PAKISTAN REFINERY LIMITED

3RD QUARTER REPORT
MARCH 31, 2016

HEADING IN THE RIGHT DIRECTION

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 (Pvt) Ltd.
8-F, Next to Hotel Faran, Nursery Block-6,
P.E.C.H.S. Shahra-e-Faisal, Karachi.

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

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
NIB Bank Limited
Sindh Bank Limited
Standard Chartered Bank (Pakistan) Limited
Summit Bank Limited
United Bank Limited

Board of Directors

Farooq Rahmatullah Khan
Chairman

Aftab Husain
Managing Director & CEO

Abdul Jabbar Memon
Director

Babar H. Chaudhary
Director

Faisal Waheed
Director

Farrokh K. Captain
Director

Muhammad Najam Shamsuddin
Director

Mumtaz Hasan Khan
Director

Omar Yaqoob Sheikh
Director

Saleem Butt
Director

Sheikh Imran ul Haque
Director

Board Committees

Audit Committee

The Audit Committee comprises of five 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 Board. The CEO may be inducted as member of the committee but not as the Chairman of committee. The Head of 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 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 / transmisssion 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

The Company continued profitable trend during the third quarter and posted a profit after taxation of Rs. 860.46 million during the nine months period ended March 31, 2016 as compared to loss after taxation of Rs. 2,484 million during the same period last year. This was due to positive impact of Isomerisation Plant which was fully operational during the year and favourable refining margins.

The Company continues to face challenges of volatility in value of Pak Rupee which resulted in significant exchange losses. In addition, the Company remains subject to minimum tax on turnover at 0.5% which is extremely harsh since the refineries operate on high turnover but low margin basis and therefore, the resulting minimum tax on turnover far exceeds the normal corporate tax rate of 32%. The Refinery has made several representations to Federal Board of Revenue and the Government of Pakistan requesting that the refineries should be given similar tax relief of reduction in rate of minimum tax on turnover as is available to certain segments of the industry. The Company is also facing adverse effects of pricing mechanism of High Speed Diesel (HSD) whereby the refineries are required to pay the difference between actual import price and Import Parity Formula Price of HSD. This alone has resulted in loss of revenue of Rs. 1,320 million during the current period.

The Company has started feasibility study on the refinery expansion and upgradation including installation of Diesel Hydrodesulphurisation Unit (DHDS). Setting up of DHDS will be in compliance with the directives of the Government of Pakistan which requires the Company to produce EURO-II specification diesel.

The Government has already extended the deadline up to June 2017 for setting up DHDS considering longer project completion time and huge investment required for this purpose.

The Company continues to maintain highest standards of Health, Safety, Environment & Quality and successfully achieved 6.9 million man-hours without Lost Time Injury as of March 31, 2016. Company's focus remained on safe operations including that of employees, customers and contractors. Company also ensures adherence to national standards for production of quality products.

The Board of Directors express their gratitude and appreciation to all stakeholders including shareholders, customers, suppliers, employees, investors, financial institutions and concerned Government ministries for their guidance and support.

On behalf of the Board of Directors

Farooq Rahmatullah Khan
Chairman

Karachi: April 22, 2016

Condensed Interim Balance Sheet
as at March 31, 2016

	Note	Unaudited March 31, 2016	Audited June 30, 2015
		(Rupees in thousand)	
ASSETS			
Non-current assets			
Fixed assets	4	11,812,761	12,118,199
Intangible asset		5,340	-
Investment in associate		82,285	91,470
Long-term loans and advances		3,946	4,496
Long-term deposits		21,607	21,592
Deferred taxation	5	319,734	456,366
		12,245,673	12,692,123
Current assets			
Stores, spares and chemicals		350,123	210,495
Stock-in-trade		4,377,828	5,516,120
Trade debts		12,168,747	6,230,784
Loans and advances		27,982	13,807
Accrued mark-up on term deposits		9,139	-
Trade deposits and short-term prepayments		35,410	35,486
Other receivables		535,281	2,504,626
Taxation - payments less provisions		806,405	735,006
Cash and bank balances		4,176,245	2,814,526
		22,487,160	18,060,850
		34,732,833	30,752,973
EQUITY			
Share capital	6	2,940,000	350,000
Subscription money against right issue		-	2,589,958
Reserves		397,965	397,965
Accumulated loss	2.5	(3,992,607)	(4,853,066)
Fair value reserve		1,615	1,950
		(653,027)	(1,513,193)
SURPLUS ON REVALUATION OF FIXED ASSETS		3,297,928	3,297,928
LIABILITIES			
Non-current liabilities			
Long-term borrowing		2,000,000	2,000,000
Retirement benefit obligations		139,652	138,463
		2,139,652	2,138,463
Current liabilities			
Trade and other payables	7	9,676,692	17,007,133
Term finance certificates		1,987,920	2,122,620
Short-term borrowings	8	16,129,057	4,500,000
Running finance under mark-up arrangements		-	2,483,816
Accrued mark-up		264,909	209,762
Payable to government - sales tax		1,889,702	506,444
		29,948,280	26,829,775
		32,087,932	28,968,238
Contingencies and commitments	9		
		34,732,833	30,752,973

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

Farooq Rahmatullah Khan
Chairman

Aftab Husain
Managing Director & CEO

Condensed Interim Profit and Loss Account

For the nine months period ended March 31, 2016 (Unaudited)

	Note	For the quarter January - March 2016	For the quarter January - March 2015	For the nine months period July - March 2016	For the nine months period July - March 2015
		(Rupees in thousand)			
Net Sales	10	12,373,059	20,169,090	49,753,541	70,738,217
Cost of sales		(11,353,569)	(18,692,257)	(47,817,862)	(72,460,131)
Gross profit / (loss)		1,019,490	1,476,833	1,935,679	(1,721,914)
Distribution cost		(40,463)	(52,787)	(128,168)	(152,445)
Administrative expenses		(69,726)	(59,680)	(206,180)	(181,500)
Other operating expenses		(65,436)	(15,450)	(105,289)	(15,828)
Other income		101,635	40,376	186,810	130,863
Operating profit / (loss)		945,500	1,389,292	1,682,852	(1,940,824)
Finance cost - net	11	(232,651)	(287,726)	(687,539)	(535,069)
Share of income of associate		(336)	6,404	1,875	10,720
Profit / (loss) before taxation		712,513	1,107,970	997,188	(2,465,173)
Taxation - current		-	(13,605)	-	(18,573)
- deferred		(61,083)	(1,011)	(136,729)	(358)
		(61,083)	(14,616)	(136,729)	(18,931)
Profit / (loss) after taxation		651,430	1,093,354	860,459	(2,484,104)
Other comprehensive income					
Change in fair value reserve of available for sale investments of associate		169	(4,851)	(432)	(2,300)
Deferred tax relating to component of other comprehensive income		(38)	1,274	97	604
		131	(3,577)	(335)	(1,696)
Total comprehensive income / (loss)		651,561	1,089,777	860,124	(2,485,800)
			(Re-stated)		(Re-stated)
Earnings / (loss) per share	12	Rs. 2.10	Rs. 5.01	Rs. 2.83	(Rs. 11.38)

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

Farooq Rahmatullah Khan
Chairman

Aftab Husain
Managing Director & CEO

Condensed Interim Cash Flow Statement
For the nine months period ended March 31, 2016 (Unaudited)

	Note	March 31, 2016	March 31, 2015
		(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	13	(6,648,470)	647,871
Mark-up paid		(619,621)	(542,499)
Income taxes paid		(71,399)	(314,226)
Contribution to defined retirement benefit plans		(44,090)	(39,005)
Decrease / (increase) in loans and advances		550	(955)
(Increase) / decrease in long term deposits		(15)	24,560
Net cash used in operating activities		(7,383,045)	(224,254)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets		(358,242)	(4,140,058)
Purchase of intangible asset		(6,008)	-
Proceeds from disposal of fixed assets		-	124
Return received on deposits		87,931	31,698
Dividend received		10,630	9,354
Net cash used in investing activities		(265,689)	(4,098,882)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(130)	(26,943)
Subscription money received against right issue		42	-
Proceeds from long term borrowing		-	2,000,000
Proceeds from / (repayment of) foreign currency loans		16,129,057	(5,996,984)
Redemptions against term finance certificates		(134,700)	(188,850)
Net cash generated from / (used in) financing activities		15,994,269	(4,212,777)
Net increase / (decrease) in cash and cash equivalents		8,345,535	(8,535,913)
Cash and cash equivalents at the beginning of the period		(4,169,290)	2,287,864
Cash and cash equivalents at the end of the period	15	4,176,245	(6,248,049)

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

Farooq Rahmatullah Khan
Chairman

Aftab Husain
Managing Director & CEO

Condensed Interim Statement of Changes in Equity
For the nine months period ended March 31, 2016 (Unaudited)

	SHARE CAPITAL (note 6)	SUB-SCRIPTION MONEY AGAINST RIGHTS ISSUE	RESERVES – CAPITAL – Exchange equalisation reserve	RESERVES – REVENUE – General reserve	RESERVES – REVENUE – Accumulated loss	RESERVES – SPECIAL RESERVE (note 2.3)	RESERVES – FAIR VALUE RESERVE	TOTAL
	(Rupees in thousand)							
Balance as at July 1, 2014	350,000	-	897	1,050	(3,484,462)	396,018	7,306	(2,729,191)
Loss for the nine months period ended March 31, 2015	-	-	-	-	(2,484,104)	-	-	(2,484,104)
Other comprehensive income	-	-	-	-	-	-	(1,696)	(1,696)
Total recognised profit / (loss) for the nine months period ended March 31, 2015	-	-	-	-	(2,484,104)	-	(1,696)	(2,485,800)
Balance as at March 31, 2015	350,000	-	897	1,050	(5,968,566)	396,018	5,610	(5,214,991)
Balance as at July 1, 2015	350,000	2,589,958	897	1,050	(4,853,066)	396,018	1,950	(1,513,193)
Subscription money against rights issue	-	42	-	-	-	-	-	42
Issue of right shares	2,590,000	(2,590,000)	-	-	-	-	-	-
Profit for the nine months period ended March 31, 2016	-	-	-	-	860,459	-	-	860,459
Other comprehensive income	-	-	-	-	-	-	(335)	(335)
Total recognised profit for the nine months period ended March 31, 2016	-	-	-	-	860,459	-	(335)	860,124
Balance as at March 31, 2016	2,940,000	-	897	1,050	(3,992,607)	396,018	1,615	(653,027)

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

Farooq Rahmatullah Khan
Chairman

Aftab Husain
Managing Director & CEO

Notes to and Forming Part of the Condensed Interim Financial Information

For the nine months period ended March 31, 2016 (Unaudited)

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. 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

This condensed interim financial information of the Company for the nine months period ended March 31, 2016 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 Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

This condensed interim financial information does 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, 2015.

2.1 Changes in accounting standards, interpretations and pronouncements

a) Standards, interpretations and amendments to published approved accounting standards that are effective and relevant

The following are the new standards, amendments to existing approved accounting standards and new interpretations that will be effective for the periods beginning on or after January 1, 2015 that may have an impact on the financial statements of the Company.

IFRS 10, 'Consolidated financial statement' replaces all of the guidance on control and consolidation in IAS 27, 'Consolidation and separate financial statement', and SIC-12,'Consolidation - special purpose entities'. IAS 27 is renamed 'Separate financial statement', it continues to be a standard dealing solely with separate financial statements. IFRS 10 has the potential to affect all reporting entities (investors) that control one or more investees under the revised definition of control. The standard may not have impact on future consolidated financial statement of the Company.

IFRS 12, 'Disclosures of interests in other entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangement, associates, structured entities and other off balance sheet vehicles. The standard will affect the disclosures in the financial statements of the Company.

IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirement for use across IFRSs. The requirement do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. The standard will affect the determination of fair value and its related disclosures in 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 January 1, 2015 are considered not to be relevant for Company's financial statements and hence have not been detailed here.

c) Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after January 1, 2016 are considered not to be relevant for Company`s financial statements and hence have not been detailed here.

2.2 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, 2015.

2.3 Under directive from the Ministry of Petroleum & Natural Resources' (the Ministry), 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 is 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, Government of Pakistan issued a policy framework for up-gradation and expansion of refinery projects which interalia states that:

- till completion of the projects refineries will not be allowed to offset losses, if any, for 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;

- the amount of profits above 50% will be accumulated in the Special Reserve account as per the pricing formula (including unutilised balance), which shall, along with amounts presently available with refineries, be deposited on half yearly basis (with final adjustment on annual basis) in an ESCROW Account to be operated jointly with Finance Division and shall be available for utilisation exclusively for up-gradation of refineries;

- under the afore-mentioned policy framework, the refineries were also required to install Diesel Hydro Desulphurisation (DHDS) project by December 31, 2015. However, during the period on January 28, 2016, the Government extended the deadline for setting up DHDS upto June 30, 2017.

The Company is in discussions with the Ministry about the operation of ESCROW Account; and presently continues to consider transfer to Special Reserve on annual basis.

2.4 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 determined in the light of notifications of the Ministry of Petroleum and Natural Resources.

2.5 As at March 31, 2016 the Company has accumulated loss of Rs. 3.99 billion (June 30, 2015: Rs. 4.85 billion) resulting in negative equity of Rs. 653.03 million (June 30, 2015: 1.51 billion) and its current liabilities exceed its current assets by Rs. 7.46 billion (June 30, 2015: Rs. 8.77 billion). These conditions may cast a doubt on the Company's ability to continue as a going concern. To address this negative equity situation, the Company issued right shares of Rs. 2.59 billion during the year (out of total issue of Rs. 2.80 billion - please refer note 6.1 to this condensed interim financial information). In addition, the Company also sucessfully commissioned Isomerisation Plant during the year which converts Light Naphtha into Motor Gasoline which is a more profitable product. Consequently, the Company earned profit after taxation of Rs. 860.46 million during the nine months period ended March 31, 2016.

Based on the above facts and projected profitability and cash flows, the management believes that the current negative equity situation will be overcome in future. Accordingly, this condensed interim financial information has been prepared on a going concern 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, 2015.

Notes to and Forming Part of the Condensed Interim Financial Information

For the nine months period ended March 31, 2016 (Unaudited)

4. FIXED ASSETS

Following are additions to fixed assets during the period:

	March 31, 2016	March 31, 2015
	(Rupees in thousand)	
Buildings	-	526
Processing plant, tank farm, pipelines and power generation	487,231	667,488
Equipment including furniture and fixtures	44,126	24,826
Firefighting and telecommunication systems	17,653	2,970
Major spare parts and stand-by equipment - net of transfers	(382,899)	(31,047)
Capital work in progress - net of transfers	173,470	3,459,846
	339,581	4,124,609

4.1 During the period, assets costing Rs. Nil (March 31, 2015: Rs. 6.83 million) having written down value of Rs. Nil (March 31, 2015: Rs. 18 thousand) were disposed off.

	March 31, 2016	June 30, 2015
	(Rupees in thousand)	
4.2 Capital work-in-progress		
Buildings	1,723	-
Processing plant	234,182	236,512
Korangi tank farm	145,125	99,645
Keamari terminal	37,631	732
Pipelines	11,193	3,248
Fire fighting and telecommunication systems	4,616	-
Power generation, transmission and distribution	2,035	-
Equipment including furniture	1,607	-
Intangible assets	1,800	-
Advances to contractors / suppliers	125,049	51,354
	564,961	391,491

4.2.1 During the period, the Company has capitalised borrowing costs amounting to Rs. 8.02 million (June 30, 2015: Rs. 3.83 million) on capital work-in-progress. Borrowing costs were capitalised at the current weighted average rate of its general borrowings of 9.20% (June 30, 2015: 10.04%) per annum.

5. DEFERRED TAXATION

Deferred tax debit balances of Rs. 3.64 billion (June 30, 2015: Rs. 3.38 billion) in respect of unabsorbed depreciation, tax losses and deductible temporary differences have not been recognised as their recoverability is not expected.

6. SHARE CAPITAL

Issued, subscribed and paid-up Ordinary shares of Rs. 10 each

March 31, 2016	June 30, 2015		March 31, 2016	June 30, 2015
(Number of shares)			(Rupees in thousand)	
114,400,000	2,400,000	'A' ordinary shares fully paid in cash	1,144,000	24,000
150,600,000	3,600,000	'B' ordinary shares fully paid in cash	1,506,000	36,000
265,000,000	6,000,000		2,650,000	60,000
11,600,000	11,600,000	'A' ordinary shares issued as fully paid bonus shares	116,000	116,000
17,400,000	17,400,000	'B' ordinary shares issued as fully paid bonus shares	174,000	174,000
29,000,000	29,000,000		290,000	290,000
294,000,000	35,000,000		2,940,000	350,000

6.1 During the period, the Company issued shares against Subscription Money received amounting to Rs. 2,590 million. The subscription money was received against right issue of Rs. 2,800 million approved by the Board of Directors on March 9, 2015. In respect of remaining right issue of Rs. 210 million, a restraining order has been 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.

7. TRADE AND OTHER PAYABLES

This amount is net off claims relating to exchange losses on foreign currency loan arrangements (FC loans) amounting to Rs. 219.31 million (June 30, 2015: Rs. 100.95 million) which were obtained on the direction of the Ministry of Finance (MoF) to retire certain letters of credit for crude oil imports. Further during the current period, the Company has also recognised exchange gain amounting to Rs. 21.80 million (2015: Rs. 66.92 million) on above transactions. Since the inception of this arrangement till March 31, 2016 the Company has recognised as income Rs. 619.24 million (March 31, 2015: Rs. 456.42 million) on account of exchange gains on these FC loans. This has been done on the understanding with the MoF through various communications, meetings, discussions and legal advice obtained by the Company in this respect.

The Company is currently working with MoF and State Bank of Pakistan to finalise a mechanism for calculation and settlement of gains and losses on above arrangements.

Notes to and Forming Part of the Condensed Interim Financial Information
For the nine months period ended March 31, 2016 (Unaudited)

	March 31, 2016	June 30, 2015
	(Rupees in thousand)	
8. SHORT-TERM BORROWING - Secured		
Short-term finance	-	4,500,000
Foreign currency loans - note 8.1	16,129,057	-
	16,129,057	4,500,000

8.1 This represents short term foreign currency loans from commercial banks at a markup rate ranging from 2 months LIBOR to 3 months LIBOR + 3% to 3.5%.

9. CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

9.1.1 Claims against the Company not acknowledged as debt amount to Rs. 4.73 billion (June 30, 2015: Rs. 4.59 billion). These include Rs. 4.10 billion (June 30, 2015: Rs. 3.97 billion) on account of late payment surcharge on purchase of crude oil. The Company has raised similar claims aggregating to Rs. 7.27 billion (June 30, 2015: Rs. 6.98 billion) relating to interest on late payments against trade receivables from certain Oil Marketing Companies.

9.1.2 Bank guarantees of Rs. 417 million (June 30, 2015: Rs. 213 million) were issued in favour of third parties.

9.2 Commitments

As at March 31, 2016 commitments outstanding for capital expenditure amounted to Rs. 0.79 billion (June 30, 2015: Rs. 0.27 billion).

Outstanding letters of credit as at March 31, 2016 amounted to Rs. 3.30 billion (June 30, 2015: Rs. 11.41 billion).

Aggregate commitments in respect of ijarah arrangements of motor vehicles and equipment amounted to Rs. 33.41 million (June 30, 2015: Rs. 31.65 million).

	March 31, 2016	March 31, 2015
	(Rupees in thousand)	
10. NET SALES		
Local Sales	78,083,258	81,355,150
Exports	2,285,794	8,742,039
Gross Sales	80,369,052	90,097,189
Less:		
- Sales tax	(20,439,637)	(13,053,405)
- Excise duty and petroleum levy	(7,324,364)	(5,196,550)
- Surplus price differential	(1,319,545)	(1,109,017)
- Regulatory duty - note 10.1	(1,531,965)	-
	49,753,541	70,738,217

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

Notes to and Forming Part of the Condensed Interim Financial Information

For the nine months period ended March 31, 2016 (Unaudited)

11. FINANCE COST - NET

This includes foreign exchange gain amounting to Rs. 21.80 million (2015: Rs. 66.92 million) on foreign currency loan arrangements which were obtained on the direction of Ministry of Finance (MoF) to retire certain letters of credit for crude oil imports.

12. EARNINGS / (LOSS) PER SHARE

	For the quarter		For the nine months period	
	January-March 2016	January-March 2015	July - March 2016	July - March 2015
	(Rupees in thousand)			
Profit / (loss) after taxation attributable to ordinary shareholders	651,430	1,093,354	860,459	(2,484,104)
Weighted average number of ordinary shares outstanding during the period (in thousand) - note 6.1	310,366	218,207	304,375	218,207
		(Re-stated)		(Re-stated)
Basic and diluted earnings / (loss) per share	Rs. 2.10	Rs. 5.01	Rs. 2.83	(Rs. 11.38)

13. CASH (USED IN) / GENERATED FROM OPERATIONS

	March 31, 2016	March 31, 2015
	(Rupees in thousand)	
Profit / (loss) before taxation	997,188	(2,465,173)
Adjustments for non-cash charges and other items:		
Depreciation and amortisation	645,687	218,514
Mark-up expense	674,767	594,948
Provision for defined benefit retirement plans	45,279	34,544
Share of income of associate	(1,876)	(10,720)
Return on deposits	(97,070)	(31,698)
Gain on disposal of fixed assets	-	(106)
Capital work-in-progress written off	18,661	15,449
	1,285,448	820,931
Working capital changes - note 13.1	(8,931,106)	2,292,113
Cash (used in) / generated from operations	(6,648,470)	647,871

13.1 Working capital changes

	March 31, 2016	March 31, 2015
(Increase) / Decrease in current assets		
Stores, spares and chemicals	(139,628)	(15,328)
Stock-in-trade	1,138,292	3,110,263
Trade debts	(5,937,963)	3,327,955
Loans and advances	(14,175)	(7,587)
Trade deposits and short-term prepayments	76	(22,272)
Other receivables	1,969,345	(5,082)
	(2,984,053)	6,387,949
(Decrease) / Increase in current liabilities		
Trade and other payables	(7,330,311)	(4,770,890)
Payable to government - sales tax	1,383,258	675,054
	(5,947,053)	(4,095,836)
	(8,931,106)	2,292,113

Notes to and Forming Part of the Condensed Interim Financial Information

For the nine months period ended March 31, 2016 (Unaudited)

14. TRANSACTIONS WITH RELATED PARTIES

Relationship	Nature of transactions	Transactions during the period March 31, 2016	March 31, 2015
		(Rupees in thousand)	
Significant related party transactions are:			
Associated companies			
	Sale of goods	40,721,656	62,307,044
	Sale of services	45,796	35,991
	Purchase of goods	33,355	1,572,637
	Services received	52,969	-
	Mark-up paid	24,014	19,499
	Dividend paid	-	29,925
	Dividend received	10,630	9,354
	Interest received on late payments	1,743	2,216
	Agreement signing fees	1,250	-
	Bank charges	135	122
Key management compensation			
	Salaries and other short term employee benefits	69,976	60,518
	Post-employment benefits	9,219	8,453
Staff retirement benefit plans			
	Contributions to retirement plans	82,287	72,932
	Markup paid on TFCs - net	4,042	6,030
Directors' fee including honorarium		2,602	4,305

Sale of certain products is transacted at prices fixed by the Oil and Gas Regulatory Authority. Other transactions with related parties are carried on commercially negotiated terms.

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

	March 31, 2016	March 31, 2015
	(Rupees in thousand)	
15. CASH AND CASH EQUIVALENTS		
Cash and bank balances	4,176,245	141,488
Short term loan	-	(4,238,000)
Running finance under mark-up arrangements	-	(2,151,537)
	4,176,245	(6,248,049)

16. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue by the Board of Directors of the Company on April 22, 2016.

Farooq Rahmatullah Khan
Chairman

Aftab Husain
Managing Director & CEO

PRL

PAKISTAN REFINERY LIMITED

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