



PAKISTAN REFINERY LTD.

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

January 30, 2019

Dear Sir,

Subject: Financial Results of Pakistan Refinery Limited (PRL) for the half year ended December 31, 2018

We have to inform you that the Board of Directors of PRL in their meeting held on January 30, 2019 at 10:30 am at PSO House, Karachi has recommended a Nil dividend.

The condensed interim statement of profit or loss of the Company for the half year ended December 31, 2018 is given as follows:

	For the quarter		For the half year	
	October - December 2018	October - December 2017	July - December 2018	July - December 2017
	← (Rupees in thousand) →			
Revenue	29,115,777	21,095,757	54,625,413	39,552,822
Cost of sales	(31,049,757)	(20,969,966)	(56,515,398)	(38,611,209)
Gross (loss) / profit	(1,933,980)	125,791	(1,889,985)	941,613
Distribution costs	(60,617)	(51,248)	(117,281)	(101,816)
Administrative expenses	(126,427)	(98,152)	(212,672)	(176,953)
Other operating expenses	(546)	(9,662)	(1,244)	(69,965)
Other income	37,530	41,074	79,786	66,330
Operating (loss) / profit	(2,084,040)	7,803	(2,141,396)	659,209
Finance cost	(378,666)	(132,822)	(607,313)	(253,661)
Share of (loss) / income of associate accounted for using the equity method	(313)	41	(2,094)	568
(Loss) / profit before income tax	(2,463,019)	(124,978)	(2,750,803)	406,116
Income tax expense	(126,901)	(78,363)	(259,593)	(260,851)
(Loss) / profit for the period	(2,589,920)	(203,341)	(3,010,396)	145,265
Basic (loss) / earnings per share	(Rs. 8.42)	(Rs. 0.66)	(Rs. 9.78)	Rs. 0.47



A. EXTRACTS FROM THE NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2018:

NOTE 2.2 - BASIS OF PREPARATION

As at December 31, 2018, the Company has accumulated loss of Rs. 7.83 billion and its current liabilities exceed its current assets by Rs. 7.75 billion. Further, the Company has not yet installed Diesel Hydrodesulphurisation Unit (DHDS) to produce Euro II compliant High Speed Diesel (HSD) under the policy framework of up-gradation and expansion of refinery projects issued by the Ministry of Energy on March 27, 2013. Consequently, the ex-refinery price of HSD based on Import Parity Price (IPP) formula is being downward adjusted / reduced due to higher Sulphur content. These conditions may cast a 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.

The current period's loss was caused by decline in gross refinery margins including an unprecedented decline in the pricing of Motor Gasoline (Petrol) going well below cost of crude, significant inventory losses on Furnace Oil due to low domestic demand and huge exchange loss due to sharp decline in value of Pak Rupee against USD.

The Company believes that this extraordinary low Petrol pricing and decline in Furnace Oil demand will reverse during the remaining period of current year, consequently refining margins will improve. Expected macro-economic stability due to GoP efforts to build Foreign currency reserves will stabilise Rupee-USD parity thus abnormal exchange losses are not expected. Moreover, with the support of its parent company to uplift refined products, continuous refinery operations will generate cash flows to ensure timely repayment of liabilities.

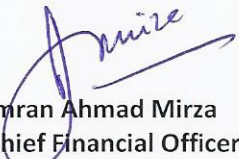
Based on the projected profitability and cash flows including expected increase in the pricing of refinery petrol, the Company believes that the current liquidity situation will be overcome in future. Accordingly, these financial statements have been prepared on a going concern basis.

B. EXTRACTS FROM THE INDEPENDENT AUDITORS' REVIEW REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2018:

Material Uncertainty Related to Going Concern

We draw attention to Note 2.2 to the interim financial statements, as stated in the Note, as at December 31, 2018 the Company has accumulated loss of Rs. 7.83 billion and its current liabilities exceed its current assets by Rs. 7.75 billion. As stated in Note 2.2, these events or conditions, along with 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


Khan Mustafa Saleemi
Company Secretary