

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2023

	Note	March 31, 2023 Unaudited	June 30, 2022 Audited
(Rupees in thousand)			
ASSETS			
Non-current assets			
Property, plant and equipment	8	30,330,353	28,981,489
Right-of-use asset		119,324	131,255
Investment accounted for using the equity method		45,167	55,514
Long-term deposits and loans		28,498	30,897
Employee benefit prepayments		32,534	32,584
		<u>30,555,876</u>	<u>29,231,739</u>
Current assets			
Inventories		32,400,729	24,056,915
Trade receivables	9	19,597,142	11,305,849
Trade deposits, loans, advances and short-term prepayments		315,228	228,579
Other receivables	10	8,866,836	2,585,239
Investments	11	10,001,602	-
Cash and bank balances		8,387,235	23,538,605
		<u>79,568,772</u>	<u>61,715,187</u>
		<u>110,124,648</u>	<u>90,946,926</u>
EQUITY AND LIABILITIES			
EQUITY			
Share capital		6,300,000	6,300,000
Accumulated loss		(15,754,345)	(18,285,559)
Special reserve		15,254,082	15,254,082
Revaluation surplus on property, plant and equipment		20,325,928	20,325,928
Other reserves		1,947	1,947
		<u>26,127,612</u>	<u>23,596,398</u>
LIABILITIES			
Non-current liabilities			
Long-term lease liability		131,343	141,745
Deferred tax liabilities		354,932	284,315
Employee benefit obligations		570,569	586,749
		<u>1,056,844</u>	<u>1,012,809</u>
Current liabilities			
Trade and other payables	12	57,357,722	46,297,714
Short-term borrowings	13	24,605,908	18,901,244
Unearned revenue		-	6,465
Current portion of long-term lease liability		9,620	6,460
Taxation - provision less payments		947,090	1,105,984
Unclaimed dividend		19,852	19,852
		<u>82,940,192</u>	<u>66,337,719</u>
		<u>83,997,036</u>	<u>67,350,528</u>
CONTINGENCIES AND COMMITMENTS	14	<u>110,124,648</u>	<u>90,946,926</u>

The annexed notes 1 to 22 form an integral part of this condensed interim financial information.



Zahid Mir
Managing Director & CEO



Mohammad Abdul Aleem
Director



Imran Ahmad Mirza
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME - (UNAUDITED)

FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2023

NINE MONTHS REPORT MARCH 31, 2023

	Note	Nine months ended		Quarter ended	
		March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Revenue from contracts with customers	15	189,903,949	111,637,657	59,554,649	51,753,244
Cost of sales		(183,729,747)	(103,031,952)	(55,089,806)	(44,596,264)
Gross profit		6,174,202	8,605,705	4,464,843	7,156,980
Distribution costs		(291,998)	(239,074)	(125,540)	(95,622)
Administrative expenses		(566,107)	(402,509)	(175,573)	(125,270)
Other operating expenses		(319,987)	(556,781)	(197,403)	(478,742)
Other income		2,292,840	151,804	574,320	102,012
Operating profit		7,288,950	7,559,145	4,540,647	6,559,358
Finance cost		(3,177,185)	(1,114,745)	(1,880,511)	(316,621)
Share of (loss) / Income of associate - accounted for using the equity method		(10,347)	261	(6,546)	1,847
Profit before income tax		4,101,418	6,444,661	2,653,590	6,244,584
Taxation		(1,570,204)	(1,029,423)	(881,471)	(714,894)
Profit for the period		2,531,214	5,415,238	1,772,119	5,529,690
Other comprehensive income / (loss)		-	-	-	-
Total comprehensive profit		2,531,214	5,415,238	1,772,119	5,529,690
Earnings per share - basic and diluted	16	Rs. 4.02	Rs. 8.60	Rs. 2.81	Rs. 8.78

The annexed notes 1 to 22 form an integral part of this condensed interim financial information.



Zahid Mir
Managing Director & CEO



Mohammad Abdul Aleem
Director



Imran Ahmad Mirza
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY - (UNAUDITED)

FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2023

	SHARE CAPITAL	CAPITAL RESERVE			REVENUE RESERVE		Total
		Special reserve	Revaluation surplus on property, plant and equipment	Exchange equalisation reserve	Accumulated loss	General reserve	
Balance as at July 1, 2021 - (audited)	6,300,000	2,780,632	11,149,288	897	(18,184,869)	1,050	2,046,998
Profit for the nine months period ended March 31, 2022	-	-	-	-	5,415,238	-	5,415,238
Other comprehensive income for the nine months period ended March 31, 2022	-	-	-	-	-	-	-
Balance as at March 31, 2022 - (unaudited)	6,300,000	2,780,632	11,149,288	897	(12,769,631)	1,050	7,462,236
Balance as at July 1, 2022 - (audited)	6,300,000	15,254,082	20,325,928	897	(18,285,559)	1,050	23,596,398
Profit for the nine months period ended March 31, 2023	-	-	-	-	2,531,214	-	2,531,214
Other comprehensive income for the nine months period ended March 31, 2023	-	-	-	-	-	-	-
Balance as at March 31, 2023 - (unaudited)	6,300,000	15,254,082	20,325,928	897	(15,754,345)	1,050	26,127,612

(Rupees in thousand)

The annexed notes 1 to 22 form an integral part of this condensed interim financial information.



Zahid Mir
Managing Director & CEO



Mohammad Abdul Aleem
Director



Imran Ahmad Mirza
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CASH FLOWS - (UNAUDITED)

FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2023

NINE MONTHS REPORT MARCH 31, 2023

	Note	March 31, 2023	March 31, 2022
(Rupees in thousand)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	18	64,007	10,806,628
Interest paid		(2,494,940)	(1,038,016)
Taxes paid		(1,658,481)	(715,306)
Contribution made to retirement benefit plans		(146,786)	(69,935)
Decrease / (increase) in long-term deposits and loans		2,399	(3,253)
Net cash (used in) / generated from operating activities		<u>(4,233,801)</u>	<u>8,980,118</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		(2,202,564)	(256,318)
Proceeds from disposal of property, plant and equipment		4,519	3,354
Income from investments		924,683	-
Interest received		1,427,586	47,025
Net cash used in investing activities		<u>154,224</u>	<u>(205,939)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
(Repayment of) / proceeds from long term loans		(1,200,000)	600,000
Repayment of salary refinancing		(105,394)	(108,078)
Lease rentals paid		(27,570)	(25,572)
Repayment of short term borrowings		-	(8,000,000)
Proceeds from foreign currency loan		-	15,168,798
Net cash (used in) / generated from financing activities		<u>(1,332,964)</u>	<u>7,635,148</u>
Net (decrease) / increase in cash and cash equivalents		<u>(5,412,541)</u>	<u>16,409,327</u>
Cash and cash equivalents at the beginning of the period		23,522,896	(5,463,423)
Exchange gain on cash and cash equivalents		78,551	-
Cash and cash equivalents at the end of the period	19	<u>18,188,906</u>	<u>10,945,904</u>

The annexed notes 1 to 22 form an integral part of this condensed interim financial information.



Zahid Mir
Managing Director & CEO



Mohammad Abdul Aleem
Director



Imran Ahmad Mirza
Chief Financial Officer

NOTES TO AND FORMING PART OF THE FINANCIAL INFORMATION - (UNAUDITED)

FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2023

1. THE COMPANY AND ITS OPERATIONS

1.1 Pakistan Refinery Limited was incorporated in Pakistan as a public limited company in May 1960 and is listed on Pakistan Stock Exchange. The Company is engaged in the production and sale of petroleum products.

The Company is a subsidiary of Pakistan State Oil Company Limited (PSO).

1.2 The geographical locations and addresses of the Company's business units, including plant are as under:

- Refinery complex and registered office of the Company is at Korangi Creek Road, Karachi; and
- Storage tanks at Keamari, Karachi.

2. BASIS OF PREPARATION

This condensed interim financial information has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting which comprises of:

- International Accounting Standards (IAS 34), Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34 - Interim Financial Reporting, the provisions of and directives issued under the Companies Act, 2017 have been followed.

This condensed interim financial information of the Company does not include all of the information required for annual financial statements and should be read in conjunction with the annual financial statements of the Company as at and for the year ended June 30, 2022. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual audited financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the audited financial statements for the year ended June 30, 2022.

4. NEW OR AMENDMENTS / INTERPRETATIONS TO EXISTING STANDARDS, INTERPRETATION AND FORTHCOMING REQUIREMENTS

There are new and amended standards and interpretations that are mandatory for accounting periods beginning July 1, 2022, but are considered not to be relevant or do not have any significant effect on the Company's financial position and are therefore not stated in this condensed interim financial information.

5. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING AND REPORTING STANDARDS THAT ARE NOT YET EFFECTIVE

The following International Financial Reporting Standards (IFRS Standards) relevant to the Company as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after January 1, 2023:

	Effective date
- Amendments to IAS-1 Classification of liabilities as current or non-current	January 1, 2024
- Amendments to IAS-1 and IFRS Practice Statement 2 Disclosure of Accounting Policies	January 1, 2023
- Amendments to IAS-8 Definition of Accounting Estimates	January 1, 2023
- Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from Single Transaction	January 1, 2023
- Amendments to IFRS-10 and IAS-28 Sale or Contribution of Assets between an investor and its Associate or Joint Venture	January 1, 2023

6. USE OF ESTIMATES AND JUDGEMENTS

In preparing this condensed interim financial information, management has made judgements and estimates that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the annual financial statements as at and for the year ended June 30, 2022.

7. FINANCIAL RISK MANAGEMENT

The Company's financial risk management policies and objectives are consistent with those disclosed in the annual financial statements as at and for the year ended June 30, 2022.

8. PROPERTY, PLANT AND EQUIPMENT

8.1 Following are additions to Property, Plant and Equipment during the period:

	March 31, 2023	March 31, 2022
		(Unaudited)
		(Rupees in thousand)
Processing plant	3,707	59,276
Korangi tank farm	25,842	-
Keamari Terminal	26,583	70,894
Steam Generation Plant	5,150	3,925
Power Generation	-	63,441
Water Treatment and Cooling System	-	3,895
Equipment and furniture	15,712	4,350
Vehicles and other automotive equipment	76,319	6,908
Major spare parts and stand by equipments - net of transfers	(3,861)	(2,745)
Capital work-in-progress - net of transfers	2,050,805	43,020
	<u>2,200,257</u>	<u>252,964</u>

8.2 Fixed assets having Net Book Value of Rs. 2.31 million were disposed-off during the period.

8.3 Capital work-in-progress includes Rs. 1.78 billion associated with Front-End Engineering and Designing (FEED) related to Refinery Expansion and Upgradation Project (REUP).

9. TRADE RECEIVABLES

This includes an amount of Rs. 17.30 billion (June 30, 2022: 9.11 billion) due from PSO - (related party).

10. OTHER RECEIVABLES

10.1 This includes Rs. 10.88 million (June 30, 2022: Rs. 75.29 million) due from Pak-Arab Refinery Limited (PARCO) - (related party). Due to the short-term nature of other receivables, their carrying amount is considered to be the same as their fair value.

Other receivables include a net amount of Rs. 8.84 billion (exchange losses of Rs. 9.46 billion net of exchange gains of Rs. 0.62 billion) (June 30, 2022: Rs. 2.02 billion) in respect of foreign currency loans (FE loans) obtained by the Company for settlement of LCs of crude oil based on the directions of Ministry of Finance (MoF) dated November 27, 2013 and October 21, 2021. During the year ended June 30, 2016, MoF proposed a mechanism for calculation of such gains / losses on the FE loans by the oil importing companies and invited views / comments thereupon. The Company, along with other oil importing companies had discussions with MoF and SBP in this respect. The claims are finalised upon settlement of FE loan.

11. INVESTMENTS

This represents short term investment in Treasury Bills. Fair values of these investments are determined using repurchase price and carry interest yield of 17.94% to 20.97% per annum (June 30, 2022: Nil) per annum. These Treasury Bills will be matured latest by June 1, 2023.

	March 31, 2023	June 30, 2022
	Unaudited	Audited
	(Rupees in thousand)	
12. TRADE AND OTHER PAYABLES		
Creditors	42,733,063	32,162,408
Surplus price differential payable	5,720,626	5,650,720
Accrued liabilities	3,798,767	5,938,296
Payable to the Government	3,583,654	-
Accrued mark-up	790,674	132,948
Advances from customers	338,610	1,100,862
Workers' Profit Participation Fund	209,307	-
Sales tax payable	104,069	994,075
Workers' Welfare Fund	70,491	309,930
Retention money	8,359	8,194
Tax deducted at source	102	281
	<u>57,357,722</u>	<u>46,297,714</u>
13. SHORT TERM BORROWINGS		
Running finance under mark-up arrangements - note 13.1	199,931	15,709
Foreign currency loan - note 13.2	24,405,977	17,584,098
Current portion of long-term borrowings	-	1,200,000
Current portion of salary refinancing	-	101,437
	<u>24,605,908</u>	<u>18,901,244</u>

- 13.1** As at March 31, 2023 available running finance facilities under mark-up arrangements from various banks amounted to Rs. 9.45 billion (June 30, 2022: Rs. 9.45 billion). These arrangements are secured by way of hypothecation over stock of crude oil, finished products and trade receivables of the Company. The mark-up rate ranging between one month KIBOR+0.65% to three months KIBOR+1.50% as at March 31, 2023 (June 30, 2022: three months KIBOR+0.5% to one month KIBOR+2.5%) per annum. Purchase prices are payable on demand. Facilities for invoice discounting as at March 31, 2023 amounted to Rs. 4.50 billion (June 30, 2022: Rs. 4.5 billion).
- 13.2** This represents short term FE 25 loan, which were initially obtained from banks at mark-up rates ranging from three months LIBOR +2.5% to six months LIBOR +4.44% per annum and were repayable by January 20, 2022 and June 20, 2022 respectively. Later these FE loans have been rolled over and are now due on April 17, 2023 and June 21, 2023 and carry mark-up of 12.50% and 12.75 % respectively.

14. CONTINGENCIES AND COMMITMENTS

14.1 Contingencies

- 14.1.1** Claims against the Company not acknowledged as debt amount to Rs. 6.98 billion (June 30, 2022: Rs. 6.34 billion). These include Rs. 6.41 billion (June 30, 2022: Rs. 5.73 billion) on account of late payment surcharge on purchase of crude oil. The Company has raised similar claims aggregating to Rs. 7.54 billion (June 30, 2022: Rs. 7.41 billion) relating to interest on late payments against trade receivables from certain Oil Marketing Companies.
- 14.1.2** Share of Pak Grease Manufacturing Company (Private) Limited - (an associate company), tax contingencies are Rs. 3.39 million (June 30, 2022: 3.74 million) on account of various tax matters.
- 14.1.3** There has been no significant changes during the period in the status of contingencies reported in annual financial statements for the year ended June 30, 2022.

14.2 Commitments

As at March 31, 2023 commitments outstanding for capital expenditure amounted to Rs. 5.45 billion (June 30, 2022: Rs. 5.23 billion).

15. REVENUE FROM CONTRACTS WITH CUSTOMERS

	Nine months ended		Quarter ended	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
	(Unaudited) (Rupees in thousand)			
Local sales - note 15.1	225,079,315	128,130,030	72,083,081	84,648,684
Exports	8,937,839	5,537,121	4,400,968	4,596,908
Gross sales	234,017,154	133,667,151	76,484,049	89,245,592
Less:				
- Sales tax	(5,477,074)	(10,407,696)	(1,225,220)	(4,691,679)
- Excise duty and petroleum levy	(20,635,447)	(4,837,018)	(10,785,945)	(3,980,129)
- Custom duty	(6,675,307)	(3,662,933)	(1,883,719)	(2,436,383)
- Surplus price differential	(11,325,377)	(3,121,847)	(3,034,516)	(2,128,267)
	<u>189,903,949</u>	<u>111,637,657</u>	<u>59,554,649</u>	<u>76,009,134</u>

- 15.1** Sales of regulated products are based on prices notified by OGRA which are subject to policy clarification from the Federal Government. Sales of certain de-regulated products (Motor Spirit, High Octane Blending Component, High Speed Diesel, Light Diesel Oil and Aviation Fuels) are based on prices set under notifications of the MoE.

16. EARNINGS PER SHARE

	Nine months ended		Quarter ended	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
	(Unaudited)			
Earnings attributable to ordinary shareholders (Rs. in thousand)	2,531,214	5,415,238	1,772,119	5,529,690
Weighted average number of ordinary shares outstanding during the period (in thousand)	630,000	630,000	630,000	630,000
Basic and diluted earnings per share	Rs. 4.02	Rs. 8.60	Rs. 2.81	Rs. 8.78

16.1 There were no dilutive potential ordinary shares in issue as at March 31, 2023 and March 31, 2022.

17. TRANSACTIONS WITH RELATED PARTIES

The Company has related party relationship with parent company, associated undertakings, directors, key management personnel and retirement benefit funds.

Sale of certain products is transacted at prices regulated by the Oil & Gas Regulatory Authority. Transactions with employee benefit funds are carried out based on the terms of employment of the employees and according to the actuarial advice. All other related party transactions are carried out on arms length basis.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity. The Company considers all members of their Refinery Leadership Team including the Chief Executive Officer and Directors to be its key management personnel.

There are no transactions with key management personnel other than under their terms of employments / entitlements.

Relationship	Nature of transaction	March 31, 2023	March 31, 2022
		(Unaudited) (Rupees in thousand)	
(a) Parent company	Sale of goods - net	84,283,734	61,550,643
	Services rendered	449	408
(b) Associated companies	Purchase of goods - net	5,172,316	2,325,600
	Sale of goods - net	4,510,675	2,456,246
	Services received	6,482	1,577
	Services rendered	23,781	23,376
(c) Key management personnel compensation (excluding non-executive directors)	Salaries and other short-term employee benefits	154,186	115,575
	Post-employment benefits	10,123	8,846
	Sale of motor vehicle as per company's Policy	1,658	-
(d) Staff retirement benefit funds	Payments to staff retirement benefit funds	225,688	138,122
(e) Non-executive Directors	Remuneration and fees	13,949	22,230

18. CASH GENERATED FROM OPERATIONS

	March 31, 2023	March 31, 2022
	(Unaudited) (Rupees in thousand)	
Profit before income tax	4,101,418	6,444,661
<i>Adjustments for non-cash charges and other items:</i>		
Mark-up expense	3,162,607	1,104,582
Depreciation	861,293	845,472
Provision for employee benefit obligations	130,656	90,941
Provision for slow moving stores and spares - net	8,066	8,081
Share of loss / income of associate	10,347	(261)
Profit on deposits	(1,292,877)	(59,621)
Gain on investments	(924,683)	-
Exchange (gain) on cash and cash equivalents	(78,551)	-
Gain on disposal of operating assets - net	(2,212)	-
	1,874,646	1,989,194
Working capital changes - note 18.1	(5,912,057)	2,372,773
Cash generated from operations	64,007	10,806,628

18.1 Working capital changes

(Increase) / decrease in current assets		
Inventories	(8,352,061)	(6,790,724)
Trade receivables	(8,291,293)	(5,857,847)
Trade deposits, loans, advances and short-term prepayments	(86,649)	(68,607)
Other receivables	405,573	(825,596)
	(16,324,430)	(13,542,774)
Increase in current liabilities		
Trade and other payables	10,412,373	15,915,547
	(5,912,057)	2,372,773

19. CASH AND CASH EQUIVALENTS

Investments	10,001,602	-
Cash and bank balances	8,387,235	10,945,904
Running finance under mark-up arrangements - note 13	(199,931)	-
	18,188,906	10,945,904

20. OPERATING SEGMENTS

This condensed interim financial information has been prepared on the basis of a single reportable segment.

Sales to 2 (March 31, 2022: 3) customers represent 58.04% (March 31, 2022: 76.54%) of the revenue and each customer individually exceeds 10% of the revenue during the current and corresponding period.

21. FAIR VALUE FINANCIAL INSTRUMENTS

The carrying values of all financial assets (loans and receivables) and other financial liabilities reflected in this condensed interim financial information are estimated to approximate their fair values, as these are either short term in nature or repriced periodically.

22. DATE OF AUTHORISATION

This condensed interim financial information were authorised for issue by the Board of Directors of the Company on April 19, 2023.



Zahid Mir
Managing Director & CEO



Mohammad Abdul Aleem
Director



Imran Ahmad Mirza
Chief Financial Officer