

vision of today is
tomorrow's achievement

Unaudited Accounts
for the 1st Quarter ended
September 30, 2008



National Refinery Limited

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Corporate Information

Board of Directors

Dr. Ghaith R. Pharaon - Chairman
 Laith G. Pharaon
 Wael G. Pharaon
 Shuaib A. Malik
 Abdus Sattar
 Tarik Kivanc
 Firasat Ali

Alternate Director Shuaib A. Malik
 Alternate Director Babar Bashir Nawaz
 Alternate Director S. Ahmed Abid

Chief Executive Officer

Shuaib A. Malik

Chief Financial Officer

Anwar A. Shaikh

Company Secretary

Shaikh Ather Ahmed

Audit Committee

Abdus Sattar
 Babar Bashir Nawaz
 S. Ahmed Abid
 Afzal Hussain Khan

Chairman
 Member
 Member
 Secretary

Auditors

A. F. Ferguson & Co.
 Chartered Accountants.

Solicitors

Ali Sibtain Fazli & Associates

Primary Bankers

Faysal Bank Limited
 Habib Bank Limited
 Habib Metropolitan Bank Limited
 Allied Bank Limited
 Askari Bank Limited
 Soneri Bank Limited

Registered Office

7-B, Korangi Industrial Area,
 Karachi - 74900, Pakistan.
 P.O Box 8228
 UAN No. 111-675-675
 Fax: +92-21-5054663
 website: www.nrlpak.com

Share Registrar

Noble Computer Services (Pvt). Ltd
 2nd Floor Sohni Center, Block 4,
 F. B. Area Karachi.
 Contact No. +92-21-6801880,
 Fax: +92-21-6801129

Directors' Review

In the name of Allah, The Most Gracious, The Most Merciful
Assalam-u-Alaikum

The Board of Directors are pleased to present a brief overview of the unaudited interim financial statements of NRL for the quarter ended September 30, 2008.

Your company faced a loss after tax of Rs. 91 million during the quarter under review compared to Rs. 535 million profit after tax during corresponding period of last year.

Fuel segment faced loss after tax of Rs. 1.612 billion compared to Rs. 126 million profit after tax during corresponding period last year. Refining margins were drastically hit due to reduction in deemed duty on High Speed Diesel, change in pricing mechanism of motor gasoline and withdrawal of deemed duty on JP-8. Further refining margins also reduced due to unfavorable fluctuations in petroleum products and crude oil prices.

Arab light crude oil prices per barrel at the beginning of the quarter were US \$ 136.79 and after touching all time highest rate of US \$ 141.04, declined to US \$ 87.66 at the period end.

Lube segment earnings have shown improvement over corresponding period last year and have earned Rs. 1.521 billion after tax profit compared to Rs. 409 million. Due to economic and market conditions the refinery operated at 95.6% of its designed capacity and processed 647,683 metric ton of crude oil during the quarter under review.

The Board would like to thank all stakeholders for their continued support and interest in National Refinery Limited.

On behalf of the Board



Shuaib A. Malik

Deputy Chairman &
Chief Executive Officer

Karachi
October 20, 2008

Condensed Interim Balance Sheet

as at September 30, 2008

	Note	Unaudited September 30, 2008	Audited June 30, 2008
(Rupees in '000)			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	3	2,656,405	2,601,276
Intangible assets		10,358	11,911
Deferred taxation		164,026	164,407
Long term investments	4	-	-
Long term loans and deposits		79,556	79,923
		2,910,345	2,857,517
CURRENT ASSETS			
Stores, spares and chemicals		840,743	779,076
Stock-in-trade		17,093,271	13,288,291
Trade debts		18,925,104	10,173,051
Loans and advances		31,864	51,028
Deposits and prepayments		89,317	95,899
Accrued interest		35,046	30,780
Other receivables		1,617,386	2,183,257
Investments		617,121	3,615,359
Tax refunds due from Government - Sales tax		92,607	408,221
Cash and bank balances	5	5,475,210	13,122,136
		44,817,669	43,747,098
TOTAL ASSETS		47,728,014	46,604,615
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital			
Authorised			
100,000,000 Ordinary shares of Rs. 10 each		1,000,000	1,000,000
Issued, subscribed and paid up			
79,966,560 Ordinary shares of Rs. 10 each		799,666	799,666
Reserves	6	14,928,864	16,619,379
		15,728,530	17,419,045
LIABILITIES			
NON-CURRENT LIABILITIES			
Retirement benefits obligations		285,256	312,277
CURRENT LIABILITIES			
Trade and other payables	7	30,115,178	26,662,420
Provisions		298,569	298,569
Taxation		1,300,481	1,912,304
		31,714,228	28,873,293
CONTINGENCIES AND COMMITMENTS	8		
TOTAL EQUITY AND LIABILITIES		47,728,014	46,604,615

The annexed notes form an integral part of these condensed interim financial information.



Deputy Chairman &
Chief Executive Officer



Director

Condensed Interim Profit and Loss Account

for the period ended September 30, 2008 (unaudited)

	Note	Jul. - Sep. 2008	Jul. - Sep. 2007
		(Rupees in '000)	
Gross sales	9	49,266,235	26,572,838
Trade discounts, taxes, duties and levies	10	(5,851,395)	(3,961,376)
Net sales		43,414,840	22,611,462
Cost of products sold		(41,472,803)	(21,789,811)
Gross profit		1,942,037	821,651
Distribution and marketing expenses		(282,118)	(123,904)
Administrative expenses		(88,561)	(83,386)
Other operating income		337,316	318,707
Other operating expenses		(1,636)	(63,639)
Operating profit		1,907,038	869,429
Finance costs	11	(1,896,530)	(15,301)
Profit before taxation		10,508	854,128
Taxation	12	(101,692)	(318,724)
(Loss) / profit after taxation		(91,184)	535,404
		(Rupees)	
Earning per share		(1.14)	6.70

The annexed notes form an integral part of these condensed interim financial information.



Deputy Chairman &
Chief Executive Officer



Director

Condensed Interim Cash Flow Statement

for the period ended September 30, 2008 (unaudited)

	Note	Jul. - Sep. 2008	Jul. - Sep. 2007
(Rupees in '000)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	13	(10,056,620)	4,711,933
Income tax paid		(713,133)	(432,444)
Long term loans and deposits		367	(4,200)
Paid to retirements benefits funds		(51,014)	-
Net cash (outflow) / inflow from operating activities		(10,820,400)	4,275,289
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipments		(108,977)	(104,361)
Investments		3,061,437	(1,200,000)
Interest received on balances with banks		218,856	171,841
Net cash inflow / (outflow) from investing activities		3,171,316	(1,132,520)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(55)	(711)
Net (decrease) / increase in cash and cash equivalents		(7,649,139)	3,142,058
Cash and cash equivalents at the beginning of the period		13,122,136	11,492,152
Exchange gain on foreign currency bank accounts		2,213	51
Cash and cash equivalents at the end of the period	5	5,475,210	14,634,261

The annexed notes form an integral part of these condensed interim financial information.



Deputy Chairman &
Chief Executive Officer



Director

Condensed Interim Statement of Changes in Equity

for the period ended September 30, 2008 (unaudited)

	Share Capital	Capital Reserves			Revenue Reserves		Special Reserve	Total
	Issued, subscribed and paid-up	Capital compensation reserves	Exchange equalisation reserve	Reserve for issue of bonus shares	General reserve	Unappropriated profit		
	(Rupees in '000)							
Balance as at July 01, 2007	666,388	10,142	4,117	-	4,687,000	3,710,566	3,668,176	12,746,389
Final dividend - 2007 Rs. 20 per share	-	-	-	-	-	(1,332,776)	-	(1,332,776)
Transfer to general reserve - 2007	-	-	-	-	2,244,400	(2,244,400)	-	-
Transfer to reserve for issue of bonus shares	-	-	-	133,278	-	(133,278)	-	-
Issue of 1 bonus share for every 5 shares held	133,278	-	-	(133,278)	-	-	-	-
Profit for the three months ended September 30, 2007	-	-	-	-	-	535,404	-	535,404
Balance as at September 30, 2007	799,666	10,142	4,117	-	6,931,400	535,516	3,668,176	11,949,017
Profit for the nine months ended June 30, 2008	-	-	-	-	-	5,470,028	-	5,470,028
Transfer to Special Reserve	-	-	-	-	-	(2,949,521)	2,949,521	-
Balance as at June 30, 2008	799,666	10,142	4,117	-	6,931,400	3,056,023	6,617,697	17,419,045
Final dividend - 2008 Rs. 20 per share	-	-	-	-	-	(1,599,331)	-	(1,599,331)
Transfer to General Reserve - 2008	-	-	-	-	1,456,600	(1,456,600)	-	-
Loss for the three months ended September 30, 2008	-	-	-	-	-	(91,184)	-	(91,184)
Transfer from special reserve to the extent of loss in fuel segment - note 6	-	-	-	-	-	1,612,374	(1,612,374)	-
Balance as at September 30, 2008	799,666	10,142	4,117	-	8,388,000	1,521,282	5,005,323	15,728,530

The annexed notes form an integral part of these condensed interim financial information.



Deputy Chairman &
Chief Executive Officer



Director

Notes to the Condensed Interim Financial Information

for the period ended September 30, 2008 (unaudited)

1 LEGAL STATUS AND OPERATIONS

National Refinery Limited was incorporated in Pakistan on August 19, 1963 as a public limited company and its shares are listed on the Karachi, Lahore and Islamabad Stock Exchanges in Pakistan. The address of its registered office is 7-B, Korangi Industrial Area, Karachi, Pakistan.

The Company is engaged in the manufacturing, production and sale of large range of petroleum products. The refinery complex of the company comprises of three refineries, consisting of two lube refineries, commissioned in 1966 and 1985, and a fuel refinery added to the complex in 1977.

2 BASIS OF PREPARATION

2.1 These condensed interim financial information has been prepared in accordance with the requirements of International Accounting Standard (IAS)-34 "Interim Financial Reporting" and is being submitted to the shareholders as required by section 245 of the Companies Ordinance, 1984 and the listing regulations of the Karachi, Lahore and Islamabad Stock Exchanges.

2.2 The accounting policies adopted in the preparation of these condensed interim financial information are the same as those applied in the preparation of the preceding annual published financial statements of the Company for the year ended June 30, 2008.

2.3 As per Import Parity Pricing formula, effective July1, 2002, replaced the formula of guaranteed return and in lieu thereof provided a new formula. Under the new mechanism the refineries including the Company were directed to transfer to a 'Special Reserve', from their profit after taxation attributable to fuel segment an amount in excess of 50% of paid-up capital, as on July 01, 2002 attributable to fuel segment, to offset against any future losses or to make investment for expansion or up-gradation. The amount transferred to 'Special Reserve' is not available for distribution to the shareholders.

September 30, September 30,
2008 2007
(Rupees in '000)

3 PROPERTY, PLANT AND EQUIPMENT

Additions made during the period:

Building on leasehold land	1,335	1,323
Processing plant and storage tanks	1,641	-
Pipelines	404	-
Vehicles	-	1,212
Furniture and fixtures	556	478
Office and other equipments	2,059	4,910
	5,995	7,923

Notes to the Condensed Interim Financial Information

for the period ended September 30, 2008 (unaudited)

	Note	September 30, 2008	June 30, 2008
		(Rupees in '000)	
4	LONG TERM INVESTMENT		
Investment in related party (unlisted) - available for sale Anoud Power Generation Limited [1,080,000 (June 30, 2008: 1,080,000) ordinary shares of Rs. 10 each, Equity held 9.09 % (June 30, 2008: 9.09%)]		10,800	10,800
Provision for impairment		(10,800)	(10,800)
		-	-
5	CASH AND BANK BALANCES		
In hand		500	500
With banks on:			
current accounts		49,680	302,508
savings accounts		482,131	3,379,143
local currency deposit accounts		4,938,176	9,422,474
foreign currency deposit accounts		4,723	17,511
		5,474,710	13,121,636
		5,475,210	13,122,136
6	RESERVES		
Capital reserves		14,259	14,259
Revenue reserves			
General reserve		8,388,000	6,931,400
Unappropriated profit		1,521,282	3,056,023
		9,909,282	9,987,423
Special reserve	6.1	5,005,323	6,617,697
		14,928,864	16,619,379
6.1	From the current period, transfer to/from special reserve is recognised at the each quarter end and is reviewed for adjustment based on profit / loss on the annual basis.		
7	TRADE AND OTHER PAYABLES		
Creditors			
Government of Pakistan		4,280,984	2,627,871
Related parties		66,479	63,822
Other trade creditors	7.1	22,277,267	22,250,221
		26,624,730	24,941,914
Accrued mark-up		396,950	396,996
Accrued expenses		461,221	500,013
Other liabilities		995,146	785,642
Dividends proposed / payable		1,637,131	37,855
		30,115,178	26,662,420

Notes to the Condensed Interim Financial Information

for the period ended September 30, 2008 (unaudited)

- 7.1** These include Rs. 4.79 billion (June 30 2008: Rs. 2.32 billion) withheld from suppliers for purchase of local crude oil and deposited in deposit accounts as per the directives of Ministry of Petroleum and Natural Resources.

8 CONTINGENCIES AND COMMITMENTS

8.1 Contingencies

- (i) There has been no significant change in contingent liabilities since the issuance of last annual financial statements for the year ended June 30, 2008;
- (ii) Outstanding counter guarantees at the end of the period amounted to Rs. 148.97 million (June 30, 2008: Rs. 108.62 million).

8.2 Commitments

- (i) Contracts signed in respect of capital expenditure but not executed until the end of the period amounted to Rs. 45.27 million (June 30, 2008: Rs. 70.79 million).
- (ii) Outstanding letters of credit at the end of the period amounted to Rs. 10.43 billion (June 30, 2008: Rs. 16.39 billion).

	Note	Jul. - Sep. 2008	Jul. - Sep. 2007
(Rupees in '000)			
9 GROSS SALES			
Local	9.1	42,445,729	23,364,937
Export		6,820,506	3,207,901
		49,266,235	26,572,838

- 9.1** Includes price differential claims from Government of Pakistan amounting to Rs. 520.35 million (2007: Rs. 189.76 million).

10 TRADE DISCOUNT, TAXES, DUTIES AND LEVIES

Trade discount	271,410	178,325
Sales tax	4,918,453	2,974,216
Excise duty	298,961	383,672
Petroleum development levy	362,571	425,163
	5,851,395	3,961,376

11 FINANCE COST

This mainly represents exchange loss on foreign currency transactions relating to crude oil purchases.

Notes to the Condensed Interim Financial Information

for the period ended September 30, 2008 (unaudited)

	Note	Jul. - Sep. 2008	Jul. - Sep. 2007
		(Rupees in '000)	
12 TAXATION			
Current		101,311	327,422
Deferred		381	(8,698)
		<u>101,692</u>	<u>318,724</u>
13 CASH GENERATED FROM OPERATIONS			
Profit before taxation		10,508	854,128
Adjustment for non cash charges and other items:			
Depreciation and amortization		55,401	59,684
Provision for gratuity		437	375
Provision for post retirement medical benefits		4,224	4,519
Provision for pension		19,331	15,198
Return / Interest on bank deposits and secured loans to employees and executives		(223,122)	(221,519)
Gain on re-measurement of fair value of open ended mutual fund units		(63,199)	(33,865)
Exchange (gain) / loss on foreign currency bank accounts		(2,213)	(51)
Working capital changes	13.1	(9,857,987)	4,033,464
		<u>(10,056,620)</u>	<u>4,711,933</u>
13.1 Working capital changes			
(Increase) / Decrease in current assets			
Stores, spares and chemicals		(61,667)	(36,891)
Stock - in - trade		(3,804,980)	(774,379)
Trade debts		(8,752,053)	3,768,504
Loans and advances		19,164	(1,977)
Deposits and short term prepayments		6,582	29,632
Other receivables		565,871	67,653
Tax refunds due from Government - sales tax		315,614	(326,105)
Increase in current liabilities			
Trade and other payables		1,853,482	1,307,027
		<u>(9,857,987)</u>	<u>4,033,464</u>

Notes to the Condensed Interim Financial Information

for the period ended September 30, 2008 (unaudited)

14 SEGMENT INFORMATION

The financial information regarding business segments is as under:

FUEL		LUBE		TOTAL	
Jul. - Sep. 2008	Jul. - Sep. 2007	Jul. - Sep. 2008	Jul. - Sep. 2007	Jul. - Sep. 2008	Jul. - Sep. 2007

(Rupees in '000)

Segment Revenue

Net sales to external customer
-- local, net of discount, taxes,
duties and levies
--export

27,050,888	14,307,470	9,543,446	5,096,091	36,594,334	19,403,561
6,820,506	3,126,251	-	81,650	6,820,506	3,207,901
33,871,394	17,433,721	9,543,446	5,177,741	43,414,840	22,611,462
8,669,735	4,150,628	-	-	8,669,735	4,150,628
-	-	-	-	(8,669,735)	(4,150,628)
42,541,129	21,584,349	9,543,446	5,177,741	43,414,840	22,611,462
(1,612,374) *	126,298	1,521,190	409,106	(91,184)	535,404

* Actual loss is Rs. 1,979.9 million which is net of reduction in tax and workers' funds charge arising from loss under Fuel Segment.

FUEL		LUBE		TOTAL	
Sep 30, 2008	Jun 30, 2008	Sep 30, 2008	Jun 30, 2008	Sep 30, 2008	Jun 30, 2008

(Rupees in '000)

Segment Assets	35,856,676	30,597,851	10,094,328	13,968,888	45,951,004	44,566,739
Unallocated Assets	-	-	-	-	1,777,010	2,037,876
Total Assets	35,856,676	30,597,851	10,094,328	13,968,888	47,728,014	46,604,615
Segment Liabilities	27,845,710	25,478,331	2,853,293	1,794,935	30,699,003	27,273,266
Unallocated Liabilities	-	-	-	-	1,300,481	1,912,304
Total Liabilities	27,845,710	25,478,331	2,853,293	1,794,935	31,999,484	29,185,570

Notes to the Condensed Interim Financial Information

for the period ended September 30, 2008 (unaudited)

15 TRANSACTIONS WITH RELATED PARTIES

15.1 The following transactions were carried out with related parties during the period:

RELATIONSHIP	NATURE OF TRANSACTIONS	Transactions during the period	
		Jul. - Sep. 2008	Jul. - Sep. 2007
		(Rupees in '000)	
Associated companies	Purchase of stores	-	2,143
	Reimbursement of expenses	342	471
	Sale of petroleum products	11,752,634	5,884,925
	Rental income	644	335
	Handling income	17,820	-
	Trade discount and commission	506,691	267,996
	Hospitality charges	2,832	3,449
Post employment staff benefit plans	Contributions	31,363	26,513
Others	Purchase of electricity	272,592	143,070
	Land rental	106	96
Key management employees compensation	Salaries and other benefits	3,456	5,189
	Post retirement benefits	459	218

15.2 The related party status of outstanding balances as at September 30, 2008 is included in trade debts, other receivables and trade and other payables respectively.

16 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial information were authorised for issue on October 20, 2008 by the Board of Directors of the Company.

17 CORRESPONDING FIGURES

Previous year's figures are re-arranged and re-classified wherever necessary for the purpose of comparison.

Major changes made for better presentation during the year are as follows:

Reclassification from component	Reclassification to component	(Rupees in '000)
Other expenses --Exchange loss	Finance cost --Exchange loss	15,074



Deputy Chairman &
Chief Executive Officer



Director



National Refinery Limited

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