



PAKISTAN REFINERY LTD.

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

February 7, 2022

Dear Sir,

Subject: Financial Results of Pakistan Refinery Limited (PRL) for the six months period ended December 31, 2021

We have to inform you that the Board of Directors of PRL in their meeting held on February 7, 2022 at 10:00 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, 2021 is as follows:

	Six months ended		Quarter ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
	(Rupees in '000)			
Revenue from contracts with customers	59,884,413	37,621,872	24,255,890	19,963,015
Cost of sales	(58,435,688)	(36,389,820)	(23,279,594)	(19,612,165)
Gross profit	1,448,725	1,232,052	976,296	350,850
Distribution costs	(143,452)	(118,082)	(75,447)	(64,666)
Administrative expenses	(277,239)	(226,719)	(155,987)	(127,236)
Other operating expenses	(78,039)	(35,269)	(31,613)	1,878
Other income	49,792	178,093	24,149	144,138
Operating profit	999,787	1,030,075	737,398	304,964
Finance cost	(798,124)	(649,073)	(345,242)	(339,284)
Share of loss of associate accounted for using the equity method	(1,586)	(5,070)	(1,586)	(5,070)
Profit / (loss) before income tax	200,077	375,932	390,570	(39,390)
Taxation	(314,529)	(290,858)	(126,640)	(157,374)
(Loss) / profit for the period	(114,452)	85,074	263,930	(196,764)
	(Rupees)			
(Loss) / earnings per share - basic and diluted	(Rs. 0.18)	Rs. 0.14	Rs. 0.42	(Re-stated) (Rs. 0.31)



A. EXTRACTS FROM THE NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2021:

NOTE 2.2 - BASIS OF PREPARATION

The Company incurred a net loss of Rs. 0.11 billion during the six months period ended December 31, 2021. As at December 31, 2021 accumulated losses were Rs. 18.30 billion (June 30, 2021: Rs. 18.18 billion) and as at that date current liabilities of the Company exceeded its current assets by Rs. 16.73 billion (June 30, 2021: 17.80 billion). These conditions may cast a significant doubt on the Company's ability to continue as a going concern as the Company may be unable to realise its assets and discharge its liabilities in the normal course of business.

Net loss of Rs. 0.11 billion incurred by the Company during the period was mainly because of exchange loss of Rs 1.42 billion owing to significant depletion in the value of Pak Rupee against USD. However, the Company believes that current pricing mechanism which includes the allowance to recover exchange loss will enable the Company to recover a portion of cumulative exchange loss suffered during the period. The Government of Pakistan (GOP) through Finance Act, 2021 reduced the rate of Minimum Tax on Turnover from 0.75% to 0.5% and the rate of Custom Duty on crude oil from 5% to 2.5%. Subsequent to the period end, GOP through Finance Supplementary Act 2022, has reduced Sales Tax on crude oil from 17% to 0%. These changes are having favourable impacts on the results of the Company.

During December 2021, the refinery operations were temporarily shutdown for a period of 16 days owing to operational and ullage issues caused by shortfall in demand of furnace oil by Oil Marketing Companies. This industry-wide issue was caused due to the lower electricity demand in winters and supply of RLNG to power plants. Subsequent to the period end, the Company resumed its operations after ensuring smooth upliftment of its products, resolving the operational and ullage constraints.

In December 2021, the Board made a public announcement to undertake the Refinery Expansion and Upgrade Project with the objectives of production of EURO V compliant High Speed Diesel and Petrol, expansion of crude processing capacity to 100,000 barrels per day and upgradation from hydro-skimming to deep-conversion refinery, thereby significantly reducing the production of High Sulphur Furnace Oil and improving Company's results. Front-End Engineering and Design contract and appointment of financial advisor is expected by the end of third quarter of the current financial year.

In addition, the continued availability of financing facilities demonstrates the confidence of financial institutions on the Company's business model supporting the liquidity management.

Based on the above factors and their positive effect on the Company's projections together with the continuous availability of financing facilities, the Company believes that it will meet the obligations and will continue to operate as a going concern for a period of at least 12 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 amounts and classification of assets and liabilities that may arise if, for any reason, the Company is unable to continue as a going concern.

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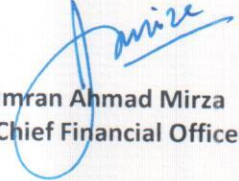


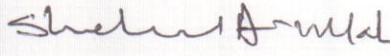
B. EXTRACTS FROM THE INDEPENDENT AUDITORS' REVIEW REPORT TO THE MEMBERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2021:

Emphasis of Matter

We draw attention to note 2.2 to the condensed interim financial information, which indicates that the Company incurred a net loss of Rs. 0.11 billion during the six months period ended December 31, 2021 and, as of that date, the Company's current liabilities exceeded its current assets by Rs. 16.73 billion. As stated in note 2.2 these events or conditions, along with the other matters as set forth in note 2.2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Yours truly,
for **PAKISTAN REFINERY LIMITED**


Imran Ahmad Mirza
Chief Financial Officer


Shehrzad Aminullah
Company Secretary

