



National Refinery Limited

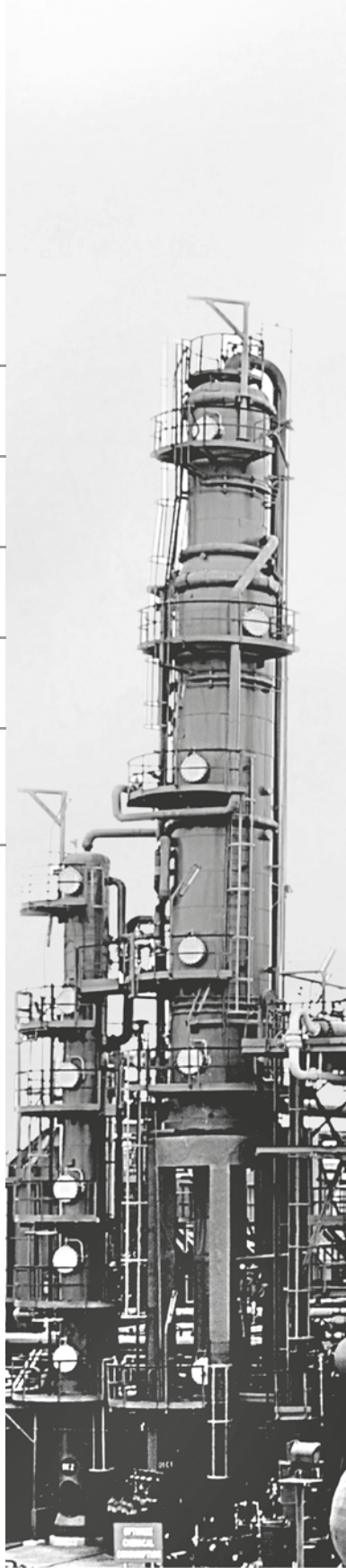
Unaudited Accounts
for the Nine months ended
March 31, 2013

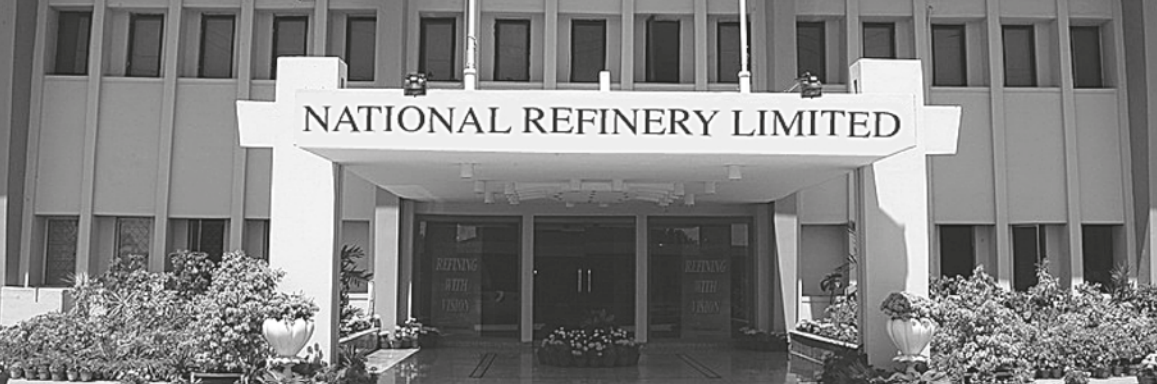


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CORPORATE INFORMATION

Board of Directors

Dr. Ghaith R. Pharaon – Chairman
Alternate Director: Abdus Sattar

Laith G. Pharaon
Alternate Director: Jamil A. Khan

Wael G. Pharaon
Alternate Director: Babar Bashir Nawaz

Shuaib A. Malik

Musa Bojang

Bahauddin Khan

Tariq Iqbal Khan

Chief Executive Officer

Shuaib A. Malik

Chief Financial Officer

Anwar A. Shaikh

Company Secretary

Nouman Ahmed Usmani

Audit Committee

Tariq Iqbal Khan

Chairman

Abdus Sattar

Member

Alternate to Dr. Ghaith R. Pharaon

Babar Bashir Nawaz

Member

Alternate to Wael G. Pharaon

Bahauddin Khan

Member

Shaikh Ather Ahmed

Secretary

Human Resource and Remuneration Committee *

Babar Bashir Nawaz

Member

Alternate to Wael G. Pharaon

Bahauddin Khan

Member

Musa Bojang

Member

Shuaib A. Malik

Member

Nouman Ahmed Usmani

Secretary

* Chairman of the Committee is to be appointed.

Auditors

A. F. Ferguson & Co.
Chartered Accountants

Solicitors

Ali Sibtain Fazli & Associates

Primary Bankers

Habib Bank Limited
Faysal Bank Limited
United Bank Limited
Bank Al-Habib Limited
National Bank of Pakistan
Habib Metropolitan Bank Limited

Registered Office

7-B, Korangi Industrial Area,
P.O. Box 8228, Karachi-74900
UAN No. 111-675-675
Fax: +92-21 35054663,
+92-21 35066705
Website : www.nrlpak.com
E-mail : info@nrlpak.com

Share Registrar

THK Associates (Pvt.) Ltd.,
Ground Floor, State Life Building-3,
Dr. Ziauddin Ahmed Road,
Karachi-75530
P.O. 8533
Contact No. +92(21) 111-000-322
Fax: +92(21) 35655595
Email: secretariat@thk.com.pk
Website: www.thk.com.pk

DIRECTOR'S REVIEW



Assalam-u-Alaikum!

On behalf of the Board of Directors I am pleased to present a brief review of the un-audited financial statements of your Company for the nine months period ended March 31, 2013.

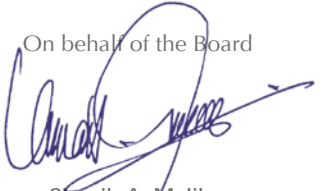
Your Company earned a profit after tax of Rs. 1,936 million during the period under review compared to Rs. 2,163 million of the corresponding period. Earnings per share were Rs. 24.21 as compared to Rs. 27.05 in the same period last year.

Fuel Segment suffered a loss after tax of Rs. 16 million (March 31, 2012: Profit after tax of Rs. 56 million). Volatility in the international oil prices and lower sale volume continued to hurt refinery operations, resultantly, margins remained depressed during the period under review. Decline in Rupee US Dollar parity resulted in net exchange loss of Rs. 722 million; as compared to Rs. 787 million in the corresponding period. Refinery operated at 76% of its designed capacity compared to 83% during the same period of last year.

Lube Segment earned a profit after tax of Rs. 1,952 million (March 31, 2012: Profit of Rs. 2,107 million). Sales of Lube Base Oils were marginally higher than in the corresponding period. Globally depressed selling prices of Lube Base Oils and increased feedstock cost continued to reduce the margins. Lube Segment throughput was 102% compared to 107% in the same period last year. Slow shipment of Asphalt continued due to limited economic activity and slow pace of development work in the country. Company is exploring local and international markets, to enhance sale of Asphalt that has accumulated all time high inventory of Rs. 5,932 million.

As a result of continuous efforts of your company along with other refineries, Government of Pakistan has agreed to enhance the import duty on High Speed Diesel from 7.5% to 9% effective January 1, 2016 subject to compliance of Euro-II specification by December 31, 2015. This decision of the Government would help the refineries to upgrade their present plant configuration and produce environment friendly products of international standards.

The Board would like to extend its gratitude to all the stake holders for their continued support and confidence in National Refinery Limited.

On behalf of the Board


Shuaib A. Malik
Deputy Chairman /
Chief Executive Officer

Islamabad:
April 16, 2013

CONDENSED INTERIM BALANCE SHEET

As At March 31, 2013

| | Note | Unaudited March 31, 2013 | Audited June 30, 2012 |
|--|------|--------------------------------|-----------------------------|
| (Rupees in thousand) | | | |
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Fixed assets | 4 | 4,227,653 | 3,533,613 |
| Long term investment | 5 | - | - |
| Long term loans | | 54,346 | 65,413 |
| Long term deposits | | <u>30,539</u> | <u>30,189</u> |
| | | 4,312,538 | 3,629,215 |
| CURRENT ASSETS | | | |
| Stores, spares and chemicals | | 1,033,021 | 1,148,686 |
| Stock-in-trade | 6 | 25,779,588 | 25,359,710 |
| Trade debts | | 8,808,758 | 13,262,184 |
| Loans and advances | | 35,327 | 40,127 |
| Trade deposits and short-term prepayments | | 67,901 | 6,666 |
| Interest accrued | | 57,243 | 110,686 |
| Other receivables | | 756,970 | 248,126 |
| Financial asset - held to maturity investments | | - | 3,230,473 |
| Cash and bank balances | | <u>7,138,303</u> | <u>10,078,554</u> |
| | | 43,677,111 | 53,485,212 |
| TOTAL ASSETS | | <u><u>47,989,649</u></u> | <u><u>57,114,427</u></u> |
| EQUITY AND LIABILITIES | | | |
| SHARE CAPITAL AND RESERVES | | | |
| Share Capital | | 799,666 | 799,666 |
| Reserves | 7 | <u>25,163,153</u> | <u>24,426,729</u> |
| | | 25,962,819 | 25,226,395 |
| LIABILITIES | | | |
| NON - CURRENT LIABILITIES | | | |
| Retirement benefit obligations | | 322,383 | 223,437 |
| Deferred taxation | | <u>137,543</u> | <u>172,647</u> |
| | | 459,926 | 396,084 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 8 | 19,851,563 | 29,748,891 |
| Provisions | | 405,534 | 398,905 |
| Taxation - provision less payments | | <u>1,309,807</u> | <u>1,344,152</u> |
| | | 21,566,904 | 31,491,948 |
| | | 22,026,830 | 31,888,032 |
| CONTINGENCIES AND COMMITMENTS | | | |
| | 9 | | |
| TOTAL EQUITY AND LIABILITIES | | <u><u>47,989,649</u></u> | <u><u>57,114,427</u></u> |

The annexed notes 1 to 19 form an integral part of this condensed interim financial information.



Chief Executive



Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT

For The Nine Months Ended March 31, 2013 (Unaudited)

| | Note | Quarter ended | | Nine months ended | |
|--|------|--------------------------|-------------------|-------------------|-------------------|
| | | March 31, 2013 | March 31, 2012 | March 31, 2013 | March 31, 2012 |
| | | ← (Rupees in thousand) → | | | |
| Gross sales | 10 | 52,089,824 | 53,323,676 | 154,971,970 | 150,008,582 |
| Trade discounts, taxes, duties and levies | 11 | (8,463,571) | (8,831,233) | (26,049,572) | (23,850,273) |
| Net sales | | 43,626,253 | 44,492,443 | 128,922,398 | 126,158,309 |
| Cost of sales | | (43,020,542) | (43,534,335) | (125,469,728) | (122,266,576) |
| Gross profit | | 605,711 | 958,108 | 3,452,670 | 3,891,733 |
| Distribution and marketing expenses | | (253,169) | (313,440) | (767,735) | (887,051) |
| Administrative expenses | | (134,175) | (116,904) | (379,677) | (337,835) |
| Other operating income | 12 | 703,976 | 584,681 | 1,823,126 | 1,809,220 |
| Other operating expenses | | (50,018) | (64,316) | (240,866) | (258,275) |
| Operating profit | | 872,325 | 1,048,129 | 3,887,518 | 4,217,792 |
| Finance cost | 13 | (233,012) | (198,798) | (732,260) | (794,887) |
| Profit before taxation | | 639,313 | 849,331 | 3,155,258 | 3,422,905 |
| Taxation | 14 | (270,317) | (270,823) | (1,219,336) | (1,259,797) |
| Profit after taxation | | 368,996 | 578,508 | 1,935,922 | 2,163,108 |
| Other comprehensive income | | - | - | - | - |
| Total comprehensive income | | 368,996 | 578,508 | 1,935,922 | 2,163,108 |
| Earnings per share - basic and diluted | | Rs 4.61 | Rs 7.23 | Rs 24.21 | Rs 27.05 |

The annexed notes 1 to 19 form an integral part of this condensed interim financial information.



Chief Executive



Director

CONDENSED INTERIM CASH FLOW STATEMENT

For The Nine Months Ended March 31, 2013 (Unaudited)

| | Note | March 31, 2013 | March 31, 2012 |
|---|------|--------------------|--------------------|
| (Rupees in thousand) | | | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash used in operations | 15 | (3,369,335) | (3,266,379) |
| Income tax paid | | (1,288,785) | (2,167,307) |
| Decrease / (increase) in long term loans and advances | | 11,067 | (503) |
| Increase in long term deposits | | (350) | - |
| Payment made to pension fund | | - | (6,194) |
| Payment made to gratuity fund | | - | (7,927) |
| Post retirement medical benefits paid | | (5,265) | (14,898) |
| Net cash used in operating activities | | <u>(4,652,668)</u> | <u>(5,463,208)</u> |

CASH FLOWS FROM INVESTING ACTIVITIES

| | | |
|---|------------------|----------------|
| Purchase of property, plant and equipment | (910,733) | (535,341) |
| Purchase of intangible asset | (2,518) | (1,797) |
| Proceeds from disposal of property, plant and equipment | 318 | 860 |
| Return on treasury bills received | 170,265 | 477,223 |
| Return received on balances with bank accounts | 450,611 | 601,741 |
| Net cash (used in) / from investing activities | <u>(292,057)</u> | <u>542,686</u> |

CASH FLOWS FROM FINANCING ACTIVITIES

| | | |
|--|----------------------------|--------------------------|
| Dividend paid | (1,195,497) | (1,992,238) |
| Net decrease in cash and cash equivalents | <u>(6,140,222)</u> | <u>(6,912,760)</u> |
| Cash and cash equivalents at beginning of the period | 13,278,525 | 17,888,486 |
| Cash and cash equivalents at end of the period | 16 <u><u>7,138,303</u></u> | <u><u>10,975,726</u></u> |

The annexed notes 1 to 19 form an integral part of this condensed interim financial information.



Chief Executive



Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

For The Nine Months Ended March 31, 2013 (Unaudited)

| | SHARE CAPITAL Issued, subscribed and paid-up | CAPITAL RESERVES Capital compensation reserve | Exchange equalisation reserve | REVENUE RESERVES General reserve | Unappropriated profit | Special reserve (note 7.1) | Total |
|---|--|--|-------------------------------------|--|--------------------------|----------------------------------|-------------------|
| | (Rupees in thousand) | | | | | | |
| Balance as at July 1, 2011 | 799,666 | 10,142 | 4,117 | 13,988,000 | 5,936,182 | 3,869,068 | 24,607,175 |
| Final dividend for the year ended June 30, 2011 - Rs. 25 per share | - | - | - | - | (1,999,164) | - | (1,999,164) |
| Transfer to general reserve | - | - | - | 3,900,000 | (3,900,000) | - | - |
| Total Comprehensive income for the nine months ended March 31, 2012 | - | - | - | - | 2,163,108 | - | 2,163,108 |
| Balance as at March 31, 2012 | <u>799,666</u> | <u>10,142</u> | <u>4,117</u> | <u>17,888,000</u> | <u>2,200,126</u> | <u>3,869,068</u> | <u>24,771,119</u> |
| Total Comprehensive income for the three months ended June 30, 2012 | - | - | - | - | 455,276 | - | 455,276 |
| Loss after tax from fuel refinery operations transferred to special reserve | - | - | - | - | 117,324 | (117,324) | - |
| Balance as at July 1, 2012 | <u>799,666</u> | <u>10,142</u> | <u>4,117</u> | <u>17,888,000</u> | <u>2,772,726</u> | <u>3,751,744</u> | <u>25,226,395</u> |
| Final dividend for the year ended June 30, 2012 - Rs. 15 per share | - | - | - | - | (1,199,498) | - | (1,199,498) |
| Transfer to general reserve | - | - | - | 1,573,000 | (1,573,000) | - | - |
| Total Comprehensive income for the nine months ended March 31, 2013 | - | - | - | - | 1,935,922 | - | 1,935,922 |
| Balance as at March 31, 2013 | <u>799,666</u> | <u>10,142</u> | <u>4,117</u> | <u>19,461,000</u> | <u>1,936,150</u> | <u>3,751,744</u> | <u>25,962,819</u> |

The annexed notes 1 to 19 form an integral part of this condensed interim financial information.



Chief Executive



Director

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For The Nine Months Ended March 31, 2013 (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 registered office of the company is situated at 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. This condensed interim financial information of the Company for the nine months ended March 31, 2013 has been prepared in accordance with the requirements of International Accounting Standard (IAS) 34, "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. This condensed interim financial information 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. This condensed interim financial information does not include all the information required for full financial statements and should be read in conjunction with the annual financial statements for the year ended June 30, 2012.

2.3. The accounting policies adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the preceding annual financial statements of the Company for the year ended June 30, 2012.

3. ACCOUNTING ESTIMATES, JUDGMENTS AND FINANCIAL RISK MANAGEMENT

3.1. The preparation of interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts. Actual results may differ from these judgments, estimates and assumptions.

However, management believes that the change in outcome of judgments, estimates and assumptions would not have a material impact on the amounts disclosed in this condensed interim financial information.

3.2. Judgments and estimates made by the management in the preparation of this condensed interim financial information are the same as those that were applied to the financial statements as at and for the year ended June 30, 2012.

3.3. The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2012.

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For The Nine Months Ended March 31, 2013 (Unaudited)

| | | | | |
|-----|--|-------------------|---|-------------------|
| | | | March 31, 2013 (Rupees in thousand) | March 31, 2012 |
| 4. | FIXED ASSETS | | | |
| | Additions made to property, plant and equipment during the period. | | | |
| | Buildings on leasehold land | | 5,646 | 2,906 |
| | Oil terminal | | 4,081 | 44,237 |
| | Processing plant and storage tanks | | 61,973 | 71,120 |
| | Pipelines | | 3,193 | 16,829 |
| | Water power and other utilities | | 21,756 | 4,230 |
| | Vehicles | | 1,512 | 2,296 |
| | Furniture and fixtures | | 198 | 655 |
| | Computers and other related accessories | | 2,458 | 6,051 |
| | Office and other equipments | | 39,731 | 24,506 |
| | | | <u>140,548</u> | <u>172,830</u> |
| 4.1 | Capital work -in- progress | | | |
| | Refineries upgradation projects | Other projects | Advances to Contractors / suppliers | Total |
| | (Rupees in thousand) | | | |
| | Opening balance as at July 1, 2012 | 451,158 | 101,864 | 39,530 |
| | Additions | 601,742 | 287,358 | 30,891 |
| | Transfers | - | (113,313) | (36,493) |
| | Closing Balance as at March 31, 2013 | <u>1,052,900</u> | <u>275,909</u> | <u>33,928</u> |
| | Opening balance as at July 1, 2011 | - | 197,964 | 33,312 |
| | Additions | 451,158 | 98,721 | 37,243 |
| | Transfers | - | (194,821) | (31,025) |
| | Closing Balance as at June 30, 2012 | <u>451,158</u> | <u>101,864</u> | <u>39,530</u> |
| | | | March 31, 2013 (Rupees in thousand) | June 30, 2012 |
| 5 | LONG TERM INVESTMENT | | | |
| | Available for sale | | | |
| | Anoud Power Generation Limited [1,080,000 (June 30, 2012: 1,080,000) Ordinary shares of Rs.10 each, Equity held 9.09 percent (June 30, 2012: 9.09 percent)] | | 10,800 | 10,800 |
| | Less: Provision for impairment | | <u>10,800</u> | <u>10,800</u> |
| | | | <u>-</u> | <u>-</u> |

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For The Nine Months Ended March 31, 2013 (Unaudited)

6 STOCK -IN- TRADE

As at March 31, 2013 stock of raw material has been written down by Nil (June 30, 2012: Nil) and finished goods by Rs. 228.16 million (June 30, 2012: Rs. 870.96 million) to arrive at its net realizable value.

| | March 31, 2013 | June 30, 2012 |
|----------------------------|----------------------|-------------------|
| | (Rupees in thousand) | |
| 7 RESERVES | | |
| Capital reserves | 14,259 | 14,259 |
| Revenue reserves | | |
| - General reserve | 19,461,000 | 17,888,000 |
| - Unappropriated profit | 1,936,150 | 2,772,726 |
| | 21,397,150 | 20,660,726 |
| Special reserve - note 7.1 | 3,751,744 | 3,751,744 |
| | <u>25,163,153</u> | <u>24,426,729</u> |

- 7.1 As per the Import Parity Pricing formula, effective July 1, 2002, certain refineries including the Company have been directed to transfer from their net profit after tax for the year from fuel refinery operations, an amount in excess of 50% of the paid-up share capital, as on July 1, 2002 attributable to fuel segment, to offset against any future losses or to make investment for expansion or up-gradation and is therefore not available for distribution.

The Ministry of Petroleum and Natural Resources through its letter dated March 27, 2013 conveyed ECC decision that refineries will not be allowed to offset losses against the special reserves.

The Company has incurred capital expenditure of Rs. 554.92 million (June 30, 2012: Rs. 154.36 million) on up-gradation and expansion of fuel refinery operations.

| | March 31, 2013 | June 30, 2012 |
|--|----------------------|-------------------|
| | (Rupees in thousand) | |
| 8 TRADE AND OTHER PAYABLES | | |
| Creditors | | |
| Government of Pakistan | 1,173,321 | 1,107,730 |
| Other trade creditors | | |
| - Attock Petroleum Limited - related party | 38,170 | - |
| - Others trade creditors | 15,841,816 | 25,927,544 |
| | <u>17,053,307</u> | <u>27,035,274</u> |
| Accrued liabilities | 608,546 | 626,493 |
| Advances from customers | 273,233 | 470,284 |
| Unclaimed dividend | 64,338 | 60,336 |
| Sales tax payable | 1,163,137 | 675,351 |
| Excise duty and petroleum levy | 381,360 | 690,160 |
| Workers' profits participation fund | 169,713 | 14,091 |
| Workers' welfare fund | 99,149 | 122,750 |
| Other liabilities | 38,780 | 54,152 |
| | <u>19,851,563</u> | <u>29,748,891</u> |

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For The Nine Months Ended March 31, 2013 (Unaudited)

9. CONTINGENCIES

9.1 There has been no significant change in contingencies since the issuance of last annual financial statements for the year ended June 30, 2012 except as follows:

- The Company has raised claims to certain Oil Marketing Companies (OMCs) in respect of interest on late payments against receivable aggregating to Rs. 5.08 billion (June 30, 2012: Rs. 4.98 billion). However these have not been recognised in the financial information as these have not been acknowledged by the OMCs.
- Claims not acknowledged by the Company as debt amount to Rs. 4.12 billion (June 30, 2012: Rs. 4.35 billion). These includes claims accumulating to Rs. 3.57 billion (June 30, 2012: Rs. 3.57 billion) in respect of late payment surcharge claimed by crude oil suppliers and Rs. 365.24 million (June 30, 2012: Rs. 354.29 million) relating to freight claims; and
- Outstanding counter guarantees at the end of the period amounted to Rs. 295.02 million (June 30, 2012: Rs. 295.60 million).

9.2 COMMITMENTS

- Commitments for capital expenditure as at March 31, 2013 amounted to Rs. 636.92 million (June 30, 2012: Rs. 940.3 million); and
- Outstanding letters of credit at the end of the period amounted to Rs. 23.64 million (June 30, 2012: Rs. 18.06 billion).

| | Quarter ended | | Nine months ended | |
|--|--------------------------|-------------------|--------------------|--------------------|
| | March 31, 2013 | March 31, 2012 | March 31, 2013 | March 31, 2012 |
| | ← (Rupees in thousand) → | | | |
| 10. GROSS SALES | | | | |
| Local | 45,892,736 | 47,077,508 | 138,645,901 | 131,246,807 |
| Export | 6,197,088 | 6,246,168 | 16,326,069 | 18,761,775 |
| | <u>52,089,824</u> | <u>53,323,676</u> | <u>154,971,970</u> | <u>150,008,582</u> |
| 11. TRADE DISCOUNTS, TAXES, DUTIES AND LEVIES | | | | |
| Trade discounts | 284,698 | 281,382 | 835,311 | 852,776 |
| Sales tax | 6,330,113 | 6,492,679 | 19,123,813 | 17,998,458 |
| Excise duty | 153 | 377,889 | 376 | 1,011,180 |
| Petroleum levy | 1,848,607 | 1,679,283 | 6,090,072 | 3,987,859 |
| | <u>8,463,571</u> | <u>8,831,233</u> | <u>26,049,572</u> | <u>23,850,273</u> |

12. OTHER OPERATING INCOME

This includes write back of old outstanding liabilities considered no longer payable consequent to settlement of claims with suppliers during the period amounting to Rs. 1,122 million (March 31, 2012: Rs. 697.86 million).

13. FINANCE COST

This includes net exchange loss of Rs. 721.77 million (March 31, 2012: Rs. 786.82 million) on foreign currency transaction relating to purchase and sale of crude oil/products.

| | Quarter ended | | Nine months ended | |
|--------------------------|--------------------------|-------------------|-------------------|-------------------|
| | March 31, 2013 | March 31, 2012 | March 31, 2013 | March 31, 2012 |
| | ← (Rupees in thousand) → | | | |
| 14. TAXATION | | | | |
| Current - for the period | 317,822 | 178,505 | 1,290,955 | 1,121,294 |
| - for prior periods | (36,514) | - | (36,514) | - |
| | 281,308 | 178,505 | 1,254,441 | 1,121,294 |
| Deferred | (10,991) | 92,318 | (35,105) | 138,503 |
| | <u>270,317</u> | <u>270,823</u> | <u>1,219,336</u> | <u>1,259,797</u> |

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For The Nine Months Ended March 31, 2013 (Unaudited)

| | March 31, 2013 | March 31, 2012 |
|---|----------------------|--------------------|
| | (Rupees in thousand) | |
| 15. CASH USED IN OPERATIONS | | |
| Profit before taxation | 3,155,258 | 3,422,905 |
| Adjustment for non cash charges and other items | | |
| Depreciation and amortisation | 219,188 | 213,231 |
| Provision for pension | 70,839 | 64,036 |
| Provision for gratuity | 10,731 | 7,970 |
| Provision for post retirement medical benefits | 22,641 | 22,279 |
| Provision for slow moving and obsolete stores spares and chemicals | (18,007) | 23,085 |
| Return / interest on PLS savings and deposits accounts | (397,168) | (593,509) |
| Return on treasury bills | (139,763) | (381,100) |
| Profit on disposal of property, plant and equipment | (295) | (573) |
| Increase in working capital - note 15.1 | (6,292,759) | (6,044,703) |
| | <u>(3,369,335)</u> | <u>(3,266,379)</u> |
| 15.1. (Increase) / Decrease in working capital | | |
| (Increase) / Decrease in current assets | | |
| Stores, spares and chemicals | 133,673 | (116,780) |
| Stock-in-trade | (419,878) | (11,319,758) |
| Trade debts | 4,453,426 | (2,505,330) |
| Loans and advances | 4,800 | (9,204) |
| Trade deposits and short-term prepayments | (61,235) | (55,222) |
| Other receivables | (508,844) | 693,417 |
| | 3,601,942 | (13,312,877) |
| Increase / (Decrease) in current liabilities | | |
| Trade and other payables | (9,901,330) | 7,260,552 |
| Provisions | 6,629 | 7,622 |
| | <u>(6,292,759)</u> | <u>(6,044,703)</u> |
| 16. CASH AND CASH EQUIVALENTS | | |
| In hand | 500 | 500 |
| With banks on: | | |
| Current accounts | 100,601 | 189,659 |
| Savings accounts | 6,246,550 | 2,811,189 |
| Deposit accounts | 790,652 | 7,246,259 |
| | 7,137,803 | 10,247,107 |
| Short term investments in treasury bills | - | 728,119 |
| | <u>7,138,303</u> | <u>10,975,726</u> |

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For The Nine Months Ended March 31, 2013 (Unaudited)

17. TRANSACTIONS WITH RELATED PARTIES

17.1. The following transactions were carried out with related parties.

| Nature of relationship | Nature of transactions | Quarter ended | | Nine months ended | |
|---------------------------------------|---|-------------------|-------------------|-------------------|-------------------|
| | | March 31, 2013 | March 31, 2012 | March 31, 2013 | March 31, 2012 |
| ← (Rupees in thousand) → | | | | | |
| Associated companies | Sale of petroleum products | 26,645,883 | 24,109,233 | 77,132,227 | 68,721,792 |
| | Rental income | 1,102 | 1,070 | 3,275 | 3,088 |
| | Hospitality charges | 11,313 | 2,662 | 30,522 | 8,045 |
| | Handling income | 30,691 | 28,468 | 89,217 | 90,475 |
| | Trade discounts and commission on sales | 471,329 | 523,292 | 1,408,935 | 1,530,216 |
| | Reimbursement of expenses | 551 | 197 | 1,332 | 1,295 |
| | Purchase of petroleum products | 2,164 | 3,492 | 7,583 | 11,070 |
| | Dividend paid | - | - | 611,744 | 1,019,574 |
| | Sale of stores | - | 1,093 | - | 1,093 |
| Post employment staff benefit plans | Contributions | 45,444 | 42,905 | 135,781 | 125,183 |
| Key management employees compensation | Salaries and other employee benefits | 10,770 | 8,741 | 35,680 | 31,425 |
| | Post retirement benefits | 579 | 1,097 | 2,765 | 3,324 |
| | Directors' Fees | 684 | 631 | 2,534 | 2,198 |
| | | 12,033 | 10,469 | 40,979 | 36,947 |

17.2. The related party status of outstanding balances as at March 31, 2013 is included in trade debts, other receivables and trade and other payables.

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For The Nine Months Ended March 31, 2013 (Unaudited)

18. SEGMENT INFORMATION

The financial information regarding business segments is as follows:

| | FUEL | | LUBE | | TOTAL | |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | March 31, 2013 | March 31, 2012 | March 31, 2013 | March 31, 2012 | March 31, 2013 | March 31, 2012 |
| (Rupees in thousand) | | | | | | |
| Segment Revenue | | | | | | |
| Sales to external customers | | | | | | |
| - local, net of discounts, taxes, duties and levies | 79,753,144 | 77,538,667 | 32,867,414 | 29,857,867 | 112,620,558 | 107,396,534 |
| - export | 14,476,460 | 16,776,160 | 1,825,380 | 1,985,615 | 16,301,840 | 18,761,775 |
| | 94,229,604 | 94,314,827 | 34,692,794 | 31,843,482 | 128,922,398 | 126,158,309 |
| Inter segment sales | 29,964,120 | 30,664,788 | - | - | 29,964,120 | 30,664,788 |
| Elimination of inter segment sales | - | - | - | - | (29,964,120) | (30,664,788) |
| Net sales | 124,193,724 | 124,979,615 | 34,692,794 | 31,843,482 | 128,922,398 | 126,158,309 |
| Segment results after tax | (16,186) | 55,879 | 1,952,108 | 2,107,230 | 1,935,922 | 2,163,108 |

| | FUEL | | LUBE | | TOTAL | |
|-------------------------|-------------------|------------------|-------------------|------------------|-------------------|------------------|
| | March 31, 2013 | June 30, 2012 | March 31, 2013 | June 30, 2012 | March 31, 2013 | June 30, 2012 |
| (Rupees in thousand) | | | | | | |
| Segment assets | 27,874,599 | 34,430,593 | 18,662,800 | 21,234,622 | 46,537,399 | 55,665,215 |
| Unallocated assets | - | - | - | - | 1,452,250 | 1,449,212 |
| Total assets | 27,874,599 | 34,430,593 | 18,662,800 | 21,234,622 | 47,989,649 | 57,114,427 |
| Segment liabilities | 18,154,762 | 28,673,583 | 2,424,718 | 1,697,650 | 20,579,480 | 30,371,233 |
| Unallocated liabilities | - | - | - | - | 1,447,350 | 1,516,799 |
| Total liabilities | 18,154,762 | 28,673,583 | 2,424,718 | 1,697,650 | 22,026,830 | 31,888,032 |

19. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue by the Board of Directors of the Company on April 16, 2013.



Chief Executive



Director



National Refinery Limited

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