

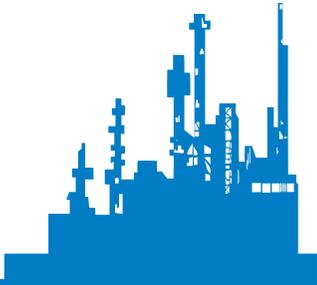
**Unaudited Accounts  
for the Half Year ended  
December 31, 2013**

**Vision of today is  
Tomorrow's Achievement**



**National Refinery Limited**





# CONTENTS

- 02 Corporate Information
- 03 Directors' Review
- 04 Audit Report
- 05 Condensed Interim Balance Sheet
- 06 Condensed Interim Profit and Loss Account
- 07 Condensed Interim Statement of Comprehensive Income
- 08 Condensed Interim Cash Flow Statement
- 09 Condensed Interim Statement of Changes in Equity
- 10 Selected Notes to The Condensed Interim Financial Information

# 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  
Alternate Director: Abdus Sattar

## 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

Musa Bojang	Chairman
Bahauddin Khan	Member
Babar Bashir Nawaz	Member
Alternate to Wael G. Pharaon	
Shuaib A. Malik	Member
Nouman Ahmed Usmani	Secretary

## Auditors

A. F. Ferguson & Co.  
Chartered Accountants

## Solicitors

Ali Sibtain Fazli & Associates

## Bankers

Habib Bank Limited  
National Bank of Pakistan  
United Bank Limited  
Allied Bank Limited  
Bank Al-Habib Limited  
Faysal Bank Limited  
MCB Bank Limited  
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.nr1pak.com](http://www.nr1pak.com)  
E-mail: [info@nr1pak.com](mailto:info@nr1pak.com)

## Share Registrar

THK Associates (Pvt.) Ltd.,  
2nd Floor,  
State Life Building-3,  
Dr. Ziauddin Ahmed Road, Karachi-75530  
P.O. Box No. 8533  
Contact No.+92(21) 111-000-322  
Fax: +92 (21) 35655595  
Email: [secretariat@thk.com.pk](mailto:secretariat@thk.com.pk)  
Website: [www.thk.com.pk](http://www.thk.com.pk)

## DIRECTORS' 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 half year ended December 31, 2013.

Your Company earned profit after tax of Rs. 30 million during the period under review compared to Rs. 1,567 million of the corresponding period last year. Earnings per share were Re.0.37 as compared to Rs. 19.59 in the corresponding period.

Fuel Segment incurred loss after tax of Rs. 1,814 million compared to profit after tax of Rs. 287 million of corresponding period. Primarily gross margins went negative due to disproportionate increase in selling prices of products compared to increase in feed cost. Secondly, rising value of US Dollar against Pak Rupee resulted in net exchange loss amounting to Rs. 1,423 million compared to Rs. 491 million during corresponding period. Furthermore, impact of Price differential continued on HSD amounting to Rs. 170 million. Refinery operated at 87% of designed capacity, whereas, in the corresponding period due to planned turnaround of Fuel Refinery for 24 days it operated at 73%.

Lube Segment earned profit after tax of Rs. 1,844 million compared to Rs. 1,280 million during corresponding period. Profitability improved due to higher increase in selling prices of products compared to cost of feedstock. Company managed to sell 105,984 M.Tons of Lube Base Oils compared to 97,131 M.Tons during corresponding period which includes exports of 21,037 M.Tons compared to 10,686 M.Tons during corresponding period. Lube Segment throughput was 110% compared to 98% of designed capacity. Sale of Asphalt continued to remain depressed, increasing stocks to reach 107,399 M.Tons blocking Rs. 7 billion. We understand that government would shortly undertake road infrastructure projects that would start depleting Asphalt inventory.

Despite all the challenges your Company is trying hard to complete the projects of HSD desulphurization and isomerization within the given timeframe.

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

On behalf of the Board

Dr. Ghaith R. Pharaon  
Chairman

Dubai:  
January 21, 2014



**AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF  
INTERIM FINANCIAL INFORMATION****Introduction**

We have reviewed the accompanying condensed interim balance sheet of National Refinery Limited as at December 31, 2013 and the related condensed interim profit and loss account, condensed interim statement of other comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof for the half year then ended (here-in-after referred to as the 'interim financial information'). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account for the quarters ended December 31, 2013 and 2012 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2013.

**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 interim financial information 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 interim financial information as of and for the half year ended December 31, 2013 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

  
Chartered Accountants  
Karachi

Date: 22 January 2014

Name of the engagement partner: Farukh Rehman

---

*A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network*  
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan  
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427038/32424740; [www.pwc.com/pk](http://www.pwc.com/pk)

London: 15, Colindale Avenue, Colindale, London, U.K. EC9 5PU, Tel: +44 (0) 20 7324 3500, Fax: +44 (0) 20 7324 3501  
Birmingham: 15, Colindale Avenue, Colindale, London, U.K. EC9 5PU, Tel: +44 (0) 20 7324 3500, Fax: +44 (0) 20 7324 3501  
Karachi: 47th Floor, 3rd Floor, 47th Floor, 47th Floor, 47th Floor, 47th Floor, P.O. Box 4716, Karachi-74000, Pakistan, Tel: +92 (21) 32426682-6, Fax: +92 (21) 32426682-5  
Kabul: 47th Floor, 3rd Floor, 47th Floor, 47th Floor, 47th Floor, P.O. Box 4716, Karachi-74000, Pakistan, Tel: +92 (21) 32426682-6, Fax: +92 (21) 32426682-5

# CONDENSED INTERIM BALANCE SHEET

## AS AT DECEMBER 31, 2013

	Note	Unaudited December 31, 2013	Audited (Restated) June 30, 2013
(Rupees in thousand)			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed assets	5	4,879,517	4,362,936
Deferred taxation	6	280,884	-
Long term investment		-	-
Long term loans		46,197	52,242
Long term deposits		30,189	30,189
		<u>5,236,787</u>	<u>4,445,367</u>
<b>CURRENT ASSETS</b>			
Stores, spares and chemicals		1,073,312	788,078
Stock-in-trade	7	26,566,961	22,563,754
Trade debts		9,236,179	10,976,992
Loans and advances		66,431	36,276
Trade deposits and short-term prepayments		154,120	8,221
Interest accrued		42,122	86,120
Other receivables		296,165	274,711
Financial asset - held to maturity investments		-	492,524
Cash and bank balances		6,547,853	16,004,875
		<u>43,983,143</u>	<u>51,231,551</u>
<b>TOTAL ASSETS</b>		<u><b>49,219,930</b></u>	<u><b>55,676,918</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital			
Issued, subscribed and paid up		799,666	799,666
Reserves		24,798,884	25,994,038
		<u>25,598,550</u>	<u>26,793,704</u>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Retirement benefit obligations		497,433	396,008
Deferred taxation	6	-	47,319
		<u>497,433</u>	<u>443,327</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	8	21,315,998	26,546,460
Provisions		411,401	411,401
Taxation - provisions less payments		1,396,548	1,482,026
		<u>23,123,947</u>	<u>28,439,887</u>
<b>TOTAL LIABILITIES</b>		<u><b>23,621,380</b></u>	<u><b>28,883,214</b></u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
<b>TOTAL EQUITY AND LIABILITIES</b>	9	<u><b>49,219,930</b></u>	<u><b>55,676,918</b></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 HALF YEAR ENDED DECEMBER 31, 2013 (UNAUDITED)

	Note	Quarter ended		Half year ended	
		December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
← (Rupees in thousand) →					
Gross sales	10	61,536,891	49,463,604	124,996,289	102,882,146
Trade discounts, taxes, duties, levies and price differential	11	(10,473,475)	(8,203,143)	(21,010,147)	(17,586,001)
<b>Net sales</b>		<b>51,063,416</b>	<b>41,260,461</b>	<b>103,986,142</b>	<b>85,296,145</b>
Cost of sales		(50,810,805)	(40,013,372)	(102,176,475)	(82,449,186)
<b>Gross profit</b>		<b>252,611</b>	<b>1,247,089</b>	<b>1,809,667</b>	<b>2,846,959</b>
Distribution and marketing expenses		(265,427)	(236,052)	(538,925)	(514,566)
Administrative expenses		(125,073)	(128,533)	(233,480)	(245,502)
Other income	12	255,780	806,149	712,558	1,119,150
Other operating expenses		11,646	(94,925)	(24,771)	(190,848)
<b>Operating profit</b>		<b>129,537</b>	<b>1,593,728</b>	<b>1,725,049</b>	<b>3,015,193</b>
Finance cost	13	(251,770)	(350,739)	(1,425,788)	(499,248)
<b>Profit / (Loss) before taxation</b>		<b>(122,233)</b>	<b>1,242,989</b>	<b>299,261</b>	<b>2,515,945</b>
Taxation	14	(49,936)	(478,455)	(269,652)	(949,019)
<b>Profit / (Loss) after taxation</b>		<b>(172,169)</b>	<b>764,534</b>	<b>29,609</b>	<b>1,566,926</b>
<b>Earnings / (Loss) per share - basic and diluted</b>		<b>(Rs. 2.15)</b>	<b>Rs. 9.56</b>	<b>Rs. 0.37</b>	<b>Rs. 19.59</b>

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

  
Chief Executive

  
Director

# CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED DECEMBER 31, 2013 (UNAUDITED)

	Quarter ended		Half year ended	
	December 31, 2013	(Restated) December 31, 2012	December 31, 2013	(Restated) December 31, 2012
	← (Rupees in thousand) →			
<b>Profit / (Loss) after taxation</b>	<b>(172,169)</b>	764,534	<b>29,609</b>	1,566,926
<b>Other comprehensive income</b>				
Remeasurement loss - note 3	<b>(9,936)</b>	(51,487)	<b>(36,173)</b>	(102,125)
Deferred tax thereon	<b>3,060</b>	16,415	<b>10,908</b>	31,497
	<b>(6,876)</b>	(35,072)	<b>(25,265)</b>	(70,628)
<b>Total comprehensive income / (loss)</b>	<b>(179,045)</b>	729,462	<b>4,344</b>	1,496,298

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 HALF YEAR ENDED DECEMBER 31, 2013 (UNAUDITED)

	Note	December 31, 2013	December 31, 2012
(Rupees in thousand)			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash used in operations	15	(7,874,613)	(6,643,694)
Income tax paid		(672,425)	(510,239)
Decrease in long term loans		6,045	5,688
Increase in long term deposits		-	(350)
Payment made to gratuity fund		(10)	-
Net cash flow used in operating activities		<u>(8,541,003)</u>	<u>(7,148,595)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(677,647)	(794,901)
Purchase of intangible asset		(100)	(2,196)
Proceeds from disposal of property, plant and equipment		2,799	318
Return on treasury bills received		25,600	144,560
Return received on bank accounts		435,590	361,789
Net cash flow used in investing activities		<u>(213,758)</u>	<u>(290,430)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid		(1,191,786)	(1,192,541)
Net decrease in cash and cash equivalents		<u>(9,946,547)</u>	<u>(8,631,566)</u>
Cash and cash equivalents at beginning of the period		16,494,400	13,278,525
Cash and cash equivalents at end of the period	16	<u>6,547,853</u>	<u>4,646,959</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 HALF YEAR ENDED DECEMBER 31, 2013 (UNAUDITED)

	SHARE CAPITAL	CAPITAL RESERVES		REVENUE RESERVES		Special reserve	Total
	Issued, subscribed and paid-up	Capital compensation reserve	Exchange equalisation reserve	General reserve	Unappropriated profit		
	(Rupees in thousand)						
<b>Balance as at July 1, 2012 - as previously stated</b>	<b>799,666</b>	<b>10,142</b>	<b>4,117</b>	<b>17,888,000</b>	<b>2,772,726</b>	<b>3,751,744</b>	<b>25,226,395</b>
Effect of change in accounting policy in respect of remeasurement of retirement benefit obligations - net of tax - note 3	-	-	-	-	42,711	21,356	64,067
<b>Balance as at July 1, 2012 - restated</b>	<b>799,666</b>	<b>10,142</b>	<b>4,117</b>	<b>17,888,000</b>	<b>2,815,437</b>	<b>3,773,100</b>	<b>25,290,462</b>
Transfer to general reserve	-	-	-	1,573,000	(1,573,000)	-	-
Final dividend for the year ended June 30, 2012 - Rs. 15 per share	-	-	-	-	(1,199,498)	-	(1,199,498)
Profit for half year ended December 31, 2012	-	-	-	-	1,566,926	-	1,566,926
Other comprehensive income	-	-	-	-	(70,628)	-	(70,628)
Total comprehensive income for the half year ended December 31, 2012 as restated	-	-	-	-	1,496,298	-	1,496,298
<b>Balance as at December 31, 2012 - restated</b>	<b>799,666</b>	<b>10,142</b>	<b>4,117</b>	<b>19,461,000</b>	<b>1,539,237</b>	<b>3,773,100</b>	<b>25,587,262</b>
<b>Balance as at July 1, 2013 - restated</b>	<b>799,666</b>	<b>10,142</b>	<b>4,117</b>	<b>19,461,000</b>	<b>2,745,679</b>	<b>3,773,100</b>	<b>26,793,704</b>
Final dividend for the year ended June 30, 2013 - Rs. 15 per share	-	-	-	-	(1,199,498)	-	(1,199,498)
Transfer to general reserve	-	-	-	1,600,000	(1,600,000)	-	-
Profit for the half year ended December 31, 2013	-	-	-	-	29,609	-	29,609
Other comprehensive income	-	-	-	-	(25,265)	-	(25,265)
Total comprehensive income for the half year ended December 31, 2013	-	-	-	-	4,344	-	4,344
<b>Balance as at December 31, 2013</b>	<b>799,666</b>	<b>10,142</b>	<b>4,117</b>	<b>21,061,000</b>	<b>(49,475)</b>	<b>3,773,100</b>	<b>25,598,550</b>

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 HALF YEAR ENDED DECEMBER 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 half year ended December 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, 2013.

### 3. SIGNIFICANT ACCOUNTING POLICIES

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, 2013, except as follows:

IAS 19 (revised) - 'Employee Benefits' effective for annual periods beginning on or after 01 January 2013 amends the accounting for employee benefits. The standard requires immediate recognition of past service cost and also replaces the interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost based on the net defined benefit asset or liability and the discount rate, measured at the beginning of the year.

Further, a new term "remeasurements" has been introduced. This is made up of actuarial gains and losses, the difference between actual investment returns and the return implied by the net interest cost. The standard requires "remeasurements" to be recognised in the Balance Sheet immediately, with a charge or credit to Other Comprehensive Income in the periods in which they occur.

## SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE HALF YEAR ENDED DECEMBER 31, 2013 (UNAUDITED)

Following the application of IAS 19 (revised), the Company's policy for Retirement Benefit Obligations - Defined Benefit Plans stands amended as follows:

- The amount arising as a result of remeasurements are recognised in the Balance Sheet immediately, with a charge or credit to Other Comprehensive Income in the periods in which they occur.
- The change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and comparative figures have been restated.

The Company's condensed interim financial information is affected by the 'remeasurements' relating to prior years. The effects have been summarised below:

	June 30, 2013	June 30, 2012
	(Rupees in thousand)	
<b>Impact on Balance Sheet</b>		
(Increase) / decrease in retirement benefit obligations	(110,619)	91,932
Decrease / (increase) in deferred tax liability	32,969	(27,865)
Increase in special reserve	(21,356)	(21,356)
(Decrease) / increase in unappropriated profit	<u>(99,006)</u>	<u>42,711</u>
Increase / (decrease) in unappropriated profit		
- Cumulative effect from prior years after transfer to special reserve	-	42,711
- Impact for the year ended June 30, 2013	(141,717)	-
		December 31, 2012

### Impact on Statement of Comprehensive Income

	(Rupees in thousand)	
Other comprehensive income		
- Increase in remeasurement losses - net		(102,125)
- Decrease in deferred taxation		31,497
		<u>(70,628)</u>

### Impact on Segment Information

	December 31, 2012		
	Fuel	Lube	Total
	(Rupees in thousand)		
- Decrease in total comprehensive income	(23,543)	(47,085)	(70,628)
	June 30, 2013		
	Fuel	Lube	Total
	(Rupees in thousand)		
- Increase in segment liabilities	36,873	73,746	110,619
- Increase in unallocated liabilities	-	-	32,969

There was no cash flow impact as a result of the change in accounting policy.

## SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE HALF YEAR ENDED DECEMBER 31, 2013 (UNAUDITED)

### 4. ACCOUNTING ESTIMATES, JUDGMENTS AND FINANCIAL RISK MANAGEMENT

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

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

- 4.2 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, 2013.
- 4.3 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, 2013.

**December 31,**    December 31,  
**2013**                      2012  
(Rupees in thousand)

### 5. FIXED ASSETS

Additions made to property, plant and equipment during the period:

Building on leasehold land	<b>4,177</b>	5,164
Oil terminal	<b>4,092</b>	4,081
Processing plant and storage tanks	<b>4,009</b>	48,397
Pipelines	<b>2,587</b>	3,193
Water power and other utilities	-	21,756
Furniture and fixtures	<b>144</b>	168
Computers and other related accessories	<b>2,972</b>	2,288
Office and other equipments	<b>9,237</b>	27,708
Major spare parts and stand by equipments	<b>13,388</b>	52,632
	<b><u>40,606</u></b>	<u>165,387</u>

- 5.1 During the period, vehicles costing Rs. 4.64 million (2012: Rs. 0.97 million) were disposed off having Nil (2012: Rs. 0.02 million) written down value.

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE HALF YEAR ENDED DECEMBER 31, 2013 (UNAUDITED)

5.2 Capital work-in-progress

	Refineries upgradation projects	Other Projects	Advances to Contractors / suppliers	Total
	← (Rupees in thousand) →			
Opening Balance as at July 1, 2013	1,096,437	106,592	29,925	1,232,954
Additions	484,965	62,365	127,585	674,915
Transfers	-	(21,230)	(6,623)	(27,853)
Closing Balance as at December 31, 2013	<u>1,581,402</u>	<u>147,727</u>	<u>150,887</u>	<u>1,880,016</u>
Opening Balance as at July 1, 2012	451,158	101,864	39,530	592,552
Additions	645,279	311,483	29,176	985,938
Transfers	-	(306,755)	(38,781)	(345,536)
Closing Balance as at June 30, 2013	<u>1,096,437</u>	<u>106,592</u>	<u>29,925</u>	<u>1,232,954</u>

5.3 The Company has incurred capital expenditure of Rs. 1,581.40 million (June 30, 2013: Rs. 1,096.44 million) on up-gradation and expansion projects. It includes Rs. 1,324.49 million (June 30, 2013: Rs. 912.56 million) for the up-gradation and expansion of fuel refinery operations.

6. DEFERRED TAXATION

Deferred tax asset of Rs. 382.22 million (2012: Nil) in relation to minimum tax has been recognised as the Company expects its recoverability through future profits.

7. STOCK-IN-TRADE

As at December 31, 2013 stock of raw material has been written down by Rs. 201.57 million (June 30, 2013: Nil) and finished goods by Rs. 284.12 million (June 30, 2013: Rs. 32.36 million) to arrive at its net realisable value.

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE HALF YEAR ENDED DECEMBER 31, 2013 (UNAUDITED)

	December 31, 2013	June 30, 2013
	(Rupees in thousand)	
<b>8. TRADE AND OTHER PAYABLES</b>		
Trade creditors	<b>14,544,034</b>	20,986,932
Due to Government of Pakistan	<b>2,122,582</b>	925,163
Due to related party - Attock Petroleum Limited	<b>96,690</b>	36,687
Accrued liabilities	<b>590,951</b>	709,788
Surplus price differential payable - note 8.1	<b>442,918</b>	273,297
Sales tax payable	<b>2,417,287</b>	1,960,272
Advances from customers - note 8.2	<b>314,118</b>	309,242
Workers' profits participation fund	<b>16,172</b>	16,256
Workers' welfare fund	<b>94,182</b>	138,914
Unclaimed dividend	<b>71,622</b>	63,910
Excise duty and petroleum levy	<b>529,390</b>	1,067,669
Other liabilities	<b>76,052</b>	58,330
	<b><u>21,315,998</u></b>	<b><u>26,546,460</u></b>

**8.1** This represents amount to be deposited in Inland Freight Equalisation Margin pool in respect of surplus of High Speed Diesel (HSD) price as per Pakistan State Oil Limited's (PSO) actual import price excluding ocean losses over HSD price based on import price parity formula in accordance with the Economic Coordination Committee's decision dated February 26, 2013.

**8.2** This includes advances received from related party - Pakistan Oilfields Limited amounting to Rs. 11.36 million (June 30, 2013: Rs. 11.40 million).

## 9. CONTINGENCIES AND COMMITMENTS

### 9.1 Contingencies

There has been no significant change in contingencies since the issuance of last annual financial statements for the year ended June 30, 2013.

### 9.2 Commitments

- Commitments for capital expenditure as at December 31, 2013 amounted to Rs. 565.78 million (June 30, 2013: Rs. 603.56 million); and
- Outstanding letters of credit at the end of the period amounted to Rs. 13.26 billion (June 30, 2013: Rs. 17.35 billion).

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE HALF YEAR ENDED DECEMBER 31, 2013 (UNAUDITED)

	Quarter ended		Half year ended	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
	(Rupees in thousand)			
<b>10. GROSS SALES</b>				
Local	56,165,101	43,622,987	111,592,561	92,753,165
Export	5,371,790	5,840,617	13,403,728	10,128,981
	<u>61,536,891</u>	<u>49,463,604</u>	<u>124,996,289</u>	<u>102,882,146</u>

**11. TRADE DISCOUNTS,  
TAXES, DUTIES, LEVIES AND  
PRICE DIFFERENTIAL**

Trade discounts	245,547	285,944	521,545	550,613
Sales tax	8,160,842	6,017,026	16,214,523	12,793,700
Excise duty	118	86	281	223
Petroleum levy	1,977,333	1,900,087	4,104,177	4,241,465
Surplus price differential - note 8.1	89,635	-	169,621	-
	<u>10,473,475</u>	<u>8,203,143</u>	<u>21,010,147</u>	<u>17,586,001</u>

**12. OTHER INCOME**

This include write back of liabilities considered no longer payable consequent to finalisation of certain local crude oil / condensate sale and purchase agreements amounting to Rs. 68.19 million (December 31, 2012: Rs. 172.6 million) and settlement of old yield differentials with suppliers during the period amounting to Rs. 86.64 million (December 31, 2012: Rs. 427.6 million).

**13. FINANCE COST**

This includes net exchange loss of Rs. 1,422.95 million (December 31, 2012: Rs. 491.44 million) on foreign currency transactions relating to purchase and sale of crude oil / products.

	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
		(Rupees in thousand)		
<b>14. TAXATION</b>				
Current	282,173	496,328	586,947	973,133
Deferred	(232,237)	(17,873)	(317,295)	(24,114)
	<u>49,936</u>	<u>478,455</u>	<u>269,652</u>	<u>949,019</u>

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE HALF YEAR ENDED DECEMBER 31, 2013 (UNAUDITED)

December 31,  
2013      December 31,  
2012  
(Rupees in thousand)

**15. CASH GENERATED FROM OPERATIONS**

Profit before taxation	<b>299,261</b>	2,515,945
<b>Adjustment for non cash charges and other items:</b>		
Depreciation and amortisation	<b>161,166</b>	144,498
Provision for gratuity	<b>5,712</b>	7,153
Provision for post retirement medical benefits	<b>10,375</b>	15,094
Provision for pension	<b>49,175</b>	47,226
Provision for slow moving and obsolete stores spares and chemicals	<b>(841)</b>	(18,007)
Return / Interest on bank deposits	<b>(391,592)</b>	(282,933)
Return on treasury bills	<b>(22,601)</b>	(125,683)
Profit on disposal of property, plant and equipment	<b>(2,799)</b>	(295)
Increase in working capital - note 15.1	<b>(7,982,469)</b>	(8,946,692)
	<b><u>(7,874,613)</u></b>	<b><u>(6,643,694)</u></b>

**15.1 Increase in working capital**

(Increase) / Decrease in current assets

Stores, spares and chemicals	<b>(284,393)</b>	35,512
Stock-in-trade	<b>(4,003,207)</b>	(896,553)
Trade debts	<b>1,740,813</b>	7,115,017
Loans and advances	<b>(30,155)</b>	2,492
Trade deposits and short-term prepayments	<b>(145,899)</b>	(126,647)
Other receivables	<b>(21,454)</b>	(30,065)
	<b>(2,744,295)</b>	6,099,756

(Decrease) / Increase in current liabilities

Trade and other payables	<b>(5,238,174)</b>	(15,050,867)
Provisions	<b>-</b>	4,419
	<b><u>(7,982,469)</u></b>	<b><u>(8,946,692)</u></b>

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE HALF YEAR ENDED DECEMBER 31, 2013 (UNAUDITED)

December 31, 2013      December 31, 2012

(Rupees in thousand)

16. CASH AND CASH EQUIVALENTS

In hand	500	500
With banks on:		
- current accounts	63,671	133,463
- savings accounts	6,197,787	2,635,364
- deposit accounts	285,895	1,290,652
	6,547,353	4,059,479
Short term investment in treasury bills	-	586,980
	<u>6,547,853</u>	<u>4,646,959</u>

17. TRANSACTIONS WITH RELATED PARTIES

Related party transactions are:

Nature of relationship	Nature of transactions	Quarter ended		Half year ended	
		December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
		(Rupees in thousand)			
<b>Associated Companies</b>	Sale of petroleum products	29,626,829	27,441,709	60,092,845	50,486,344
	Rental income	1,203	1,093	2,392	2,173
	Hospitality charges	11,273	10,851	23,373	19,209
	Handling income	39,396	30,643	80,371	58,526
	Trade discounts and commission on sales	453,264	458,053	933,031	937,606
	Reimbursement of expenses	1,152	447	1,437	781
	Purchase of petroleum products	3,442	2,980	7,475	5,419
	Purchase of crude oil and condensate	-	-	1,591,658	-
	Purchase of stores	11,277	-	112,149	-
	Dividend paid	611,744	611,744	611,744	611,744
<b>Post employment staff benefit plans</b>	Contributions	10,598	4,517	21,221	20,863
<b>Key management personnel compensation</b>	Salaries and other employee benefits	8,827	13,408	20,829	24,246
	Post employment benefits	579	1,089	1,160	2,186
	Directors' fees	638	810	1,408	1,850
		<u>10,044</u>	<u>15,307</u>	<u>23,397</u>	<u>28,282</u>

# SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE HALF YEAR ENDED DECEMBER 31, 2013 (UNAUDITED)

## 18. SEGMENT INFORMATION

The financial information regarding operating segments is as follows:

	FUEL		LUBE		TOTAL	
	December 31, 2013	(Restated) December 31, 2012	December 31, 2013	(Restated) December 31, 2012	December 31, 2013	(Restated) December 31, 2012
	(Rupees in thousand)					
<b>Segment Revenue</b>						
Sales to external customer						
- local (net of discounts, taxes, duties and levies and price differential)	66,403,412	53,963,892	24,179,002	21,203,272	90,582,414	75,167,164
- export	11,329,619	9,140,523	2,074,109	988,458	13,403,728	10,128,981
	77,733,031	63,104,415	26,253,111	22,191,730	103,986,142	85,296,145
Inter segment transfers	22,252,281	19,177,045	-	-	22,252,281	19,177,045
Elimination of inter-segment transfers	-	-	-	-	(22,252,281)	(19,177,045)
<b>Net sales</b>	<b>99,985,312</b>	<b>82,281,460</b>	<b>26,253,111</b>	<b>22,191,730</b>	<b>103,986,142</b>	<b>85,296,145</b>
Segment results after tax	(1,814,661)	287,128	1,844,270	1,279,798	29,609	1,566,926
Other comprehensive income	(8,422)	(23,543)	(16,843)	(47,085)	(25,265)	(70,628)
<b>Total comprehensive income / (loss)</b>	<b>(1,823,083)</b>	<b>263,585</b>	<b>1,827,427</b>	<b>1,232,713</b>	<b>4,344</b>	<b>1,496,298</b>

	FUEL		LUBE		TOTAL	
	December 31, 2013	(Restated) June 30, 2013	December 31, 2013	(Restated) June 30, 2013	December 31, 2013	(Restated) June 30, 2013
	(Rupees in thousand)					
<b>Segment assets</b>	<b>28,517,428</b>	29,801,090	<b>18,799,070</b>	24,513,477	<b>47,316,498</b>	54,314,567
<b>Unallocated assets</b>	-	-	-	-	<b>1,903,432</b>	1,362,351
<b>Total assets as per balance sheet</b>	<b>28,517,428</b>	29,801,090	<b>18,799,070</b>	24,513,477	<b>49,219,930</b>	55,676,918
<b>Segment liabilities</b>	<b>20,194,361</b>	25,876,483	<b>2,030,471</b>	1,477,388	<b>22,224,832</b>	27,353,871
<b>Unallocated liabilities</b>	-	-	-	-	<b>1,396,548</b>	1,529,343
<b>Total liabilities as per balance sheet</b>	<b>20,194,361</b>	25,876,483	<b>2,030,471</b>	1,477,388	<b>23,621,380</b>	28,883,214

## 19. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue by the Board of Directors of the Company on January 21, 2014.

  
Chief Executive

  
Director





## **National Refinery Limited**

7-B, Korangi Industrial Area, Karachi-74900, Pakistan.

Tel: 92-21-35064981-86 Fax: 92-21-35054663

UAN: **111-675-675** URL: [www.nrlpak.com](http://www.nrlpak.com)

Email: [info@nrlpak.com](mailto:info@nrlpak.com)