

NINE MONTHS REPORT  
MARCH 31

2022

# Moving forward



**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.



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## COMPANY INFORMATION

### Deputy Managing Director (Finance & IT) / CFO

Imran Ahmad Mirza

### Company Secretary

Shehrzad Aminullah

### Auditors & Tax Advisors

KPMG - Taseer Hadi & Co.  
Chartered Accountants

### Legal Advisors

Orr Dignam & Co.

### Registrar & Share Registration Office

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

### Hassan Mehmood Yousufzai

Director

### Mohammad Abdul Aleem

Director

### Mohsin Ali Mangi

Director

### Nadeem Safdar

Director

### Syed Jehangir Ali Shah

Director

### Syed Muhammad Taha

Director

### Tara Uzra Dawood

Director

## DIRECTORS' REVIEW

The Board of Directors are pleased to present their Review Report along with the unaudited financial statements for the quarter ended March 31, 2022.

During the period, the global oil industry entered a crisis like situation due to the Russia - Ukraine conflict, seriously afflicting the oil prices and raising questions about oil and gas supplies. However, due to efficient inventory planning and management, the Company ensured uninterrupted supply of crude and was able to take advantage of healthy refining margins that resulted in profit after tax of Rs. 5.53 billion for the quarter ended March 31, 2022 against profit after tax of Rs. 0.54 billion in the same quarter last year. On an aggregate basis, the Company posted a profit after tax of Rs. 5.42 billion for the nine months period ended March 31, 2022 against the profit after tax of Rs. 0.62 billion in the corresponding period. The above profit was achieved despite incurring exchange loss of Rs. 2.07 billion during the nine months period ended March 31, 2022.

Subsequent to the period end, the Company has appointed an international Consultant to undertake Front End Engineering Design (FEED) work of the Refinery Expansion and Upgrade Project (REUP) and has also appointed a consortium of financial institutions as the Financial Advisor for local financing requirements of REUP. The work on FEED will start in the current financial year and is targeted to be complete by August 2023 thereafter leading to Financial Close and award of Engineering Procurement and Construction (EPC) contract. The estimated cost of REUP is USD 1.2 billion.

The Company maintained its commitment towards standards of Health, Safety, Environment and Quality (HSEQ) with processes continuously being reviewed, revisited and strengthened, wherever required. The Refinery remained compliant with applicable HSEQ standards during the period.

The Board would like to acknowledge and appreciate all stakeholders for their continued support.

On behalf of the Board of Directors



Tariq Kirmani  
Chairman



Zahid Mir  
Managing Director & CEO

Karachi: April 21, 2022

2022

NINE MONTHS REPORT  
MARCH 31



# CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

## AS AT MARCH 31, 2022

	Note	March 31, 2022 Unaudited	June 30, 2021 Audited
(Rupees in '000)			
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	8	19,828,325	20,414,353
Right-of-use asset		135,233	147,165
Investment accounted for using the equity method		59,190	58,930
Long-term deposits and loans		30,493	27,240
Employee benefit prepayments		24,954	25,580
		<b>20,078,195</b>	<b>20,673,268</b>
<b>Current assets</b>			
Inventories		17,200,148	10,415,407
Trade receivables	9	12,446,760	6,588,913
Trade deposits, loans, advances and short-term prepayments	10	143,900	75,293
Other receivables	11	4,520,455	3,072,762
Taxation - payments less provision		-	95,697
Cash and bank balances		10,945,904	72,680
		<b>45,257,167</b>	<b>20,320,752</b>
		<b>65,335,362</b>	<b>40,994,020</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital		6,300,000	6,300,000
Accumulated loss		(12,769,631)	(18,184,869)
Special reserve		2,780,632	2,780,632
Revaluation surplus on property, plant and equipment		11,149,288	11,149,288
Other reserves		1,947	1,947
		<b>7,462,236</b>	<b>2,046,998</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Long-term borrowing		-	293,924
Long-term lease liability		141,047	148,237
Deferred tax liabilities	12	4,303	4,902
Employee benefit obligations		397,931	377,551
		<b>543,281</b>	<b>824,614</b>
<b>Current liabilities</b>			
Trade and other payables	13	36,449,823	20,509,338
Short-term borrowings	14	20,625,371	17,573,548
Unearned revenue		8,620	15,084
Current portion of long-term lease liability		7,160	4,586
Taxation - payments less provision		219,019	-
Unclaimed dividend		19,852	19,852
		<b>57,329,845</b>	<b>38,122,408</b>
		<b>57,873,126</b>	<b>38,947,022</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	15		
		<b>65,335,362</b>	<b>40,994,020</b>

The annexed notes 1 to 23 form an integral part of this condensed interim financial information.



Zahid Mir  
Managing Director & CEO



Mohammad Abdul Aleem  
Director



Imran Ahmad Mirza  
Chief Financial Officer

# CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME - UNAUDITED

FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2022

	Note	Nine months ended		Quarter ended	
		March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
(Rupees in '000)					
Revenue from contracts with customers	16	111,637,657	64,804,294	51,753,244	27,182,422
Cost of sales		(103,031,952)	(62,324,293)	(44,596,264)	(25,934,473)
Gross profit		8,605,705	2,480,001	7,156,980	1,247,949
Distribution costs		(239,074)	(220,964)	(95,622)	(102,882)
Administrative expenses		(402,509)	(336,648)	(125,270)	(109,929)
Other operating expenses		(556,781)	(72,489)	(478,742)	(37,220)
Other income		151,804	244,675	102,012	66,582
Operating profit		7,559,145	2,094,575	6,559,358	1,064,500
Finance cost		(1,114,745)	(974,606)	(316,621)	(325,533)
Share of profit / (loss) of associate accounted for using the equity method		261	(5,773)	1,847	(703)
Profit before income tax		6,444,661	1,114,196	6,244,584	738,264
Taxation		(1,029,423)	(492,716)	(714,894)	(201,858)
Profit for the period		5,415,238	621,480	5,529,690	536,406
Other comprehensive income / (loss)		-	-	-	-
Total comprehensive profit		5,415,238	621,480	5,529,690	536,406
Earnings per share - basic and diluted	17	Rs. 8.60	Rs. 1.01	Rs. 8.78	Rs. 0.85

The annexed notes 1 to 23 form an integral part of this condensed interim financial information.



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Managing Director & CEO



Mohammad Abdul Aleem  
Director



Imran Ahmad Mirza  
Chief Financial Officer

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY - UNAUDITED FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2022

	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	
Balance as at July 1, 2020	3,150,000	1,943,175	1,943,476	11,149,288	897	(18,362,739)	-	1,050	(174,853)
Profit for the nine months period ended March 31, 2021	-	-	-	-	-	621,480	-	-	621,480
Other comprehensive income for the nine months ended March 31, 2021	-	-	-	-	-	-	-	-	-
Subscription money against right issues	-	1,207,277	-	-	-	-	-	-	1,207,277
Issuance costs for rights shares	-	(452)	-	-	-	1,766	-	-	1,314
Issue of rights shares	3,150,000	(3,150,000)	-	-	-	-	-	-	-
	3,150,000	(1,943,175)	-	-	-	621,480	-	-	1,293,665
Balance as at March 31, 2021	<b>6,300,000</b>	<b>-</b>	<b>1,943,476</b>	<b>11,149,288</b>	<b>897</b>	<b>(17,739,493)</b>	<b>-</b>	<b>1,050</b>	<b>1,655,218</b>
Balance as at July 1, 2021	<b>6,300,000</b>	<b>-</b>	<b>2,780,632</b>	<b>11,149,288</b>	<b>897</b>	<b>(18,184,869)</b>	<b>-</b>	<b>1,050</b>	<b>2,046,998</b>
Profit for the nine month ended period March 31, 2022	-	-	-	-	-	5,415,238	-	-	5,415,238
Other comprehensive income for the nine months ended March 31, 2022	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	5,415,238	-	-	5,415,238
Balance as at March 31, 2022	<b>6,300,000</b>	<b>-</b>	<b>2,780,632</b>	<b>11,149,288</b>	<b>897</b>	<b>(12,769,631)</b>	<b>-</b>	<b>1,050</b>	<b>7,462,236</b>

(Rupees in '000)

The annexed notes 1 to 23 form an integral part of this condensed interim financial information.



Zahid Mir  
Managing Director & CEO



Mohammad Abdul Aleem  
Director



Imran Ahmad Mirza  
Chief Financial Officer



# CONDENSED INTERIM STATEMENT OF CASH FLOWS - UNAUDITED

## FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2022

	Note	March 31, 2022	March 31, 2021
(Rupees in '000)			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	19	10,806,628	311,342
Interest paid		(1,038,016)	(1,081,475)
Taxes paid		(715,306)	(523,962)
Contribution made to retirement benefit plans		(69,935)	(90,332)
Increase in long-term deposits and loans		(3,253)	(1,383)
Net cash generated from / (used in) operating activities		8,980,118	(1,385,810)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of property, plant and equipment		(256,318)	(178,685)
Proceeds from disposal of property, plant and equipment		3,354	4,481
Interest received		47,025	50,797
Net cash used in investing activities		(205,939)	(123,407)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from foreign currency loan		15,168,798	-
Proceeds from / (repayment of) long term loans - net		600,000	(200,000)
Repayment of short term borrowings - net		(8,000,000)	(1,573,118)
Repayment of salary refinancing - net		(108,078)	145,301
Lease rentals paid		(25,572)	(24,357)
Share deposit money received net of rights issuance cost		-	1,208,591
Dividend paid		-	(12)
Net cash generated from / (used in) financing activities		7,635,148	(443,595)
Net increase / (decrease) in cash and cash equivalents		16,409,327	(1,952,812)
Cash and cash equivalents at beginning of the period		(5,463,423)	(3,693,313)
Cash and cash equivalents at end of the period	20	10,945,904	(5,646,125)

The annexed notes 1 to 23 form an integral part of this condensed interim financial information.



Zahid Mir  
Managing Director & CEO



Mohammad Abdul Aleem  
Director



Imran Ahmad Mirza  
Chief Financial Officer

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION - UNAUDITED

FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2021

## 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 at Keamari, Karachi.

## 2. BASIS OF PREPARATION

This condensed interim financial information have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting which comprise of:

- International Accounting Standards (IAS 34), Interim Financial Reporting, 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, the provisions of and directives issued under the Companies Act, 2017 have been followed.

This condensed interim financial information of the Company does not include all of the information required for annual financial information and should be read in conjunction with the annual financial information of the Company as at and for the year ended June 30, 2021. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual audited financial information.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the audited financial information for the year ended June 30, 2021.

## 4. NEW OR AMENDMENTS / INTERPRETATIONS TO EXISTING STANDARDS, INTERPRETATION AND FORTHCOMING REQUIREMENTS

There are new and amended standards and interpretations that are mandatory for accounting periods beginning July 1, 2021, but are considered not to be relevant or do not have any significant effect on the Company's financial position and are therefore not stated in this condensed interim financial information.

## 5. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after January 1, 2022:

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION - UNAUDITED

FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2021

- IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.
  - Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for annual periods beginning on or after January 1, 2022 clarifies that sale proceeds and costs of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management are recognised in profit or loss in accordance with applicable Standards. The entity measures the cost of those items by applying measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial information in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.
  - Classification of liabilities as current or non-current (Amendments to IAS 1) amendments are effective for annual periods beginning on or after January 1, 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.
  - Definition of Accounting Estimates (Amendments to IAS 8) – The amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial information that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after January 1, 2023 and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.
  - Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:
    - requiring companies to disclose their material accounting policies rather than their significant accounting policies;
    - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
    - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial information.
- The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after January 1, 2023 with earlier application permitted.
- Deferred Tax related to assets and liabilities arising from a single transaction (Amendments to IAS 12) – The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The amendments are effective for annual reporting periods beginning on or after January 1, 2023 with earlier application permitted.

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION - UNAUDITED

FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2021

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) – The amendment amends accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.

## 6. USE OF ESTIMATES AND JUDGEMENTS

In preparing this condensed interim financial information, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual result may differ from these estimates. The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the annual financial information as at and for the year ended June 30, 2021.

## 7. FINANCIAL RISK MANAGEMENT

The Company's financial risk management policies and objectives are consistent with those disclosed in the financial information as at and for the year ended June 30, 2021.

**March 31,**  
**2022**                      **March 31,**  
**2021**  
**(Unaudited)**  
**(Rupees in '000)**

## 8. PROPERTY, PLANT AND EQUIPMENT

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

Processing plant	<b>59,276</b>	50,579
Keamari Terminal	<b>70,894</b>	285,000
Pipelines	-	14,205
Steam Generation Plant	<b>3,925</b>	-
Power Generation	<b>63,441</b>	22,630
Water Treatment and Cooling System	<b>3,895</b>	158
Equipment and Furniture	<b>4,350</b>	28,051
Fire fighting and telecommunication system	-	1,549
Vehicle and other automative equipment	<b>6,908</b>	21,463
Major spare parts and stand by equipments - net of transfer	<b>(2,745)</b>	13,583
Capital work-in- progress - net of transfer	<b>43,020</b>	261,575
	<b>252,964</b>	175,643

### 8.2 Fixed assets having Net Book Value of Rs. 3.35 million were disposed-off during the period.

## 9. TRADE RECEIVABLES

This includes an amount of Rs. 8.75 billion (June 30, 2021: 4.51 billion) due from PSO - (related party).

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION - UNAUDITED

FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2021

	March 31, 2022 Unaudited	June 30, 2021 Audited
	(Rupees in '000)	
<b>10. TRADE DEPOSITS, LOANS, ADVANCES AND SHORT-TERM PREPAYMENTS</b>		
Trade deposits	52,907	19,180
Loans to employees recoverable within one year	9,993	7,887
Advances for supplies and services	-	30,963
Short-term prepayments	81,000	17,263
	<b>143,900</b>	<b>75,293</b>

**10.1** Trade deposits, loans and advances do not carry any interest.

## 11. OTHER RECEIVABLES

**11.1** This includes an amount of Rs. 1.81 billion (June 30, 2021: Rs. Nil) on account of excess of sales tax paid on purchase of crude oil and other goods and services after adjusting sales tax recovered from sale of products and services rendered. As at June 30, 2021, before imposition of sales tax on purchase of crude oil, an amount of Rs. 1.81 billion was payable to the government on account of excess output tax, shown under current liabilities.

**11.2** It includes Rs. 2.45 billion (June 30, 2021: Rs. 2.92 billion) due from Pak-Arab Refinery Limited (PARCO) - (related party) in respect of sharing of crude oil, freight and other charges. Due to the short-term nature of other receivables, their carrying amount is considered to be the same as their fair value.

Other receivables include a net amount of Rs. 225.99 million (exchange gains of Rs. 618.95 million net of exchange losses of Rs 844.95 million) (June 30, 2021: Rs. 396.1 million classified as accrued liabilities) in respect of foreign currency loans (FE loans) obtained by the Company for settlement of LCs of crude oil based on the directions of Ministry of Finance (MoF) dated November 27, 2013 and October 21, 2021. During the year ended June 30, 2016, MoF proposed a mechanism for calculation of such gains / losses on the FE loans by the oil importing companies and invited views / comments thereupon. The Company, along with other oil importing companies had discussions with MoF and SBP in this respect.

## 12. DEFERRED TAX LIABILITIES

Deferred tax debit balance of Rs. 1.79 billion (June 30, 2021: Rs. 3.26 billion) in respect of unabsorbed depreciation, tax losses and deductible temporary differences have not been recognised as their recoverability is dependent on improved profitability of the Company.

## 13. TRADE AND OTHER PAYABLES

It includes Rs. 29.75 billion (June 30, 2021: Rs. 13.69 billion) payable to trade creditors in respect of crude purchases.

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION - UNAUDITED

FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2021

	March 31, 2021 Unaudited	June 30, 2021 Audited
	(Rupees in '000)	
<b>14. SHORT TERM BORROWINGS</b>		
Short-term borrowings	-	8,000,000
Running finance under mark-up arrangements - note 14.1	-	5,536,103
Foreign currency loan - note 14.2	<b>15,790,895</b>	-
Current portion of long-term borrowings - note 14.3	<b>4,700,000</b>	3,900,000
Current portion of salary refinancing	<b>134,476</b>	137,445
	<b>20,625,371</b>	<b>17,573,548</b>

**14.1** As at March 31, 2022 available running finance facilities under mark-up arrangements from various banks amounted to Rs. 9.45 billion (June 30, 2021: 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 mark-up rate ranging between one month KIBOR+0.65% to one months KIBOR+1.50% as at March 31, 2022 (June 30, 2021: three months KIBOR+0.5% to one month KIBOR+2.5%) per annum. Purchase prices are payable on demand. Facilities for invoice discounting as at March 31, 2022 amounted to Rs. 4.50 billion (June 30, 2021: Rs. 7 billion).

**14.2** This represent short term FE 25 loans obtained from banks at mark-up rates ranging from three months LIBOR +2.5% to six months LIBOR +4.44% per annum and repayable by January 20 and June 20, 2022. FE loan due on January 20, 2022 has been rolled over for 90 days at a mark-up of 3%.

**14.3** This includes current portion of long term finance facility obtained by the Company under mark-up arrangements through Faysal Bank Limited (FBL) amounting to Rs. 1 billion at a mark-up of 6 month KIBOR + 0.75% per annum for a tenor of 1.5 years (including 1 year grace period). The loan is repayable in two equal quarterly installments after the grace period whereas markup is to be paid on a quarterly basis starting from November 2022. These loans are secured by way of hypothecation of property, plant and equipment (excluding land and building).

## 15. CONTINGENCIES AND COMMITMENTS

### 15.1 CONTINGENCIES

**15.1.1** Claims against the Company not acknowledged as debt amount to Rs. 7.04 billion (June 30, 2021: Rs. 6.01 billion). These include Rs 0.81 billion on account of HSD price differential claim by OGRA (Refer note 15.1.2). These also include Rs. 5.62 billion (June 30, 2021: Rs. 5.39 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, 2021: Rs. 7.40 billion) relating to interest on late payments against trade receivables from certain Oil Marketing Companies.

**15.1.2** During April 2020, the Company sold HSD at a price lower than the PSO's benchmark price. Such determination of price is permitted by ECC vide its decision No. ECC-51/05/2013 dated February 26, 2013, read with earlier ECC decision No. ECC - 113/12/2012 dated September 4, 2012. Consequently, the price differential in April 2020 on HSD was less than the price differential had the Company sold HSD at PSO's benchmark price. During the period, through its letter dated November 26, 2021, OGRA raised a price differential claim of Rs. 805 million for April 2020. The Company through its reply and in meetings with OGRA officials has reiterated that the aforementioned ECC decisions were correctly followed in fixing the HSD price for April 2020 and consequently there is no additional price differential as claimed by OGRA. The Company's stance has also been affirmed by independent legal counsel.

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION - UNAUDITED

FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2021

**15.1.3** Share of Pak Grease Manufacturing Company (Private) Limited - an associate company, tax contingencies are Rs. 3.74 million (June 30, 2021: 3.74 million) on account of various tax matters.

**15.1.4** There has been no significant changes during the period in the status of contingencies reported in annual financial statements for the year ended June 30, 2021, except as detailed in note 15.1.2.

**15.1.5** Bank guarantee of Rs. 124.63 million (June 30, 2021: Rs. 124.63 million) was issued in favour of Sui Southern Gas Company Limited - (related party).

## 15.2 COMMITMENTS

As at March 31, 2022 commitments outstanding for capital expenditure amounted to Rs. 314.02 million (June 30, 2021: Rs. 35.98 million).

	Nine months ended		Quarter ended	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	(Unaudited)			
	(Rupees in '000)			

## 16. REVENUE FROM CONTRACTS WITH CUSTOMERS

Local sales - note 18.1	128,130,030	99,960,775	84,648,684	37,727,180
Exports	5,537,121	3,410,258	4,596,908	1,838,198
Gross sales	133,667,151	103,371,033	89,245,592	39,565,378
Less:				
- Sales tax	(10,407,696)	(14,503,926)	(4,691,679)	(5,481,767)
- Excise duty and petroleum levy	(4,837,018)	(20,804,009)	(3,980,129)	(5,385,117)
- Custom Duty	(3,662,933)	(2,396,665)	(2,436,383)	(1,000,500)
- Surplus price differential	(3,121,847)	(862,139)	(2,128,267)	(515,572)
	<u>111,637,657</u>	<u>64,804,294</u>	<u>76,009,134</u>	<u>27,182,422</u>

**16.1** 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.

	Nine months ended		Quarter ended	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	(Unaudited)			

## 17. EARNINGS PER SHARE

Earnings attributable to ordinary shareholders (Rs. in '000)	5,415,238	621,480	5,529,690	536,406
Weighted average number of ordinary shares outstanding during the period (in '000)	630,000	613,443	630,000	630,000
Basic and diluted earnings per share	Rs. 8.60	Rs. 1.01	Rs. 8.78	Rs. 0.85

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION - UNAUDITED

FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2021

**17.1** There were no dilutive potential ordinary shares in issue as at March 31, 2022 and March 31, 2021.

## 18. TRANSACTIONS WITH RELATED PARTIES

The Company has related party relationship with parent company, associated undertakings, directors, key management personnel and retirement benefit funds.

Sale of certain products is transacted at prices regulated by the Oil & Gas Regulatory Authority. Transactions with employee benefit funds are carried out based on the terms of employment of the employees and according to the actuarial advice. All other related party transactions are carried out on commercial terms.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity. The Company considers all members of their Refinery Leadership Team including the Chief Executive Officer and Directors to be its key management personnel.

There are no transactions with key management personnel other than under their terms of employments / entitlements.

Relationship	Nature of transaction	Nine months ended	
		March 31, 2022	March 31, 2021
		(Unaudited) (Rupees in '000)	
(a) Parent company	Sale of goods - net	61,550,643	40,315,053
	Services rendered	408	261
(b) Associated companies	Purchase of goods - net	2,325,600	8,084,175
	Sale of goods - net	2,456,246	4,487,208
	Services received	1,577	519,289
	Services rendered	23,376	18,470
(c) Key management personnel compensation (excluding non-executive directors)	Salaries and other short-term employee benefits	115,575	95,259
	Post-employment benefits	8,846	8,071
(d) Staff retirement benefit funds	Payments to staff retirement benefit funds	138,122	152,295
(e) Non-executive Directors	Remuneration and fees	22,230	15,518



# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION - UNAUDITED

FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2021

	Nine months ended	
	March 31, 2022	March 31, 2021
	(Unaudited) (Rupees in '000)	
<b>19. CASH GENERATED FROM OPERATIONS</b>		
Profit before income tax	6,444,661	1,114,196
<i>Adjustments for non-cash charges and other items:</i>		
Mark-up expense	1,104,582	974,606
Depreciation and amortisation	845,472	823,286
Provision for employee benefit obligations	90,941	90,332
Provision for slow moving stores and spares - net	8,081	16,300
Share of (income) / loss of associate	(261)	5,773
Profit on deposits	(59,621)	(50,797)
Assets written-off	-	4,849
Gain on disposal of operating assets - net	-	(1,092)
	<b>1,989,194</b>	1,863,257
Working capital changes - note 19.1	<b>2,372,773</b>	(2,666,111)
Cash generated for operations	<b>10,806,628</b>	311,342
<b>19.1 WORKING CAPITAL CHANGES</b>		
Increase in current assets		
Inventories	(6,790,724)	(6,369,312)
Trade receivables	(5,857,847)	(3,120,026)
Trade deposits, loans, advances and short-term prepayments	(68,607)	(80,699)
Other receivable	(825,596)	(959,137)
	<b>(13,542,774)</b>	(10,529,174)
Increase in current liabilities		
Trade and other payables	15,915,547	7,863,063
	<b>2,372,773</b>	(2,666,111)
<b>20. CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	10,945,904	42,792
Running finance under mark-up arrangements - note 14	-	(5,688,917)
	<b>10,945,904</b>	(5,646,125)

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION - UNAUDITED

FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2021

## 21. OPERATING SEGMENTS

This condensed interim financial information has been prepared on the basis of a single reportable segment.

Sales to 3 (March 31, 2021: 2) customers represent 76.54% (March 31, 2021: 76.73%) of the revenue and each customer individually exceeds 10% of the revenue during the current and corresponding period.

## 22. FAIR VALUE FINANCIAL INSTRUMENTS

The carrying values of all financial assets (loans and receivables) and other financial liabilities reflected in this condensed interim financial information are estimated to approximate their fair values, as these are either short term in nature or repriced periodically.

## 23. DATE OF AUTHORISATION

This condensed interim financial information were authorised for issue by the Board of Directors of the Company on April 21, 2022.



Zahid Mir  
Managing Director & CEO



Mohammad Abdul Aleem  
Director



Imran Ahmad Mirza  
Chief Financial Officer

## Contact

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