PAKISTAN REFINERY LIMITED

Refining With Vision

Growth I Profitability I Supply Security

HALF YEARLY REPORT
DECEMBER 31, 2024

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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

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.

COMPANY INFORMATION

Deputy Managing Director Finance / 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 Share Registration Services
(Pvt.) 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
Faysal Bank Limited
Habib Metropolitan Bank Limited
Habib Bank Limited
Industrial and Commercial Bank of China-Pakistan Operations
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
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BOARD OF DIRECTORS

TARIQ KIRMANI
Chairman

ZAHID MIR
Managing Director & CEO

AFTAB HUSAIN
Director

FALAK SHER VIRK
Director

MOHAMMAD ABDUL ALEEM
Director

MOHAMMAD ZUBAIR
Director

MOHSIN ALI MANGI
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 pleased to present their review report along with the condensed interim financial information for the half year ended December 31, 2024.

During the second quarter, the company recovered from negative results of the first quarter and posted a profit after taxation of Rs. 337 million as compared to profit after taxation of Rs. 2.03 billion for the second quarter last year. Cumulatively, the company ended the half year with a loss of Rs. 2.01 billion as compared to a profit of Rs. 6.51 billion in the comparative period.

The refinery continues to achieve new production milestones for High Speed Diesel (HSD) and surpassed quarterly production of 200,000 Metric Tons for the second successive quarter, resulting in the highest ever half yearly production in the history of the refinery. The company is confident that through its operational efficiency combined with recovery in international refining margins, it will be able to overcome the current loss situation in the future.

The company along with other industry members is making efforts and is constantly engaged with various stakeholders of the Government including Federal Board of Revenue and Ministry of Energy for declaring High Speed Diesel (HSD), Motor Spirit (MS), Kerosene and Light Diesel Oil (LDO) as taxable supplies. These products were exempted from the applicability of Sales Tax by the Government through Finance Act 2024, thereby disallowing related input tax having severe negative effects on current profitability. This is also detrimental in achieving financial close of the Refinery Expansion and Upgrade Project (REUP).

The company remains committed to the REUP, which will inter alia double the refinery's crude processing capacity from 50,000 barrels per day to 100,000 barrels per day. In this regard, the Front-End Engineering Design (FEED) work was completed in September 2024 as per schedule and the Engineering, Procurement, Construction and Finance (EPCF) tendering process is in place to be followed by the selection of the EPCF contractor and consequent financial close. The company also continued interactions with various organizations to explore possibilities for bringing in a strategic investor for the REUP.

Health, Safety, Environment and Quality continues to remain the priority of your refinery which aided in not only complying with the relevant HSEQ Standards, but helped in maintaining efficient and safe operations. As at 31st December 2024, the refinery safely completed 6.49 million man hours without any Lost Time Injury (LTI).

The Board of Directors would like to acknowledge and place on record the contributions of all stakeholders for their continued support, especially the Government of Pakistan.

Tariq Kirmani	**Zahid Mir**
Chairman	Managing Director and CEO

Karachi: February 03, 2025

KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2, Beaumort Road
Karachi 75530 Pakistan
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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 2024 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

KPMG Taseer Hadi & Co.

Other Matter

The figures for the three-month period ended 31 December 2024 and 2023 in the condensed interim statement of profit or and other 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.

Date: 17 February 2025

Karachi

UDIN: PR202410201WMog9SuO6

KPMG Taseer Hadi & Co.

KPMG Taseer Hadi & Co.
Chartered Accountants

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2024

	Note	December 31, 2024 Unaudited	June 30, 2024 Audited
		(Rupees in thousand)	
ASSETS			
Non-current assets			
Property, plant and equipment	7	**30,840,289**	30,548,548
Right-of-use asset		**84,295**	99,435
Intangibles		**17,334**	18,325
Investment accounted for using the equity method		**58,819**	61,141
Long-term deposits and loans		**30,101**	31,222
Employee benefit prepayments		**18,336**	18,272
		31,049,174	30,776,943
Current assets			
Inventories	8	**23,946,867**	30,520,187
Trade receivables	9	**16,700,330**	11,229,089
Trade deposits, loans, advances and short-term prepayments		**626,684**	830,002
Other receivables	10	**33,923,875**	23,241,191
Taxation - payments less provision		**539,597**	199,985
Investments	11	**20,226,016**	4,200,895
Cash and bank balances	12	**13,449,425**	6,927,227
		109,412,794	77,148,576
		140,461,968	107,925,519
EQUITY AND LIABILITIES			
EQUITY			
Share capital		**6,300,000**	6,300,000
(Accumulated loss) / unappropriated profit		**(330,125)**	2,942,789
Revaluation surplus on property, plant and equipment		**20,325,928**	20,325,928
Other reserves		**1,947**	1,947
		26,297,750	29,570,664
LIABILITIES			
Non-current liabilities			
Long-term borrowings	13	**9,000,000**	3,000,000
Long-term lease liability		**112,052**	139,969
Deferred tax liability		**123,469**	618,242
Employee benefit obligations		**367,104**	384,269
		9,602,625	4,142,480
Current liabilities			
Trade and other payables	14	**61,207,756**	48,737,208
Short-term borrowings	15	**43,317,465**	25,443,989
Current portion of long-term lease liability		**11,051**	11,326
Unpaid dividend		**5,469**	-
Unclaimed dividend		**19,852**	19,852
		104,561,593	74,212,375
		114,164,218	78,354,855
CONTINGENCIES AND COMMITMENTS	16		
		140,461,968	107,925,519

The annexed notes 1 to 27 form an integral part of this condensed interim financial information.

Zahid Mir	**Mohsin Ali Mangi**	**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 ENDED DECEMBER 31, 2024

	Note	Half year ended		Quarter ended	
		December 31, 2024	December 31, 2023 (Restated)	**December 31, 2024**	December 31, 2023 (Restated)
		(Unaudited) (Rupees in thousand)			
Revenue from contracts with customers	17	**168,879,976**	182,188,250	**86,780,490**	88,814,093
Cost of sales		**(166,756,356)**	(168,686,972)	**(84,713,215)**	(84,246,227)
Gross profit		**2,123,620**	13,501,278	**2,067,275**	4,567,866
Selling expenses		**(393,105)**	(330,413)	**(198,442)**	(180,569)
Administrative expenses		**(716,870)**	(588,523)	**(317,924)**	(311,990)
Other operating expenses	18	**(2,236,967)**	(2,531,922)	**(453,667)**	(1,640,945)
Other income		**1,651,312**	2,328,447	**1,043,067**	1,576,155
Operating profit		**427,990**	12,378,867	**2,140,309**	4,010,517
Finance cost		**(1,889,202)**	(1,975,152)	**(1,062,310)**	(1,079,894)
Share of income of associate - accounted for using the equity method		**1,930**	13,612	**1,003**	13,958
(Loss) / profit before Taxation		**(1,459,282)**	10,417,327	**1,079,002**	2,944,581
Final Tax and Minimum Tax		**(959,770)**	(177,023)	**(398,471)**	(175,768)
Taxation		**406,138**	(3,731,581)	**(343,037)**	(739,186)
(Loss) / profit for the period		**(2,012,914)**	6,508,723	**337,494**	2,029,627
Other comprehensive income / (loss)		**-**	**-**	-	
Total comprehensive (loss) / profit		**(2,012,914)**	6,508,723	**337,494**	2,029,627
(Loss) / earnings per share - basic and diluted	19	**(Rs. 3.20)**	Rs. 10.33	**Rs. 0.54**	Rs. 3.22

The annexed notes 1 to 27 form an integral part of this condensed interim financial information.

Zahid Mir
Managing Director & CEO

Mohsin Ali Mangi
Director

Imran Ahmad Mirza
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY - (UNAUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2024

	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, 2023 - (audited)	**6,300,000**	**16,979,049**	**20,325,928**	**897**	**(18,249,656)**	**1,050**	**25,357,268**
Profit for the period ended December 31, 2023	-	-	-	-	6,508,723	-	6,508,723
Other comprehensive income for the period 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**
Balance as at July 1, 2024 - (audited)	**6,300,000**	**-**	**20,325,928**	**897**	**2,942,789**	**1,050**	**29,570,664**
Loss for the period ended December 31, 2024	-	-	-	-	(2,012,914)	-	(2,012,914)
Other comprehensive income for the period ended December 31, 2024	-	-	-	-	-	-	-
Final dividend for the year ended June 30, 2024 @ Rs. 2 per share	-	-	-	-	(1,260,000)	-	(1,260,000)
	-	-	-	-	(3,272,914)	-	(3,272,914)
Balance as at December 31, 2024 - (unaudited)	**6,300,000**	**-**	**20,325,928**	**897**	**(330,125)**	**1,050**	**26,297,750**

The annexed notes 1 to 27 form an integral part of this condensed interim financial information.

Zahid Mir	**Mohsin Ali Mangi**	**Imran Ahmad Mirza**
Managing Director & CEO	Director	Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CASH FLOWS - (UNAUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2024

	Note	December 31, 2024	December 31, 2023
		(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	21	**2,681,451**	21,630,602
Interest paid		**(1,421,423)**	(2,266,470)
Taxes paid		**(1,388,017)**	(2,871,052)
Contribution made to retirement benefit plans		**(82,663)**	(102,989)
Decrease in long-term deposits and loans		**1,121**	2,824
Net cash (used in) / generated from operating activities		**(209,531)**	16,392,915
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		**(957,759)**	(1,074,658)
Proceeds from disposal of property, plant and equipment		**6,784**	3,890
Purchase of treasury bills net off disposals		**(15,344,419)**	(11,442,520)
Dividend received		**4,252**	4,252
Interest received		**444,622**	1,845,383
Net cash (used in) investing activities		**(15,846,520)**	(10,663,653)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term borrowings		**6,000,000**	1,000,000
Repayment of FE loan		**(11,323,451)**	-
Proceeds from FE loan		**29,192,737**	-
Proceeds from short term borrowings		**-**	1,500,000
Lease rentals paid		**(40,854)**	(28,164)
Dividend paid		**(1,254,531)**	-
Net cash generated from financing activities		**22,573,901**	2,471,836
Net increase in cash and cash equivalents		**6,517,850**	8,201,098
Cash and cash equivalents at the beginning of the period		**6,927,227**	6,469,174
Exchange gain / (loss) on cash and cash equivalents		**4,348**	(33,642)
Cash and cash equivalents at the end of the period	22	**13,449,425**	14,636,630

The annexed notes 1 to 27 form an integral part of this condensed interim financial information.

Zahid Mir
Managing Director & CEO

Mohsin Ali Mangi
Director

Imran Ahmad Mirza
Chief Financial Officer

NOTES TO AND FORMING PART OF THE FINANCIAL INFORMATION - (UNAUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2024

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 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 Standard (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, 2024. 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, 2024.

4. CHANGES IN ACCOUNTING STANDARDS, INTERPRETATIONS AND PRONOUNCEMENTS

4.1 Standards, interpretations and amendments to accounting standards that are effective in the current period

There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for accounting periods beginning on or after July 1, 2024, however, these do not have any significant impact on the this condensed interim financial information and therefore, have not been detailed here.

4.2 Standards, interpretations and amendments to accounting standards that are not yet effective

There are certain standards, amendments and interpretations to the accounting and reporting standards as applicable in Pakistan which are not yet effective in the current accounting period beginning on or after July 1, 2025. These are not likely to have any significant impact on the Company's financial reporting and are therefore, have not been detailed in these condensed interim financial information.

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.

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, 2024.

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, 2024.

7. PROPERTY, PLANT AND EQUIPMENT

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

	(Unaudited)	
	December 31, 2024	December 31, 2023
	(Rupees in thousand)	
Building	**-**	8,220
Processing plant	**245,956**	116,714
Korangi tank farm	**19,245**	5,317
Steam Generation Plant	**82,678**	-
Power Generation, Transmission And Distribution	**59,150**	6,226
Water Treatment and Cooling System	**-**	7,300
Equipment and furniture	**114,128**	12,927
Intangible assets	**2,334**	-
Fire fighting and telecommunication systems	**15,410**	18,461
Vehicles and other automotive equipment	**37,147**	57,618
Major spare parts and stand by equipments - net of transfers	**182,125**	2,322
Capital work-in-progress - net of transfers	**199,586**	839,553
	957,759	1,074,658

7.2 Fixed assets having Net Book Value of Rs. 5.45 million were disposed-off during the period against the disposal proceeds of Rs. 6.78 million.

8. INVENTORIES

As at December 31, 2024, stock of finished products has been written down by Rs. 59.3 million (June 30, 2024: Rs. 380.6 million) to arrive at its net realisable value.

9. TRADE RECEIVABLES

This includes amounts of Rs. 9.25 billion (June 30, 2024: Rs. 6.5 billion) and Rs. 0.2 billion (June 30, 2024: Rs. 0.6 billion) due from Pakistan State Oil Company Limited and Flow Petroleum Private Limited - (related parties) respectively.

10. OTHER RECEIVABLES

10.1 This includes Rs. 2.86 billion (June 30, 2024: Rs. 4.49 billion) 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. 8.97 billion (exchange losses of Rs. 9.59 billion net of exchange gains of Rs. 0.62 billion) (June 30, 2024: Rs. 8.78 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. On July 18, 2024, MoF interalia informed the Directorate General of Oil office that exchange losses incurred by the Company on the two FE loans taken by it, may be included in the summary for the Economic Coordination committee (ECC) for recovery through pricing mechanism.

10.3 Other receivables also include Rs. 1.33 billion on account of unadjustable input tax related to exempt supplies. The Company along with oil industry is in negotiations with the Government to allow reimbursement of said unadjustable input tax from IFEM mechanism.

10.4 It also includes Rs. 16.6 billion (June 30, 2024: Rs. 9.64 billion) on account of custom duty paid on import of crude oil which is reimbursable through IFEM under Brownfield Refinery Policy.

11. INVESTMENTS

This represents short term investment in treasury bills measured at fair value through profit or loss. Fair values of these investments are determined using repurchase price and carry interest yields ranging from 12.10% to 20.85%. These treasury bills will be matured latest by November 29, 2025.

12. CASH AND BANK BALANCES

	December 31, 2024 Unaudited	June 30, 2024 Audited
	(Rupees in thousand)	
With banks in		
Conventional		
Current accounts	**1,745,280**	3,496,191
Savings accounts - note 12.1	**6,677,898**	2,967,029
Term deposits - note 12.2	**5,000,000**	-
	13,423,178	6,463,220
Islamic		
Current accounts	**25,424**	139,679
Savings accounts	**183**	324,176
	25,607	463,855
Cash in hand	**640**	152
	13,449,425	6,927,227

12.1 The rates of mark-up on savings accounts as at December 31, 2024 is 13.50% per annum (June 30, 2024: 19% per annum).

12.2 This represents Rs. 5 billion short term deposits placed with a commercial bank at a mark-up rate of 13.50 % per annum maturing on January 2, 2025 (June 30, 2024: Nil).

13. LONG-TERM BORROWINGS

13.1 The Company has obtained a long term project finance loan of Rs. 3 billion from 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). The loan is repayable in six equal monthly installments commencing from 31st month from drawdown date, whereas markup is to be paid on a quarterly basis. The loan is secured by way of hypothecation of property, plant and equipment (excluding land and buildings).

13.2 During the period ended December 31, 2024, the Company obtained a Syndicated Term Finance loan of Rs. 6 billion at a mark-up of 3 month KIBOR + 0.75% per annum from The Bank of Punjab for a tenor of 3.5 years (including 3 years grace period). The loan is repayable in six equal monthly installments commencing from 37th month from drawdown date, whereas markup is to be paid on a quarterly basis. The loan is secured by way of First Pari Passu hypothecation charge over present and future fixed assets (excluding land and buildings).

14. TRADE AND OTHER PAYABLES

	December 31, 2024 Unaudited	June 30, 2024 Audited
	(Rupees in thousand)	
Creditors	**36,186,408**	28,342,846
Payable to the Government	**10,673,910**	9,666,903
Surplus price differential payable	**8,636,855**	4,744,412
Accrued liabilities	**3,398,980**	3,501,665
Payable to escrow account - notes 14.1 and 14.2	**1,105,937**	1,276,630
Accrued mark-up on bank borrowings	**921,259**	466,142
Workers' Welfare Fund	**-**	156,565
Advances from customers	**138,576**	456,047
Tax deducted at source	**24,517**	10,114
Retention money	**121,314**	115,884
	61,207,756	48,737,208

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

	December 31, 2024	June 30, 2024
Opening balance	**1,276,630**	-
Incremental incentives earned during the period	**5,021,483**	9,369,485
Incremental incentives to be deposited in IFEM pool	**-**	(3,490,577)
Incremental incentives transferred to joint Escrow Account	**(5,192,176)**	(4,602,278)
Closing balance payable to joint Escrow Account - not due	**1,105,937**	1,276,630

14.2 During the year ended June 30, 2024, the GoP announced and notified the Pakistan Oil Refining Policy for Existing / Brownfield Refineries, 2023 (the Policy) on August 9 and 17, 2023 respectively. As per the Policy, the refineries were allowed incremental incentives at the rate of 2.5% on HSD and 10% on MS for a period of six years from the date of notification of the Policy to upgrade and produce environmental friendly fuels as per EURO V specifications.

The 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 to 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 on November 15, 2023 and opened joint Escrow Account in accordance with the Policy on November 30, 2023.

Later, the Government revised the Policy that was notified on February 23, 2024 and amended following provisions of the original Policy:

- incentive period increased from six years to seven years from the date of signing of Upgrade Agreement and opening of Joint Escrow Account;
- maximum capping of incremental incentives increased from 25% to 27.5% of project cost;
- refineries were allowed 7.5% deemed duty on HSD for 20 years from the date of commissioning of upgrade project; and
- introduction of force majeure clause and amendments in arbitration clauses.

The revised policy gives the rights to a refinery who have already executed Upgrade Agreement under original Policy to opt for the amended provisions / incentives of the revised Policy by executing a supplemental to the Upgrade Agreement. The Company is in the process of finalisation of Supplemental Upgrade and Escrow Account Agreements with OGRA.

The incremental incentives under the Policy will be recognised after the Final Investment Decision (FID) on the project. Balance in joint Escrow Account as at December 31, 2024 was as follows:

	(Unaudited)	Audited
	December 31, 2024	June 30, 2024
	(Rupees in thousand)	
Opening balance	4,767,605	-
Incremental incentives transferred to Escrow Account during the period	5,192,176	4,602,278
Interest earned on incremental incentives (net of withholding tax)	495,176	165,327
Closing balance	10,454,957	4,767,605

15. SHORT TERM BORROWINGS

Foreign currency loans - note 15.1	41,817,465	23,943,989
Short term borrowings	1,500,000	-
Current portion of long-term borrowings	-	1,500,000
	43,317,465	25,443,989

15.1 This represents short term FE loans obtained from National Bank of Pakistan at a mark up rate of 9.80% p.a. and repayable on February 18, 2025, Habib Bank Limited at a mark up of 4.75% p.a. and repayable on January 14, 2025, United Bank Limited at a mark up of 4.50% p.a. and repayable on January 16, 2025, and Bank Alfalah Limited at a mark up of 5.00% p.a. and repayable on May 6, 2025.

16. CONTINGENCIES AND COMMITMENTS

16.1 Contingencies

16.1.1 Claims against the Company not acknowledged as debt amount to Rs. 8.38 billion (June 30, 2024: Rs. 8.24 billion). These include Rs. 8.13 billion (June 30, 2024: Rs. 7.99 billion) on account of late payment surcharge on purchase of crude oil. The Company has raised similar claims aggregating to Rs. 7.88 billion (June 30, 2024: Rs. 7.87 billion) relating to interest on late payments against trade receivables from certain Oil Marketing Companies. The Company is of the view that ultimately these claims will be waived off.

16.1.2 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, 2024: 5.66 million).

16.1.3 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, 2024.

16.2 Commitments

As at December 31, 2024 commitments outstanding for capital expenditure amounted to Rs. 1.76 billion (June 30, 2024: Rs. 1.52 billion).

17. REVENUE FROM CONTRACTS WITH CUSTOMERS

	Half year ended		Quarter ended	
	December 31, 2024	December 31, 2023	**December 31, 2024**	December 31, 2023
	(Unaudited) (Rupees in thousand)			
Local sales - note 17.1	**200,812,222**	224,916,639	**98,238,568**	103,239,653
Exports	**25,214,392**	12,931,107	**17,302,274**	12,931,107
Gross sales	**226,026,614**	237,847,746	**115,540,842**	116,170,760
Less:				
- Sales tax	**(3,172,822)**	(6,052,122)	**(909,431)**	(1,808,834)
- Excise duty and petroleum levy	**(44,831,235)**	(36,975,263)	**(23,594,183)**	(19,390,664)
- Incremental incentives - note 14.1	**(5,021,483)**	(5,044,058)	**(2,420,158)**	(3,188,935)
- Custom duty	**-**	(1,231,741)	**-**	-
- Surplus price differential	**(3,892,443)**	(6,356,312)	**(1,836,580)**	(2,968,234)
- Sales discount	**(228,655)**	-	**-**	-
	168,879,976	182,188,250	**86,780,490**	88,814,093

17.1 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 Speed Diesel, Light Diesel Oil and Aviation Fuels) are based on prices set under notifications of the Ministry of Energy.

18. OTHER OPERATING EXPENSES

	Half year ended		Quarter ended	
	December 31, 2024	December 31, 2023	**December 31, 2024**	December 31, 2023
	(Unaudited) (Rupees in thousand)			
Research cost on Refinery Expansion and upgrade project	**2,235,792**	1,798,698	**461,109**	1,444,731
Worker's Profit Participation Fund	**-**	530,978	**-**	149,561
Worker's Welfare Fund	**-**	202,246	**(7,442)**	46,653
Donations	**991**	-	**-**	-
Others	**184**	-	**-**	-
	2,236,967	2,531,922	**453,667**	1,640,945

19. (LOSS) / EARNINGS PER SHARE

(Loss) / earnings attributable to ordinary shareholders (Rs. in thousand)	**(2,012,914)**	6,508,723	**337,494**	2,029,627
Weighted average number of ordinary shares outstanding during the period (in thousand)	**630,000**	630,000	**630,000**	630,000
Basic and diluted (loss) / earnings per share	**(Rs. 3.20)**	Rs. 10.33	**Rs. 0.54**	Rs. 3.22

19.1 There were no dilutive potential ordinary shares in issue as at December 31, 2024 and December 31, 2023.

20. 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	(Unaudited) December 31, 2024	(Unaudited) December 31, 2023
		(Rupees in thousand)	
(a) Parent company	Sale of goods - net	**75,796,873**	81,824,511
	Purchase of goods	**36,682**	40,418
	Discount allowed	**93,376**	-
	Services rendered	**201**	213
	Services received	**19,000**	6,000
(b) Associated companies	Sale of goods - net	**17,766,686**	19,655,762
	Purchase of goods - net	**12,427,868**	18,524,288
	Discount allowed	**1,369**	-
	Services rendered	**-**	16,399
	Dividend received	**4,252**	4,252
	Services received	**11,347**	10,374
(c) Key management personnel compensation (excluding non-executive directors)	Salaries and other short-term employee benefits	**184,118**	127,198
	Post-employment benefits	**8,786**	7,648
	Sale of motor vehicle as per company's Policy	**478**	583
(d) Staff retirement benefit funds	Payments to staff retirement benefit funds	**141,617**	157,365
(e) Non-executive Directors	Remuneration and fees	**29,399**	16,421

21. CASH GENERATED FROM OPERATIONS

	December 31, 2024	December 31, 2023
(Loss) / profit before income tax	**(1,459,282)**	10,417,327
Adjustments for non-cash charges and other items:		
Mark-up expense	**1,889,202**	1,975,152
Depreciation and amortisation	**675,937**	604,165
Exchange loss / (gain) on cash and cash equivalents	**(4,348)**	33,642
Provision for employee benefit obligations	**65,434**	103,371
Profit on deposits	**(647,202)**	(1,536,684)
Income from investments	**(680,703)**	(686,482)
Share of (profit) / loss of associate	**(1,930)**	(13,612)
Gain on disposal of operating assets - net	**(1,321)**	(3,307)
Provision for slow moving stores and spares - net	**8,744**	(251)
	1,303,813	475,994
Working capital changes - note 21.1	**2,836,920**	10,737,281
Cash generated from operations	**2,681,451**	21,630,602

21.1 Working capital changes

	(Unaudited)	
	December 31, 2024	December 31, 2023
	(Rupees in thousand)	
(Increase) / decrease in current assets		
Inventories	**6,565,325**	5,845,114
Trade receivables	**(5,471,241)**	(1,039,703)
Trade deposits, loans, advances and short-term prepayments	**203,318**	(1,989,157)
Other receivables	**(10,475,913)**	(4,263,315)
	(9,178,511)	(1,447,061)
Increase in current liabilities		
Trade and other payables	**12,015,431**	12,184,342
	2,836,920	10,737,281

22. CASH AND CASH EQUIVALENTS

Cash and bank balances	**13,449,425**	14,636,630

23. OPERATING SEGMENTS

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

Sale to 2 customers (December 31, 2023: 1 customer) represents 57.96% (December 31, 2023: 44.91%) of the revenue and exceeds 10% of the revenue during the period.

24. 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.

25. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

Subsequent to the period end, the Board of Directors of Pakistan Refinery Limited ("the Company") has approved a loan facility of PKR 3.15 billion from Pakistan State Oil Company Limited ("PSO") to finance the Front-End Engineering Design (FEED) for the Refinery Expansion & Upgrade Project ("REUP"). The loan includes an option for PSO to convert it into equity, subject to the necessary corporate and regulatory approvals. Furthermore, PSO will charge and recover interest or mark-up on a quarterly basis on the outstanding principal amount, from the date of disbursement until repayment, at a rate equal to the higher of PSO's borrowing cost, and KIBOR plus 0.35% per annum.

26. CORRESPONDING FIGURES

Comparative figures have been re-arranged and reclassified, where necessary, for the purpose of comparison and better presentation and the effect of which is immaterial to the financial statements.

27. DATE OF AUTHORISATION

This condensd interim financial information were authorised for issue by the Board of Directors of the Company on February 03, 2025.

Zahid Mir	**Mohsin Ali Mangi**	**Imran Ahmad Mirza**
Managing Director & CEO	Director	Chief Financial Officer

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