



PAKISTAN REFINERY LTD.

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

January 31, 2018

Dear Sir,

Subject: Financial Results of Pakistan Refinery Limited (PRL) for the half year ended December 31, 2017

We have to inform you that the Board of Directors of PRL in their meeting held on January 31, 2018 at 11:30 am at PSO House, Karachi has recommended a "Nil" dividend.

The condensed interim profit and loss account of the Company for the half year ended December 31, 2017 is given as follows:

	For the quarter		For the half year	
	October - December 2017	October - December 2016	July - December 2017	July - December 2016
	← (Rupees in thousand) →			
Net sales	21,095,757	17,084,826	39,552,822	34,343,429
Cost of sales	(20,969,966)	(16,532,247)	(38,611,209)	(33,267,756)
Gross profit	125,791	552,579	941,613	1,075,673
Distribution cost	(51,248)	(40,762)	(101,816)	(89,561)
Administrative expenses	(98,152)	(88,669)	(176,953)	(155,042)
Other operating expenses	(9,662)	(47,871)	(69,965)	(109,836)
Other income	41,074	408,614	66,330	441,256
Operating profit	7,803	783,891	659,209	1,162,490
Finance cost	(132,822)	(153,407)	(253,661)	(317,348)
Share of income of associate	41	980	568	2,348
Profit / (loss) before taxation	(124,978)	631,464	406,116	847,490
Taxation	(78,363)	(63,464)	(260,851)	(157,279)
Profit / (loss) after taxation	(203,341)	568,000	145,265	690,211
Basic earnings per share	(Rs. 0.66)	Rs. 1.85	Rs. 0.47	Rs. 2.24

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A. EXTRACTS FROM THE NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE HALF YEAR ENDED DECEMBER 31, 2017:

NOTE 2.3 - BASIS OF PREPARATION

As at December 31, 2017 the Company has accumulated losses of Rs. 4.6 billion (June 30, 2017: Rs. 4.74 billion) resulting in negative equity of Rs. 0.25 billion (June 30, 2017: Rs. 0.40 billion) and its current liabilities exceed its current assets by Rs. 7.96 billion (June 30, 2017: Rs. 7.36 billion). Further, under the policy framework for upgradation and expansion of refinery projects issued by the Ministry of Energy (MoE) on 27th March 2013, refineries were required to install Diesel Hydro Desulphurization Unit (DHDS) by 30th June 2017 to produce Euro II compliant High Speed Diesel (HSD) and in case of non-compliance, the ex-refinery price of HSD based on Import Parity Price (IPP) formula will be downward adjusted due to higher Sulphur content. The Company did not meet the aforementioned deadline of setting up of DHDS Unit and therefore, it is subject to downward adjustments in HSD Pricing until the setting up of DHDS Unit. These 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.


During the half year ended December 31, 2017, the Company earned profit after taxation of Rs. 145.27 million. In addition, the Company has available running finance facilities of Rs. 9.75 billion to support its liquidity management. Based on the above facts and projected profitability and cash flows, the management believes that the current negative equity / liquidity situation will be overcome in the future. Accordingly, this condensed interim financial information has been prepared on a going concern basis.

B. EXTRACTS FROM THE AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION FOR THE HALF YEAR ENDED DECEMBER 31, 2017:

Material Uncertainty Related to Going Concern

We draw attention to Note 2.3 of the interim financial information, as stated in the Note, as at 31st December 2017, the Company has accumulated losses of Rs. 4.6 billion resulting in negative equity of Rs. 0.25 billion. Further, current liabilities of the Company exceed its current assets by Rs. 7.96 billion. As stated in Note 2.3, these events or conditions, along with other matters as set forth in Note 2.3, 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