

Quarterly Report September 30, 2019

Committed to a promising
FUTURE



PAKISTAN REFINERY LIMITED

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Vision

To be the Refinery of first choice for all stakeholders.

Mission

PRL is committed to remaining a leader in the oil refining business of Pakistan by providing value added products that are environmentally friendly, and by protecting the interest of all stakeholders in a competitive market through sustainable development and quality human resources.

Company Information

Deputy Managing Director (Finance & IT) / CFO

Imran Ahmad Mirza

Company Secretary

Mustafa Saleemi

Auditors

A. F. Ferguson & Co.
Chartered Accountants

Tax Advisors

KPMG - Taseer Hadi & Co.
Chartered Accountants

Legal Advisors

Orr Dignam & Co.

Registrar & Share Registration Office

FAMCO Associates (Private) Limited.
8-F, Next to Hotel Faran,
Nursery Block-6, P.E.C.H.S.
Shahra-e-Faisal, Karachi.

Bankers

Askari Bank Limited
Bank Alfalah Limited
Bank AL-Habib Limited
Citi Bank N.A
Faysal Bank Limited
Habib Metropolitan Bank Limited
Habib Bank Limited
JS Bank Limited
MCB Bank Limited
MCB Islamic Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Soneri Bank Limited
Standard Chartered Bank (Pakistan) Limited
United Bank Limited

Registered Office

P.O. Box 4612, Korangi Creek Road,
Karachi-75190
Tel: (92-21) 35122131-40
Fax: (92-21) 35060145, 35091780
www.prl.com.pk
info@prl.com.pk

Board of Directors

Syed Asad Ali Shah

Chairman

Abdul Jabbar Memon

Director

Babar Hamid Chaudhary

Director

Mirza Mahmood Ahmad

Director

Syed Jehangir Ali Shah

Director

Yacoob Suttar

Director

Zahid Mir

Managing Director & CEO

Aftab Husain

Director

Imtiaz Jaleel

Director

Mohammad Zubair

Director

Syed Mohammad Ali

Director

Board Committees

Board Audit Committee (BAC)

BAC comprises of four members, from non-executive Directors of the Board all of whom have sufficient financial management expertise. The Chief Internal Auditor is the Secretary of the Committee.

The Board has determined the Terms of Reference of BAC and has provided adequate resources and authority to enable it to carry out its responsibilities effectively. The terms of reference of BAC has been adopted from the Listed Companies (Code of Corporate Governance) Regulations 2017. The Board gives due consideration to the recommendations of the BAC in all these matters.

Board Project Steering Committee

The Board Project Steering Committee is responsible for monitoring and controlling the Refinery Upgrade Project. This Committee will assist the Board of Directors in Refinery Upgrade Project which includes the following:

- oversee projects execution process and governance for the project;
- review and advise on program priorities for implementation of the project; and
- monitor and steer the project development to be consistent with the operating financial objectives for the project.

Human Resource & Remuneration Committee (HR&RC)

HR&RC comprises of five members, with four members being non-executive Directors of the Company. The MD & CEO is also a member of the Committee. General Manager Human Resources is the Secretary of the Committee.

HR&RC has been delegated the role of assisting the Board of Directors in following matters:

- recommendation to the Board for consideration and approval a policy framework for determining remuneration of directors (both executive and non-executive directors);
- undertaking, annually, a formal process of evaluation of performance of the Board as a whole and its committees either directly or by engaging external independent consultant and if so appointed, a statement to that effect shall be made in the directors' report disclosing therein name and qualifications of such consultant and major terms of his / its appointment;
- recommendation to the Board the Selection, Evaluation, Compensation (including Retirement Benefits) and Succession Planning of the Managing Director & Chief Executive Officer;
- recommendation for Human Resource Management policies to the Board;
- recommendation to the Board the selection, evaluation, development, compensation (including retirement benefits) of Chief Financial Officer, Company Secretary and Chief Internal Audit as well as all General Managers and above; and
- Consideration and approval on recommendations of Managing Director & Chief Executive Officer on such matters relating to Refinery Leadership Team.

Board Share Transfer Committee

The Board Share Transfer Committee comprises of two Directors and is set up to approve registration of transfer of shares received by the Company. The Board Share Transfer Committee shall assist the Board of Directors in the following matters:

- approve and register transfer / transmission of shares;
- sub-divide, consolidate and issue share certificates; and
- issue share certificates in place of those which are damaged or in which the pages are completely exhausted, provided the original certificates are surrendered to the Company.

Directors' Review

The Company's performance during the quarter ended September 30, 2019 has overall improved. Government of Pakistan's efforts to stabilise the economy, particularly stability in the Rupee USD parity, and improvement in the international refining margins helped the Company recover to some extent from the negativities of last year. The Company posted a profit of Rs. 181 million for the period as compared to a loss of Rs. 421 million in the comparative quarter last year.

Going forward, the political stability in the region is vital for the improved refining margins. Similarly, stability in the value of Pak Rupee is also vital for the results of the Company because these two outside factors have a strong bearing on Company's financial results. Margins of Refinery's furnace oil which is already a loss making product have already started deteriorating due to the effects of regulations of International Maritime Organisation (IMO) which require marine sector to shift to low sulphur furnace oil. These regulations will be effective from January 1, 2020.

On the other hand, the Refinery Upgrade Project of the Company is in progress and the Company is expected to shortly award the contract for Project Management Consultant (PMC). Work on Front End Engineering Design (FEED) and Engineering, Procurement and Construction (EPC) contracts is also in progress.

Health, Safety, Environment and Quality (HSEQ) as usual remained under constant review at various stages which reflects Company's commitments towards HSEQ.

The Board of Directors appreciates all stakeholders including Shareholders, Customers, Employees and concerned Ministries for their constant support.

On behalf of the Board of Directors



Syed Asad Ali Shah
Chairman



Zahid Mir
Managing Director & CEO

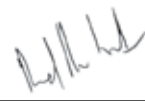
Karachi: October 22, 2019

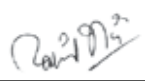
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2019

	Note	Unaudited September 30, 2019 (Rupees in thousand)	Audited June 30, 2019
ASSETS			
Non-current assets			
Property, plant and equipment	4	19,098,524	18,975,232
Intangible assets		77	108
Investment accounted for using the equity method		62,036	62,036
Long-term deposits and loans		27,422	29,352
Employee benefit prepayments		17,622	17,622
		19,205,681	19,084,350
Current assets			
Inventories	5	8,496,663	9,447,424
Trade receivables		8,173,977	13,195,089
Trade deposits, loans, advances and short-term prepayments		287,156	181,427
Other receivables	6	1,254,593	553,503
Taxation - payments less provision		163,797	164,940
Cash and bank balances	7	128,422	253,889
		18,504,608	23,796,272
		37,710,289	42,880,622
EQUITY AND LIABILITIES			
Equity			
Share capital	8	2,940,000	2,940,000
Accumulated loss		(10,485,203)	(10,666,517)
Special reserve		1,943,476	1,943,476
Revaluation surplus on property, plant and equipment		9,290,728	9,290,728
Other reserves		1,554	1,554
		3,690,555	3,509,241
Liabilities			
Non-current liabilities			
Long-term borrowings	9	4,100,000	4,300,000
Deferred tax liabilities		15,048	13,304
Employee benefit obligations		367,090	367,090
		4,482,138	4,680,394
Current liabilities			
Trade and other payables		22,177,083	19,967,440
Short-term borrowings	9	7,340,647	14,701,779
Unclaimed dividend		19,866	21,768
		29,537,596	34,690,987
		34,019,734	39,371,381
CONTINGENCIES AND COMMITMENTS			
	10	37,710,289	42,880,622

The annexed notes 1 to 17 form an integral part of these financial statements.


 Syed Asad Ali Shah
 Chairman


 Zahid Mir
 Managing Director & CEO


 Imran Ahmad Mirza
 Chief Financial Officer

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE

FOR THE QUARTER ENDED SEPTEMBER 30, 2019 - UNAUDITED

	Note	September 30, 2019 (Rupees in thousand)	September 30, 2018
Revenue from contracts with customers	11	35,721,442	25,509,636
Cost of sales		(34,719,052)	(25,465,641)
Gross profit		1,002,390	43,995
Distribution costs		(66,534)	(56,664)
Administrative expenses		(89,968)	(86,245)
Other operating expenses		(34,970)	(698)
Other income		97,338	42,256
Operating profit / (loss)		908,256	(57,356)
Finance cost		(453,801)	(228,647)
Share of net loss of associate accounted for using the equity method		-	(1,781)
Profit / (loss) before income tax		454,455	(287,784)
Income tax expense	12	(273,141)	(132,692)
Profit / (loss) for the quarter		181,314	(420,476)
Other comprehensive loss			
Items that will not be reclassified to profit or loss			
Change in the fair value of financial assets at fair value through other comprehensive income of associate		-	(391)
Deferred tax relating to fair value change of financial assets at fair value through other comprehensive income of associate		-	85
Other comprehensive loss for the quarter - net of tax		-	(306)
Total comprehensive income / (loss) for the quarter		181,314	(420,782)
Earnings / (loss) per share - basic and diluted	13	Rs. 0.59	(Rs. 1.37)

The annexed notes 1 to 17 form an integral part of these financial statements.

Syed Asad Ali Shah
Chairman

Zahid Mir
Managing Director & CEO

Imran Ahmad Mirza
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE QUARTER ENDED SEPTEMBER 30, 2019

	SHARE CAPITAL	CAPITAL RESERVE			REVENUE RESERVE			TOTAL
		Special reserve	Revaluation surplus on property, plant and equipment	Exchange equalisation reserve	Accumulated loss	Fair value reserve	General reserve	
← (Rupees in thousand) →								
Balance as at July 1, 2018 - (audited)	2,940,000	1,943,476	3,997,928	897	(4,816,826)	(3,970)	1,050	4,062,555
Loss for the quarter ended September 30, 2018	-	-	-	-	(420,476)	-	-	(420,476)
Other comprehensive loss for the quarter ended September 30, 2018	-	-	-	-	-	(938)	-	(938)
	-	-	-	-	(420,476)	(938)	-	(421,414)
Balance as at September 30, 2018 - (unaudited)	<u>2,940,000</u>	<u>1,943,476</u>	<u>3,997,928</u>	<u>897</u>	<u>(5,237,302)</u>	<u>(4,908)</u>	<u>1,050</u>	<u>3,641,141</u>
Balance as at July 1, 2019 - (audited)	2,940,000	1,943,476	9,290,728	897	(10,666,517)	(393)	1,050	3,509,241
Profit for the quarter ended September 30, 2019	-	-	-	-	181,314	-	-	181,314
Other comprehensive income / (loss) for the quarter ended September 30, 2019	-	-	-	-	-	-	-	-
	-	-	-	-	181,314	-	-	181,314
Balance as at September 30, 2019 - (unaudited)	<u>2,940,000</u>	<u>1,943,476</u>	<u>9,290,728</u>	<u>897</u>	<u>(10,485,203)</u>	<u>(393)</u>	<u>1,050</u>	<u>3,690,555</u>

The annexed notes 1 to 17 form an integral part of these financial statements.

Syed Asad Ali Shah
Chairman

Zahid Mir
Managing Director & CEO

Imran Ahmad Mirza
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CASH FLOWS

FOR THE QUARTER ENDED SEPTEMBER 30, 2019 - UNAUDITED

Note	September 30, 2019 (Rupees in thousand)	September 30, 2018
CASH FLOWS FROM OPERATING ACTIVITIES		
15	8,605,294	(2,990,953)
	(541,235)	(159,183)
	(270,254)	(33,076)
	(36,337)	(29,632)
	1,930	(1,139)
	7,759,398	(3,213,984)
CASH FLOWS FROM INVESTING ACTIVITIES		
	(344,136)	(217,922)
	22,305	8,136
	(321,831)	(209,786)
CASH FLOWS FROM FINANCING ACTIVITIES		
	(1,902)	(3)
	(200,000)	-
	(201,902)	(3)
	7,235,665	(3,423,773)
	(14,047,890)	(3,414,786)
	-	3,085
16	(6,812,225)	(6,835,474)

The annexed notes 1 to 17 form an integral part of these financial statements.

Syed Asad Ali Shah
Chairman

Zahid Mir
Managing Director & CEO

Imran Ahmad Mirza
Chief Financial Officer

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2019 - UNAUDITED

1. THE COMPANY AND ITS OPERATIONS

1.1 Pakistan Refinery Limited (the Company) was incorporated in Pakistan as a public limited company in May 1960 and is listed on the 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) which holds 52.68% shares in the Company.

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 are at Keamari, Karachi.

2. BASIS OF PREPARATION

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied for all the years presented.

2.1 These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan, that comprise of:

- International Financial Reporting Standards (IFRS Standards) 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 from the IFRS Standards or IFAS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

This condensed interim financial information does not include all the information required for a complete set of financial statements and should be read in conjunction with the annual financial statements for the year ended June 30, 2019.

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 20

2.2 As at September 30, 2019, the Company has accumulated loss of Rs. 10.47 billion (June 30, 2019: Rs. 10.67 billion) and the current liabilities of the Company exceed its current assets by Rs. 11.02 billion (June 30, 2019: Rs. 10.89 billion). The Company ended the first quarter with net negative cash and cash equivalents amounting to Rs. 6.81 billion (June 30, 2019: Rs. 14.05 billion). In addition, under the policy framework for up-gradation and expansion of refinery projects issued by the Ministry of Energy (MoE) on March 27, 2013, refineries were required to install Diesel Hydrodesulphurisation Unit (DHDS) by June 30, 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 Pricing (IPP) formula would be downward adjusted / reduced due to higher Sulphur content. The Company did not meet the aforementioned deadline of setting up DHDS unit and hence is subjected to downward adjustments of its HSD.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2019 - UNAUDITED

During the period, the Company earned profit after tax of Rs. 193 million against loss of Rs. 421 million in same the period last year. The refinery margins that were depressed during the last year have improved during the current period. Further, as a result of Government of Pakistan's effort to stabilise Rupee-USD parity, the value of Pak Rupee appreciated during the quarter and the resulted in exchange gain on foreign currency transactions by the Company. Moreover, the Company is making progress on upgrade project which includes installation of DHDS unit and had already made announcement to Pakistan Stock Exchange last year. Based on the cumulative impact of factors mentioned above, the Company believes that it will continue as a going concern and will be able to realise its assets and discharge its liabilities in the normal course of business.

3. CRITICAL ACCOUNTING ESTIMATES, JUDGEMENTS, POLICIES AND FINANCIAL RISK MANAGEMENT

3.1. The preparation of condensed interim financial statements in conformity with approved accounting and reporting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Management believes that the change in outcome of estimates would not have a material effect on the amounts disclosed in the financial statements.

There have been no critical judgments made by the Company's management in applying the accounting policies that would have the most significant effect on the amounts recognised in the financial statements.

No critical judgement has been used in applying the accounting policies.

3.2. Changes in accounting standards, interpretations and pronouncements

(a) Standards, interpretations and amendments to published approved accounting standards that are effective in the current year and are relevant

IFRS 16 'Leases' - IFRS 16 replaces the previous lease standard: IAS 17 Leases. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short term and low value leases.

The management has assessed that this standard does not have any substantial impact on the financial statements of the Company.

(b) Standards, interpretations and amendments to published approved accounting standards that are effective but not relevant

The new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after July 1, 2019 are considered not to be relevant for the Company's financial statements and hence have not been detailed here.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2019 - UNAUDITED

Unaudited
September 30,
2019
(Rupees in thousand)

Unaudited
September 30,
2018

4. PROPERTY, PLANT AND EQUIPMENT

Following are additions to fixed assets during the period:

Processing plant, tank farm, terminal, pipelines and power generation	179,377	68,447
Buildings	2,775	-
Equipment including furniture	362	7,105
Major spare parts and stand-by equipments - net of transfers	8,879	(2,449)
Capital work-in-progress - net of transfers	153,105	144,819
	344,136	217,922

4.1 No disposal of assets were made during the current and corresponding period.

Unaudited
September 30,
2019
(Rupees in thousand)

Audited
June 30,
2019

4.2 Capital work-in-progress

Buildings	-	2,775
Processing plant	891,568	581,007
Korangi tank farm	16,031	72,396
Keamari terminal	509,982	467,703
Pipelines	53,625	129,158
Power generation, transmission and distribution	64,252	68,083
Water treatment and cooling system	24,955	22,169
Equipment including furniture	35,557	19,924
Fire fighting and telecommunication systems	43,586	43,667
Advances to contractors / suppliers	10,685	90,254
	1,650,241	1,497,136

4.2.1 During the period, the Company capitalised borrowing costs amounting to Rs. 19.65 million (June 30, 2019: Rs. 12.39 million). Borrowing costs were capitalised at the current weighted average rate of its general borrowings of 13.69% per annum (June 30, 2019: 10.42% per annum).

5. INVENTORIES

As at September 30, 2019 stock of crude oil has been written down by Rs 28.51 million (June 30, 2019: Rs. Nil) and finished products by Rs. 93.00 million (June 30, 2019: 88.68 million) to arrive at their net realisable values.

6. OTHER RECEIVABLES

This includes an amount of Rs 1.25 billion (June 30, 2019: Rs 0.55 billion) due from Pak Arab Refinery Limited in respect of sharing of crude oil, freight and other charges and National Refinery Limited in respect of pipeline charges.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2019 - UNAUDITED

Unaudited
September 30,
2019
(Rupees in thousand)

Audited
June 30,
2019

7. CASH AND BANK BALANCES

With banks on		
- current accounts	29,897	75
- mark-up bearing savings accounts - notes 7.1	97,820	252,935
Cash in hand	705	879
	128,422	253,889

7.1 The rates of mark-up on savings accounts during the year ranged from 10.25% to 11.25% per annum (June 30, 2019: 6.50% to 10.25% per annum).

8. SHARE CAPITAL

During the year ended June 30, 2016, Pakistan State Oil Company Limited (PSO) had filed a suit in the High Court of Sindh (Suit no. 931 of 2015) claiming the following reliefs:

- Direct Chevron Global Energy Inc (Chevron) and Shell Petroleum Company Limited (Shell) to offer all their right shares as per the Shareholders' Agreement to PSO.
- Direct Chevron and Shell to maintain status quo on the ordinary and right shares of Chevron and right shares of Shell being offered to Chevron and restrain Chevron from creating any third party interests in the rights shares offered by Shell to Chevron.

As per the court order received on October 12, 2018, PSO and Shell entered into a compromise arrangement wherein Shell consented to sell its right shares to PSO. The case consequently is disposed off against Shell, however, the case against Chevron is pending adjudication.

Unaudited
September 30,
2019
(Rupees in thousand)

Audited
June 30,
2019

9. BORROWINGS

Short-term borrowings - note 9.1	6,500,000	9,500,000
Running finance under mark-up arrangements - note 9.2	440,647	4,801,779
Current portion of long-term borrowings	400,000	400,000
	7,340,647	14,701,779

9.1 This represents mark-up based short-term finance from commercial banks repayable in 17 to 74 days (June 30, 2019: 1 to 62 days) from the date of statement of financial position at a mark-up ranging from 13.95% to 14.31% (June 30, 2019: 13.00% to 13.37%) per annum. These are secured by way of first joint pari passu charge on inventory and trade receivables.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2019 - UNAUDITED

9.2 As at September 30, 2019 available running finance facilities under mark-up arrangements from various banks amounted to Rs. 8.30 billion (June 30, 2019: Rs. 8.55 billion).

These arrangements are secured by way of hypothecation over stock of crude oil and finished products and trade receivables of the Company.

The rates of mark-up range between one month KIBOR+1.50% to three month KIBOR+0.6% per annum as at September 30, 2019 (June 30, 2019: three months KIBOR+0.50% to six month KIBOR+1.75% per annum). Purchase prices are payable on demand.

10. CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

- a) Claims against the Company not acknowledged as debt amount to Rs. 5.38 billion (June 30, 2019: Rs. 5.54 billion). These include Rs. 4.34 billion (June 30, 2019: Rs. 4.40 billion) on account of late payment surcharge on purchase of crude oil. The Company has raised similar claims aggregating to Rs. 7.36 billion (June 30, 2019: Rs. 7.36 billion) relating to interest on late payments against trade receivables from certain Oil Marketing Companies.
- b) Bank guarantees of Rs. 124 million (June 30, 2019: Rs. 124 million) were issued in favour of Sui Southern Gas Company Limited - a related party.

10.2 Commitments

- a) As at September 30, 2019 commitments outstanding for capital expenditure amounted to Rs. 0.32 billion (June 30, 2019: Rs. 0.52 billion).
- b) Commitments for rentals under ijarah arrangements amounted to Rs. 45.55 million (June 30, 2019: Rs. 29.85 million).

Unaudited September 30, 2019 (Rupees in thousand)	Unaudited September 30, 2018
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11. REVENUE FROM CONTRACTS WITH CUSTOMERS

Local sales - note 11.1	48,617,462	31,700,990
Exports	1,095,917	1,979,171
Gross sales	49,713,379	33,680,161
Less:		
- Sales tax	(7,064,118)	(5,032,766)
- Excise duty and petroleum levy	(5,052,461)	(1,901,968)
- Surplus price differential	(691,520)	(529,472)
- Custom Duty	(1,183,838)	(706,319)
	35,721,442	25,509,636

11.1 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.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2019 - UNAUDITED

Unaudited
September 30,
2019
(Rupees in thousand)

Unaudited
September 30,
2018

12. INCOME TAX EXPENSE

Current for the year	271,397	133,977
Deferred	1,744	(1,285)
	273,141	132,692

13. EARNINGS / (LOSS) PER SHARE

Profit / (loss) attributable to ordinary shareholders	181,314	(420,476)
Weighted average number of ordinary shares outstanding during the period (in thousand)	307,741	307,741
Basic and diluted earnings / (loss) per share	Rs. 0.59	(Rs. 1.37)

17. TRANSACTIONS WITH RELATED PARTIES

Relationship	Nature of transactions		
(a) Parent company	Sale of goods - net	23,725,484	-
	Services rendered	165	-
(b) Associated companies	Purchase of goods - net	971,683	-
	Sale of goods - net	-	22,093,529
	Services rendered	-	206
	Services received	335,132	14,646
	Mark-up paid	-	10,500
	Bank charges	-	10
(c) Key management personnel compensation (excluding non-executive directors)	Salaries and other short-term employee benefits	43,401	25,682
	Post-employment benefits	2,370	2,305
(d) Staff retirement benefit funds	Payments to staff retirement benefit funds	66,654	37,998
	Mark-up paid on TFC	-	2,032
(e) Non-executive Directors	Remuneration and fees	5,029	-

Sale of certain products is transacted at prices fixed by the Oil & Gas Regulatory Authority. Apart from the referred sales, all other transactions with related parties are carried out on commercially negotiated terms.

Key management personnel comprises of members of the Refinery Leadership Team.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2019 - UNAUDITED

Unaudited
September 30,
2019
(Rupees in thousand)

Unaudited
September 30,
2018

15. CASH GENERATED FROM OPERATIONS

Profit / (loss) before income tax	454,455	(287,784)
Adjustments for non-cash charges and other items:		
Depreciation and amortisation	220,876	228,552
Profit on deposits	(22,305)	(8,136)
Mark-up expense	505,178	198,328
Share of loss of associate	-	1,781
Agreement signing fee	-	(3,333)
Exchange gain on cash and cash equivalents	-	(3,085)
Provision for slow moving stores and spares - net	(246)	(416)
Provision for employee benefit obligations	36,337	19,847
	739,840	433,538
Working capital changes - note 15.1	7,410,999	(3,136,707)
Cash generated / (used in) operations	8,605,294	(2,990,953)

15.1 Working capital changes

Decrease / (Increase) in current assets		
Inventories	951,007	(1,388,164)
Trade receivables	5,021,112	1,032,264
Trade deposits, loans, advances and short-term prepayments	(105,729)	(106,850)
Other receivables	(701,090)	(481,749)
	5,165,300	(944,499)
Increase / (decrease) in current liabilities		
Trade and other payables	2,245,699	(2,192,208)
	7,410,999	(3,136,707)

16. CASH AND CASH EQUIVALENTS

Cash and bank balances - note 7	128,422	590,850
Short-term borrowings - note 9.1	(6,500,000)	(4,000,000)
Running finance under mark-up arrangements - note 9.2	(440,647)	(3,426,324)
	(6,812,225)	(6,835,474)

17. DATE OF AUTHORISATION

These financial statements were authorised for issue on October 22, 2019 by the Board of Directors of the Company.

Syed Asad Ali Shah
Chairman

Zahid Mir
Managing Director & CEO

Imran Ahmad Mirza
Chief Financial Officer



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