PRL PAKISTAN REFINERY LTD.

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

April 22, 2020

Dear Sir,

Subject: Financial Results of Pakistan Refinery Limited (PRL) for the nine months period ended March 31, 2020

We have to inform you that the Board of Directors of PRL in their meeting held on April 22, 2020 at 11:00 am at PRL Head Office, Karachi has recommended a Nil dividend.

The profit and loss account of the Company for the nine months period ended March 31, 2020 is as follows:

	For the quarter		For the nine months period	
	January - March 2020	January - March 2019	**July 2019 - March 2020**	July 2018 - March 2019
	(Rupees in thousand)			
Revenue from contracts with customers	**17,121,242**	26,807,921	**75,439,544**	81,433,334
Cost of sales	**(21,191,250)**	(26,763,573)	**(79,651,953)**	(83,278,971)
Gross (loss) / profit	**(4,070,008)**	44,348	**(4,212,409)**	(1,845,637)
Distribution costs	**(33,472)**	(62,243)	**(160,291)**	(179,524)
Administrative expenses	**(102,245)**	(100,063)	**(318,301)**	(312,735)
Other operating expenses	**(2,895)**	(11,142)	**(30,814)**	(12,386)
Other income	**15,217**	61,536	**153,013**	141,322
Operating loss	**(4,193,403)**	(67,564)	**(4,568,802)**	(2,208,960)
Finance cost	**(763,971)**	(306,090)	**(1,631,654)**	(913,403)
Share of income / (loss) of associate accounted for using the equity method	**764**	50	**2,483**	(2,044)
Loss before income tax	**(4,956,610)**	(373,604)	**(6,197,973)**	(3,124,407)
Income tax expense	**(130,762)**	(100,126)	**(572,202)**	(359,719)
Loss for the period	**(5,087,372)**	(473,730)	**(6,770,175)**	(3,484,126)
Loss per share - basic and diluted	**(Rs. 11.89)**	(Rs. 1.11)	**(Rs. 15.82)**	(Rs. 8.19)

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A. EXTRACTS FROM THE NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2020:

NOTE 2.2 - BASIS OF PREPARATION

During the nine month period ended March 31, 2020, the Company incurred a loss after taxation of Rs. 6.77 billion (March 31, 2019: loss after tax of Rs. 3.48 billion) resulting in accumulated loss of Rs. 17.44 billion (June 30, 2019: Rs. 10.67 billion). Further, current liabilities of the Company exceeded its current assets by Rs. 16.61 billion as at March 31, 2020 (June 30, 2019: 10.89 billion). The Company ended the period with negative cash and cash equivalents amounting to Rs. 12.93 billion (June 30, 2019: Rs. 14.05 billion).

To address negative equity and liquidity issues the Board of Directors in their meeting dated February 10, 2020, decided to make a right issue of 1 ordinary share for every 1 share held amounting to Rs. 3.15 billion (please refer note 9 to these condensed interim financial statements). In addition, as already announced in Pakistan Stock Exchange, the Company in light of new operational strategy has undertaken various non-CAPEX options which will not only make the Refinery compliant with the regulatory requirements but will also have a significant impact on the Company's profitability. These measures include:

1) Sustained production of MS 92 RON and the ability to produce MS 95/97 RON. This will result in saving of RON differential on MS and generate additional revenues. The Refinery has already started production of MS 92 and 95/97 RON.

2) Changes in crude recipe and operational philosophy which will enable the Refinery to produce EURO II compliant High Speed Diesel (HSD). This will not only make the Refinery compliant with regulatory requirements but will also save price differential which the Company is required to pay to the Government due to production of HSD with higher Sulphur content. It is to be noted that the Company has suffered cumulative Rs. 7.11 billion on account of HSD price differential since March 2013. The Refinery is expected to start production of EURO II compliant HSD by the end of current financial year.

3) The above measure will also make the Company the first Refinery in Pakistan to produce IMO-2020 grade Very Low Sulphur Furnace Oil (VLSFO). VLSFO is a premium product and will significantly add to the margins of the Company. The Company is expected to start production of VLSFO by the end of current financial year.

In addition, the Economic Coordination Committee of the Government of Pakistan (ECC) has approved a revised pricing mechanism effective March 1, 2020 whereby the Company will be able to recover certain portion of exchange loss suffered on crude oil imports through pricing of some of its products. This will partly address the issue of exchange risk which the Company faces.

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Based on the above factors and their expected positive impact on the Company's projections, the Company believes that it will meet the obligations and continue to operate for a period of at least twelve months from the date of approval of these condensed interim financial statements. Accordingly, these condensed interim financial statements have been prepared on a going concern basis and therefore, do not include any adjustments to the carrying amount and classification of assets and liabilities that may arise if the Company was unable to continue as a going concern.

APPOINTMENT OF NEW DIRECTOR

The Board of Directors appointed Syed Muhammad Taha as director on the Board due to casual vacancy occurred owing to resignation from Mr. Imtiaz Jaleel, for the remaining term of the Board.

Yours truly,
for **PAKISTAN REFINERY LIMITED**

Imran Ahmad Mirza
Chief Financial Officer

Mustafa Saleemi
Company Secretary