearance from Ministry of Interior through SECP. All legal formalities and requirements have been met and fulfilled in this regard.

circulated to all the directors and the employees of the Company for their compliance as required under Code of Corporate Governance 2017. This Code provides the standard for professional behaviour in order to ensure that the business is carried out in an honest and ethical manner.

### Code of Conduct for Directors and Employees

The Code of Conduct has been

### Compliance with Code of Corporate Governance

The Company is compliant in all respects with the Code of Corporate

Governance. Specific statements are being given hereunder:

- 1) The financial statements, prepared by the management, present its state of affairs fairly, the result of its operations, cash flows and changes in equity.
- 2) Proper books of account have been maintained.
- 3) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- 4) International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements.
- 5) The system of internal control is sound in design and has been effectively implemented and monitored.
- 6) There are no significant doubts upon the Company's ability to continue as a going concern.
- 7) Significant deviations from the last year's operating results have been disclosed in this Report.
- 8) Key operating and financial data of the last 6 years in summarised form is annexed with the Report.
- 9) All major Government levies in the normal course of business, payable as at June 30, 2018, 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, 2018 are as follows:

#### **Employees' Gratuity fund**

Rs 84.540 million

#### **Employees' Provident fund**

Rs 151.383 million

- 12) The total number of Company's shareholders as at June 30, 2018 was 3,111. The pattern of shareholding as at June 30, 2018 is annexed.

A separate statement of compliance signed by the Chairman of the Board of Directors is included in this Annual Report.

#### **Adequacy of Internal Financial Controls**

Internal financial controls of the Company have been formulated and implemented by the Board of Directors through various policies. These controls have been put in place to ensure

efficient and smooth running of the business, safeguarding of Company's assets, prevention and detection of fraud and errors, accuracy and completeness of books of accounts and timely preparation of reliable financial information. Adequate internal controls provide reasonable assurance about the achievements of Company's objectives through reliable financial reporting. Compliance with applicable laws and regulations also depends upon internal controls and the Company has dependable internal controls put in place to make sure that regulatory requirements are complied with. Internal Financial Controls are periodically reviewed to ensure these remain effective and are updated with changing laws and regulations.



## Board of Directors Structure, its Committees and Meetings

On completion of statutory term of three years, the election of directors was held on March 01, 2018 and new directors assumed offices effective March 10, 2018. The new Board comprises of 07 directors out of which 06 are non-executive directors. Mr. Sajid Nawaz retired from the Board on completion of his term and Lt. Gen (Retd.) Javed Alam Khan is the newly appointed director. 06 directors were re-elected. The elected Board possesses necessary skills, competence, knowledge and experience to deal with various business issues. The Chairman of the Board is a non-executive director.

The status of each director on the Company's Board whether male, female or non-executive, executive or independent has been disclosed

in the Statement of Compliance as required under Code of Corporate Governance, 2017.

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 four members comprising of

non-executive directors including two independent directors and the Chairman of the Committee is an independent director 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. Chairman of the Committee is an independent director. The Committee met once during the year to review the HR related agendas.

## 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	Mr. Laith G. Pharaon*	5/5	-	1/1
2	Mr. Wael G. Pharaon*	5/5	-	-
3	Mr. Shuaib A. Malik	5/5	-	1/1
4	Mr. Abdus Sattar	5/5	4/4	-
5	Mr. Babar Bashir Nawaz	5/5	4/4	-
6	Lt Gen (Retd.) Javed Alam Khan	2/2	1/1	-
7	Mr. Sajid Nawaz	3/3	-	-
8	Mr. Mohammed Raziuddin	4/5	3/4	1/1

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

The above is an exhaustive list of all persons who have remained director of the Company during the year.



### Meetings held outside Pakistan

During the year ended June 30, 2018, one meeting of the Board of Directors was held outside Pakistan to review and approve Annual Financial Statements for the year ended June 30, 2017.

### Director's Remuneration

Board of Directors of the Company has approved the Policy for Honorarium/Remuneration of directors for attending board meetings. Meeting fee has been fixed for attending the board meetings whereas the policy

also provides for reimbursement of expenses in connection with attending board meetings.

## AUDITORS

The present auditors Messrs A. F. Ferguson and Co., Chartered Accountants, a member firm of the Price water house Coopers network, retire and are eligible for reappointment for the year

2018-19. The Audit Committee of the Board has recommended the re-appointment of the retiring auditors for the year ending June 30, 2019. The Board has recommended the same for the

approval of the shareholders in the forthcoming Annual General meeting.





## FORWARD LOOKING STATEMENT AND FUTURE PLANS

The Company's prime and core objective is supplying premium quality products and innovative solutions for end consumers. The Company believes in quality products, values over volumes and focus on competitiveness to stay ahead of the competition. Management always prioritizes technical improvements for efficient operations, capability enhancement for smooth supplies, unique fortes to stay ahead of competition and innovative and convenient solutions to be the preferred choice of the consumers.

Since inception, the Company remains proactive to coup all the challenges and succeed at all times. Some major developments underway and achievements made are as follows:

- In order to increase the storage capacity and for smooth and uninterrupted supplies, the Company is building the following infrastructures:
  - Shikarpur Bulk Oil Terminal is under construction and shall be completed during first half of year 2018-19
- Sahiwal Bulk Oil Terminal is also under construction and shall start operations during first half of year 2018-19
- Daulatpur Bulk Oil Terminal is under construction and will start operations during second half of year 2018-19
- 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.
- Contract for Country wide supplies of High Octane Blending Component (HOBC-97) to Pakistan Army for 2018-19 has been completely secured by the Company.

Management always work on achieving the sustainable growth and success for the long term interests of our shareholders, partners and society at large. Being an energy supply Company, the Company feels responsible for running the wheel of economy and touching lives of all and sundry, improvement in economy by developments, employment opportunities and introducing premium quality products and services is the prime objective of management and Company.

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.

Geographic diversity of the Company gives access to growing markets and new resources and provides robustness to geopolitical events. The Company has a diverse integrated portfolio that is balanced across resource types, geographies and businesses and is adaptable to evolving conditions. Our activities generate jobs, investment, infrastructure and revenues for government and local communities.

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

One of the major external factors that affects the oil marketing company's revenues is international

oil prices. In recent times, erratic behaviour in international oil price trends have been observed, which is mostly accounted to geo political factors and political unrest in major oil producing nations. Moreover, local currency devaluation eventually translates into exchange rate losses for the importers. All these factors combined reduce the reliability of price forecasts and expected trends.

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

APL has successfully accomplished the development and operation of Country's largest and most advanced fuel farm and hydrant refueling facility at Islamabad International Airport under JV with another OMC.



**Falcon Filling Station - New Islamabad International Airport, Islamabad**

In order to meet market needs through better services and facilities, APL has successfully launched its own Fuel Card system enabling further market

penetration and larger client base. Construction of oil terminal at Mehmood Kot was completed during the year under review and

has been operational and running at its full capacity to cater the growing demand of Petroleum products within the region.

## 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

Abdus Sattar  
Director

Dubai, U.A.E.  
August 14, 2018

Bringing the best to our customers



# PATTERN OF SHAREHOLDING

As on June 30, 2018

Corporate Universal Identification Number: 0035831

Form-34

Sr. No.	Number of Shareholders	-----HAVING SHARES----->		Total Shares Held	Percentage
		From	To		
1	614	1	100	29,912	0.04
2	699	101	500	202,709	0.24
3	379	501	1,000	303,933	0.37
4	1,142	1,001	5,000	1,766,884	2.13
5	91	5,001	10,000	700,317	0.84
6	50	10,001	15,000	621,971	0.75
7	21	15,001	20,000	376,162	0.45
8	24	20,001	25,000	550,695	0.66
9	7	25,001	30,000	194,929	0.24
10	8	30,001	35,000	260,000	0.31
11	7	35,001	40,000	262,092	0.32
12	2	40,001	45,000	84,420	0.10
13	6	45,001	50,000	291,050	0.35
14	6	50,001	55,000	311,904	0.38
15	2	55,001	60,000	116,150	0.14
16	2	60,001	65,000	125,797	0.15
17	1	65,001	70,000	65,674	0.08
18	2	70,001	75,000	142,740	0.17
19	2	75,001	80,000	154,450	0.19
20	3	80,001	85,000	250,108	0.30
21	3	85,001	90,000	258,800	0.31
22	1	90,001	95,000	93,000	0.11
23	1	95,001	100,000	99,350	0.12
24	4	100,001	105,000	409,660	0.49
25	1	105,001	110,000	110,000	0.13
26	3	115,001	120,000	351,400	0.42
27	2	130,001	135,000	267,900	0.32
28	2	140,001	145,000	285,800	0.34
29	1	145,001	150,000	147,700	0.18
30	2	150,001	155,000	307,216	0.37
31	3	155,001	160,000	469,955	0.57
32	1	175,001	180,000	177,450	0.21
33	2	180,001	185,000	367,162	0.44
34	1	235,001	240,000	238,850	0.29
35	1	300,001	305,000	304,450	0.37
36	1	325,001	330,000	327,579	0.39
37	1	350,001	355,000	350,400	0.42
38	1	370,001	375,000	370,200	0.45
39	1	425,001	430,000	427,600	0.52
40	1	545,001	550,000	550,000	0.66
41	1	840,001	845,000	842,994	1.02
42	1	1,045,001	1,050,000	1,048,651	1.26
43	1	1,310,001	1,315,000	1,311,050	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	5,810,000	5,836,017	7.04
48	1	5,820,001	5,825,000	5,820,595	7.02
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
	<b>3,111</b>			<b>82,944,000</b>	<b>100.00</b>

# CATEGORIES OF SHAREHOLDERS

As on June 30, 2018

Sr. No.	Categories	Number of Shareholders	Shares Held	Percentage
1	Directors, Chief Executive Officer, their Spouses & Minor Children	9	5,548,859	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	3,347,741	4.04
5	Insurance Companies	12	2,989,325	3.60
6	Modarabas & Mutual Funds	40	2,142,451	2.58
7	Foreign Companies	11	930,701	1.12
8	Trust and Funds	102	1,566,442	1.89
9	Joint Stock Companies	57	729,128	0.90
10	General Public (Local)	2,861	5,481,507	6.59
11	General Public (Foreign)	4	15,952	0.02
12	Shareholders Holding 10% or More	2	46,660,285	56.26

# INFORMATION REQUIRED

Under Companies Act, 2017

	Number of Shareholders	Shares Held
<b>Associated Companies, undertakings and related parties</b>		
THE ATTOCK OIL COMPANY LIMITED	1	1,824,768
PAKISTAN OILFIELDS LIMITED	1	5,820,595
PHARAON INVESTMENT GROUP LTD. (HOLDING) S.A.L	1	28,516,147
TRUSTEES ATTOCK PETROLEUM LIMITED EMPLOYEES WELFARE TRUST	1	5,836,017
ATTOCK REFINERY LIMITED	1	18,144,138
	<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	32,000
CDC - TRUSTEE ALHAMRA ISLAMIC STOCK FUND	1	300
CDC - TRUSTEE MEEZAN BALANCED FUND	1	10,000
CDC - TRUSTEE JS ISLAMIC FUND	1	48,300
CDC - TRUSTEE AKD INDEX TRACKER FUND	1	4,450
CDC - TRUSTEE HBL ENERGY FUND	1	87,500
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	85,300
CDC - TRUSTEE ATLAS ISLAMIC STOCK FUND	1	75,850
CDC - TRUSTEE AL-AMEEN SHARIAH STOCK FUND	1	102,100
CDC - TRUSTEE NAFA STOCK FUND	1	153,800
CDC - TRUSTEE NAFA MULTI ASSET FUND	1	18,951
CDC - TRUSTEE MEEZAN TAHAFFUZ PENSION FUND - EQUITY SUB FUND	1	42,370
CDC - TRUSTEE JS PENSION SAVINGS FUND - EQUITY ACCOUNT	1	9,000
CDC - TRUSTEE NAFA ISLAMIC ASSET ALLOCATION FUND	1	133,900
CDC - TRUSTEE APIF - EQUITY SUB FUND	1	18,700
MC FSL - TRUSTEE JS GROWTH FUND	1	115,400
CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	1	23,148
CDC - TRUSTEE LAKSON EQUITY FUND	1	102,910
CDC - TRUSTEE NAFA ASSET ALLOCATION FUND	1	23,500
CDC - TRUSTEE AL-AMEEN ISLAMIC ASSET ALLOCATION FUND	1	99,350
CDC - TRUSTEE AL-AMEEN ISLAMIC RET. SAV. FUND-EQUITY SUB FUND	1	19,650
CDC - TRUSTEE ABL ISLAMIC PENSION FUND - EQUITY SUB FUND	1	50
CDC - TRUSTEE NAFA ISLAMIC STOCK FUND	1	101,250
CDC - TRUSTEE AL AMEEN ISLAMIC DEDICATED EQUITY FUND	1	183,050
CDC - TRUSTEE NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND	1	37,600
CDC - TRUSTEE NAFA ISLAMIC ENERGY FUND	1	144,600
CDC - TRUSTEE LAKSON TACTICAL FUND	1	18,322
CDC - TRUSTEE LAKSON ISLAMIC TACTICAL FUND	1	3,181
CDC - TRUSTEE MEEZAN ENERGY FUND	1	10,000
CDC - TRUSTEE JS ISLAMIC PENSION SAVINGS FUND-EQUITY ACCOUNT	1	11,000
CDC - TRUSTEE FIRST HABIB STOCK FUND	1	2,700
CDC - TRUSTEE KSE MEEZAN INDEX FUND	1	2,700
CDC - TRUSTEE FIRST HABIB ISLAMIC STOCK FUND	1	3,100
CDC - TRUSTEE FIRST HABIB ASSET ALLOCATION FUND	1	2,500
CDC - TRUSTEE JS ISLAMIC DEDICATED EQUITY FUND (JSIDEF)	1	13,800
	<b>39</b>	<b>2,142,351</b>



	Number of Shareholders	Shares Held
<b>DIRECTORS, THEIR SPOUSES AND MINOR CHILDREN</b>		
MR. WAEL G. PHARAON	1	1
MR. LAITH G. PHARAON	1	1
MR. SHUAIB A. MALIK	1	5,534,821
MR. ABDUS SATTAR	1	600
MR. BABAR BASHIR NAWAZ	1	1
LT. GEN (RETD) JAVED ALAM KHAN	1	50
MR. MOHAMMAD RAZIUDDIN	1	1
MR. IQBAL A. KHWAJA	1	13,296
MR. REHMAT ULLAH BARDAIE	1	88
	<b>9</b>	<b>5,548,859</b>
Executives	4	69,517
National Investment Trust & Industrial Corporation of Pakistan	1	50,229
Public Sector Companies and Corporations	1	50,500
Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds	40	6,848,490
<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
PAKISTAN OILFIELDS LIMITED	1	5,820,595
ATTOCK PETROLEUM LTD. EMPLOYEES WELFARE TRUST	1	5,836,017
MR. SHUAIB A. MALIK	1	5,534,821
	<b>5</b>	<b>63,851,718</b>

**Trade in shares by Directors, Executives, their spouses and minor children during 2017-18:**  
No trade in shares was made by Directors, Executives\*, their spouses and minor children from July 01, 2017 to June 30, 2018 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 provides the best platform to interact with the shareholders of the company. Last AGM of the company was held on October 19, 2017 at which queries of shareholders were appropriately responded. On a shareholder's inquiry about status of the company's upcoming depots and terminals, it was stated that construction of terminal at Mehmood-Kot, Shikarpur and Sahiwal shall be completed soon and that land has been acquired for terminal at Tarujabba.

On query of another Shareholder regarding lubricant segment, it was stated that continuous efforts have been made to enhance the brand and that sales of lubricants have increased by 20%.

## 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, investor's notices / announcements, pattern of shareholding, dividend declarations and much more have been placed on the Company's website: "www.apl.com.pk". The Company is in full compliance with the current SECP regulations relating to the maintenance of functional website by the listed companies. A Compliance Certificate by the Chief Executive is placed on the website as well. The comprehensive "Investor Relations" section on the Company

website can be used to promote investor relations and to facilitate investors' access for grievance or other queries.

APL ensures to present the latest information by regularly updating its website and to improve the websites' usability for its shareholders and investors.



# 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.





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.

- 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

## ENERGY SAVING MEASURES

The Company took initiative for energy saving by replacing of large quantities of Pole/Flood LED lights at its all terminals. These initiatives were taken to increase efficiency and reliability

of lightning system in terminals. Pole/Flood lights have been converted from conventional 400 watts to LED 100 watts-150 watts. Before installation of LED Lights, Mercury/sodium types

of lights were installed which were the causes of high energy consumption. 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 program and have clear guidelines in place to meet its Social & Environmental responsibilities.

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. Under

summer internship program 2017-18, 22 students from different institutions i.e. Foundation University, Bahria University, NUST (Business and Engineering School), National College of Business Administration & Economics (NCBA&E) Lahore, Institute of Space Technology – Islamabad, PMAS Arid Agriculture University-Rawalpindi 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.

To infuse fresh talent, the Company recruited about

20 Management trainees in different departments. These trainees undergo rigorous training programs to practically implement their knowledge and equip them with skills and competences necessary for their career advancements.

### 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 61 brilliant children of employees including 03 sponsorships at graduation level.

### Sports promotion

APL has played its role in promotion and development of sports and provided sponsorship of Chief Naval Staff Golf Championship and Stadium Trust Cricket Tournament.





**Orientation  
session in  
progress for  
interns from  
various  
institutes**



## 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. Endeavoring it, Annual Sports gala is held each year with maximum participation of employees to various indoor and outdoor games.

## 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 70.

## 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 assistance to Tehzib-ul-Akhlaq Trust, Sunbeans Schools and Ziauddin University in educational endeavors.

## 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 9001:2015.

## 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. 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 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.

## 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.

## Succession Planning

Market Flux due to emergence of new OMCs has increased the Human Capital flow. 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. The Code of Conduct is available on the

website of the Company.

## Human Resource Management System

APL has implemented Human Resource Management System (HRMS) across the organization which is integrated with HR-specific business processes such as employee records management, attendance and payroll. APL is in next phase of HRMS integration where HRMS will be connected with other supporting systems such as leave records. 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 2017-18 approximately 62 staff members got training opportunity out of which 52 members attended in-house workshops. Trainings Conducted during the year are:

- Tax Planning (Concepts, Methods & Development) by UHY Hassan Naeem & Co.

- Chartered Accountants
- Health Safety & Environment Conference by Attock Refinery Limited
- 3rd Plant Maintenance & Operations Conference by Attock Refinery Limited
- Awareness session on ISO 9001:2015 by SGS Academy
- Chinses Language Course by Pakistan-China & the

- Confucius institute
  - MS Excel beginner level program
- 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)

Implementation of ISO 9001:2015 standard is another milestone achieved at APL in FY 2017-18. A step towards systems 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.

# 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. Sticking to the targets set; APL achieved sales volume growth of 5% and profitability growth of 7% as of comparative financial year. 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.





Lights of Celebration, Pakistan Independence Day - APL Head Office, Attock House, Morgah, Rawalpindi

## 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.

The Company has remained proactive tapping in to contracts with new customers to provide them with superior quality products and unmatched services.

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 liability of Rs 2,499 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 134 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

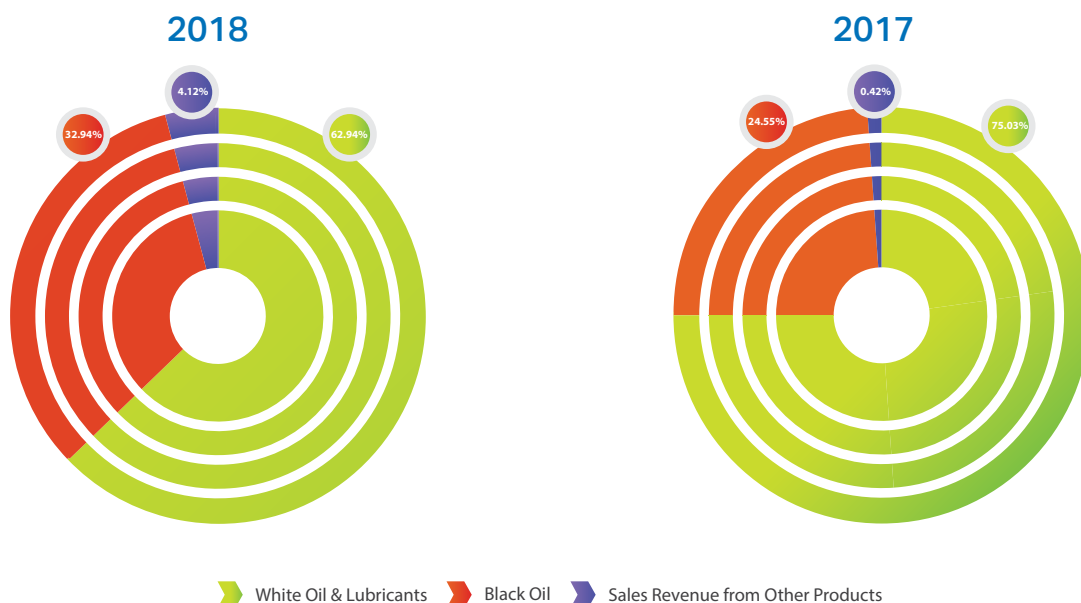
Information and events are considered to be material if, individually or in aggregate, they have significant impact on the Company's performance or profitability which in turn can influence the economic decisions of the Company's Stakeholders. APL's management has developed a materiality policy duly 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 Act 2017, 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 04 non executive directors including 02 independent directors. The Chairman of the Committee is Mr. Mohammad Raziuddin. Detailed profile of Mr. Mohammad Raziuddin is given in “Profile of Board of Directors” section. The Audit Committee met 04 times during the year ended June 30, 2018. 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.



# 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 486 to the mark of Rs 706. 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

Awarded 2<sup>nd</sup> position in Fuel and Energy Sector in "Best Corporate Report Award 2016" ceremony jointly organized by the Institute of Chartered Accountants of Pakistan and the Institute of Cost and Management Accountants of Pakistan.



Successful implementation of Microload Meters Integration System. Which enhanced system controls monitoring and efficiency. It also provides error free work and control on overspilling.



Successful commissioning of new PMG Tank at Machike Bulk Oil Terminal (Sheikhupura) which not only enhanced our storage but also enabled us to continue uninterrupted supplies to customers.

Successfully launched Attock Smart Fuel Card; Smart Fuel Card not only facilitates customers with cashless and secure transactions, but also offers complete control on fuel budget, real-time online reporting, eliminate unauthorized purchases and maximum convenience.

Successfully imported a parcel of Group - I Lube Base Oil (LBO) at Keamari Port for the 1<sup>st</sup> time in Company's history.

Imported Bitumen Bulk for the first time in history of the Company.



Commissioned two Company Operated fuel stations at the New International Islamabad Airport namely Aero and Falcon Filling Stations.



Advances in aviation business under JV with PSO & successful commissioning of Fuel farm Operations.



Successful commissioning of Mehmoodkot Bulk Oil Terminal. By this, our storage capacity has been increased & this Terminal will also play an important role in enhancing market share & expansion of Company business in central Punjab.



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.

# 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

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



# ORGANIZATIONAL CHART



 Departmental Head

 Department

— Administrative Reporting

⋯ Functional Reporting



Board Audit Committee



General Manager (Finance & Accounts)/  
Company Secretary



Finance & Accounts



Indenting & Credit Control



Manager  
(Retail Development)



Manager  
(Terminal Operations)



Incharge  
(Procurement)



Incharge  
(MIS)



Resident Manager  
(South)



Manager  
(Internal Audit)

## 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 Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Attock Petroleum Limited, the Company) for the year ended June 30, 2018 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Regulations.

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 Regulations require 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 and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. 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 requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2018.



Chartered Accountants  
Islamabad  
August 14, 2018

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)>*

■ KARACHI ■ LAHORE ■ ISLAMABAD

# Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 for the Year Ended June 30, 2018

The Company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are seven (7) as per following:

- a) Male: Seven
- b) Female: None

2. The composition of Board is as follows:

Category	Names
Independent Director	Lt Gen (Retd.) Javed Alam Khan Mr. Mohammad Raziuddin
Non Executive Directors	Mr. Laith G. Pharaon Mr. Wael G. Pharaon Mr. Abdus Sattar Mr. Babar Bashir Nawaz Mr. Iqbal A. Khwaja (Alternate Director)
Executive Directors	Mr. Shuaib A. Malik Mr. Rehmat Ullah Bardaie (Alternate Director)

- 3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).
- 4. 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.
- 5. 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.

- 6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/shareholders as empowered by the relevant provision of the Act and these Regulations.
- 7. 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. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board.
- 8. The Board of Directors have a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and these Regulations.
- 9. The Company is fully compliant with the requirements of directors' training under the Code. Till June 30, 2018, two directors namely Mr. Babar Bashir Nawaz and Mr. Mohammad Raziuddin have obtained the certification. None of the Directors have attended any directors' training during the year.
- 10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
- 11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board.
- 12. The Board has formed committees comprising of members given below:

Audit Committee	HR and Remuneration Committee
Mr. Mohammad Raziuddin (Chairman)	Mr. Mohammad Raziuddin (Chairman)
Mr. Abdus Sattar	Mr. Shuaib A. Malik
Mr. Babar Bashir Nawaz	Mr. Iqbal A. Khwaja
Lt Gen (Retd.) Javed Alam Khan	-

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance.
14. Audit Committee meetings were held once every quarter and Human Resource and Remuneration Committee meeting was held once during the year.
15. The Board has set up an effective internal audit function and that is involved in Internal Audit on full time basis relating to the business and other affairs of the Company.
16. 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 and registered with Audit Oversight Board 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.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other requirements of the Regulations have been complied with.



Laith G. Pharaon  
Chairman

Dubai, U.A.E.  
August 14, 2018

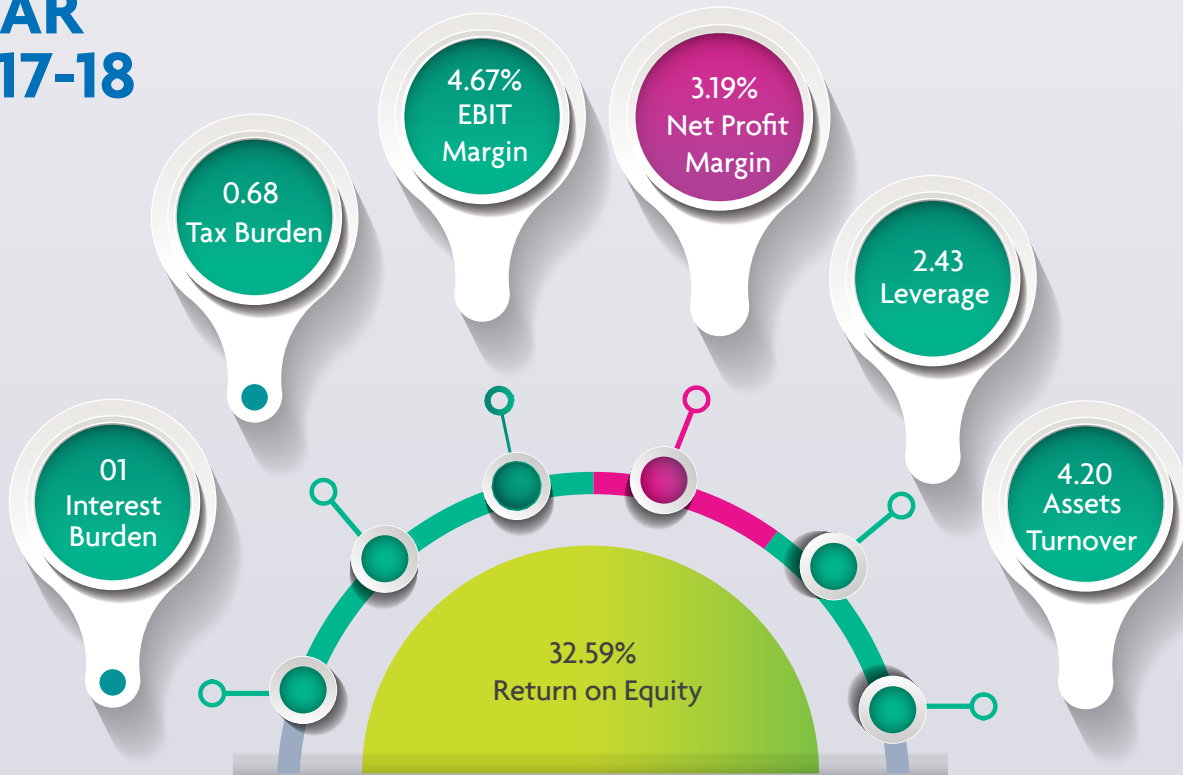
# FINANCIAL ANALYSIS



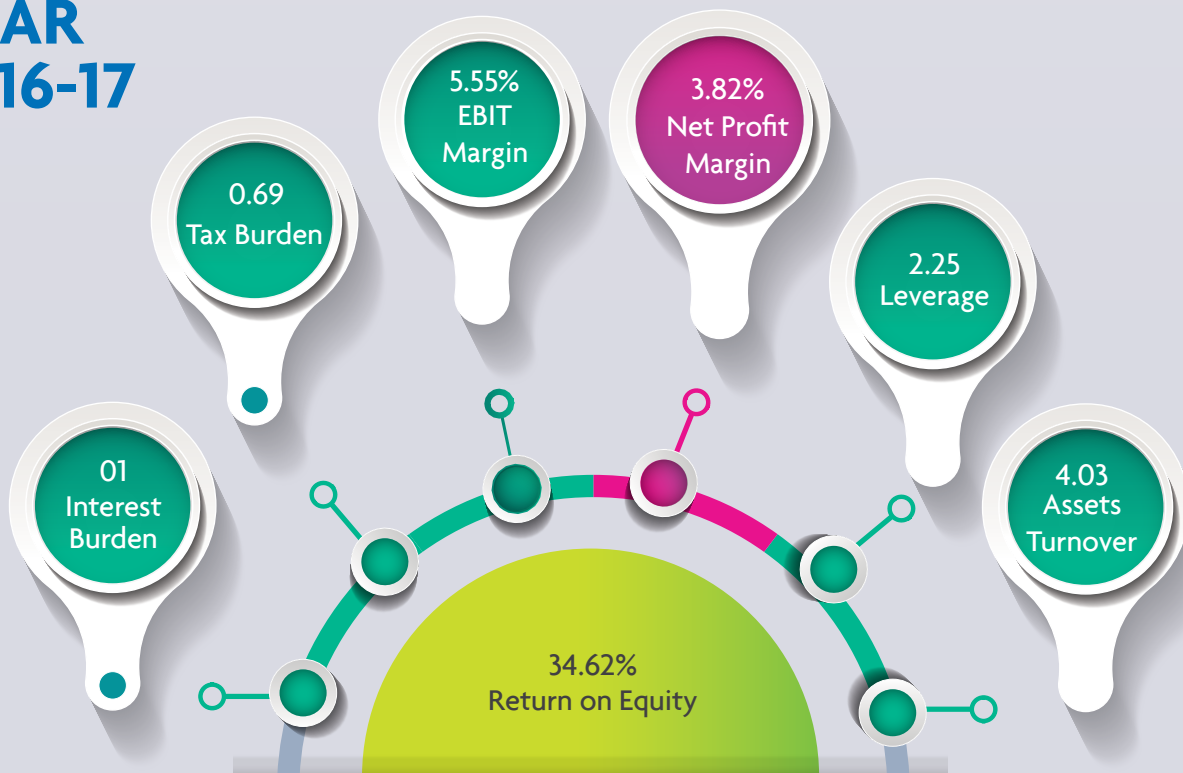
# DUPONT ANALYSIS

Return on equity decreased by 6% to 32.59% against 34.62% of year 2016-17 on account of decrease in net profit margin by 17% as a result of decrease in EBIT margin by 16%. EBIT margin decreased due to increase in operating expenses and reversal of worker's welfare fund provision in the year 2016-17 coupled with increase in sales volume by 5% and increase in price trend during the year resulted in higher sales revenue and gross profits. Interest and tax burden remained almost at 2016-17 level. Financial Leverage and Assets turnover increased due to increase in sales and assets.

## YEAR 2017-18



## YEAR 2016-17





# Key Operating and Financial Data for Six Years from 2012-13 to 2017-18

		2017-18	2016-17	2015-16	2014-15	2013-14	2012-13
<b>Profit and Loss Summary</b>							
Sales volumes	Metric Tons	2,488,810	2,360,529	2,034,818	2,368,990	2,190,293	1,837,357
Net sales	Rs thousand	177,344,437	138,660,665	109,234,361	171,729,782	205,162,911	164,710,177
Gross profit	Rs thousand	9,743,294	7,335,321	5,749,061	4,926,509	5,942,294	5,176,801
Operating profit	Rs thousand	8,085,325	6,367,177	4,984,849	3,885,822	5,381,469	4,873,355
Profit before tax	Rs thousand	8,289,312	7,699,168	5,633,450	4,537,855	5,906,565	5,593,404
Profit after tax	Rs thousand	5,656,349	5,299,168	3,828,585	3,286,384	4,326,764	3,906,534
Profit before interest, tax, depreciation and amortization (EBITDA)	Rs thousand	8,711,258	8,046,868	5,951,622	4,828,902	6,228,433	5,817,731

		2017-18	2016-17	2015-16	2014-15	2013-14	2012-13
<b>Balance Sheet Summary</b>							
Share capital	Rs thousand	829,440	829,440	829,440	829,440	829,440	691,200
Reserves	Rs thousand	17,588,222	15,465,051	13,487,726	12,730,365	12,970,282	13,352,257
Shareholders' equity	Rs thousand	18,417,662	16,294,491	14,317,166	13,559,805	13,799,722	14,043,457
Non- current liabilities	Rs thousand	911,540	733,581	626,159	604,814	581,682	462,871
Current assets							
Stock in trade	Rs thousand	12,460,539	7,234,415	4,836,653	5,572,867	6,787,904	5,156,298
Trade debts	Rs thousand	16,475,576	10,801,077	6,046,556	8,214,189	13,009,051	8,227,392
Cash, bank balances & Short term investments	Rs thousand	5,839,645	11,843,739	11,030,176	10,303,318	9,432,730	11,914,100
Others	Rs thousand	3,372,804	2,620,715	4,088,455	2,033,203	2,019,134	2,058,876
	Rs thousand	38,148,564	32,499,946	26,001,840	26,123,577	31,248,819	27,356,666
Current liabilities							
Trade and other payables	Rs thousand	26,138,159	21,061,447	15,434,650	15,719,096	19,492,073	15,396,560
Others	Rs thousand	663,965	277,433	147,330	27,939	212,387	194,631
	Rs thousand	26,802,124	21,338,880	15,581,980	15,747,035	19,704,460	15,591,191
Net current assets	Rs thousand	11,346,440	11,161,066	10,419,860	10,376,542	11,544,359	11,765,475
Property, plant and equipment	Rs thousand	6,417,787	4,339,301	3,011,665	2,444,164	1,931,085	1,862,742
Other non-current assets	Rs thousand	1,564,975	1,527,705	1,511,800	1,343,913	905,960	878,111
Capital expenditure during the year	Rs thousand	2,503,439	1,676,134	886,972	808,421	392,261	485,684
Total assets	Rs thousand	46,131,326	38,366,952	30,525,305	29,911,654	34,085,864	30,097,519
Total liabilities	Rs thousand	27,713,664	22,072,461	16,208,139	16,351,849	20,286,142	16,054,062

		2017-18	2016-17	2015-16	2014-15	2013-14	2012-13
<b>Cash Flow Summary</b>							
Cash flows of operating activities	Rs thousand	(1,030,368)	4,848,276	3,700,253	4,735,369	1,456,813	6,035,751
Cash flows of investing activities	Rs thousand	(2,620,019)	235,566	3,660,211	(3,999,956)	778,567	(636,059)
Cash flows of financing activities	Rs thousand	(3,088,661)	(3,312,880)	(3,064,694)	(3,521,257)	(4,555,092)	(2,244,902)
Effect of exchange rate changes	Rs thousand	3,822	142	698	1,206	(153)	1,797
Net change in cash and cash equivalents	Rs thousand	(6,735,226)	1,771,104	4,296,468	(2,784,638)	(2,319,865)	3,156,587
Cash & cash equivalents at end of the year	Rs thousand	4,198,160	10,933,386	9,162,282	4,865,814	7,650,452	9,970,317

## Performance Indicators (Ratios)

		2017-18	2016-17	2015-16	2014-15	2013-14	2012-13
<b>Profitability and Operating Ratios</b>							
Gross profit	%	5.49	5.29	5.26	2.87	2.90	3.14
Net profit to sales	%	3.19	3.82	3.50	1.91	2.11	2.37
EBITDA margin to sales	%	4.91	5.80	5.45	2.81	3.04	3.53
Operating leverage	%	27.48	136.12	(66.34)	142.20	22.80	(12.17)
Return on equity	%	32.59	34.62	27.47	24.02	31.08	29.56
Return on capital employed	%	32.59	34.62	27.47	24.02	31.08	29.56

		2017-18	2016-17	2015-16	2014-15	2013-14	2012-13
<b>Liquidity Ratios</b>							
Current	Times	1.42	1.52	1.67	1.66	1.59	1.75
Quick / Acid test ratio	Times	0.96	1.18	1.36	1.30	1.24	1.42
Cash to current liabilities	Times	0.16	0.51	0.59	0.31	0.39	0.64
Cash flows from operations to sales	Times	(0.01)	0.03	0.03	0.03	0.01	0.04

		2017-18	2016-17	2015-16	2014-15	2013-14	2012-13
<b>Activity / Turn Over Ratios</b>							
Inventory turnover	Times	17.02	21.76	19.88	26.99	33.36	34.23
No. of days in inventory		21	17	18	14	11	11
Debtors turnover	Times	13.00	16.46	15.32	16.18	19.32	14.75
No. of days in receivables		28	22	24	23	19	25
Creditors turnover	Times	7.10	7.20	6.64	9.47	11.42	9.65
No. of days in payables		51	51	55	39	32	38
Total assets turnover	Times	4.20	4.03	3.61	5.37	6.39	5.43
Fixed assets turnover	Times	32.97	37.73	40.04	78.50	108.16	95.09
Operating cycle	Days	(2)	(12)	(13)	(2)	(2)	(2)
Number of retail outlets		629	604	563	516	468	414

		2017-18	2016-17	2015-16	2014-15	2013-14	2012-13
<b>Investment / Market Ratios</b>							
Basic and diluted EPS	Rs	68.19	63.89	46.16	39.62	52.16	56.52
Basic and diluted EPS (restated)	Rs	68.19	63.89	46.16	39.62	52.16	47.10
Price earning	Times	8.65	9.81	9.48	14.32	11.31	9.93
Price to book	Times	2.66	3.19	2.53	3.47	3.55	2.76
Dividend yield	%	6.68	6.94	8.32	6.26	9.01	8.96
Dividend payout	%	58.66	66.52	86.66	87.07	91.06	79.62
Dividend cover	Times	1.70	1.50	1.15	1.15	1.10	1.26
Cash dividends	Rs thousand	3,317,760	3,525,120	3,317,760	2,861,568	3,939,840	3,110,400
Cash dividend per share	Rs	40.00	42.50	40.00	34.50	47.50	45.00
Bonus shares issued	Rs thousand	165,888	-	-	-	-	138,240
Bonus per share	%	20	-	-	-	-	20.00
Break-up value per share without surplus on revaluation of Property plant and equipment	Rs	222.05	196.45	172.61	163.48	166.37	203.18
Break-up value per share with surplus on revaluation of Property plant and equipment including the effect of all investments	Rs	222.05	196.45	172.61	163.48	166.37	203.18
Break-up value per share including investment in related party at fair/ market value and with surplus on revaluation of Property plant and equipment	Rs	235.77	210.90	184.75	174.24	177.07	205.88
<b>Market value per share</b>							
Year end	Rs	590	626	438	567	590	561
Highest (during the year)	Rs	706	765	596	610	607	585
Lowest (during the year)	Rs	486	430	398	494	414	471

		2017-18	2016-17	2015-16	2014-15	2013-14	2012-13
<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> (Source: OCAC)	%	9.7	9.0	8.5	10.4	10.1	9.3

# VERTICAL ANALYSIS

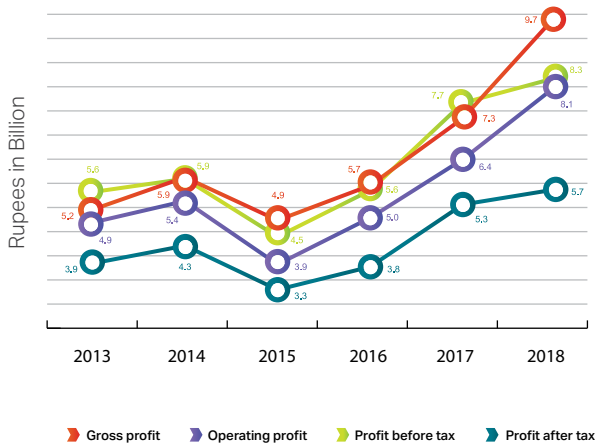
	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13
	Rs ('000)	Rs ('000)	Rs ('000)	Rs ('000)	Rs ('000)	Rs ('000)
	%	%	%	%	%	%
<b>Balance Sheet Items</b>						
Property, Plant and Equipment	6,417,787	4,339,301	3,011,665	2,444,164	1,931,085	1,862,742
	13.9	11.3	9.9	8.2	5.7	6.2
Other Non-Current Assets	1,564,975	1,527,705	1,511,800	1,343,913	905,960	878,111
	3.4	4.0	5.0	4.5	2.6	2.9
Current Assets	38,148,564	32,499,946	26,001,840	26,123,577	31,248,819	27,356,666
	82.7	84.7	85.1	87.3	91.7	90.9
Total Assets	46,131,326	38,366,952	30,525,305	29,911,654	34,085,864	30,097,519
	100.0	100.0	100.0	100.0	100.0	100.0
Shareholders' Equity	18,417,662	16,294,491	14,317,166	13,559,805	13,799,722	14,043,457
	39.9	42.5	46.9	45.3	40.5	46.7
Non- Current Liabilities	911,540	733,581	626,159	604,814	581,682	462,871
	2.0	1.9	2.1	2.0	1.7	1.5
Current Liabilities	26,802,124	21,338,880	15,581,980	15,747,035	19,704,460	15,591,191
	58.1	55.6	51.0	52.6	57.8	51.8
Total Shareholders' Equity & Liabilities	46,131,326	38,366,952	30,525,305	29,911,654	34,085,864	30,097,519
	100.0	100.0	100.0	100.0	100.0	100.0
<b>Profit &amp; Loss Items</b>						
Net Sales	177,344,437	138,660,665	109,234,361	171,729,782	205,162,911	164,710,177
	100.0	100.0	100.0	100.0	100.0	100.0
Cost of Products Sold	167,601,143	131,325,344	103,485,300	166,803,273	199,220,617	159,533,376
	94.5	94.7	94.7	97.1	97.1	96.9
Gross Profit	9,743,294	7,335,321	5,749,061	4,926,509	5,942,294	5,176,801
	5.5	5.3	5.3	2.9	2.9	3.1
Operating Profit	8,085,325	6,367,177	4,984,849	3,885,822	5,381,469	4,873,355
	4.6	4.6	4.6	2.3	2.6	3.0
Profit before Taxation	8,289,312	7,699,168	5,633,450	4,537,855	5,906,565	5,593,404
	4.7	5.6	5.2	2.6	2.9	3.4
Profit for the Year	5,656,349	5,299,168	3,828,585	3,286,384	4,326,764	3,906,534
	3.2	3.8	3.5	1.9	2.1	2.4

# HORIZONTAL ANALYSIS

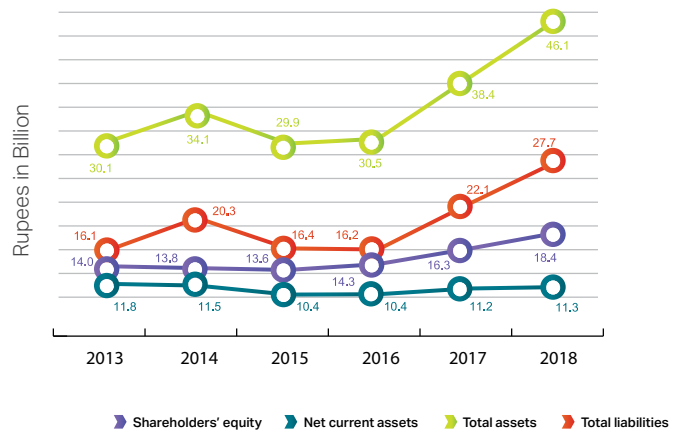
	2017-18		2016-17		2015-16		2014-15		2013-14		2012-13	
	Rs ('000)	Increase / (decrease) from last year (%)	Rs ('000)	Increase / (decrease) from last year (%)	Rs ('000)	Increase / (decrease) from last year (%)	Rs ('000)	Increase / (decrease) from last year (%)	Rs ('000)	Increase / (decrease) from last year (%)	Rs ('000)	Increase / (decrease) from last year (%)
<b>Balance Sheet Items</b>												
Property, Plant and Equipment	6,417,787	479	4,339,301	44.1	3,011,665	23.2	2,444,164	26.6	1,931,085	3.7	1,862,742	16.3
Other Non-Current Assets	1,564,975	2.4	1,527,705	1.1	1,511,800	12.5	1,343,913	48.3	905,960	3.2	878,111	1.3
Current Assets	38,148,564	17.4	32,499,946	25.0	26,001,840	(0.5)	26,123,577	(16.4)	31,248,819	14.2	27,356,666	(2.5)
<b>Total Assets</b>	<b>46,131,326</b>	<b>20.2</b>	<b>38,366,952</b>	<b>25.7</b>	<b>30,525,305</b>	<b>2.1</b>	<b>29,911,654</b>	<b>(12.2)</b>	<b>34,085,864</b>	<b>13.3</b>	<b>30,097,519</b>	<b>(1.4)</b>
Shareholders' Equity	18,417,662	13.0	16,294,491	13.8	14,317,166	5.6	13,559,805	(1.7)	13,799,722	(1.7)	14,043,457	13.4
Non- Current Liabilities	911,540	24.3	733,581	17.2	626,159	3.5	604,814	4.0	581,682	25.7	462,871	12.1
Current Liabilities	26,802,124	25.6	21,338,880	36.9	15,581,980	(1.0)	15,747,035	(20.1)	19,704,460	26.4	15,591,191	(12.1)
<b>Total Shareholders' Equity &amp; Liabilities</b>	<b>46,131,326</b>	<b>20.2</b>	<b>38,366,952</b>	<b>25.7</b>	<b>30,525,305</b>	<b>2.1</b>	<b>29,911,654</b>	<b>(12.2)</b>	<b>34,085,864</b>	<b>13.3</b>	<b>30,097,519</b>	<b>(1.4)</b>
<b>Profit &amp; Loss Items</b>												
Net Sales	177,344,437	279	138,660,665	26.9	109,234,361	(36.4)	171,727,782	(16.3)	205,162,911	24.6	164,710,177	7.8
Cost of Products Sold	167,601,143	27.6	131,325,344	26.9	103,485,300	(38.0)	166,803,273	(16.3)	199,220,617	24.9	159,533,376	7.6
Gross Profit	9,743,294	32.8	7,335,321	27.6	5,749,061	16.7	4,926,509	(17.1)	5,942,294	14.8	5,176,801	12.8
Operating Profit	8,085,325	27.0	6,367,177	27.7	4,984,849	28.3	3,885,822	(27.8)	5,381,469	10.4	4,873,355	(3.5)
Profit Before Taxation	8,289,312	7.7	7,699,168	36.7	5,633,450	24.1	4,537,855	(23.2)	5,906,565	5.6	5,593,404	(0.9)
<b>Profit for the Year</b>	<b>5,656,349</b>	<b>6.7</b>	<b>5,299,168</b>	<b>38.4</b>	<b>3,828,585</b>	<b>16.5</b>	<b>3,286,384</b>	<b>(24.0)</b>	<b>4,326,764</b>	<b>10.8</b>	<b>3,906,534</b>	<b>(5.2)</b>

# GRAPHICAL PRESENTATION

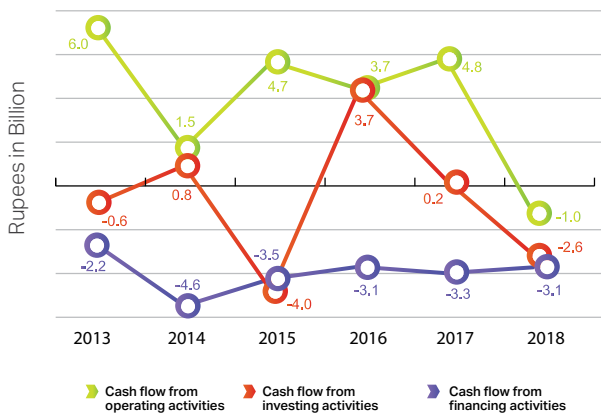
## Profit and Loss



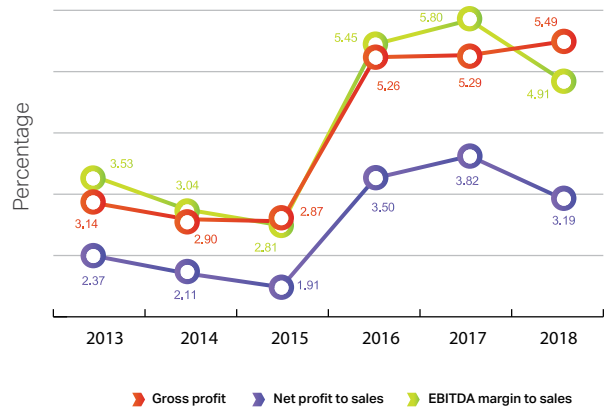
## Balance Sheet



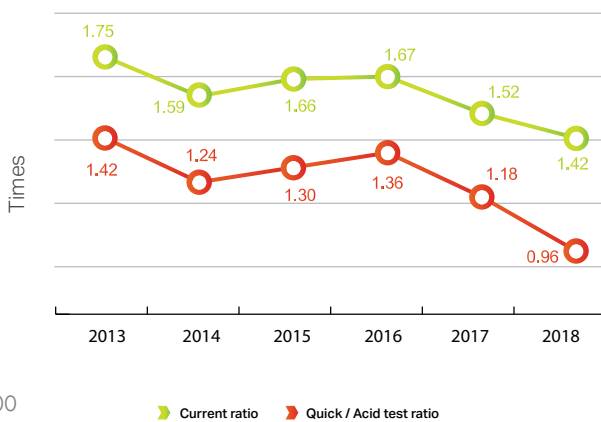
## Cash Flows



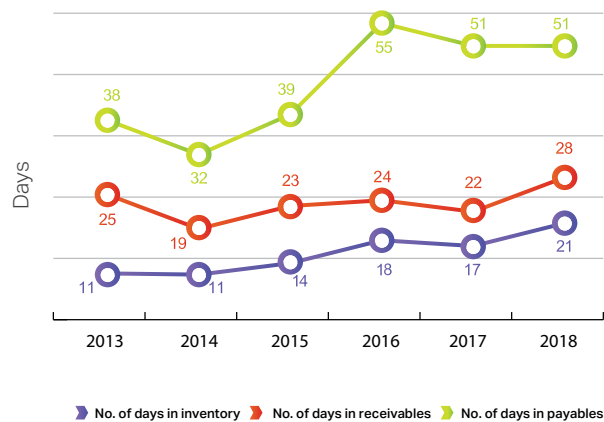
## Profitability Ratios



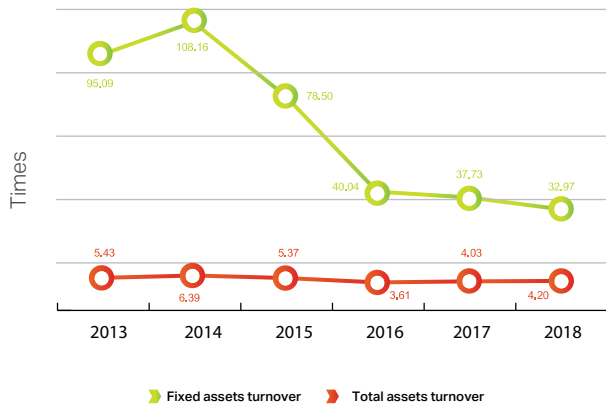
## Liquidity Ratios



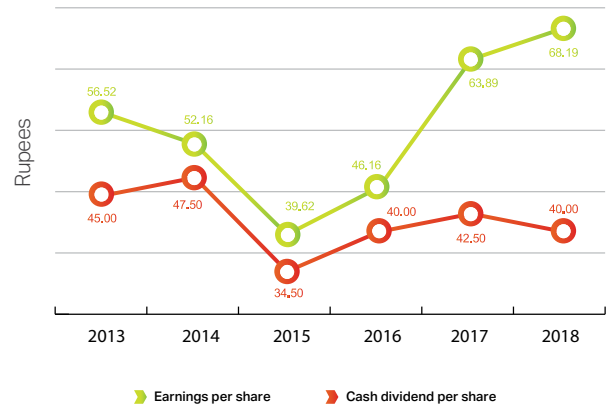
## Activity Ratios



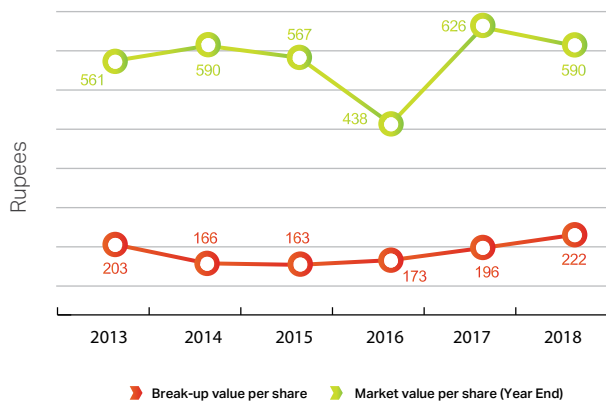
## Turnover Ratios



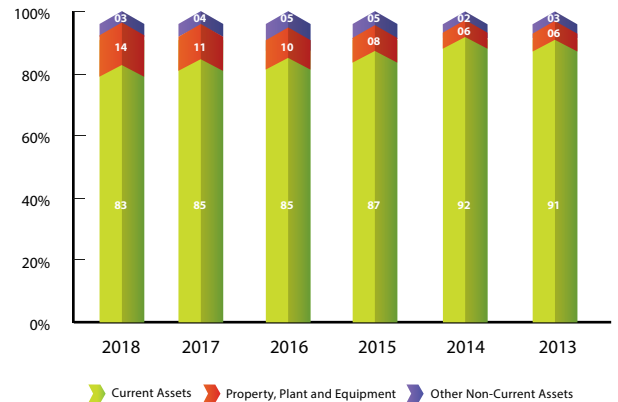
## Investment Ratios



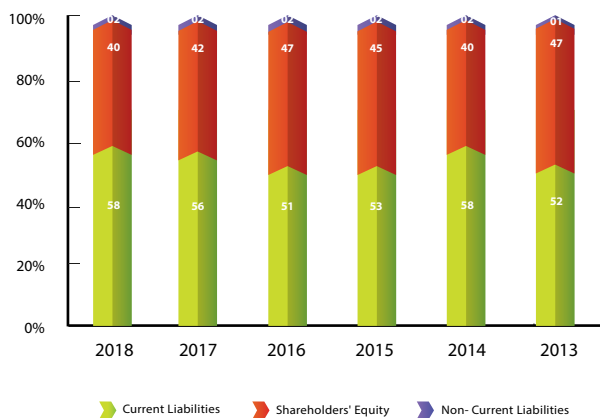
## Market Ratios



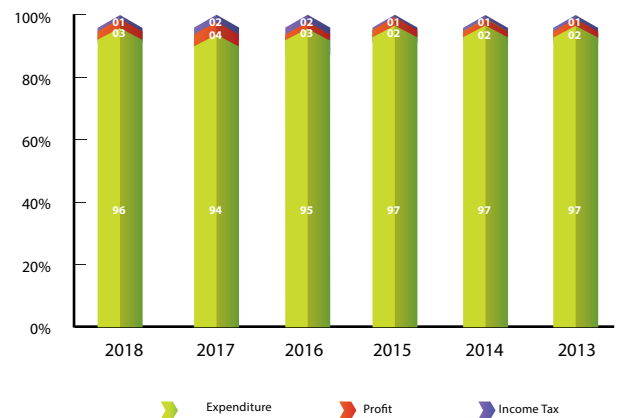
## Composition of Assets



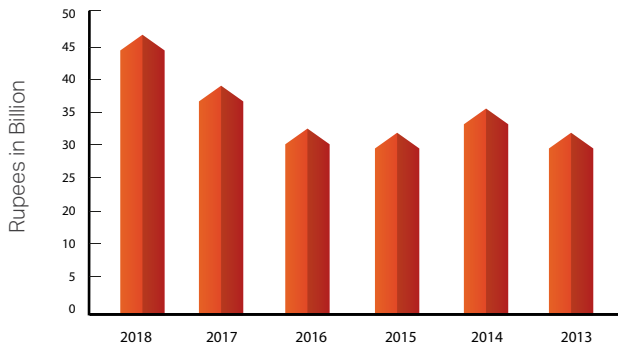
## Composition of Total Liabilities & Shareholders' Equity



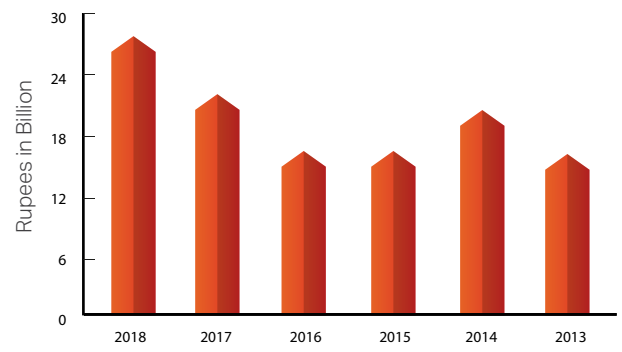
## Composition of Profit and loss



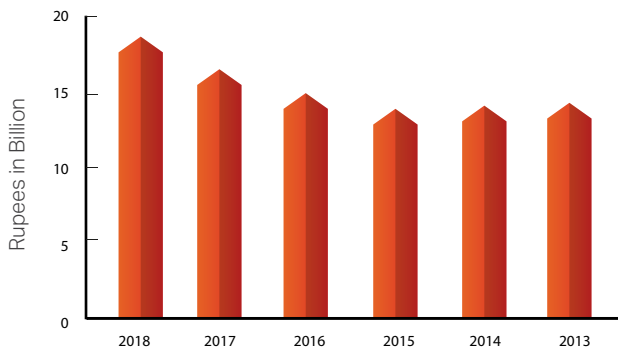
### Total Assets



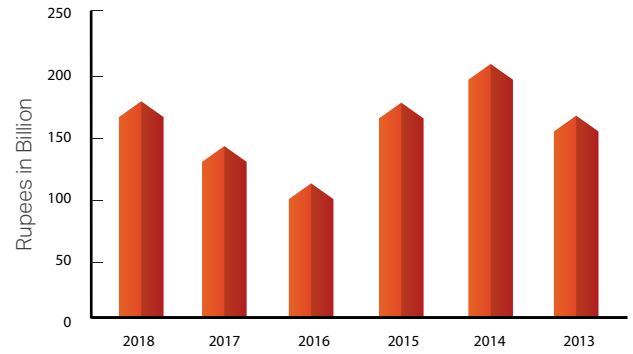
### Total Liabilities



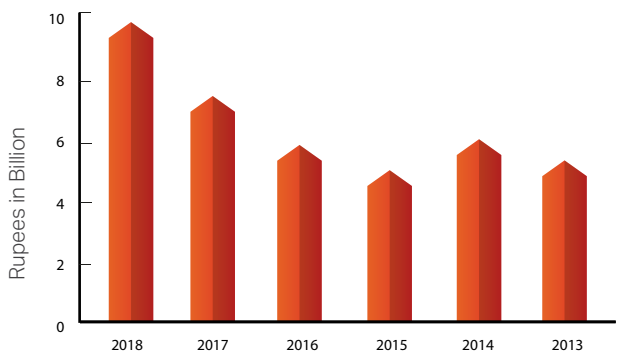
### Total Shareholders' Equity



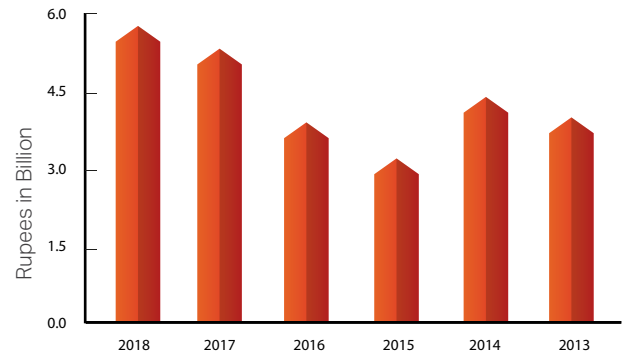
### Net Sales



### Gross Profit



### Net Profit





# COMMENTS ON FINANCIAL ANALYSIS

## CASH FLOW

**Cash flow from operating activities:** In the year 2017-18, it declined due to maintenance of higher stock level as per requirements, increase in prices of petroleum products and extension of credit to customers as per market demand. In the year 2012-13, it was on higher side due to increase in cash collection from the customers.

**Cash flow from investing activities:** Company invested substantial amount of Rs 2.5 billion in the year 2017-18 in property, plant and equipment that resulted decrease in cash flow from investing activities from last year. In the year 2015-16, cash flow was highest due to encashment of short term investments.

**Cash flow from financing activities:** Financing activities mainly comprises of dividends payment which was at high level in year 2013-14 as no interim dividend was announced in year 2012-13 and due to this reason higher final dividend was paid in year 2013-14.

**Free cash flow:** It remains the Company's policy to grow sustainable free cash flow and distributions to share holders in the long term.

## RATIOS ANALYSIS

**Profitability ratios:** Increase in sales volume and inventory gains due to rising price trend of petroleum products during the year 2017-18 resulted in increase in gross profit ratio from last year. Net profit to sales and EBITDA margin to sales decreased due to recording in the year 2016-17 of reversal of WWF provision for prior years after High Courts' decision in favor of tax payers and increase in operating expense. 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 decrease in Liquidity ratios.

**Activity / Turn over ratios:** Stock levels, debtors and creditors and varying prices results in fluctuation of these ratios over the period. Inventory turnover and No. of days in inventory has changed over last year due to increase in stock level. There is also change in Debtors turnover ratio and No. of days in receivable over last year due to extension of credit to customers. Creditors'

ratio remained in line with last year. Total assets turnover has increased by 4% compared to last year whereas fixed assets turnover has decreased by 13% due to significant investment in construction of new storage terminals and depots.

**Investment / Market ratios:** Earnings per share improved due to higher profits from last year. However, price earnings ratio of 8.65 has shown decrease over last year. Market value per share stood at Rs 590, down by around 36% compared to last year. Dividend payout ratio for the year 2017-18 was recorded at 58%, translating into a total cash dividend of Rs 40.00 per share. Bonus shares are issued @ 20% i.e. one share for every five shares held.

**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 the year 2017-18 resulted in increase in weightage of Property, plant

and equipment over last 05 years period. Increase in trade payable in excess to increase in shareholders equity has resulted in increased weightage of current liabilities in the year 2017-18.

**Profit & loss:** Overall sales volume grew since 2012-13 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 2015-16, 2016-17 and 2017-18 as compared to previous years.

### HORIZONTAL ANALYSIS

**Balance sheet:** Property, plant and equipment increased by Rs 4,555 Million over last 05 years period due to investment in new storage terminal, 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 2012-13 was mainly due to fluctuations in trade debts due to circular debts issue and stock balances

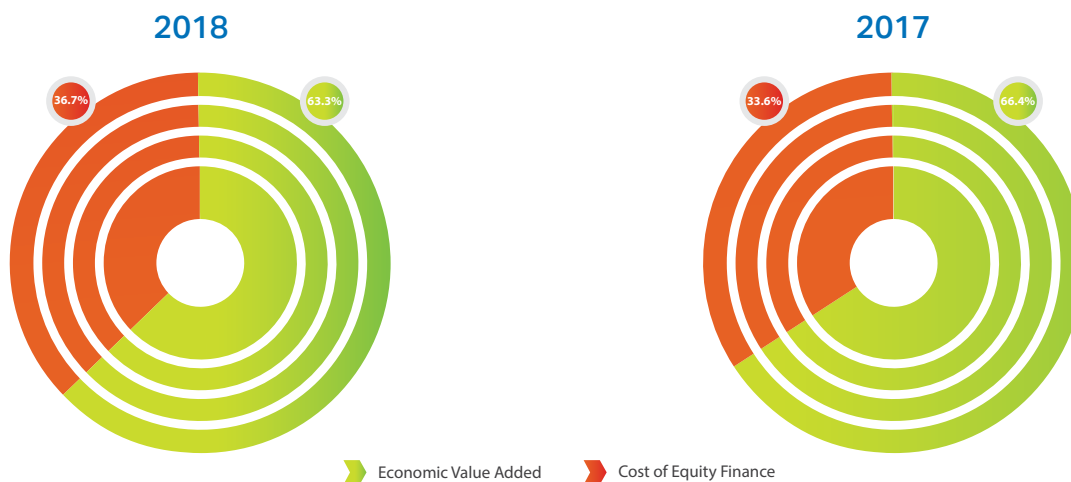
as per operational requirements. Current liabilities also increased in the year 2017-18 due to increase in payables relating to Circular debt and increase in procurement of petroleum products.

**Profit & loss:** Overall sales volume grew since 2012-13 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 and efficient stock management resulted in improved performance in the year 2017-18.

## STATEMENT OF ECONOMIC VALUE ADDED

	2018	2017
	Rs ('000)	Rs ('000)
Net Profit After Tax	5,656,349	5,299,168
Cost of Equity Finance	(2,075,755)	(1,778,192)
Economic Value Added	3,580,594	3,520,976
Economic Value Added Per share (Rupees)	43.17	42.45

### Composition of Net Profit After Tax



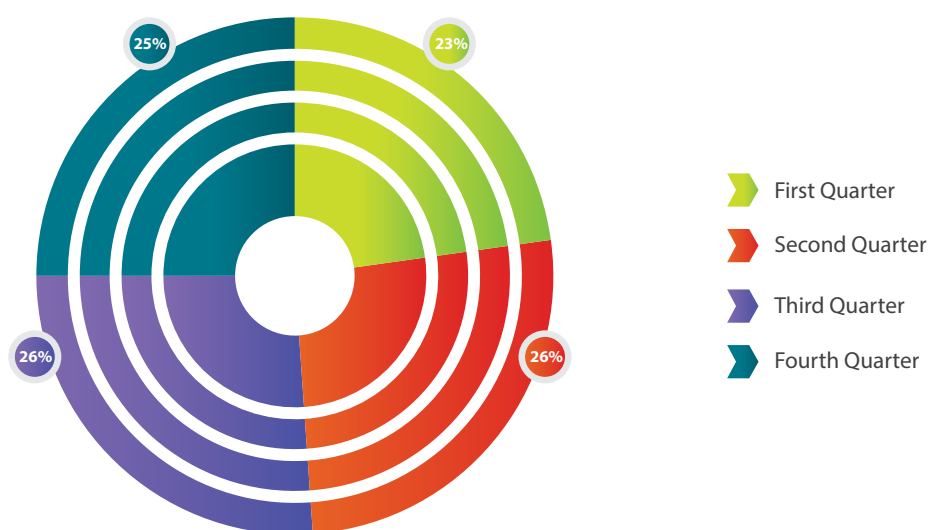
Statement of Economic Value Added represents value created in excess of the required return of the Company's shareholders.

# 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	177,344,437	55,985,292	45,013,777	37,814,112	38,531,256
Gross Profit	9,743,294	2,873,167	2,471,411	2,428,284	1,970,432
Profit Before Taxation	8,289,312	2,376,567	2,020,271	2,062,462	1,830,012
Net Profit	5,656,349	1,392,604	1,453,271	1,480,462	1,330,012
Earnings Per share (Rupees)	68.19	16.79	17.52	17.85	16.04

## Net Profit



Net sales revenue was highest in fourth quarter as volume sold in fourth quarter were highest based on product seasonal demand and high prices. This resulted in highest gross profit for the quarter.

Net sales revenue was lowest in second quarter as volume sold in second quarter were lowest due to low demand of Furnace Fuel Oil resulting from availability of alternate source (LNG) for electricity production to fulfill country demand, however inventory gains on account of increasing price trend resulted in highest net profit for the quarter.

## Statement of Charity Account\*

Particulars	2017-18 Rs in thousand
Education and Scholarship	3,425
Health care and Environment	209
Sports Development	885
Community Welfare	634
	5,153
* Includes through Company's trust	

# STATEMENT OF VALUE ADDED

	2017-18		2016-17	
	Rs in thousand	%	Rs in thousand	%
Gross revenue and other income	218,581,899		174,525,619	
Cost of sales and operating expenses	(150,878,772)		(115,763,806)	
<b>Total value added</b>	<b>67,703,127</b>		<b>58,761,813</b>	
<b>DISTRIBUTION</b>				
Employee remuneration:	830,163	1.23	652,335	1.11
Government as:				
Company taxation	2,632,963	3.89	2,400,000	4.08
Sales tax, duties and levies	57,722,231	85.26	50,363,837	85.71
WPPF & WWF	439,475	0.65	(301,227)	(0.51)
Shareholders as:				
Dividends	3,317,760	4.90	3,525,120	6.00
Bonus share	165,888	0.25	-	-
Society as:				
Donation	-	-	-	-
Providers of finance as:				
Financial charges	-	-	-	-
Retained in business:				
Depreciation	421,946	0.62	347,700	0.59
Net earnings	2,172,701	3.21	1,774,048	3.02
	<b>67,703,127</b>	<b>100.00</b>	<b>58,761,813</b>	<b>100.00</b>

