



PAKISTAN REFINERY LIMITED

FIRST QUARTER REPORT SEPTEMBER 30,

2020

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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

KPMG - Taseer Hadi & Co.
Chartered Accountants

Legal Advisors

Orr Dignam & Co.

Registrar & Share Registration Office

FAMCO Associates (Private) Limited.
8-F, near 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

Tariq Kirmani
Chairman

Zahid Mir
Managing Director & CEO

Abid Shahid Zuberi
Director

Aftab Husain
Director

Imtiaz Jaleel
Director

Mohammad Abdul Aleem
Director

Nadeem Safdar
Director

Shahbaz Tahir Nadeem
Director

Syed Jehangir Ali Shah
Director

Syed Muhammad Taha
Director

Taza Uzra Dawood
Director

DIRECTORS' REVIEW

Board of Directors presents its review report along with Unaudited Condensed Interim Financial Statements for the quarter ended September 30, 2020.

The year 2020-21 began positively for the Company with positive refining margins and coupled with stringent controls over operating expenses resulted in profit after tax of Rs. 282 million as compared to the profit after tax of Rs. 181 million in the corresponding quarter last year. Further, for a brief period during this quarter the Company was able to produce IMO-2020 grade low sulphur Marine Residual Fuel, a premium product and EURO II compliant High Speed Diesel. This was made possible through effective changes in the operational philosophy and crude recipe, but without incurring any capital expenditure. Long term arrangements of such sweet crudes if supported by positive refinery margins would assist in production of these products on a sustainable basis.

As explained in detail in note 2.3 of the condensed interim financial statements, during the quarter, the intra city pipelines connecting the Company's Keamari Terminal to Korangi Refinery were damaged due to heavy rainfall in August 2020 and consequently the Refinery was shutdown. The crude oil connectivity was restored through a temporary arrangement which helped in restarting the operations after a shutdown of 12 days. The Company however, continued to supply products through existing alternate modes during this period. The Company is making efforts to lay permanent pipelines within minimum possible time to restore normal pipeline operations.

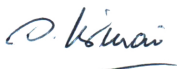
During the period, the process of Right Issue was also completed and right shares in the ratio of 1:1 were allotted to the shareholders accordingly. This resulted in the increase of paid-up capital of Company from Rs. 3.15 billion to Rs. 6.3 billion. The Right Issue was offered by Company to help in meeting its funding requirements for certain short to medium term CAPEX projects along with the working capital requirements.

On September 1, 2020, the shareholders in their Extraordinary General Meeting (EOGM) approved the alteration of Company's Memorandum and Articles of Association to align these with the Companies Act, 2017 and prior directions of Securities & Exchange Commission of Pakistan (SECP). The said alteration also eliminated the classes of shares i.e. Class 'A' and 'B'. Subsequently, on October 7, 2020, election of the Board of Directors was held to appoint 10 directors under the revised Articles of Association of the Company.

Health, Safety, Environment and Quality (HSEQ) remains a key area of focus for the Company. Adoption of SOPs to combat COVID-19 pandemic reflects Company's commitment towards employees' health and safety.

The Board of Directors acknowledges the contributions of all stakeholders of the Company for their support in the challenging situation during the period.

On behalf of the Board of Directors



Tariq Kirmani
Chairman



Zahid Mir
Managing Director & CEO


Karachi: October 23, 2020

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2020

	Note	Unaudited September 30, 2020 (Rupees in thousand)	Audited June 30, 2020
ASSETS			
Non-current assets			
Property, plant and equipment	4	21,022,884	21,208,088
Right-of-use asset		159,098	163,075
Investment accounted for using the equity method		65,294	65,294
Long-term deposits and loans		24,982	25,946
Employee benefit prepayments		30,257	30,257
		21,302,515	21,492,660
Current assets			
Inventories	5	11,193,723	7,964,392
Trade receivables		4,742,292	3,667,153
Trade deposits, loans, advances and short-term prepayments		174,706	49,340
Other receivables	6	244,764	6,556
Taxation - payments less provision		92,878	82,540
Cash and bank balances	7	3,058	2,189,707
		16,451,421	13,959,688
		37,753,936	35,452,348
EQUITY AND LIABILITIES			
Equity			
Share capital	8	6,300,000	3,150,000
Subscription money against rights issue		-	1,943,175
Accumulated loss		(18,081,946)	(18,362,739)
Special reserve		1,943,476	1,943,476
Revaluation surplus on property, plant and equipment		11,149,288	11,149,288
Other reserves		1,947	1,947
		1,312,765	(174,853)
Liabilities			
Non-current liabilities			
Long-term borrowings		4,307,673	4,215,146
Long-term lease liability		123,348	152,448
Deferred tax liabilities		9,922	9,922
Employee benefit obligations		447,797	450,323
		4,888,740	4,827,839
Current liabilities			
Trade and other payables		20,253,235	18,036,132
Short-term borrowings	9	11,271,229	12,599,469
Unearned revenue		-	140,525
Current portion of long-term lease liability		8,113	3,370
Unclaimed dividend		19,854	19,866
		31,552,431	30,799,362
		36,441,171	35,627,201
CONTINGENCIES AND COMMITMENTS			
	10		
		37,753,936	35,452,348

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



Tariq Kirmani
Chairman



Zahid Mir
Managing Director & CEO

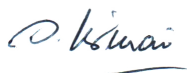


Imran Ahmad Mirza
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE QUARTER ENDED SEPTEMBER 30, 2020 - UNAUDITED

	Note	September 30, 2020 (Rupees in thousand)	September 30, 2019
Revenue from contracts with customers	11	17,658,857	35,721,442
Cost of sales		(16,777,655)	(34,719,052)
Gross profit		881,202	1,002,390
Distribution costs		(53,416)	(66,534)
Administrative expenses		(99,483)	(89,968)
Other operating expenses		(37,147)	(34,970)
Other income		33,955	97,338
Operating profit		725,111	908,256
Finance cost		(309,789)	(453,801)
Profit before income tax		415,322	454,455
Income tax expense	12	(133,484)	(273,141)
Profit for the quarter		281,838	181,314
Other comprehensive income for the quarter		-	-
Total comprehensive income for the quarter		281,838	181,314
			(Re-stated)
Earnings per share - basic and diluted	13	Rs. 0.49	Rs. 0.42

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



Tariq Kirmani
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, 2020

SHARE CAPITAL	SUBSCRIPTION MONEY AGAINST RIGHTS ISSUE	CAPITAL RESERVES			REVENUE RESERVES			TOTAL
		Special reserve	Revaluation surplus on property, plant and equipment	Exchange equalisation reserve	Accumulated loss	Fair value reserve	General reserve	
2,940,000	-	1,943,476	9,290,728	897	(10,666,517)	(393)	1,050	3,509,241
(Rupees in thousand)								
2,940,000	-	1,943,476	9,290,728	897	(10,485,203)	(393)	1,050	3,690,555
3,150,000	1,943,175	1,943,476	11,149,288	897	(18,362,739)	-	1,050	(174,853)
Profit for the quarter ended September 30, 2020								
Other comprehensive income for the quarter ended September 30, 2020								
Subscription money against rights issue								
Issuance costs for rights shares								
Issue of right shares								
3,150,000	(3,150,000)	-	-	-	(1,045)	-	-	1,207,277
3,150,000	(1,943,175)	-	-	-	280,793	-	-	1,487,618
6,300,000	-	1,943,476	11,149,288	897	(18,081,946)	-	1,050	1,312,765

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



Tariq Kirmani
Chairman



Imran Ahmad Mirza
Chief Financial Officer

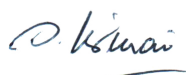


Zahid Mir
Managing Director & CEO

CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED SEPTEMBER 30, 2020 - UNAUDITED

	Note	September 30, 2020 (Rupees in thousand)	September 30, 2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	15	(1,455,248)	8,605,294
Mark-up paid		(415,477)	(541,235)
Income tax paid		(143,822)	(270,254)
Contribution to retirement benefit plans		(31,794)	(36,337)
Decrease in long-term deposits and loans		964	1,930
Net cash (used in) / generated from operating activities		(2,045,377)	7,759,398
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(90,545)	(344,136)
Return received on bank deposits		3,576	22,305
Net cash used in investing activities		(86,969)	(321,831)
CASH FLOWS FROM FINANCING ACTIVITIES			
Share deposit money received net of rights issuance cost		1,205,780	-
Long term borrowing repaid		(200,000)	(200,000)
Proceeds from salary refinancing		145,301	-
Lease rentals paid		(24,357)	-
Dividend paid		(12)	(1,902)
Net cash generated from / (used in) financing activities		1,126,712	(201,902)
Net (decrease) / increase in cash and cash equivalents		(1,005,634)	7,235,665
Cash and cash equivalents at the beginning of the period		(10,193,313)	(14,047,890)
Cash and cash equivalents at the end of the period	16	(11,198,947)	(6,812,225)

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



Tariq Kirmani
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, 2020 - UNAUDITED

1. THE COMPANY AND ITS OPERATIONS

1.1 Pakistan Refinery Limited was incorporated in Pakistan as a public limited company in May 1960 and is listed on 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).

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

2.1 These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting 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.

These condensed interim financial statements do not include all the information required for full financial statements and should be read in conjunction with the annual financial statements for the year ended June 30, 2020.

2.2 During the quarter ended September 30, 2020, the Company had a profit after taxation of Rs. 281.84 million (September 30, 2019: profit after tax of Rs. 181.31 million). Accumulated loss stood at Rs. 18.08 billion on September 30, 2020 (June 30, 2020: Rs. 18.36 billion). Further, current liabilities of the Company exceeded its current assets by Rs. 15.10 billion as at September 30, 2020 (June 30, 2020: 16.84 billion). The Company ended the period with negative cash and cash equivalents amounting to Rs. 11.20 billion (June 30, 2020: Rs. 10.19 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. This activity was completed during the quarter thereby increasing the share capital to Rs 6.3 billion.

Further, by changing crude recipe and operational philosophy during the quarter, Company was able to produce IMO-2020 grade Marine Residual Fuel (MRF), a premium product and EURO II compliant High Speed Diesel for a certain period that enabled the company to earn additional revenues. However, sustainable production of above high premium products is tied with long term crude arrangements.

Furthermore, sustainable production of Petrol (MS) 92 RON and the ability to produce MS 95/97 RON has also resulted in saving of RON differential price adjustment on MS and generation of additional revenues to the Company.

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.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2020 - UNAUDITED**

2.3 On account of unusual heavy rain in Karachi during the month of August 2020, the rainwater washed away a portion of the Piles Bridge inside Malir River carrying the intra-city oil pipelines which connect Keamari Terminal to the Refinery at Korangi Creek for transportation of crude oil and products. Consequently, the intra-city pipelines were immediately isolated from both ends (i.e. Korangi and Keamari Terminal). This hampered the operations and the refinery was shut down for 12 days and resumed the operations from September 9, 2020.

The management considered various options to limit the resultant loss and to resume the operations within minimum time span. The crude supply line was restored on priority basis, through a temporary arrangement, whereas gantry operations are being used for product deliveries in addition to the HSD supplies through PARCO System.

The total cost incurred on replacement of pipelines will be finalised once the pipelines are fully restored and normal operations resume.

2.4 Changes in accounting standards, interpretations and pronouncements

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, 2020 are considered not to be relevant for Company's financial statements and hence have not been detailed here.

3. ACCOUNTING ESTIMATES, JUDGEMENTS 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.

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

3.2 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, 2020.

	September 30, 2020	September 30, 2019
(Rupees in thousand)		

4. PROPERTY, PLANT AND EQUIPMENT

4.1 Following are additions to Property, Plant and Equipment during the period:

Processing plant, tank farm, terminal, pipelines and power generation	7,532	179,377
Buildings	-	2,775
Equipment including furniture	2,077	362
Major spare parts and stand by equipments - net of transfers	3,657	8,879
Capital work-in-progress - net of transfers	77,279	153,105
	90,545	344,498

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

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2020 - UNAUDITED**

- 4.2** During the quarter, assets having Net Book Value of Rs 4.76 million were written off due to the unforeseen incident explained in detail in note 2.3 to these condensed interim financial statements.

Unaudited
September 30,
2020
(Rupees in thousand)

Audited
June 30,
2020

4.3 Capital work-in-progress

Processing plant	129,367	105,094
Korangi tank farm	2,683	2,503
Keamari terminal	325,306	291,787
Pipelines	21,828	19,499
Power generation, transmission and distribution	62,282	61,385
Water treatment and cooling system	5,331	5,331
Equipment including furniture	21,170	19,823
Vehicles and other automotive equipment	1,827	1,827
Advances to contractors / suppliers	33,395	18,661
	603,189	525,910

5. INVENTORIES

As at September 30, 2020 stock of crude oil has been written down by Rs. 574.69 million (June 30, 2020: Nil) and finished products by Rs. 89.53 million (June 30, 2020: Rs. 48.18 million) to arrive at their net realisable values.

6. OTHER RECEIVABLES

This includes an amount of Rs 132.3 million insurance claim in respect of loss explained in detail in note 2.3 to these condensed interim financial statements.

Unaudited
September 30,
2020
(Rupees in thousand)

Audited
June 30,
2020

7. CASH AND BANK BALANCES

With banks on		
- current accounts	689	1,655
- mark-up bearing savings accounts	2,135	244,596
- right issue subscription account	-	1,943,175
Cash in hand	234	281
	3,058	2,189,707

8. SHARE CAPITAL

On September 1, 2020, the Members in the Extra-Ordinary General Meeting passed a special resolution to amend the Memorandum and Articles of Association of the Company eliminating classes of shares. Prior to this, the total share capital was bifurcated in Class 'A' and 'B' shares in the ratio of 40 : 60, wherein the authorised share capital for Class 'A' and 'B' shares was Rs 4,000 million and Rs 6,000 million respectively.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2020 - UNAUDITED**

			Unaudited September 30, 2020 (Rupees in thousand)	Audited June 30, 2020
Authorised share capital				
1,000,000,000 (2019: 1,000,000,000)				
Ordinary shares of Rs. 10 each				
			10,000,000	10,000,000
Issued, subscribed and paid-up share capital				
Ordinary shares of Rs. 10 each				
	Unaudited September 30, 2020	Audited June 30, 2020		
	601,000,000	286,000,000	6,010,000	2,860,000
	29,000,000	29,000,000	290,000	290,000
	630,000,000	315,000,000	6,300,000	3,150,000
		Ordinary shares fully paid in cash		
		Ordinary shares issued as fully paid bonus shares		

8.1 Movement in issued, subscribed and paid-up

	September 30, 2020	September 30, 2019		September 30, 2020	September 30, 2019
	315,000,000	294,000,000	Opening shares	3,150,000	2,940,000
	315,000,000	-	Shares issued during the period	3,150,000	-
	630,000,000	294,000,000		6,300,000	2,940,000

9. SHORT TERM BORROWINGS

	Unaudited September 30, 2020 (Rupees in thousand)	Audited June 30, 2020
Short-term borrowings - note 9.1	2,000,000	6,500,000
Running finance under mark-up arrangements - note 9.2	9,202,005	5,883,020
Current portion of long-term borrowings	69,224	216,449
	11,271,229	12,599,469

9.1 This represents mark-up based short term finance from commercial bank repayable in 2 (June 30, 2020: 13 to 34) days from the date of condensed interim statement of financial position at a mark-up of 7.94% (June 30, 2020: 7.94% to 9.43%) per annum. These are secured by way of ranking charge on inventory and trade receivables.

9.2 As at September 30, 2020 available running finance facilities under mark-up arrangements from various banks amounted to Rs. 9.45 billion (June 30, 2020: Rs. 9.45 billion).

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

The rates of mark-up range between three months KIBOR+0.5% to three months KIBOR+1% as at September 30, 2020 (June 30, 2020: three months KIBOR+0.50% to one month KIBOR+3% per annum). Purchase prices are payable on demand.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2020 - UNAUDITED**

10. CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

10.1.1 Claims against the Company not acknowledged as debt amount to Rs. 5.72 billion (June 30, 2020: Rs. 5.69 billion). These include Rs. 5.1 billion (June 30, 2020: Rs. 5.1 billion) on account of late payment surcharge on purchase of crude oil. The Company has raised similar claims aggregating to Rs. 7.40 billion (June 30, 2020: Rs. 7.40 billion) relating to interest on late payments against trade receivables from certain Oil Marketing Companies.

10.1.2 There has been no significant changes during the period in the contingencies reported in annual financial statements for the year ended June 30, 2020.

10.1.3 Bank guarantee of Rs. 124.63 million (June 30, 2020: Rs. 124.63 million) was issued in favour of Sui Southern Gas Company Limited.

10.2 Commitments

As at September 30, 2020 commitments outstanding for capital expenditure amounted to Rs. 0.26 billion (June 30, 2020: Rs. 0.13 billion).

September 30, **September 30,**
2020 **2019**
(Rupees in thousand)

11. REVENUE FROM CONTRACTS WITH CUSTOMERS

Local sales - note 11.1	30,232,522	48,617,462
Exports	-	1,095,917
Gross sales	30,232,522	49,713,379
Less:		
- Sales tax	(4,372,381)	(7,064,118)
- Excise duty and petroleum levy	(7,436,725)	(5,052,461)
- Custom duty	(699,184)	(1,183,838)
- Surplus price differential	(65,375)	(691,520)
	17,658,857	35,721,442

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.

September 30, **September 30,**
2020 **2019**
(Rupees in thousand)

12. INCOME TAX EXPENSE

Current for the year	133,484	271,397
Deferred	-	1,744
	133,484	273,141

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2020 - UNAUDITED**

	September 30, 2020	September 30, 2019
13. EARNINGS PER SHARE		
Profit attributable to ordinary shareholders (Rs. in thousand)	281,838	181,314
		(Re-stated)
Weighted average number of ordinary shares outstanding during the period (in thousand)	580,689	432,755
Basic and diluted earnings per share	Rs. 0.49	Rs. 0.42
13.1.	The weighted average number of shares as at September 30, 2019 have been increased to reflect the bonus element in the rights issue.	
13.2.	There were no dilutive potential ordinary shares in issue as at September 30, 2020 and 2019.	

	September 30, 2020	September 30, 2019
	(Rupees in thousand)	
14. TRANSACTIONS WITH RELATED PARTIES		
Relationship	Nature of transactions	
(a) Parent company	12,443,325	23,725,484
	72	165
(b) Associated companies	423,386	971,683
	518,025	335,132
	1,549	-
(c) Key management personnel compensation (excluding non-executive directors)	31,756	43,401
	2,406	2,370
(d) Staff retirement benefit funds	48,352	66,654
(e) Non-executive Directors	3,830	5,029

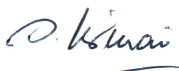
Sale of certain products is transacted at prices fixed by the Oil & Gas Regulatory Authority. Apart from the referred sales, all other transactions with related parties are carried out on commercially negotiated terms.

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, 2020 - UNAUDITED**

	September 30, 2020	September 30, 2019
	(Rupees in thousand)	
15. CASH GENERATED FROM OPERATIONS		
Profit before income tax	415,322	454,455
Adjustments for non-cash charges and other items:		
Mark-up expense	309,789	505,178
Depreciation and amortisation	274,964	220,876
Provision for employee benefit obligations	29,268	36,337
Assets written-off	4,762	-
Reversal of provision for slow moving stores and spares - net	(695)	(246)
Profit on deposits	(3,576)	(22,305)
	614,512	739,840
Working capital changes - note 15.1	(2,485,082)	7,410,999
Cash (used in) / generated from operations	<u>(1,455,248)</u>	<u>8,605,294</u>
15.1 Working capital changes		
(Increase) / decrease in current assets		
Inventories	(3,229,331)	951,007
Trade receivables	(1,075,139)	5,021,112
Trade deposits, loans, advances and short-term prepayments	(125,366)	(105,729)
Other receivables	(238,208)	(701,090)
	(4,668,044)	5,165,300
Increase in current liabilities		
Trade and other payables	2,182,962	2,245,699
	<u>(2,485,082)</u>	<u>7,410,999</u>
16. CASH AND CASH EQUIVALENTS		
Cash and bank balances - note 7	3,058	128,422
Short-term borrowings - note 9	(2,000,000)	(6,500,000)
Running finance under mark-up arrangements - note 9	(9,202,005)	(440,647)
	<u>(11,198,947)</u>	<u>(6,812,225)</u>
17. DATE OF AUTHORISATION		

These condensed interim financial statements were authorised for issue by the Board of Directors of the Company on October 23, 2020.



Tariq Kirmani
Chairman



Zahid Mir
Managing Director & CEO



Imran Ahmad Mirza
Chief Financial Officer



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