



PAKISTAN REFINERY LTD.

The General Manager
Pakistan Stock Exchange Limited
Stock Exchange Building
Stock Exchange Road
Karachi

February 1, 2021

Dear Sir,

Subject: Financial Results of Pakistan Refinery Limited (PRL) for the six months period ended December 31, 2020

We have to inform you that the Board of Directors of PRL in their meeting held on February 1, 2021 at 10:30 am at Pakistan Refinery Limited, Karachi has recommended a Nil dividend.

The profit and loss account of the Company for the six months period ended December 31, 2020 is as follows:

	Six months ended		Quarter ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	----- (Rupees in '000) -----			
Revenue from contracts with customers	37,621,872	58,318,302	19,963,015	22,596,860
Cost of sales	(36,389,820)	(58,460,703)	(19,612,165)	(23,741,651)
Gross profit / (loss)	1,232,052	(142,401)	350,850	(1,144,791)
Distribution costs	(118,082)	(126,819)	(64,666)	(60,285)
Administrative expenses	(226,719)	(216,056)	(127,236)	(126,088)
Other operating expenses	(35,269)	(27,919)	1,878	(27,301)
Other income	178,093	137,796	144,138	102,259
Operating profit / (loss)	1,030,075	(375,399)	304,964	(1,256,206)
Finance costs	(649,073)	(867,683)	(339,284)	(441,331)
Share of (loss) / income of associate accounted for using the equity method	(5,070)	1,719	(5,070)	1,719
Profit / (loss) before taxation	375,932	(1,241,363)	(39,390)	(1,695,818)
Taxation	(290,858)	(441,440)	(157,374)	(168,299)
Profit / (loss) for the period	85,074	(1,682,803)	(196,764)	(1,864,117)
	----- (Rupees) -----			
	(Re-stated)		(Re-stated)	
Earnings / (loss) per share - basic and diluted	Rs. 0.14	(Rs. 3.89)	(Rs. 0.33)	(Rs. 4.31)



A. EXTRACTS FROM THE NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2020:

NOTE 2.4 - BASIS OF PREPARATION

As at December 31, 2020, the Company's accumulated loss was Rs. 18.28 billion on December 31, 2020 (June 30, 2020: Rs. 18.36 billion). In addition, current liabilities of the Company exceeded its current assets by Rs. 15.23 billion as at December 31, 2020 (June 30, 2020: 16.84 billion). The Company ended the period with negative cash and cash equivalents amounting to Rs. 3.65 billion (June 30, 2020: Rs. 3.69 billion).

The above conditions may cast a significant doubt on the Company's ability to continue as a going concern and the Company may be unable to realise its assets and discharge its liabilities in the normal course of business.

To address negative equity and liquidity issues the Board of Directors in their meeting dated February 10, 2020, decided to make a right issue of 1 ordinary share for every 1 share held at par value amounting to Rs. 3.15 billion. This activity was completed during the period thereby increasing the share capital to Rs 6.3 billion.

Further, by changing crude recipe and operational philosophy during the period, Company was able to produce IMO-2020 grade Marine Residual Fuel (MRF), a premium product and EURO II compliant High Speed Diesel for a certain period that enabled the Company to earn additional revenues. However, sustainable production of above high premium products is tied with long term crude arrangements.

Furthermore, sustainable production of Petrol (MS) 92 RON and the ability to produce MS 95/97 RON has also resulted in saving of RON differential price adjustment on MS and generation of additional revenues to the Company.

In addition, the continued availability of financing facilities demonstrate the confidence of financial institutions on the Company's business model supporting the liquidity management. All the above factors contributed positively and the Company earned profits during the period as compared to loss in the corresponding period.

Based on the above factors and their expected positive impact on the Company's financial projections, and continuous availability of financing facilities, the Company believes that it will meet the obligations and continue to operate for a period of at least twelve months from the date of approval of this condensed interim financial information. Accordingly, this condensed interim financial information have been prepared on a going concern basis and therefore, do not include any adjustments to the carrying amount and classification of assets and liabilities that may arise if the Company was considered unable to continue as a going concern.



B. EXTRACTS FROM THE INDEPENDENT AUDITORS' REVIEW REPORT TO THE MEMBERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2020:

Emphasis of Matter

We draw attention to note 2.4 to the condensed interim financial information, which indicates that the Company earned a net profit of Rs. 85.07 million during the six months period ended December 31, 2020 and, as of that date, the Company's current liabilities exceeded its current assets by Rs. 15.23 billion. These conditions, along with other matters as set forth in note 2.4 indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Yours truly,
for PAKISTAN REFINERY LIMITED


Imran Ahmad Mirza
Chief Financial Officer


Mustafa Saleemi
Company Secretary