PAKISTAN REFINERY LIMITED

NINE MONTHS REPORT MARCH 31,

2021

CONTENTS

VISION

To be the Refinery of first choice for all Stakeholders.

MISSION

PRL is committed to remaining a leader in the oil refining business of Pakistan by providing value added products that are environmentally friendly, and by protecting the interest of all stakeholders in a competitive market through sustainable development and quality human resources.

COMPANY INFORMATION

Deputy Managing Director (Finance & IT) / CFO
Imran Ahmad Mirza

Company Secretary
Mustafa Saleemi

Auditors
KPMG - Taseer Hadi & Co.
Chartered Accountants

Legal Advisors
Orr Dignam & Co.

Registrar & Share Registration Office
FAMCO Associates (Private) Limited.
8-F, near to Hotel Faran,
Nursery, Block-6, P.E.C.H.S.
Shahra-e-Faisal, Karachi.

Bankers
Askari Bank Limited
Bank Alfalah Limited
Bank AL-Habib Limited
Citi Bank N.A
Faysal Bank Limited
Habib Metropolitan Bank Limited
Habib Bank Limited
JS Bank Limited
MCB Bank Limited
MCB Islamic Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Soneri Bank Limited
Standard Chartered Bank (Pakistan) Limited
United Bank Limited

Registered Office
P.O. Box 4612, Korangi Creek Road,
Karachi-75190
Tel: (92-21) 35122131-40
Fax: (92-21) 35060145, 35091780
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BOARD OF DIRECTORS

Tariq Kirmani
Chairman

Zahid Mir
Managing Director & CEO

Abid Shahid Zuberi
Director

Aftab Husain
Director

Imtiaz Jaleel
Director

Mohammad Abdul Aleem
Director

Nadeem Safdar
Director

Shahbaz Tahir Nadeem
Director

Syed Jehangir Ali Shah
Director

Syed Muhammad Taha
Director

Taza Uzra Dawood
Director

DIRECTORS' REVIEW

Board of Directors presents the review report along with Unaudited Financial Statements for the quarter ended March 31, 2021.

During the quarter, the local oil refining industry remained engaged with the Government on the proposed Oil Refining Policy 2021, seeking incentives for the refineries to support their upgrade projects.

Challenges of COVID 19 continued amidst its 3rd wave putting pressure on refining margins which remained volatile during the current quarter. However, the Company benefited through changes in operational strategies and controls over operating costs and posted a profit after taxation of Rs. 536 million in the quarter ended March 31, 2021 as compared to loss of Rs. 5,087 million in the corresponding quarter. Cumulatively, the Company earned the profit after taxation of Rs. 621 million during the nine-months period ended March 31, 2021 as compared to loss after taxation of Rs. 6,770 million in the corresponding period.

The Company has recently advertised in international media showing interest in acquiring pre-owned refining units with deep conversion capability. This option is in addition to the study carried out by an independent consultant to identify technologies which give required upgrade capability with new units but may entail low CAPEX.

The Company maintained its commitment towards standards of Health, Safety, Environment and Quality (HSEQ) with processes continuously being reviewed and strengthened, wherever required. The Refinery remained compliant with applicable HSEQ standards and also responded timely in adopting the precautionary standards required for mitigating impact of COVID.

The Board would like to acknowledge and appreciate all stakeholders for their usual support which continued backing the Company in every situation.

On behalf of the Board of Directors

Tariq Kirmani
Chairman

Zahid Mir
Managing Director & CEO

Karachi: April 27, 2021

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2021

	Note	Unaudited March 31, 2021	Audited June 30, 2020
		(Rupees in thousand)	
ASSETS			
Non-current assets			
Property, plant and equipment	8	**20,564,048**	21,208,088
Right-of-use asset		**151,143**	163,075
Investment accounted for using the equity method		**59,521**	65,294
Long-term deposits and loans		**27,329**	25,946
Employee benefit prepayments		**30,288**	30,257
		20,832,329	21,492,660
Current assets			
Inventories		**14,320,536**	7,964,392
Trade receivables	9	**6,787,179**	3,667,153
Trade deposits, loans, advances and short-term prepayments	10	**130,039**	49,340
Other receivables	11	**965,693**	6,556
Taxation - payments less provision		**119,273**	82,540
Cash and bank balances		**42,792**	2,189,707
		22,365,512	13,959,688
		43,197,841	35,452,348
EQUITY AND LIABILITIES			
EQUITY			
Share capital	12	**6,300,000**	3,150,000
Subscription money against rights issue		**-**	1,943,175
Accumulated loss		**(17,739,493)**	(18,362,739)
Special reserve		**1,943,476**	1,943,476
Revaluation surplus on property, plant and equipment		**11,149,288**	11,149,288
Other reserves		**1,947**	1,947
		1,655,218	(174,853)
LIABILITIES			
Non-current liabilities			
Long-term borrowings		**4,054,249**	4,215,146
Long-term lease liability		**162,267**	173,811
Deferred tax liabilities		**15,409**	9,922
Employee benefit obligations		**450,354**	450,323
		4,682,279	4,827,839
Current liabilities			
Trade and other payables		**25,857,263**	18,014,769
Short-term borrowings	13	**10,954,234**	12,599,469
Unearned revenue	14	**22,719**	140,525
Current portion of long-term lease liability		**6,274**	3,370
Unclaimed dividend		**19,854**	19,866
		36,860,344	30,799,362
		41,542,623	35,627,201
CONTINGENCIES AND COMMITMENTS	15		
		43,197,841	35,452,348

The annexed notes 1 to 24 form an integral part of these condensed interim financial statements.

Aftab Husain	**Zahid Mir**	**Imran Ahmad Mirza**
Director	Managing Director & CEO	Chief Financial Officer

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2021 - UNAUDITED

	Note	For the nine months period		For the quarter	
		July 2020 - March 2021	July 2019 - March 2020	**January - March 2021**	January - March 2020
		(Rupees in thousand)			
Revenue from contracts with customers	16	**64,804,294**	75,439,544	**27,182,422**	17,121,242
Cost of sales		**(62,324,293)**	(79,651,953)	**(25,934,473)**	(21,191,250)
Gross profit / (loss)		**2,480,001**	(4,212,409)	**1,247,949**	(4,070,008)
Distribution costs		**(220,964)**	(160,291)	**(102,882)**	(33,472)
Administrative expenses		**(336,648)**	(318,301)	**(109,929)**	(102,245)
Other operating expenses	17	**(72,489)**	(30,814)	**(37,220)**	(2,895)
Other income		**244,675**	153,013	**66,582**	15,217
Operating profit / (loss)		**2,094,575**	(4,568,802)	**1,064,500**	(4,193,403)
Finance cost		**(974,606)**	(1,631,654)	**(325,533)**	(763,971)
Share of (loss) / income of associate accounted for using the equity method		**(5,773)**	**2,483**	**(703)**	**764**
Profit / (loss) before income tax		**1,114,196**	(6,197,973)	**738,264**	(4,956,610)
Income tax expense		**(492,716)**	(572,202)	**(201,858)**	(130,762)
Profit / (loss) for the period		**621,480**	(6,770,175)	**536,406**	(5,087,372)
Other comprehensive income / (loss)		**-**	-	**-**	-
Total comprehensive profit / (loss)		**621,480**	(6,770,175)	**536,406**	(5,087,372)
			(Re-stated)		(Re-stated)
Earnings / (loss) per share - basic and diluted	18	**Rs. 1.01**	(Rs. 15.64)	**Rs. 0.87**	(Rs. 11.76)

The annexed notes 1 to 24 form an integral part of these condensed interim financial statements.

Aftab Husain	**Zahid Mir**	**Imran Ahmad Mirza**
Director	Managing Director & CEO	Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2021 - UNAUDITED

	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	
	(Rupees in thousand)								
Balance as at July 1, 2019 - (audited)	**2,940,000**	**-**	**1,943,476**	**9,290,728**	**897**	**(10,666,517)**	**(393)**	**1,050**	**3,509,241**
Loss for the nine months period ended March 31, 2020	-	-	-	-	-	(6,770,175)	-	-	(6,770,175)
Other comprehensive income for the nine months period ended March 31, 2020	-	-	-	-	-	-	-	-	-
Effect of change in accounting policy due to adoption of IFRS 9 by associate	-	-	-	-	-	(393)	393	-	-
Share deposit money	-	2,100,280	-	-	-	-	-	-	2,100,280
Issue of right shares	210,000	(210,000)	-	-	-	-	-	-	-
	210,000	1,890,280	-	-	-	(6,770,568)	393	-	(4,669,895)
Balance as at March 31, 2020 - (unaudited)	**3,150,000**	**1,890,280**	**1,943,476**	**9,290,728**	**897**	**(17,437,085)**	**-**	**1,050**	**(1,160,654)**
Balance as at July 1, 2020 - (audited)	**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 period ended March 31, 2021	-	-	-	-	-	-	-	-	-
Subscription money against rights issue	-	1,207,277	-	-	-	-	-	-	1,207,277
Issuance costs for rights shares	-	(452)	-	-	-	1,766	-	-	1,314
Issue of right shares	3,150,000	(3,150,000)	-	-	-	-	-	-	-
	3,150,000	(1,943,175)	-	-	-	623,246	-	-	1,830,071
Balance as at March 31, 2021 - (unaudited)	**6,300,000**	**-**	**1,943,476**	**11,149,288**	**897**	**(17,739,493)**	**-**	**1,050**	**1,655,218**

The annexed notes 1 to 24 form an integral part of these condensed interim financial statements.

Aftab Husain	**Zahid Mir**	**Imran Ahmad Mirza**
Director	Managing Director & CEO	Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CASH FLOWS

FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2021 - UNAUDITED

	Note	March 31, 2021	March 31, 2020
		(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	20	**311,342**	2,929,585
Mark-up paid		**(1,081,475)**	(1,566,134)
Income tax paid		**(523,962)**	(541,830)
Contribution to retirement benefit plans		**(90,332)**	(118,589)
(Increase) / decrease in long-term deposits and loans		**(1,383)**	2,836
Net cash (used in) / generated from operating activities		**(1,385,810)**	705,868
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(178,685)**	(1,302,936)
Proceeds from disposal of property, plant and equipment		**4,481**	-
Return received on bank deposits		**50,797**	42,353
Net cash used in investing activities		**(123,407)**	(1,260,583)
CASH FLOWS FROM FINANCING ACTIVITIES			
Share deposit money received net of rights issuance cost		**1,208,591**	2,100,280
Long term borrowing repaid		**(200,000)**	(400,000)
Proceeds / (repayment) of short term borrowings - net		**(1,573,118)**	(100,000)
Proceeds from salary refinancing		**145,301**	-
Lease rentals paid		**(24,357)**	(21,551)
Dividend paid		**(12)**	(1,902)
Net cash (used in) / generated from financing activities		**(443,595)**	1,576,827
Net (decrease) / increase in cash and cash equivalents		**(1,952,812)**	1,022,112
Cash and cash equivalents at the beginning of the period		**(3,693,313)**	(4,547,890)
Exchange gain on cash and cash equivalents		**-**	685
Cash and cash equivalents at the end of the period	21	**(5,646,125)**	(3,525,093)

The annexed notes 1 to 24 form an integral part of these condensed interim financial statements.

Aftab Husain	Zahid Mir	Imran Ahmad Mirza
Director	Managing Director & CEO	Chief Financial Officer

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

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;

- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and

- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS or IFAS, 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, 2020. 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.

2.2 During the period, the Economic Coordination Committee (ECC) of the Government of Pakistan approved a revised pricing mechanism effective September 1, 2020 which allowed refineries to announce ex-refinery prices of regulated products on fortnightly basis as compared to previous monthly basis. Under the revised mechanism, pricing of regulated products will be based on average FOB price published by Platts for Arab Gulf Market plus PSO's actual premium, freight, incidentals (excluding ocean losses) and applicable taxes. Through the same mechanism, EURO V standard is introduced for pricing instead of EURO II resulting in a price differential element for refineries not producing EURO V standard MS and HSD.

2.3 On account of unusual heavy rain in Karachi during the month of August 2020, the rainwater washed away a portion of the Pile Bridge inside Malir River carrying the intra-city oil pipelines which connect Keamari Terminal to the Refinery at Korangi Creek for transportation of crude oil and products. Consequently, the intra-city pipelines were immediately isolated from both ends (i.e. Korangi and Keamari Terminal). This hampered the operations and the Refinery was shut down for 12 days and resumed the operations from September 9, 2020. Please refer notes 8.2 and 11.1 to these condensed interim financial statements for further details.

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

White oil line which is used for supply of white oil products was restored in December 2020, while crude and fuel oil lines were restored in January 2021. The Company used Horizontal Directional Drilling (HDD) technique to lay pipelines below the river bed.

2.4 As at March 31, 2021, the Company's accumulated loss was Rs. 17.74 billion (June 30, 2020: Rs. 18.36 billion). In addition, current liabilities of the Company exceeded its current assets by Rs. 14.49 billion as at March 31, 2021 (June 30, 2020: 16.84 billion). The Company ended the period with negative cash and cash equivalents amounting to Rs. 5.65 billion (June 30, 2020: Rs. 10.19 billion). These conditions may cast a significant doubt on the Company's ability to continue as a going concern and the Company may be unable to realise its assets and discharge its liabilities in the normal course of business.

Right issue of 1 ordinary share for every 1 share held amounting to Rs. 3.15 billion, announced in February 2020 to address negative equity and liquidity issues was completed during the period thereby increasing the share capital to Rs. 6.3 billion.

Further, by changing crude recipe and operational philosophy during the current financial year, Company was able to produce IMO-2020 grade Marine Residual Fuel (MRF), a premium product and EURO II compliant High Speed Diesel for a certain period that enabled the Company to earn additional revenues. However, sustainable production of above high premium products is tied with long term crude arrangements.The Company's ability to produce Petrol (MS) 92, 95 and 97 RON has resulted in saving of RON differential price adjustment on MS and also generated additional revenues to the Company during the period. All these efforts helped the Company in earning profit after taxation of Rs. 621 million (March 31, 2020: Loss after taxation Rs. 6,770 million).

Based on the cumulative impact of factors mentioned above, the Company believes that it will continue as a going concern and will be able to realise its assets and discharge its liabilities in the normal course of business.

2.5 The Company continued its operations despite slowdown of economic activities due to spread of COVID-19 with no material impact during the period. As explained in note 14 to these condensed interim financial statements, the Company has availed long term loan under SBP's refinance scheme for payment of salaries and wages.

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 statements for the year ended June 30, 2020.

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 01, 2020, 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) relevant to the Company as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after January 01, 2021.

- Interest Rate Benchmark Reform – Phase 2 which amended IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 is applicable for annual financial periods beginning on or after January 1, 2021, with earlier application permitted. The amendments introduce a practical expedient to account for modifications of financial assets or financial liabilities if a change results directly from IBOR reform and occurs on an 'economically equivalent' basis. In these cases, changes will be accounted for by updating the effective interest rate. A similar practical expedient will apply under IFRS 16 for lessees when accounting for lease modifications required by IBOR reform. The amendments also allow a series of exemptions from the regular, strict rules around hedge accounting for hedging relationships directly affected by the interest rate benchmark reforms. The amendments apply retrospectively with earlier application permitted. Hedging relationships previously discontinued solely because of changes resulting from the reform will be reinstated if certain conditions are met.

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual period beginning on or after January 1, 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprise the cost of fulfilling a contract, Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to 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 date of initial application.

The following annual improvements to IFRS standards 2018-2020 relevant to the Company are effective for annual reporting periods beginning on or after January 1, 2022.

- IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.

- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for the annual period beginning on or after January 1, 2022 clarifies that sales proceeds and cost 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 e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items by applying the 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 statements 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) effective for the annual period beginning on or after January 1, 2022. 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.

6 USE OF ESTIMATES AND JUDGEMENTS

In preparing this condensed interim financial statements, 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 statements as at and for the year ended June 30, 2020.

7 FINANCIAL RISK MANAGEMENT

The Company's financial risk management policies and objectives are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2020.

	March 31, 2021	March 31, 2020
	(Rupees in thousand)	

8. PROPERTY, PLANT AND EQUIPMENT

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

Processing plant, tank farm, terminal, pipelines and power generation	**372,414**	1,936,442
Buildings	**-**	2,775
Equipment including furniture	**28,209**	7,435
Fire fighting and telecommunication systems	**1,549**	32,717
Vehicles and other automotive equipments	**21,463**	51,250
Major spare parts and stand by equipments - net of transfers	**13,583**	12,426
Capital work-in-progress - net of transfers	**(261,575)**	(740,109)
	175,643	1,302,936

8.1.1 Fixed assets having Net Book Value of Rs 3.39 million were disposed-off during the period. No disposal of assets were made during the corresponding period.

8.2 During the period, assets having Net Book Value of Rs 4.85 million were written off as explained in detail in note 2.3 to these condensed interim financial statements.

	Unaudited March 31, 2021	Audited June 30, 2020
	(Rupees in thousand)	
8.3 Capital work-in-progress		
Keamari terminal	**76,058**	291,787
Power generation, transmission and distribution	**62,180**	61,385
Processing plant	**52,513**	105,094
Pipelines	**14,539**	19,499
Korangi tank farm	**24,154**	2,503
Equipment including furniture	**23,953**	19,823
Vehicles and other automotive equipment	**-**	1,827
Water treatment and cooling system	**-**	5,331
Advances to contractors / suppliers	**10,938**	18,661
	264,335	525,910

9. TRADE RECEIVABLES

This includes an amount of Rs. 4.26 billion due from PSO (related party).

	Unaudited March 31, 2021	Audited June 30, 2020
	(Rupees in thousand)	
10. TRADE DEPOSITS, LOANS, ADVANCES AND SHORT-TERM PREPAYMENTS		
Trade deposits	**42,720**	12,146
Loans to employees recoverable within one year	**8,023**	8,785
Advances for supplies and services	**13,771**	13,70 6
Short-term prepayments	**65,524**	14,703
	130,038	49,340

11. OTHER RECEIVABLES

11.1 This include an amount of Rs. 175.18 million receivable from insurance companies. The amount includes replacement cost for damaged components of the pile bridge and estimated inventory losses as mentioned in note 2.3 to these condensed interim financial statements.

11.2 This includes an amount of Rs 0.78 billion due from Pak-Arab Refinery Limited - (related party) in respect of sharing of crude oil, freight and other charges.

12. SHARE CAPITAL

Unaudited March 31, 2021	Audited June 30, 2020		Unaudited March 31, 2021	Audited June 30, 2020
(Numbers)			(Rupees in thousand)	
		Authorised share capital		
		Ordinary shares of Rs. 10 each		
1,000,000,000	1,000,000,000		**10,000,000**	10,000,000
		Issued, subscribed and paid-up share capital		
		Ordinary shares of Rs. 10 each		
601,000,000	286,000,000	Ordinary shares fully paid in cash	**6,010,000**	2,860,000
29,000,000	29,000,000	Ordinary shares issued as fully paid bonus shares	**290,000**	290,000
630,000,000	315,000,000		**6,300,000**	3,150,000

Reconciliation between Ordinary shares in issue at the beginning and end of the year / period is as follows:

315,000,000	294,000,000	Opening shares outstanding	**3,150,000**	2,940,000
315,000,000	21,000,000	Shares issued during the period	**3,150,000**	210,000
630,000,000	315,000,000		**6,300,000**	3,150,000

12.1 During the period the Company issued 315 million right shares at Rs. 10 per ordinary share in the ratio of 1 right share for every 1 ordinary share held.

To facilitate completion of rights issue process, PSO provided an undertaking that it will subscribe such portion of Class A shares (i.e. 40% of the total Rights Issue) which remains unsubscribed. This was accepted by the Securities and Exchange Commission of Pakistan, resultantly waiving the requirement of underwriting for the said rights issue.

The process of Rights Issue was completed during the period, thereby increasing the share capital from Rs. 3.15 billion to Rs. 6.3 billion. PSO subscribed additional 22,459,028 Class A shares of the Company thereby increasing its shareholding from 60% to 63.56%.

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

13. SHORT TERM BORROWINGS

	Unaudited March 31, 2021	Audited June 30, 2020
	(Rupees in thousand)	
Short-term borrowings - note 13.1	**4,926,882**	6,500,000
Running finance under mark-up arrangements - note 13.2	**5,688,917**	5,883,020
Current portion of long-term borrowings	**338,435**	216,449
	10,954,234	12,599,469

13.1 This represents mark-up based short term finance from commercial banks repayable in 9 to 21 (June 30, 2020: 13 to 34) days from the date of condensed interim statement of financial position at a mark-up ranging from 7.79% to 10.48% (June 30, 2020: 7.94% to 9.43%) per annum. These are secured by way of ranking charge on inventory and trade receivables.

13.2 As at March 31, 2021 available running finance facilities under mark-up arrangements from various banks amounted to Rs. 9.45 billion (June 30, 2020: Rs. 9.45 billion). These arrangements are secured by way of hypothecation over stock of crude oil, finished products and trade receivables of the Company. The mark-up rate ranging from one month KIBOR+3% to three months KIBOR+0.5% as at March 31, 2021 (June 30, 2020: one month KIBOR+3% to three months KIBOR+0.50%) per annum. Purchase prices are payable on demand. Facilities for invoice discounting as at March 31, 2021 amounted to Rs. 7 billion (June 30, 2020: Rs. 7 billion).

14. UNEARNED REVENUE

In pursuant to Circular Letter dated April 10, 2020 from State Bank of Pakistan (SBP), the Company has obtained payroll refinancing amounting to Rs. 277 million from United Bank Limited (UBL) for six months period starting from April 2020 to September 2020 for the payment of salaries and wages for the said period. The loan is repayable in 8 equal quarterly instalments and carries mark-up of 3% per annum.

The loan is initially recognised in accordance with the requirements of IFRS 9 "Financial Instruments" i.e. at fair value basis. The differential between the loan proceeds and fair value of the loan is recorded as deferred income in accordance with the requirements of IAS 20 "Government Grants". The deferred income is amortised over the life of the loan using effective interest rate method. During the period, the Company recognised deferred income amounting to Rs. 29.82 million. Subsequently, Rs. 7.10 million has been recognised as Other Income, during the period.

Balance as at June 30, 2020 represents additional revenue earned on sale of petroleum products during June 27, 2020 to June 30, 2020 consequent to increase in ex-refinery prices by the GoP effective June 27, 2020. The amount has been recognised as income during the period.

15. CONTINGENCIES AND COMMITMENTS

15.1 Contingencies

15.1.1 Claims against the Company not acknowledged as debt amount to Rs. 5.89 billion (June 30, 2020: Rs. 5.69 billion). These include Rs. 5.27 billion (June 30, 2020: Rs. 5.1 billion) on account of late payment surcharge on purchase of crude oil. The Company has raised similar claims aggregating to Rs. 7.40 billion (June 30, 2020: Rs. 7.40 billion) relating to interest on late payments against trade receivables from certain Oil Marketing Companies.

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

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

15.2 Commitments

As at March 31, 2021 commitments outstanding for capital expenditure amounted to Rs. 102.69 million (June 30, 2020: Rs. 131.12 million).

16. REVENUE FROM CONTRACTS WITH CUSTOMERS

	For the nine months period		For the quarter	
	July 2020 - March 2021	July 2019 - March 2020	**January - March 2021**	January - March 2020
	(Rupees in thousand)			
Local sales - note 16.1	**99,960,775**	102,687,673	**37,727,180**	23,830,091
Exports	**3,410,258**	2,950,380	**1,838,198**	587,494
Gross sales	**103,371,033**	105,638,053	**39,565,378**	24,417,585
Less:				
- Sales tax	**(14,503,926)**	(14,920,609)	**(5,481,767)**	(3,462,570)
- Excise duty and petroleum levy	**(20,804,009)**	(11,565,073)	**(5,385,117)**	(2,966,937)
- Custom Duty	**(2,396,665)**	(2,501,868)	**(1,000,500)**	(566,136)
- Surplus price differential	**(862,139)**	(1,210,959)	**(515,572)**	(300,700)
	64,804,294	75,439,544	**27,182,422**	17,121,242

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. This includes an amount of Rs. 10 million imposed by OGRA as a penalty alleging that one of the product sample independently tested by OGRA did not meet the required specifications. The Company is of the opinion that the penalty is in non-compliance with OGRA Rules 2016 and has challenged the Order by filing a review petition with the Office of Chairman OGRA.

18. EARNINGS / (LOSS) PER SHARE

	For the nine months period		For the quarter	
	July 2020 - March 2021	July 2019 - March 2020	**January - March 2021**	January - March 2020
Earnings / (loss) attributable to ordinary shareholders (Rs. in thousand)	**621,480**	(6,770,175)	**536,406**	(5,087,372)
Weighted average number of ordinary shares outstanding during the period (in thousand)	**613,443**	(Re-stated) 432,755	**613,443**	(Re-stated) 432,755
Basic and diluted earnings / (loss) per share	**Rs. 1.01**	(Rs. 15.64)	**Rs. 0.87**	(Rs. 11.76)

18.1. The weighted average number of shares as at March 31, 2021 have been increased to reflect the bonus element in the rights issue.

18.2. There were no dilutive potential ordinary shares in issue as at March 31, 2021 and 2020.

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 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 transactions**	**March 31, 2021**	March 31, 2020
		(Rupees in thousand)	
(a) Parent company	Sale of goods - net	**40,315,053**	50,679,478
	Services rendered	**261**	437
(b) Associated companies	Purchase of goods - net	**8,084,175**	2,329,103
	Sale of goods - net	**4,487,208**	-
	Services received	**519,289**	930,979
	Services rendered	**18,470**	-
(c) Key management personnel compensation (excluding non-executive directors)	Salaries and other short-term employee benefits	**95,259**	111,333
	Post-employment benefits	**8,071**	7,182
(d) Staff retirement benefit funds	Payments to staff retirement benefit funds	**152,295**	166,087
(e) Non-executive Directors	Remuneration and fees	**15,518**	12,781

		March 31, 2021	March 31, 2020
		(Rupees in thousand)	
20.	**CASH GENERATED FROM OPERATIONS**		
	Profit / (loss) before income tax	**1,114,196**	(6,197,973)
	Adjustments for non-cash charges and other items:		
	Mark-up expense	**974,606**	1,631,654
	Depreciation and amortisation	**823,286**	695,550
	Provision for employee benefit obligations	**90,332**	109,191
	Assets written-off	**4,849**	-
	Charge / (reversal) of provision for slow moving stores and spares - net	**16,300**	(1,950)
	Profit on deposits	**(50,797)**	(42,353)
	Share of loss / (income) of associate	**5,773**	(2,483)
	Exchange gains on cash and cash equivalents	**-**	(685)
	Gain on disposal of operating assets - net	**(1,092)**	-
		1,863,257	2,388,924
	Working capital changes - note 20.1	**(2,666,111)**	6,738,634
	Cash generated from operations	**311,342**	2,929,585

20.1	**Working capital changes**		
	(Increase) / decrease in current assets		
	Inventories	**(6,369,312)**	(334,121)
	Trade receivables	**(3,120,026)**	4,617,843
	Trade deposits, loans, advances and short-term prepayments	**(80,699)**	80,198
	Other receivables	**(959,137)**	538,782
		(10,529,174)	4,902,702
	Increase in current liabilities		
	Trade and other payables	**7,863,063**	1,835,932
		(2,666,111)	6,738,634

21.	**CASH AND CASH EQUIVALENTS**		
	Cash and bank balances	**42,792**	2,006,627
	Running finance under mark-up arrangements - note 13	**(5,688,917)**	(5,531,720)
		(5,646,125)	(3,525,093)

22. OPERATING SEGMENTS

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

Sales to 2 (March 31, 2020: 2) customers represents 76.73% (March 31, 2020: 83.08%) of the revenue and each customer individually exceeds 10% of the revenue during the current and corresponding 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 statements are estimated to approximate their fair values, as these are either short term in nature or repriced periodically.

24. DATE OF AUTHORISATION

These condensed interim financial statements were authorised for issue by the Board of Directors of the Company on April 27, 2021.

Aftab Husain	**Zahid Mir**	**Imran Ahmad Mirza**
Director	**Managing Director & CEO**	**Chief Financial Officer**

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