Commitment | Technology | Growth

1ST QUARTER REPORT
SEPTEMBER 30, 2017

PRL

PAKISTAN REFINERY LIMITED

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.

Contents

Company Information

Chief Financial Officer
Imran Ahmad Mirza

Company Secretary
Shehrzad Aminullah

Auditors
A. F. Ferguson & Co.
Chartered Accountants

Legal Advisor
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
Meezan Bank Limited
National Bank of Pakistan
Standard Chartered Bank (Pakistan) Limited
Summit Bank Limited
United Bank Limited

Registered Office
P.O. Box 4612, Korangi Creek Road,
Karachi-75190
Tel: (92-21) 35122131-40
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Board of Directors

Muhammad Aliuddin Ansari
Chairman

Aftab Husain
Managing Director & CEO

Abdul Jabbar Memon
Director

Faisal Waheed
Director

Farooq Rahmatullah Khan
Director

Farrokh K. Captain
Director

Jawwad Ahmed Cheema
Director

Muhammad Najam Shamsuddin
Director

Mumtaz Hasan Khan
Director

Sheikh Imran ul Haque
Director

Yacoob Suttar
Director

Board Committees

Audit Committee

The Audit Committee 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 the Audit Committee and has provided adequate resources and authority to enable the Audit Committee to carry out its responsibilities effectively. The Audit Committee recommends to the Board, the appointment of external auditors, their removal, audit fees and the provision by the external auditors of any service to the listed company in addition to audit of its financial statements. The Board gives due consideration to the recommendations of the Audit Committee in all these matters.

Human Resources and Remuneration Committee (HR&RC)

HR&RC comprises of four members, including its Chairman, from the non-executive Directors of the Company. The CEO may be inducted as member of the committee but not as the Chairman of committee. The General Manager Human Resources - Pakistan Refinery Limited will act as the Secretary of the Committee.

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

- recommending human resource management policies to the board;
- recommending to the Board the selection, evaluation, compensation (including retirement benefits) and succession planning of the Managing Director & Chief Executive Officer;
- recommending to the Board the selection, evaluation, compensation (including retirement benefits) of Managing Director & Chief Executive Officer, Chief Financial Officer, Company Secretary and Chief Internal Auditor;
- consideration and approval on recommendations of Managing Director & Chief Executive Officer on such matters for key management positions who report directly to Managing Director & Chief Executive Officer.

Board Technical Committee

The Board Technical Committee is responsible for removing barriers for realising the upgradation project for the Company's project team, institutionalising project execution process and governance for the upgradation project and endorsement of the investment decisions recommended by the Project Steering Committee. This committee also reviews and engages with technical managers for HSEQ matters.

Board Strategic Committee

The Board Strategic Committee has been set up to assist management in defining and putting up to the Board of Directors a structured strategic plan that will ensure future sustainability of the business and deliver sustainable returns to the shareholders.

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 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 their 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

During the first quarter of 2017-18, the Company reported a Profit after Taxation of Rs. 348.6 million as compared to a corresponding figure of Rs. 122.2 million in the same quarter last year. This increase is mainly attributable to stable Gross Refinery Margins and stringent control over expenses. This number would have been even higher had the Refinery not continued to suffer the adverse effect of pricing mechanism of High Speed Diesel (HSD) in accordance with the Import Parity Pricing Formula. This resulted in loss of Rs. 233 million in the quarter ended September 30, 2017. It is pertinent to note that since March 2013 to date the Company has been adversely affected by this Price Differential Claim (PDC) to the tune of Rs. 4,498 million.

Owing to the Refinery not meeting the time line of June 30, 2017 prescribed for the installation of Diesel Hydro Desulphurisation (DHDS) Unit to produce EURO II compliant HSD, it is also exposed to downward revision of HSD pricing due to higher sulphur content and suffered a loss of Rs. 21 million on this account during the quarter ended September 30, 2017. However, the Company has completed work with an international consultant on the Detailed Feasibility Study which has evaluated different technological variants for upgradation of the Refinery including installation of DHDS and the same is under consideration of the Board of Directors.

The problem of the deactivation of Catalyst of the Isomerisation Unit is under investigation and the issue is being addressed. This has resulted in reduction of production of 12,000 Metric Tons of Motor Gasoline during the quarter under review, which translates into loss of Revenue of around Rs. 120 million.

The Company continues to maintain the highest standards of Health, Safety, Environment and Quality and successfully achieved 10.88 million man-hours without any Lost Time Injury (LTI) as at September 30, 2017. As always, focus continues to remain on efficient and safe operations including safety of employees, customers and contractors along with compliance with national standards for production of quality products.

The Board of Directors express their gratitude and appreciation to all our stakeholders including shareholders, term finance holders, customers, suppliers, contractors, employees, other stake holders and concerned Government Ministries for their continued support, which has helped in the uninterrupted and safe operations of the Refinery.

On behalf of the Board of Directors

Muhammad Aliuddin Ansari
Chairman

Karachi: October 26, 2017

Condensed Interim Balance Sheet
As at September 30, 2017

	Note	Unaudited September 30, 2017	Audited June 30, 2017
		(Rupees in thousand)	
ASSETS			
Non-current assets			
Fixed assets	4	12,525,058	12,246,829
Intangible assets		5,166	6,080
Investment in associate		80,436	84,012
Long-term loans and advances		5,685	4,972
Long-term deposits		21,198	21,198
Retirement benefit prepayments		26,990	26,990
		12,664,533	12,390,081
Current assets			
Stores, spares and chemicals		369,583	367,937
Stock-in-trade	5	6,753,163	6,128,132
Trade debts		4,719,644	4,470,649
Loans and advances		26,970	29,919
Trade deposits and short-term prepayments		111,240	18,250
Other receivables		9,876	1,009,852
Taxation - payments less provision		649,976	798,200
Cash and bank balances	6	628,357	712,186
		13,268,809	13,535,125
		25,933,342	25,925,206
EQUITY			
Share capital	7	2,940,000	2,940,000
Exchange equalisation reserve		897	897
General reserve		1,050	1,050
Accumulated loss	2.4	(4,395,600)	(4,744,206)
Special reserve	2.5	1,405,313	1,405,313
Fair value reserve		(2,877)	300
		(51,217)	(396,646)
SURPLUS ON REVALUATION OF FIXED ASSETS		3,497,928	3,497,928
LIABILITIES			
Non-current liabilities			
Long-term borrowing		1,400,000	1,600,000
Deferred taxation		17,841	18,709
Retirement benefit obligations		299,921	299,921
Unearned Income		3,333	6,667
		1,721,095	1,925,297
Current liabilities			
Trade and other payables	8	14,395,691	13,908,222
Term finance certificates		232,890	234,390
Short-term borrowings		3,969,043	4,963,636
Running finance under mark-up arrangements		-	358,764
Current portion of long term borrowing		400,000	400,000
Accrued mark-up		71,863	135,095
Payable to government - sales tax		1,696,049	898,520
		20,765,536	20,898,627
		22,486,631	22,823,924
Contingencies and commitments	9		
		25,933,342	25,925,206

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

Muhammad Aliuddin Ansari Chairman	Aftab Husain Managing Director & CEO	Imran Ahmad Mirza Chief Financial Officer

Condensed Interim Profit and Loss Account
For the quarter ended September 30, 2017

	Note	September 30, 2017	September 30, 2016
		(Rupees in thousand)	
Net Sales	10	18,439,560	17,238,980
Cost of sales		(17,641,243)	(16,735,509)
Gross profit		798,317	503,471
Distribution cost		(50,568)	(48,799)
Administrative expenses		(78,801)	(66,373)
Other operating expenses		(60,303)	(61,965)
Other income		42,761	52,265
Operating profit		651,406	378,599
Finance cost		(120,839)	(163,941)
Share of income of associate		527	1,368
Profit before taxation		531,094	216,026
Taxation	11	(182,488)	(93,815)
Profit after taxation		348,606	122,211
Other comprehensive (loss) / income:			
Items that may be subsequently reclassified to profit or loss			
Change in fair value reserve of available for sale investments of associate		(4,100)	2,791
Deferred tax relating to component of other comprehensive income		923	(628)
		(3,177)	2,163
Total comprehensive income		345,429	124,374
Earnings per share - basic and diluted	12	Rs. 1.12	Rs. 0.40

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

Muhammad Aliuddin Ansari
Chairman

Aftab Husain
Managing Director & CEO

Imran Ahmad Mirza
Chief Financial Officer

Condensed Interim Cash Flow Statement
For the quarter ended September 30, 2017

	Note	September 30, 2017	September 30, 2016
		(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	13	2,184,145	1,521,929
Mark-up paid		(182,775)	(97,176)
Income tax paid		(34,209)	(14,232)
Contribution to defined benefit retirement plans		(19,605)	(18,099)
(Increase) / decrease in long-term loans and advances		(713)	1,053
Net cash generated from operating activities		1,946,843	1,393,475
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets		(481,375)	(148,861)
Proceeds from disposal of fixed assets		-	6
Return received on deposits		4,580	13,335
Net cash used in investing activities		(476,795)	(135,520)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(10)	-
Proceeds from foreign currency loans		-	5,106,899
Repayment of long term loan		(200,000)	-
Redemptions against term finance certificates		(1,500)	(4,000)
Net cash (used in) / generated from financing activities		(201,510)	5,102,899
Net increase in cash and cash equivalents		1,268,538	6,360,854
Cash and cash equivalents at the beginning of the period		(4,610,214)	(2,818,894)
Exchange gains on cash and cash equivalents		990	-
Cash and cash equivalents at the end of the period	15	(3,340,686)	3,541,960

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

Muhammad Aliuddin Ansari
Chairman

Aftab Husain
Managing Director & CEO

Imran Ahmad Mirza
Chief Financial Officer

Condensed Interim Statement of Changes in Equity

For the quarter ended September 30, 2017

	SHARE CAPITAL	CAPITAL RESERVE	REVENUE RESERVES		SPECIAL RESERVE (note 2.5)	FAIR VALUE RESERVE	TOTAL
		Exchange equalisation reserve	General reserve	Accumulated loss			
	(Rupees in thousand)						
Balance as at July 1, 2016	2,940,000	897	1,050	(4,753,066)	479,300	1,380	(1,330,439)
Profit for the three months period ended September 30, 2016	-	-	-	122,212	-	-	122,212
Other comprehensive income for the three months period ended September 30, 2016	-	-	-	-	-	2,163	2,163
Total recognised income for the three months period ended September 30, 2016	-	-	-	122,212	-	2,163	124,375
Balance as at September 30, 2016	2,940,000	897	1,050	(4,630,854)	479,300	3,543	(1,206,064)
Balance as at July 1, 2017	2,940,000	897	1,050	(4,744,206)	1,405,313	300	(396,646)
Profit for the three months period ended September 30, 2017	-	-	-	348,606	-	-	348,606
Other comprehensive income for the three months period ended September 30, 2017	-	-	-	-	-	(3,177)	(3,177)
Total recognised income for the three months period ended September 30, 2017	-	-	-	348,606	-	(3,177)	345,429
Balance as at September 30, 2017	2,940,000	897	1,050	(4,395,600)	1,405,313	(2,877)	(51,217)

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

Muhammad Aliuddin Ansari
Chairman

Aftab Husain
Managing Director & CEO

Imran Ahmad Mirza
Chief Financial Officer

Notes to and Forming Part of the Condensed Interim Financial Information

For the quarter ended September 30, 2017

1. THE COMPANY AND ITS OPERATIONS

Pakistan Refinery Limited was incorporated in Pakistan as a public limited company in May 1960 and is quoted on Pakistan Stock Exchange Limited. The registered office of the Company is at Korangi Creek Road, Karachi. The Company is engaged in the production and sale of petroleum products.

2. BASIS OF PREPARATION

2.1 During the year ended June 30, 2017, the Government of Pakistan promulgated the Companies Act, 2017 (the "Act") thereby repealing the Companies Ordinance, 1984 ("Repealed Ordinance") effective from May 30, 2017. The Act specified certain treatments and additional requirements for financial statements, however, the Securities and Exchange Commission of Pakistan (SECP) deferred the applicability of the Act on annual and interim financial statements for the periods ending on or before December 31, 2017 vide its circular no. 23 / 2017 dated October 04, 2017 and required that the annual and interim financial statements for the periods ending on or before December 31, 2017 shall be prepared under the provisions or directives of the Repealed Ordinance. Accordingly, the provisions of the Act have not been considered for the preparation of this condensed interim financial information.

This condensed interim financial information of the Company for the quarter ended September 30, 2017 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Repealed Ordinance. In case where requirements differ, the provisions of or directives issued under the Repealed Ordinance have been followed. This condensed interim financial information is being submitted to the shareholders as required by section 245 of the Repealed Ordinance and the Listing Regulations of the Pakistan Stock Exchange Limited.

2.2 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, 2017.

2.3 The accounting policies and methods of computation adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Company for the year ended June 30, 2017.

There are certain amendments to International Financial Reporting Standards and interpretations that are mandatory for the financial years beginning on or after January 01, 2017. These are considered not to be relevant or to have any significant effect on the Company's interim financial reporting and operations and are, therefore, not disclosed in this condensed interim financial information.

2.4 As at September 30, 2017 the Company has accumulated losses of Rs. 4.39 billion (June 30, 2017: Rs. 4.74 billion) resulting in negative equity of Rs. 51.22 million (June 30, 2017: Rs. 396.65 million) and its current liabilities exceed its current assets by Rs. 7.50 billion (June 30, 2017: Rs. 7.36 billion). These conditions may cast a doubt on the Company's ability to continue as a going concern.

During the quarter ended September 30, 2017, the Company earned profit after taxation of Rs. 348.61 million. In addition, the Company has available running finance facilities of Rs. 9.75 billion to support its liquidity management. Based on these facts and projected profitability and cash flows, the management believes that the current negative equity / liquidity situation will be overcome in future. Accordingly, this condensed interim financial information has been prepared on a going concern basis.

2.5 Under directive from the Ministry of Energy - MoE (previously Ministry of Petroleum and Natural Resources), any profit after taxation above 50% of the paid-up capital as on July 1, 2002 is required to be transferred to a "Special Reserve" to offset any future losses or to make investment for expansion or upgradation of the refineries, and is not available for distribution to shareholders. The formula under which deemed duty was built into the import parity based prices of some of the products, was introduced in order to enable certain refineries, including the Company, to operate on a self financing basis.

On March 27, 2013, the Government of Pakistan issued a policy framework for up-gradation and expansion of refinery projects, amended through a letter dated April 25, 2016, which interalia states that:

- till completion of the projects, refineries will not be allowed to offset losses, if any, for the year ended June 30, 2013 or subsequent years against the amount of profit above 50% accumulated or to be accumulated in the Special Reserve Account as per current pricing formula; and

- the refineries are required to install Diesel Hydro Desulphurisation (DHDS) plant by June 30, 2017. If any refinery fails to install DHDS by June 30, 2017 then the ex-refinery price of High Speed Diesel (HSD) based on Import Parity Price (IPP) formula will be adjusted / reduced due to higher Sulphur content.

The Company has not transferred any amount to special reserve for the quarter ended September 30, 2017 since it continues to consider transfer to Special Reserve on annual basis.

3. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

3.1 The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts. Actual results may differ from these judgements, estimates and assumptions.

However, management believes that the change in outcome of judgements, estimates and assumptions would not have a material impact on the amounts disclosed in this condensed interim financial information.

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, 2017.

4. FIXED ASSETS

Following are additions to fixed assets during the period:

	September 30, 2017	September 30, 2016
	(Rupees in thousand)	
Processing plant, tank farm, terminal, pipelines and power generation	135,291	4,016
Equipment including furniture	755	1,999
Firefighting and telecommunication systems	-	4,288
Major spare parts and stand-by equipment - net of transfers	(142,827)	8,249
Capital work in progress - net of transfers	488,156	130,309
	481,375	148,861

	September 30, 2017	June 30, 2017
	(Rupees in thousand)	
4.1 Capital work-in-progress		
Processing plant	440,485	279,888
Korangi tank farm	81,921	37,115
Keamari terminal	294,997	204,298
Pipelines	176,800	139,519
Fire fighting and telecommunication systems	31,252	19,626
Power generation, transmission and distribution	252,852	214,104
Equipment including furniture	12,880	-
Water treatment and cooling system	2,088	2,088
Advances to contractors / suppliers	416,752	325,233
	1,710,027	1,221,871

4.1.1 During the period, the Company has capitalised borrowing costs amounting to Rs. 19.72 million (June 30, 2017: Rs. 29.27 million) on capital work-in-progress. Borrowing costs were capitalised at the current weighted average rate of its general borrowings of 6.95% per annum (June 30, 2017: 7.75% per annum).

Notes to and Forming Part of the Condensed Interim Financial Information
For the quarter ended September 30, 2017

5. STOCK-IN-TRADE

5.1 This includes crude oil in transit amounting to Rs. 3.16 billion (June 30, 2017: Rs. 2.76 billion).

5.2 As at September 30, 2017 stock of crude oil has been written down by Rs. 18.97 million (June 30, 2017: Rs. Nil) and finished goods by Rs. Nil (June 30, 2017: Rs. 18.12 million) to arrive at their net realisable values.

	September 30, 2017	June 30, 2017
	(Rupees in thousand)	
6. CASH AND BANK BALANCES		
With banks on		
- current accounts - note 6.1	31,974	11,572
- mark-up bearing savings accounts - notes 6.2 & 6.3 [including foreign currency account Rs. 231.72 million (June 30, 2017: Rs. 230.73 million)]	595,558	699,544
Cash in hand	825	1,070
	628,357	712,186

6.1. These bank balances are maintained under current accounts and do not carry any interest.

6.2. The rates of mark-up on savings accounts during the year ranged from 3.75% to 5.75% per annum (June 30, 2017: 3.75% to 5.75% per annum).

6.3. This includes local and foreign currency balances maintained with Faysal Bank Limited - a related party, of Rs. 1.72 million and Rs. 231.72 million respectively (June 30, 2017: Rs. Nil and Rs. 230.73 million respectively).

7. SHARE CAPITAL

During the year ended June 30, 2016, the Company issued 259 million right shares out of the total size of issue of 280 million rights shares at the rate of Rs. 10 each. 21 million right shares have not been issued due to the restraining order obtained under Suit No. 931 of 2015 by one of the Class B shareholder 'Pakistan State Oil Company Limited' against another Class B shareholder 'Chevron Global Energy Inc. (Chevron)'. The order in the suit interalia directs all the defendants to maintain status quo in respect of the letters of rights issued to and shares held by Chevron; and restrains Chevron from creating any third party interest in respect of shares offered to it under the letters of rights issued to another class B shareholder namely Shell Petroleum Company Limited.

8. TRADE AND OTHER PAYABLES

This includes differential of regulatory duty levied amounting to Rs. 2.08 billion (June 30, 2017: Rs. 1.83 billion) on import of crude oil consumed in the production and sale of products based on SROs issued by Government of Pakistan and MoE. The Oil and Gas Regulatory Authority (OGRA) has been advised by MoE to establish a recovery mechanism for regulated products through which refineries are expected to operate on no gain / loss basis on this account.

9. CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

9.1.1 Claims against the Company not acknowledged as debt amount to Rs. 4.82 billion (June 30, 2017: Rs. 4.82 billion). These include Rs. 4.13 billion (June 30, 2017: Rs. 4.13 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, 2017: Rs. 7.36 billion) relating to interest on late payments against trade receivables from certain Oil Marketing Companies.

9.1.2 Bank guarantees of Rs. 53 million (June 30, 2017: Rs. 53 million) were issued in favor of third parties.

9.2 Commitments

As at September 30, 2017 commitments outstanding for capital expenditure amounted to Rs. 0.79 billion (June 30, 2017: Rs. 1.07 billion).

Outstanding letters of credit as at September 30, 2017 amounted to Rs. 6.42 billion (June 30, 2017: Rs. 7.37 billion).

Aggregate commitments in respect of ijarah arrangements of motor vehicles and equipment amounted to Rs. 23.03 million (June 30, 2017: Rs. 26.51 million).

	September 30, 2017	September 30, 2016
	(Rupees in thousand)	
10. NET SALES		
Local Sales	25,925,297	24,809,773
Exports	1,257,810	687,548
Gross Sales	27,183,107	25,497,321
Less:		
- Sales tax	(5,357,067)	(4,841,881)
- Excise duty and petroleum levy	(2,197,321)	(2,353,453)
- Surplus price differential	(332,934)	(343,511)
- Regulatory duty - note 10.1	(856,225)	(719,496)
	18,439,560	17,238,980

10.1 This represents regulatory duty recovered on sale of products subject to regulatory duty.

10.2 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 (MS, HOBC, HSD, LDO and Aviation Fuels) are based on prices set under notifications of the MoE.

11. TAXATION

This includes tax charge of Rs. 79.52 million (September 30, 2016: Rs. Nil) in respect of tax on undistributed profit for the year ended June 30, 2017 under section 5A of the Income Tax Ordinance, 2001 which was amended by the Government of Pakistan through Finance Act, 2017. The amendments introduced income tax at the rate of 7.5% on accounting profit before tax on every public company that derives profit for a tax year but does not distribute at least forty percent of its after tax profits within six months of the end of the tax year through cash or bonus shares.

However, during the period, the Company along with some other companies has filed a Constitutional Petition in the Honorable High Court of Sindh against the legality and lawfulness of the above amendment. In addition, the Company has also approached MoE, Ministry of Finance and the Federal Board of Revenue explaining the conflict between applicable policy framework laid down by MoE as explained in note 2.5 to this condensed interim financial information and the requirements of the Income Tax Ordinance, 2001 in respect of payment of dividends.

Notes to and Forming Part of the Condensed Interim Financial Information

For the quarter ended September 30, 2017

	September 30, 2017	September 30, 2016
	(Rupees in thousand)	
12. EARNINGS PER SHARE		
Profit after taxation attributable to ordinary shareholders	348,606	122,211
Weighted average number of ordinary shares outstanding during the quarter (in thousand) - note 7	307,741	307,741
Basic and diluted earnings per share	Rs. 1.13	Rs. 0.40

	September 30, 2017	September 30, 2016
	(Rupees in thousand)	
13. CASH GENERATED FROM OPERATIONS		
Profit before taxation	531,094	216,026
Adjustments for non-cash charges and other items:		
Depreciation and amortisation	204,060	215,796
Mark-up expense	119,542	161,422
Provision for defined benefit retirement plans	19,605	19,605
Exchange gains on cash and cash equivalents	(990)	-
Share of income of associate	(524)	(1,368)
Return on deposits	(4,580)	(13,335)
Gain on disposal of fixed assets	-	(6)
Agreement signing fees	(3,333)	(3,333)
Working capital changes - note 13.1	1,319,271	927,122
Cash generated from operations	2,184,145	1,521,929
13.1 Working capital changes		
(Increase) / decrease in current assets		
Stores, spares and chemicals	(1,646)	(26,099)
Stock-in-trade	(625,031)	2,220,253
Trade debts	(248,995)	377,981
Loans and advances	2,949	41,210
Trade deposits and short-term prepayments	(92,990)	(13,280)
Other receivables	999,976	(720,525)
	34,263	1,879,540
Increase / (decrease) in current liabilities		
Trade and other payables	487,479	(1,675,744)
Payable to government - sales tax	797,529	723,326
	1,285,008	(952,418)
	1,319,271	927,122

Notes to and Forming Part of the Condensed Interim Financial Information

For the quarter ended September 30, 2017

14. TRANSACTIONS WITH RELATED PARTIES

Relationship	Nature of transactions	September 30, 2017	September 30, 2016
		(Rupees in thousand)	
Associated companies	Sale of goods - net	15,907,732	15,701,035
	Sale of services	16,043	18,934
	Services received	18,948	16,402
	Mark-up paid	10,666	1,832
	Bank charges	11	2
Key management personnel compensation (excluding non-executive directors)	Salaries and other short term employee benefits	30,838	26,485
	Post-employment benefits	3,101	3,850
Staff retirement benefit plans	Contributions to retirement plans	35,626	32,532
	Markup paid on TFCs	2,032	2,032
Non-executive directors	Fee including honorarium	1,100	759

Sale of certain products is transacted at prices fixed by the OGRA. Other transactions with related parties are carried on commercially negotiated terms.

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

15. CASH AND CASH EQUIVALENTS

	September 30, 2017	September 30, 2016
	(Rupees in thousand)	
Cash and bank balances	628,357	3,541,960
Short-term borrowings	(3,969,043)	-
	(3,340,686)	3,541,960

16. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue by the Board of Directors of the Company on October 26, 2017.

Muhammad Aliuddin Ansari
Chairman

Aftab Husain
Managing Director & CEO

Imran Ahmad Mirza
Chief Financial Officer

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