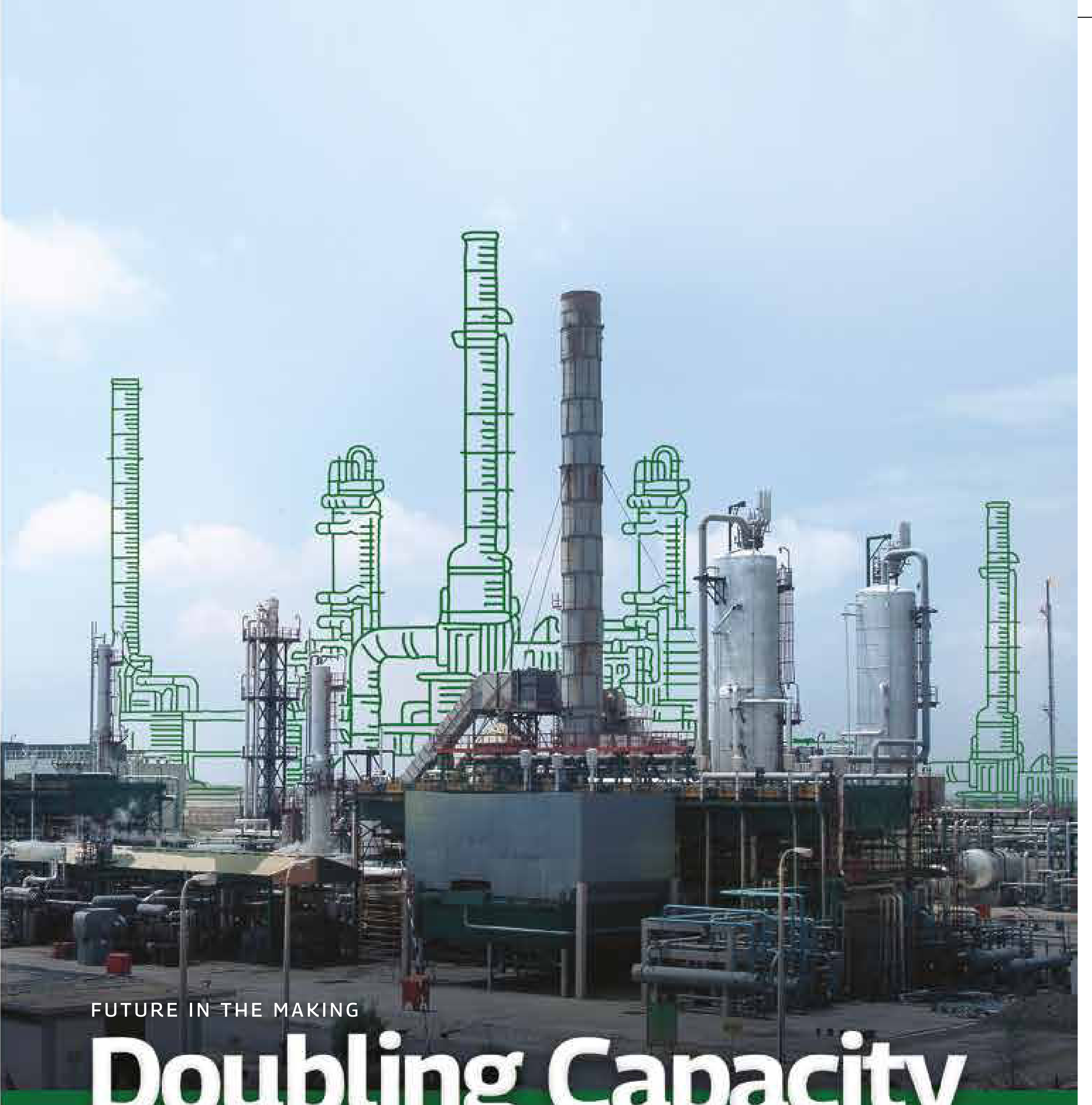


FUTURE IN THE MAKING

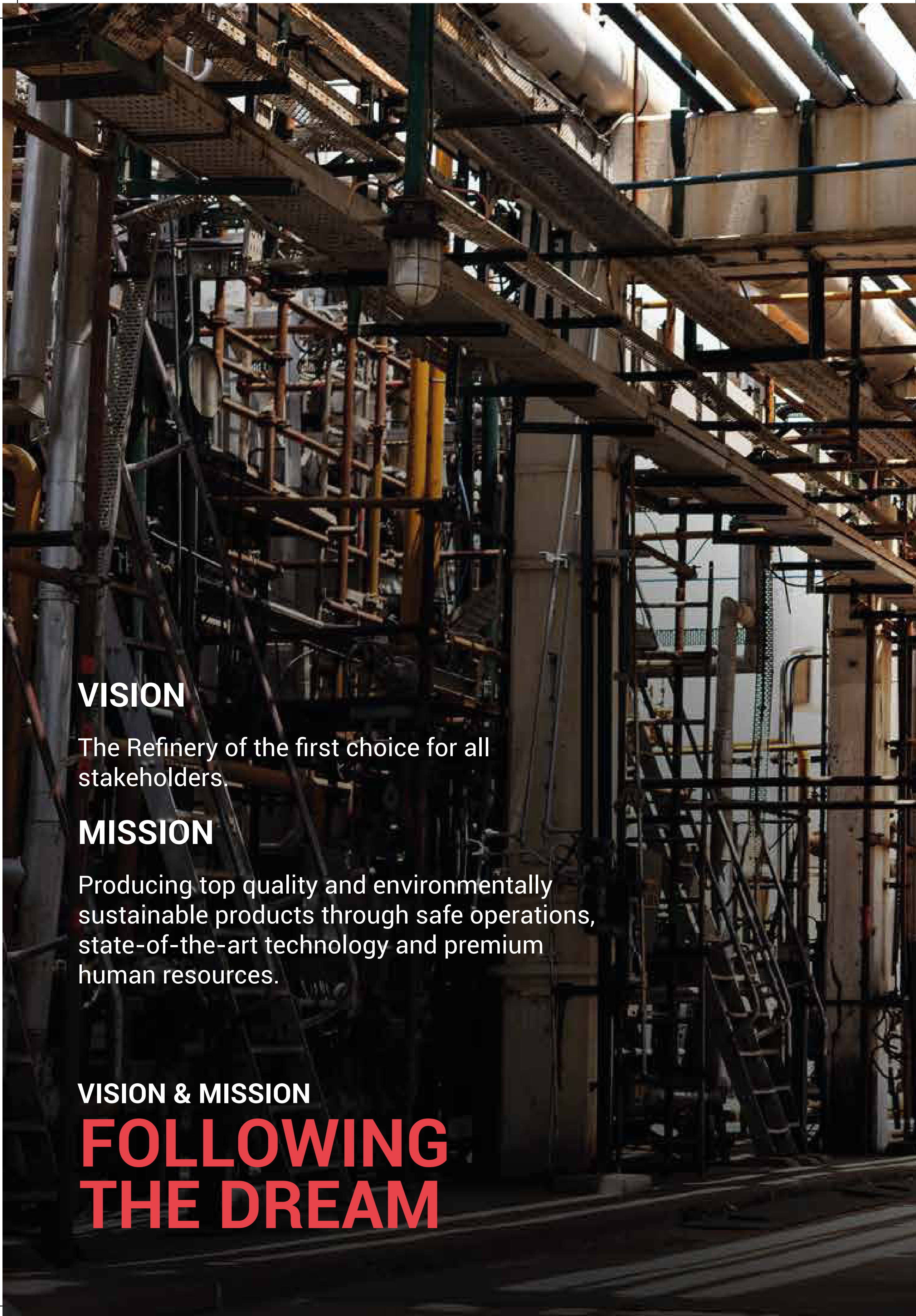
Doubling Capacity

WITH CUTTING EDGE TECHNOLOGY

PAKISTAN REFINERY LIMITED

HALF YEARLY REPORT
DECEMBER 31, 2023

CONTENTS



VISION

The Refinery of the first choice for all stakeholders.

MISSION

Producing top quality and environmentally sustainable products through safe operations, state-of-the-art technology and premium human resources.

VISION & MISSION

FOLLOWING THE DREAM

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 Advisor
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 China Limited-Pakistan Operations
Dubai Islamic Bank Limited
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
The Bank of Punjab 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
info@prl.com.pk
www.prl.com.pk

COMPANY PROFILE

PRL is a hydro-skimming refinery incorporated in Pakistan as a public limited company in May 1960. PRL is engaged in the production and sale of petroleum products. PRL operates as a subsidiary of Pakistan State Oil Company Limited (PSO), which is the largest oil marketing company in Pakistan. PRL's shares are publicly traded on the Pakistan Stock Exchange Limited.

The refinery is strategically located in Karachi, with a designed throughput capacity of 50,000 barrels per day. The major units in refinery complex are Crude Distillation Unit, Hydrotreating Unit, Platformer Unit, and Isomerization Unit.

BOARD OF DIRECTORS

TARIQ KIRMANI
CHAIRMAN

ZAHID MIR
MANAGING DIRECTOR & CEO

AFTAB HUSAIN
DIRECTOR

MOHAMMAD ABDUL ALEEM
DIRECTOR

MOHSIN ALI MANGI
DIRECTOR

MOHAMMAD ZUBAIR
DIRECTOR

SYED JEHANGIR ALI SHAH
DIRECTOR

SYED MUHAMMAD TAHA
DIRECTOR

TARA UZRA DAWOOD
DIRECTOR

ZAFAR UL ISLAM USMANI
DIRECTOR

DIRECTORS' REVIEW

The Board of Directors are delighted to present their review report alongside condensed interim financial information for the half year ended December 31, 2023.

The Company has experienced an exceptionally profitable half year, achieving the highest ever profit after tax of Rs. 6.51 billion during the first half of the financial year versus Rs. 0.76 billion during July to December 2022. Remarkably, the Refinery attained a significant milestone by recording its highest ever half yearly production for High-Speed Diesel (HSD) and MS 92 of 376,653 Metric Tons and 152,974 Metric Tons, respectively.

During the half year under review, the Government of Pakistan announced and notified the Refining Policy for Existing / Brownfield Refineries, 2023 (the Policy) in August 2023. In accordance with the Policy, refineries are eligible for incremental incentive of 2.5% on High-Speed Diesel (HSD) and 10% on Motor Spirit (MS) for a duration of six years starting from the Policy's notification date. The Policy is aimed at encouraging refineries to upgrade their facilities to produce eco-friendly fuels adhering to Euro-V specifications to avail incremental incentives after signing of Upgrade and Escrow Account agreements with the Oil and Gas Regulatory Authority (OGRA) and will be available to the Refinery towards meeting its project cost when Final Investment Decision (FID) is made upon achieving the Project's Financial Close. Consequently, the Company has entered into two agreements with OGRA covering Refinery Upgrade and opening of Escrow Account. The objectives of PRL's Refinery Expansion and Upgrade Project (REUP) include compliance with this Policy stipulation and expansion of crude processing capacity from 50,000 barrels per day to 100,000 barrels per day.

Your Company remains committed to the REUP with the technical license and engineering agreements in place and work on Front-End Engineering Design (FEED) progressing as per schedule and planned to be completed by September 2024. This will be followed by the finalization of the Engineering, Procurement and Construction (EPC) Contract and Financial Close. Subsequent to the signing of the Memorandum of Understanding (MoU) with United Energy Group (UEG) in China in October 2023 in the presence of the Pakistani Prime Minister, due diligence is in progress for UEG.

The Company continues to maintain its focus on achieving and maintaining the highest standards of Health, Safety, Environment and Quality and the priority remained efficient and safe operations including safety of employees, customers and contractors.

The Board of Directors would like to acknowledge the contributions of all stakeholders of the Company for their continued support, especially the Government of Pakistan without which the expansion of the Refinery would not be possible. Meanwhile, PRL is steadfast on its journey towards a promising future for all stakeholders.

On behalf of the Board of Directors

Tariq Kirmani
Chairman

Zahid Mir
Managing Director & CEO

Karachi: February 1, 2024

KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2, Beaumont Road
Karachi 75530 Pakistan
+92 (21) 37131900, Fax +92 (21) 35685095

INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of Pakistan Refinery Limited

Report on Review of Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Pakistan Refinery Limited ("the Company") as at 31 December 2023 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the condensed interim financial statements for the six-months period then ended (here-in-after referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of this condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

KPMG Taseer Hadi & Co.

Other Matter

The figures for the three-months period ended 31 December 2023 in the condensed interim statement of profit or loss and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

The engagement partner on the engagement resulting in this independent auditors' review report is Amyn Pirani.

KPMG Taseer Hadi & Co.
Chartered Accountants

Date: 13 February 2024

Karachi

UDIN: RR202310201QbXmZNTIf

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2023

	Note	December 31, 2023 Unaudited	June 30, 2023 Audited
		(Rupees in thousand)	
ASSETS			
Non-current assets			
Property, plant and equipment	7	**28,928,321**	28,449,521
Right-of-use asset		**107,391**	115,345
Intangibles		**6,051**	6,736
Investment accounted for using the equity method		**55,214**	45,854
Long-term deposits and loans		**25,398**	28,222
Deferred tax asset		**-**	161,484
Employee benefit prepayments		**18,723**	19,105
		29,141,098	28,826,267
Current assets			
Inventories	8	**29,615,770**	35,460,884
Trade receivables	9	**20,952,038**	19,912,335
Trade deposits, loans, advances and short-term prepayments		**2,163,457**	174,300
Other receivables	10	**12,999,315**	9,427,538
Investments	11	**12,129,002**	-
Cash and bank balances		**14,636,630**	11,670,607
		92,496,212	76,645,664
		121,637,310	105,471,931
EQUITY AND LIABILITIES			
EQUITY			
Share capital		**6,300,000**	6,300,000
Accumulated loss		**(11,740,933)**	(18,249,656)
Special reserve		**16,979,049**	16,979,049
Revaluation surplus on property, plant and equipment		**20,325,928**	20,325,928
Other reserves		**1,947**	1,947
		31,865,991	25,357,268
LIABILITIES			
Non-current liabilities			
Long-term borrowings	12	**3,000,000**	2,000,000
Long-term lease liability		**130,069**	133,054
Deferred tax liabilities		**1,159,961**	-
Employee benefit obligations		**636,518**	636,518
		4,926,548	2,769,572
Current liabilities			
Trade and other payables	13	**58,306,468**	46,432,882
Short-term borrowings	14	**25,749,758**	29,834,030
Current portion of long-term lease liability		**2,982**	8,723
Taxation - provision less payments		**765,711**	1,049,604
Unclaimed dividend		**19,852**	19,852
		84,844,771	77,345,091
		89,771,319	80,114,663
CONTINGENCIES AND COMMITMENTS	15		
		121,637,310	105,471,931

The annexed notes 1 to 24 form an integral part of this condensed interim financial information.

Zahid Mir	**Mohammad Abdul Aleem**	**Imran Ahmad Mirza**
Managing Director & CEO	Director	Chief Financial Officer

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

FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2023

	Note	Half year ended		Quarter ended	
		December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
		(Unaudited) (Rupees in Thousand)			
Revenue from contracts with customers	16	**182,188,250**	130,349,300	**88,814,093**	57,237,856
Cost of sales		**(168,686,972)**	(128,639,941)	**(84,246,227)**	(57,133,774)
Gross profit		**13,501,278**	1,709,359	**4,567,866**	104,082
Selling expenses		**(330,413)**	(166,458)	**(180,569)**	(89,942)
Administrative expenses		**(588,523)**	(390,534)	**(311,990)**	(175,565)
Other operating expenses	17	**(2,531,922)**	(122,584)	**(1,640,945)**	(14,363)
Other income		**2,328,447**	1,718,520	**1,576,155**	1,008,092
Operating profit		**12,378,867**	2,748,303	**4,010,517**	832,304
Finance cost		**(1,975,152)**	(1,296,674)	**(1,079,894)**	(664,245)
Share of income/(loss) of associate - accounted for using the equity method		**13,612**	(3,801)	**13,958**	(3,513)
Profit before income tax		**10,417,327**	1,447,828	**2,944,581**	164,546
Taxation		**(3,908,604)**	(688,733)	**(914,954)**	(432,591)
Profit / (loss) for the period		**6,508,723**	759,095	**2,029,627**	(268,045)
Other comprehensive income / (loss)		**-**	-	**-**	-
Total comprehensive profit / (loss)		**6,508,723**	759,095	**2,029,627**	(268,045)
Earnings / (loss) per share - basic and diluted		**Rs. 10.33**	Rs. 1.20	**Rs. 3.22**	(Rs. 0.43)

The annexed notes 1 to 24 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 CHANGES IN EQUITY - (UNAUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2023

	SHARE CAPITAL	CAPITAL RESERVE			REVENUE RESERVE		TOTAL
		Special reserve	Revaluation surplus on property, plant and equipment	Exchange equalisation reserve	Accumulated loss	General reserve	
	(Rupees in thousand)						
Balance as at July 1, 2022 - (audited)	**6,300,000**	**15,254,082**	**20,325,928**	**897**	**(18,285,559)**	**1,050**	**23,596,398**
Profit for the half year ended December 31, 2022	-	-	-	-	759,095	-	759,095
Other comprehensive income for the half year ended December 31, 2022	-	-	-	-	-	-	-
	-	-	-	-	759,095	-	759,095
Balance as at December 31, 2022 - (unaudited)	**6,300,000**	**15,254,082**	**20,325,928**	**897**	**(17,526,464)**	**1,050**	**24,355,493**
Balance as at July 1, 2023 - (audited)	**6,300,000**	**16,979,049**	**20,325,928**	**897**	**(18,249,656)**	**1,050**	**25,357,268**
Profit for the half year ended December 31, 2023	-	-	-	-	6,508,723	-	6,508,723
Other comprehensive income for the half year ended December 31, 2023	-	-	-	-	-	-	-
	-	-	-	-	6,508,723	-	6,508,723
Balance as at December 31, 2023 - (unaudited)	**6,300,000**	**16,979,049**	**20,325,928**	**897**	**(11,740,933)**	**1,050**	**31,865,991**

The annexed notes 1 to 24 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 HALF YEAR ENDED DECEMBER 31, 2023

	Note	December 31, 2023	December 31, 2022
		(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	19	**21,630,602**	5,352,646
Interest paid		**(2,266,470)**	(1,075,195)
Taxes paid		**(2,871,052)**	(706,708)
Contribution made to retirement benefit plans		**(102,989)**	(135,440)
Decrease in long-term deposits and loans		**2,824**	1,797
Net cash generated from operating activities		**16,392,915**	3,437,100
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		**(1,074,658)**	(1,255,347)
Proceeds from disposal of property, plant and equipment		**3,890**	1,969
Income from investments		**686,482**	-
Investment in T-bills		**(12,129,002)**	(23,007,884)
Dividend Received		**4,252**	-
Interest received		**1,845,383**	1,269,124
Net cash used in investing activities		**(10,663,653)**	(22,992,138)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from / (repayment of) long term loans		**1,000,000**	(700,000)
Proceeds from short term borrowings		**1,500,000**	2,000,000
Lease rentals paid		**(28,164)**	(27,570)
Repayment of salary refinancing		**-**	(70,522)
Net cash generated from financing activities		**2,471,836**	1,201,908
Net increase / (decrease) in cash and cash equivalents		**8,201,098**	(18,353,130)
Cash and cash equivalents at the beginning of the period		**6,469,174**	23,522,896
Exchange (loss) / gain on cash and cash equivalents		**(33,642)**	4,001
Cash and cash equivalents at the end of the period	20	**14,636,630**	5,173,767

The annexed notes 1 to 24 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 FINANCIAL INFORMATION - (UNAUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2023

1. THE COMPANY AND ITS OPERATIONS

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).

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 has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting which comprises 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 with the requirements of IAS 34 - Interim Financial Reporting, 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 statements and should be read in conjunction with the annual financial statements of the Company as at and for the year ended June 30, 2023. 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 statements.

3. MATERIAL 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 statements for the year ended June 30, 2023.

4. CHANGES IN ACCOUNTING STANDARDS, INTERPRETATIONS AND PRONOUNCEMENTS

There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for accounting period beginning on or after July 1, 2023, however, these do not have any significant impact on the Company's financial information, therefore have not been detailed here.

5. 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 amount of assets, liabilities, income and expenses. Actual results 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 statements as at and for the year ended June 30, 2023.

6. FINANCIAL RISK MANAGEMENT

The Company's financial risk management policies and objectives are consistent with those disclosed in the annual financial statements as at and for the year ended June 30, 2023.

7. PROPERTY, PLANT AND EQUIPMENT

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

	December 31, 2023	December 31, 2022
	(Rupees in thousand)	
Buildings	**8,220**	-
Processing plant	**116,714**	3,707
Korangi tank farm	**5,317**	6,076
Keamari Terminal	**-**	26,583
Power Generation	**6,226**	-
Water Treatment and Cooling System	**7,300**	-
Equipment and furniture	**12,927**	8,169
Fire fighting and telecommunication systems	**18,461**	-
Vehicles and other automotive equipment	**57,618**	62,273
Major spare parts and stand by equipments - net of transfers	**2,322**	(3,308)
Capital work-in-progress - net of transfers	**839,553**	1,149,878
	1,074,658	1,253,378

7.2 Fixed assets having Net Book Value of Rs. 0.58 million were disposed-off during the period.

8. INVENTORIES

As at December 31, 2023 stock of crude oil has been written down by Rs. 0.42 billion (June 30, 2022: Nil) and finished products by Rs. 0.24 billion (June 30, 2022: Rs 56.72 million) to arrive at their net realisable values.

9. TRADE RECEIVABLES

This includes an amount of Rs. 16.63 billion (June 30, 2023: 9.84 billion) due from PSO - (related party).

10. OTHER RECEIVABLES

10.1 This includes Rs. 0.24 billion (June 30, 2023: Rs. 11.00 million) due from Pak-Arab Refinery Limited (PARCO) - (related party). Due to the short-term nature of other receivables, their carrying amount is considered to be the same as their fair value.

10.2 Other receivables also include a net amount of Rs. 8.68 billion (exchange losses of Rs. 9.30 billion net of exchange gains of Rs. 0.62 billion) (June 30, 2023: Rs. 9.07 billion) 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. The claims are finalised upon settlement of FE loan.

10.3 It also includes Rs: 4.04 billion on account of custom duty paid on import of crude oil which is reimbursable through IFEM.

11. INVESTMENTS

This represents short term investment in Treasury Bills classified as fair value through profit and loss. Fair values of these investments are determined using repurchase price and carry interest yield of 21.30% to 21.73% per annum (June 30, 2023: Nil) per annum. These Treasury Bills will be matured latest by October 31, 2024.

12. LONG-TERM BORROWINGS

The Company has obtained long term project finance facility of Rs. 3 billion under mark-up arrangements through Askari Bank Limited (ABL) at a mark-up of 1 month KIBOR + 1% per annum for a tenor of 3 years (including 2.5 year grace period) and is repayable in equal monthly installments commencing from 31st month from drawdown date, whereas markup is to be paid on a quarterly basis. These loans are secured by way of hypothecation of property, plant and equipment (excluding land and buildings).

13. TRADE AND OTHER PAYABLES

	December 31, 2023 Unaudited	June 30, 2023 Audited
	(Rupees in thousand)	
Creditors	**38,819,107**	35,435,851
Payable to the Government	**10,239,205**	4,628,419
Surplus price differential payable	**3,206,610**	1,975,856
Accrued liabilities	**2,826,406**	2,821,755
Payable to escrow account - notes 13.1 and 13.2	**1,257,424**	-
Sales tax payable	**253,804**	562,282
Accrued mark-up	**184,772**	495,528
Workers' Profit Participation Fund	**530,371**	172,393
Workers' Welfare Fund	**201,956**	61,098
Advances from customers	**778,454**	266,553
Tax deducted at source	**-**	4,788
Retention money	**8,359**	8,359
	58,306,468	46,432,882

13.1 Movement of incremental incentives during the period is as follows:

Incremental incentives – Note 16	**5,044,058**	-
Incremental incentives for deposit in IFEM pool (included in payable to government)	**(3,490,577)**	-
Incremental incentives transferred to joint Escrow Account	**(296,057)**	-
Closing balance payable to joint Escrow Account	**1,257,424**	-

13.2 During the period, the Government of Pakistan announced and notified Refining Policy for Existing / Brownfield Refineries, 2023 (the Policy) on August 9 and 17 respectively. As per the new Policy, the refineries are allowed incremental incentives at the rate of 2.5% on HSD and 10% on MS for six years from the date of notification of the Policy to upgrade their refineries to produce environmental friendly fuels as per Euro-V specifications.

The incremental incentives collected during a month are required to be deposited within 10 days of subsequent month in an interest bearing Escrow Account maintained with National Bank of Pakistan and will be jointly operated with OGRA. To be eligible for the incentives provided in the Policy, the refineries were required to enter into an Upgrade Agreement with OGRA within 3 months of the date of notification of the policy (subsequently extended by 60 days). The Company successfully executed the Upgrade Agreement with OGRA and opened joint Escrow Account with OGRA in accordance with the Policy timelines.

The incremental incentives prior to the date of Upgrade Agreement and opening of joint Escrow Account are to be deposited in Inland Freight Equilisation Margin (IFEM) pool. Whereas the incremental incentives after the Upgrade Agreement will be deposited in the Escrow Account. This incentive would be recognized in the financial statements after the Final Investment Decision (FID) of the project. Incremental incentives transferred to joint Escrow Account during the period amounts to Rs. 296 million.

14. SHORT TERM BORROWINGS

	December 31, 2023 Unaudited	June 30, 2023 Audited
	(Rupees in thousand)	
Foreign currency loans - note 14.1	**24,249,758**	24,632,597
Short term borrowings - note 14.2	**1,500,000**	-
Running finance under mark-up arrangements	**-**	5,201,433
	25,749,758	29,834,030

14.1 This represent short term FE 25 loans, obtained during the year ended June 30, 2022, from banks at mark-up rates ranging from three months LIBOR +2.5% to six months LIBOR +4.44% per annum and were repayable by July 17 and July 23, 2023 respectively. These FE loans have been rolled over and are now due on January 15 and February 06, 2024 and carry mark-up of 12.95 % and 12.95 % respectively.

14.2 During the period ended December 31, 2023, Company obtained medium term loan of Rs. 1.5 billion under mark-up arrangements through Faysal Bank Limited (FBL). The loan is obtained at a mark-up of 3 months KIBOR + 0.1% per annum for a tenor of 18 months (including 1 year grace period) and is repayable in six equal monthly installments commencing from 13th month from drawdown date. This loan is secured by way of hypothecation of property, plant and equipment (excluding land and buildings).

15. CONTINGENCIES AND COMMITMENTS

15.1 Contingencies

15.1.1 Claims against the Company not acknowledged as debt amount to Rs. 6.42 billion (June 30, 2023: Rs. 6.75 billion). These include Rs. 6.19 billion (June 30, 2023: Rs. 6.18 billion) on account of late payment surcharge on purchase of crude oil. The Company has raised similar claims aggregating to Rs. 7.67 billion (June 30, 2023: Rs. 7.54 billion) relating to interest on late payments against trade receivables from certain Oil Marketing Companies.

15.1.2 Proportionate share of contingencies related to tax matters of Pak Grease Manufacturing Company (Private) Limited - an associate company are Rs. 5.66 million (June 30, 2023: 3.72 million).

15.1.3 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, 2023.

15.2 Commitments

As at December 31, 2023 commitments outstanding for capital expenditure amounted to Rs. 3.28 billion (June 30, 2023: Rs. 2.56 billion).

16. REVENUE FROM CONTRACTS WITH CUSTOMERS

	Half year ended		Quarter ended	
	December 31, 2023	December 31, 2022	**December 31, 2023**	December 31, 2022
	(Unaudited) (Rupees in thousand)			
Local sales - note 16.1	**224,916,639**	152,996,234	**103,239,653**	67,676,906
Exports	**12,931,107**	4,536,871	**12,931,107**	2,856,841
Gross sales	**237,847,746**	157,533,105	**116,170,760**	70,533,747
Less:				
- Incremental incentives - note 13.1	**(5,044,058)**	-	**(3,188,935)**	-
- Sales tax	**(6,052,122)**	(4,251,854)	**(1,808,834)**	(1,199,361)
- Excise duty and petroleum levy	**(36,975,263)**	(9,849,502)	**(19,390,664)**	(6,283,075)
- Custom duty	**(1,231,741)**	(4,791,588)	**-**	(2,169,037)
- Surplus price differential	**(6,356,312)**	(8,290,861)	**(2,968,234)**	(3,644,418)
	182,188,250	130,349,300	**88,814,093**	57,237,856

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.

17. OTHER OPERATING EXPENSES

	Half year ended		Quarter ended	
	December 31, 2023	December 31, 2022	**December 31, 2023**	December 31, 2022
	(Unaudited) (Rupees in thousand)			
Research cost on Refinery Expansion and upgrade project	**1,798,698**	6,169	**1,444,731**	463
Worker's Profit Participation Fund	**530,978**	73,986	**149,561**	8,497
Worker's Welfare Fund	**202,246**	31,891	**46,653**	5,403
Donations	**-**	10,523	**-**	-
Others	**-**	17	**-**	-
	2,531,922	122,584	**1,640,945**	14,363

18. EARNINGS / (LOSS) PER SHARE

	Half year ended		Quarter ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
	(Unaudited)			
Earnings / (loss) attributable to ordinary shareholders (Rs. in thousand)	**6,508,723**	759,095	**2,029,627**	(268,045)
Weighted average number of ordinary shares outstanding during the period (in thousand)	**630,000**	630,000	**630,000**	630,000
Basic and diluted earnings / (loss) per share	**Rs. 10.33**	Rs. 1.20	**Rs. 3.22**	(Rs. 0.43)

18.1 There were no dilutive potential ordinary shares in issue as at December 31, 2023 and December 31, 2022.

19. 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 arms length basis.

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	December 31, 2023	December 31, 2022
		(Unaudited) (Rupees in thousand)	
a) Parent company	Sale of goods - net	**81,824,511**	60,394,952
	Services rendered	**213**	323
(b) Associated companies	Purchase of goods - net	**18,524,288**	5,172,316
	Sale of goods - net	**19,655,762**	4,510,675
	Services received	**10,374**	6,356
	Services rendered	**16,399**	17,013
	Dividend received	**4,252**	-
(c) Key management personnel compensation (excluding non-executive directors)	Salaries and other short-term employee benefits	**127,198**	113,161
	Post-employment benefits	**7,648**	6,601
	Sale of motor vehicle as per company's Policy	**583**	1,658
(d) Staff retirement benefit funds	Payments to staff retirement benefit funds	**157,365**	185,785
(e) Non-executive Directors	Remuneration and fees	**16,421**	9,706

20. CASH GENERATED FROM OPERATIONS

	December 31, 2023 Unaudited	December 31, 2023 Audited
	(Rupees in thousand)	
Profit before income tax	**10,417,327**	1,447,828
Adjustments for non-cash charges and other items:		
Mark-up expense	**1,975,152**	1,286,956
Depreciation and amortisation	**604,165**	572,554
Exchange loss / (gain) on cash and cash equivalents	**33,642**	(4,001)
Provision for employee benefit obligations	**103,371**	87,104
Profit on deposits	**(1,536,684)**	(1,164,672)
Gain on investments	**(686,482)**	(309)
Share of (gain) / loss of associate	**(13,612)**	3,801
Gain on disposal of operating assets - net	**(3,307)**	-
Provision for slow moving stores and spares - net	**(251)**	5,817
	475,994	787,250
Working capital changes - note 19.1	**10,737,281**	3,117,568
Cash generated from operations	**21,630,602**	5,352,646

20.1 Working capital changes

(Increase) / decrease in current assets		
Inventories	**5,845,114**	3,241,253
Trade receivables	**(1,039,703)**	10,707,184
Trade deposits, loans, advances and short-term prepayments	**(1,989,157)**	(232,575)
Other receivables	**(4,263,315)**	420,384
	(1,447,061)	14,136,246
Increase / (decrease) in current liabilities		
Trade and other payables	**12,184,342**	(11,018,678)
	10,737,281	3,117,568

21. CASH AND CASH EQUIVALENTS

Cash and bank balances	**14,636,630**	5,173,767
	14,636,630	5,173,767

22. OPERATING SEGMENTS

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

Sale to 1 customer (December 31, 2022: 3 customers) represents 44.91% (December 31, 2022: 59.95%) of the revenue and exceeds 10% of the revenue during the period.

23. 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.

24. DATE OF AUTHORISATION

This condensed interim financial information were authorised for issue by the Board of Directors of the Company on February 01, 2024.

Zahid Mir	**Mohammad Abdul Aleem**	**Imran Ahmad Mirza**
Managing Director & CEO	Director	Chief Financial Officer

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