



PAKISTAN REFINERY LTD.

August 22, 2016

The General Manager
Pakistan Stock Exchange Limited
Stock Exchange Building
Stock Exchange Road
Karachi
Dear Sir,

Subject: Financial Results of Pakistan Refinery Limited (PRL) for the year ended June 30, 2016

We have to inform you that the Board of Directors of PRL in their meeting held on August 22, 2016 at 2:00 pm at Marriott Hotel, Karachi has recommended a **final cash dividend @ 3.1% or Rs. 0.31 per share.**

The profit and loss account of the Company for the year ended June 30, 2016 is given as follows:

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2016

	2016	2015
	(Rupees in thousand)	
Net sales	64,732,948	91,174,700
Cost of sales	<u>(62,743,236)</u>	<u>(91,851,724)</u>
Gross profit / (loss)	1,989,712	(677,024)
Distribution cost	(170,473)	(212,897)
Administrative expenses	(283,936)	(263,213)
Other operating expenses	(780,578)	(16,046)
Other income	<u>635,351</u>	<u>184,917</u>
Operating profit / (loss)	1,390,076	(984,263)
Finance cost - net	(908,780)	(706,697)
Share of income of associate	5,327	17,978
Profit / (loss) before taxation	<u>486,623</u>	<u>(1,672,982)</u>
Taxation	<u>(203,232)</u>	<u>491,320</u>
Profit / (loss) after taxation	<u>283,391</u>	<u>(1,181,662)</u>
Earnings / (loss) per share	<u>Rs. 0.93</u>	<u>(Rs. 5.42)</u>

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A. EXTRACTS FROM THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016:

NOTE 2.1.2 - BASIS OF PREPARATION

As at June 30, 2016, the Company has accumulated losses of Rs. 4.75 billion (June 30, 2015: Rs. 4.85 billion) resulting in net negative equity of Rs. 1.33 billion (June 30, 2015: Rs. 1.51 billion) and its current liabilities exceed its current assets by Rs. 8.05 billion (June 30, 2015: Rs. 8.77 billion). These conditions may cast a doubt on the Company's ability to continue as a going concern. To address this negative equity situation, the Company issued right shares of Rs. 2.59 billion during the year (out of total issue of Rs. 2.80 billion - please refer note 16.3 to the financial statements). In addition, Isomerisation Project commissioned in June 2015 also started adding additional revenue by converting Light Naphtha into Motor Gasoline and coupled with other operational measures, the Company earned profit after tax of Rs. 283.39 million during the year.

Based on the above facts and projected profitability and cashflows, the management believes that the current negative equity situation will be overcome in future. Accordingly, these financial statements have been prepared on a going concern basis.

B. EXTRACTS FROM THE AUDITORS' REPORT TO THE MEMBERS ON FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016:


The external auditors have given the following paragraph of emphasis in their report:


We draw attention to note 2.1.2 to the financial statements. As stated in the note, as at June 30, 2016 the company has accumulated loss of Rs. 4.75 billion resulting in net negative equity of Rs. 1.33 billion. Further, current liabilities of the company exceed its current assets by Rs. 8.05 billion. These conditions, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. Our report is not qualified in respect of this matter.

C. ANNUAL GENERAL MEETING & BOOK CLOSURE

The Annual General Meeting of the Company will be held on Monday, October 24, 2016 at 11:00 am at Marriott Hotel Karachi. The Share Transfer Books of the Company will remain closed from Tuesday October 18, 2016 to Monday, October 24, 2016 (both days inclusive) when no applications for transfer of shares will be accepted.

Yours truly,
for PAKISTAN REFINERY LIMITED


Imran Ahmad Mirza
 Chief Financial Officer


Shehrzad Aminullah
 Company Secretary