



NATIONAL REFINERY LIMITED

STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED JUNE 30, 2020

	2020	2019
	(Rupees in thousand)	
Revenue from contracts with customers	175,611,804	209,417,257
Trade discounts, taxes, duties, levies and price differential	<u>(49,999,158)</u>	<u>(48,511,060)</u>
Net revenue from contracts with customers	125,612,646	160,906,197
Cost of sales	<u>(136,730,486)</u>	<u>(165,355,337)</u>
Gross loss	(11,117,840)	(4,449,140)
Distribution cost	(730,848)	(814,479)
Administrative expenses	(867,167)	(831,564)
Other income	380,939	369,511
Other operating expenses	<u>(14,931)</u>	<u>(17,590)</u>
Operating loss	(12,349,847)	(5,743,262)
Finance cost	<u>(2,513,245)</u>	<u>(5,285,749)</u>
Loss before taxation	(14,863,092)	(11,029,011)
Taxation	<u>10,799,330</u>	<u>2,336,584</u>
Loss after taxation	<u>(4,063,762)</u>	<u>(8,692,427)</u>
	(Rupees)	
Loss per share - basic and diluted	<u>(50.82)</u>	<u>(108.70)</u>



H. H. H. H.

Company Secretary



NATIONAL REFINERY LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2020

	2020 (Rupees in thousand)	2019
Loss after taxation	(4,063,762)	(8,692,427)
Other comprehensive income / (loss)		
Items that will not be reclassified to statement of profit or loss		
Change in fair value of long term investment	(404)	(1,664)
Remeasurements of post employment benefit obligations	24,152	116,690
	23,748	115,026
Deferred tax thereon	3,831	(16,011)
	<u>27,579</u>	<u>99,015</u>
Total comprehensive loss	<u>(4,036,183)</u>	<u>(8,593,412)</u>



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EXTRACTS FROM THE NOTE TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

NOTE-1 LEGAL STATUS AND OPERATIONS - Impact of Significant Events Affecting Refinery Operations

The Company has incurred losses during the year as the refinery industry on the whole has been facing significant decline in refinery margins due to asymmetrical changes in international prices of crude and finished products. Also, in the third quarter, the world faced the worst economic crises due to COVID-19 pandemic which forced authorities in Pakistan to implement numerous measures to contain the spread of virus, such as nationwide lock down of businesses, suspension of flight operations, travel bans and cancellation of major events. The measures adopted resulted in steep decline in demand for petroleum products and resultant crash in oil prices. As a result revenue declined significantly for the period as the Company had to sell its products at lower prices which were produced from earlier stock of crude oil purchased at higher rates.

All the refineries are under discussion with the Government whereby some immediate changes are being proposed to be made in the petroleum product pricing structure so as to protect refineries from the vulnerabilities of fluctuations of oil prices and cover their losses.

During the lockdown period the Company as a result of reduced demand was forced to shut down refinery operation for a period of 29 days from March 25, 2020 to April 22, 2020. However, since ease of restrictions by the Government the demand for petroleum products is now getting back to normal, hence the losses faced by the refinery due to COVID-19 were of short term in nature. There are no additional impacts on these financial statements due to shut down of refinery in relation to impairment of non-current assets, credit losses on financial assets and restructuring of financing arrangements.

NOTE 15 TAXATION - PAYMENTS LESS PROVISION

The Company has received orders from the Appellate Tribunal Inland Revenue (ATIR) in respect of various appeals filed for the tax years 2003, 2004 and 2006 to 2013. The issue involved in these appeals was the apportionment of expenditures between local income and exports on the basis of 'gross sales' as compared to 'net sales'. The ATIR has allowed the apportionment of expenditures on the basis of 'gross sales' which has resulted in a refund of Rs. 7 billion out of which Rs. 6.13 billion (2019: 1.95 billion) has been received upto June 30, 2020. However, the Federal Board of Revenue (FBR) has filed an appeal in the High Court of Sindh against the ATIR orders. The Company has also filed an appeal in the High Court of Sindh in respect of apportionment of expenditures to be based on quantity sold rather than on net sales.

As substantial amount arising out of the ATIR decision has been received and based on the legal advice, the Company has reversed the provision carried in respect of years for which appeal effect orders have been received.



M. H. H. H.
Company Secretary