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TOMORROW'S ACHIEVEMENT



Unaudited Accounts
for the Nine months ended
March 31, 2015



National Refinery Limited



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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 (HR&R) 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

MCB Bank Limited
Allied Bank Limited
Habib Bank Limited
Askari Bank Limited
Faysal Bank Limited
United Bank Limited
Bank Alfalah Limited
Samba 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: 111-675-675
PABX No. +92-21-35064981-86,
+92-21-35064977-79
Fax: +92-21-35054663
+92-21-35066705
Website: www.nr1pak.com
Email: 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
UAN: +92-21-111-000-322
Direct: +92-21-35693094-95
Fax: (92-21) 35655595
Email: secretariat@thk.com.pk
Website: 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 nine months ended March 31, 2015.

I feel pleasure to inform you that by the grace of Allah, your Company earned profit after tax of Rs. 1,162 million which translates into earnings per share of Rs. 14.53. This is in comparison to profit after tax of Rs. 378 million and earnings per share of Rs. 4.73 for the same period last year.

Fuel segment incurred a loss after tax of Rs. 1,382 million as compared to Rs. 2,231 million in the corresponding period of last year. Recovery was attributable to improved refinery margins and stability in exchange parity of Pak Rupees during the third quarter. Net exchange loss for the period under review stood at Rs. 747 million compared to Rs. 822 million in the corresponding period of last year.

Lube Segment earned profit after tax of Rs. 2,544 million compared to Rs. 2,609 million in the corresponding period last year. The profitability of lube segment was affected by lower throughput due to 26 days turnaround of Lube-I refinery. Sales of Asphalt accelerated in the third quarter, resulting in reduction of its inventory level and improvement in cash flow.

Work on Diesel Desulphurization and Naphtha Isomerization projects has commenced and the detailed engineering designing is in progress. Mobilization charges to the contractor have been paid. Company would shortly attain the financial closure with Banks Syndicate. The company is putting all efforts for smooth management of the project.

The Board would like to extend its gratitude to all the stakeholders for their continued support and confidence.

On behalf of the Board

Shuaib A. Malik
Deputy Chairman & Chief
Executive Officer

Rawalpindi:
April 13, 2015

CONDENSED INTERIM BALANCE SHEET

AS AT MARCH 31, 2015

	Note	Unaudited March 31, 2015	Audited June 30, 2014
(Rupees in thousand)			
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	5	7,993,257	5,061,222
Deferred taxation	6	118,290	165,344
Long term investment		-	-
Long term loans		39,372	41,486
Long term deposits		30,189	30,189
Retirement benefit prepayments		24,668	12,711
		<u>8,205,776</u>	<u>5,310,952</u>
CURRENT ASSETS			
Stores, spares and chemicals		1,015,792	1,149,428
Stock-in-trade	7	13,002,517	23,856,560
Trade debts		7,176,100	10,207,068
Loans and advances		67,557	48,432
Trade deposits and short-term prepayments		78,291	53,237
Interest accrued		72,129	40,843
Other receivables	8	508,671	301,904
Short term investments		3,260,002	3,002,863
Cash and bank balances		13,472,614	8,804,865
		<u>38,653,673</u>	<u>47,465,200</u>
TOTAL ASSETS		<u>46,859,449</u>	<u>52,776,152</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital		799,666	799,666
Reserves	9	26,913,236	25,793,973
		<u>27,712,902</u>	<u>26,593,639</u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Retirement benefit obligations		517,046	380,867
CURRENT LIABILITIES			
Trade and other payables	10	18,339,929	24,931,269
Provisions		112,361	246,187
Taxation - provisions less payments		177,211	624,190
		<u>18,629,501</u>	<u>25,801,646</u>
TOTAL LIABILITIES		<u>19,146,547</u>	<u>26,182,513</u>
CONTINGENCIES AND COMMITMENTS			
	11		
TOTAL EQUITY AND LIABILITIES		<u>46,859,449</u>	<u>52,776,152</u>

The annexed notes 1 to 21 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, 2015 (UNAUDITED)

	Note	Quarter ended		Nine months ended	
		March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
← (Rupees in thousand) →					
Gross sales	12	35,600,120	61,780,360	148,445,283	186,776,649
Trade discounts, taxes, duties, levies and price differential	13	<u>(9,456,420)</u>	<u>(10,417,121)</u>	<u>(30,598,429)</u>	<u>(31,427,268)</u>
Net sales		26,143,700	51,363,239	117,846,854	155,349,381
Cost of sales		<u>(24,246,201)</u>	<u>(51,128,432)</u>	<u>(115,251,788)</u>	<u>(153,304,907)</u>
Gross profit		1,897,499	234,807	2,595,066	2,044,474
Distribution and marketing expenses		<u>(171,587)</u>	<u>(263,241)</u>	<u>(638,838)</u>	<u>(802,166)</u>
Administrative expenses		<u>(159,997)</u>	<u>(142,225)</u>	<u>(450,260)</u>	<u>(375,705)</u>
Other income	14	379,510	234,724	1,153,462	947,282
Other operating expenses		<u>(127,626)</u>	<u>(53,656)</u>	<u>(143,846)</u>	<u>(78,427)</u>
Operating profit		1,817,799	10,409	2,515,584	1,735,458
Finance cost	15	<u>(84,417)</u>	<u>600,701</u>	<u>(747,543)</u>	<u>(825,087)</u>
Profit before taxation		1,733,382	611,110	1,768,041	910,371
Taxation	16	<u>(523,064)</u>	<u>(262,757)</u>	<u>(606,126)</u>	<u>(532,409)</u>
Profit after taxation		<u>1,210,318</u>	<u>348,353</u>	<u>1,161,915</u>	<u>377,962</u>
Earnings per share - basic and diluted		<u>Rs. 15.14</u>	<u>Rs. 4.36</u>	<u>Rs. 14.53</u>	<u>Rs. 4.73</u>

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.


Chief Executive


Director

**CONDENSED INTERIM STATEMENT
OF COMPREHENSIVE INCOME**
FOR THE NINE MONTHS ENDED MARCH 31, 2015 (UNAUDITED)

	Quarter ended		Nine months ended	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
	← (Rupees in thousand) →			
Profit after taxation	1,210,318	348,353	1,161,915	377,962
Other comprehensive income				
Remeasurement loss	(12,059)	(18,086)	(36,178)	(54,259)
Deferred tax thereon	(2,158)	5,454	(6,474)	16,362
	(14,217)	(12,632)	(42,652)	(37,897)
Total comprehensive income	1,196,101	335,721	1,119,263	340,065

The annexed notes 1 to 21 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, 2015 (UNAUDITED)

	Note	March 31, 2015	March 31, 2014
(Rupees in thousand)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated / (used) in operations	17	8,333,199	(4,383,335)
Income tax paid		(1,012,525)	(1,691,857)
Decrease in long term loans		2,114	8,393
Payment made to pension fund		(2,900)	(5,402)
Payment made to gratuity fund		-	(1,270)
Post retirement medical benefits paid		(1,619)	(1,469)
Net cash flow generated / (used) in operating activities		<u>7,318,269</u>	<u>(6,074,940)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(3,149,058)	(907,917)
Purchase of intangible asset		(35,204)	(100)
Proceeds from disposal of property, plant and equipment		2,843	2,987
Return on treasury bills received		110,706	25,600
Return received on bank accounts		507,076	576,055
Return received on Pakistan Investment Bonds		159,191	-
Net cash flow used in investing activities		<u>(2,404,446)</u>	<u>(303,375)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(582)	(1,193,834)
Net increase / (decrease) in cash and cash equivalents		<u>4,913,241</u>	<u>(7,572,149)</u>
Cash and cash equivalents at beginning of the period		11,804,769	16,494,400
Cash and cash equivalents at end of the period	18	<u>16,718,010</u>	<u>8,922,251</u>

The annexed notes 1 to 21 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, 2015 (UNAUDITED)

	SHARE CAPITAL	CAPITAL RESERVES		REVENUE RESERVES		Special reserve (note 9.1)	Total
	Issued, subscribed and paid-up	Capital compensation reserve	Exchange equalisation reserve	General reserve	Unappropriated profit		
	← (Rupees in thousand) →						
Balance as at July 1, 2013	799,666	10,142	4,117	19,461,000	2,745,679	3,773,100	26,793,704
Transfer to general reserve	-	-	-	1,600,000	(1,600,000)	-	-
Final dividend for the year ended June 30, 2013 - Rs. 15 per share	-	-	-	-	(1,199,498)	-	(1,199,498)
Profit for the nine months ended March 31, 2014	-	-	-	-	377,962	-	377,962
Other comprehensive income	-	-	-	-	(37,897)	-	(37,897)
Total Comprehensive income for nine months ended March 31, 2014	-	-	-	-	340,065	-	340,065
Balance as at March 31, 2014	799,666	10,142	4,117	21,061,000	286,246	3,773,100	25,934,271
Balance as at July 1, 2014	799,666	10,142	4,117	21,061,000	945,614	3,773,100	26,593,639
Transfer from Special Reserve	-	-	-	3,773,100	-	(3,773,100)	-
Profit for the nine months ended March 31, 2015	-	-	-	-	1,161,915	-	1,161,915
Other comprehensive income	-	-	-	-	(42,652)	-	(42,652)
Total Comprehensive income for the nine months ended March 31, 2015	-	-	-	-	1,119,263	-	1,119,263
Balance as at March 31, 2015	799,666	10,142	4,117	24,834,100	2,064,877	-	27,712,902

The annexed notes 1 to 21 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, 2015 (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.

The Company has executed contracts for Diesel De-sulphurization and Naphtha Isomerization projects. The estimated cost is US\$ 349 million whereas these projects are expected to be completed in twenty six months. The funding of the projects is being met through internal resources and debt of Rs. 24.2 billion which is yet to be disbursed by bank. The Company has executed financing agreements to secure the debts which are to be paid over ten years in semi annual installments with grace period of two years. The financing is obtained at 1.7% above six months KIBOR.

2. BASIS OF PREPARATION

This condensed interim financial information of the Company for the nine months ended March 31, 2015 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.

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, 2014.

2.1 Changes in accounting standards, interpretations and pronouncements

a) Standards, interpretations and amendments to published approved accounting standards that are effective and relevant

IFRIC 21, "Levies" a new interpretation is applicable for the Company for the first time for the financial year beginning on July 1, 2014, sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what the obligating event is that gives rise to pay a levy and when should a liability be recognised. The Company is not currently subject to significant levies so the impact on the Company is not material.

b) Standards, interpretations and amendments to published approved accounting standards that are effective but not relevant

The new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after January 1, 2014 are considered not to be relevant for Company's financial statements and hence have not been detailed here.

c) Standards, interpretations and amendments to published approved accounting standards that are not yet effective but relevant

The following are the new standards, amendments to existing approved accounting standards and new interpretations that will be effective for the periods beginning January 1, 2015 that may have an impact on the financial statements of the Company.

IFRS 10, 'Consolidated financial statement' replaces all of the guidance on control and consolidation in IAS 27, 'Consolidation and separate financial statement', and SIC-12, 'Consolidation - special purpose entities'. IAS 27 is renamed 'Separate financial statement', it continue to be a standard dealing solely with separate financial statements. IFRS 10 has the potential to affect all reporting entities (investors) that control one or more investees under the revised definition of control. The standard may not have impact on future consolidated financial statement of the Company.

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE NINE MONTHS ENDED MARCH 31, 2015 (UNAUDITED)

IFRS 12, 'Disclosures of interests in other entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangement, associates, structured entities and other off balance sheet vehicles. The standard will affect the disclosures in the financial statements of the company.

IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirement for use across IFRSs. The requirement do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. The standard will affect the determination of fair value and its related disclosures in the financial statements of the Company.

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, 2014.

4. ACCOUNTING ESTIMATES, JUDGMENTS AND FINANCIAL RISK MANAGEMENT

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.

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, 2014.

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, 2014.

	March 31, 2015	June 30, 2014
	(Rupees in thousand)	
5. FIXED ASSETS		
Property, plant and equipment		
Operating assets	2,878,179	2,977,683
Additions	229,279	227,268
Disposals	(2,109)	(1,144)
Depreciation charge	(242,974)	(325,628)
Closing book value	<u>2,862,375</u>	<u>2,878,179</u>
Major spare parts and stand-by equipments	182,526	164,123
Capital work-in-progress - note 5.1	4,918,653	2,017,277
Intangible assets	<u>29,703</u>	<u>1,643</u>
	<u><u>7,993,257</u></u>	<u><u>5,061,222</u></u>

**SELECTED NOTES TO THE CONDENSED
INTERIM FINANCIAL INFORMATION
FOR THE NINE MONTHS ENDED MARCH 31, 2015 (UNAUDITED)**

5.1 Capital work-in-progress

	Refineries upgradation projects	Other projects	Advances to contractors / suppliers	Total
	← (Rupees in thousand) →			
Opening balance as at July 1, 2014	1,777,174	215,410	24,693	2,017,277
Additions	2,858,169	262,109	46,768	3,167,046
Transfers	-	(241,796)	(23,874)	(265,670)
Closing balance as at March 31, 2015	<u>4,635,343</u>	<u>235,723</u>	<u>47,587</u>	<u>4,918,653</u>
Opening balance as at July 1, 2013	1,096,437	106,592	29,925	1,232,954
Additions	680,737	298,713	23,874	1,003,324
Transfers	-	(189,895)	(29,106)	(219,001)
Closing balance as at June 30, 2014	<u>1,777,174</u>	<u>215,410</u>	<u>24,693</u>	<u>2,017,277</u>

5.2 The Company has incurred capital expenditure of Rs. 4.64 billion (June 30, 2014: Rs. 1.78 billion) on up gradation and expansion projects. It includes Rs. 4.42 billion (June 30, 2014: Rs. 1.58 billion) for the up-gradation and expansion of fuel refinery operations.

6. DEFERRED TAXATION

Deferred tax debit is recognised on minimum tax based on the projected taxable profits of the Company for the future years. The determination of future taxable profits is most sensitive to certain key assumptions such as international oil prices, exchange rates and inflation. Any significant change in the key assumptions may have an effect on the realisability of the deferred tax assets.

7. STOCK-IN-TRADE

Stock of finished goods as at March 31, 2015 has been written down by Rs. 25.99 million (June 30, 2014: Rs. 154.71 million) to arrive at its net realisable value.

8. OTHER RECEIVABLES

This includes receivable on account of sales tax paid to Federal Board of Revenue amounting to Rs. 237.54 million in respect of sales tax demand for the period July 2009 to June 2010, on account of unitary conversion differences, against an order received during the current period. The Company has filed an appeal against the said order and reasonably expects a favourable outcome in the said case.

**SELECTED NOTES TO THE CONDENSED
INTERIM FINANCIAL INFORMATION
FOR THE NINE MONTHS ENDED MARCH 31, 2015 (UNAUDITED)**

	March 31, 2015	June 30, 2014
	(Rupees in thousand)	
9. RESERVES		
Capital reserves	14,259	14,259
Revenue reserves		
General reserve	24,834,100	21,061,000
Unappropriated profit	2,064,877	945,614
	<u>26,898,977</u>	<u>22,006,614</u>
Special reserve - note 9.1	-	3,773,100
	<u>26,913,236</u>	<u>25,793,973</u>

- 9.1 As per the Import Parity Pricing formula, effective July 1, 2002, certain refineries including the company have been directed to transfer to a "Special Reserves" from their profit after tax attributable to fuel segment, an amount in excess of 50% of the paid-up 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.

During 2013, Government of Pakistan issued a policy framework for up-gradation and expansion of refinery project which inter alia states that:

- refineries will not be allowed to offset losses, if any, for year ending June 30, 2013 or subsequent years against the amount of profit above 50% accumulated or to be accumulated in the Special Reserve Account as per current pricing formula; and
- the amount of profits above 50% will be accumulated in the Special Reserve account as per the pricing formula (including unutilized balance), which shall along with amounts presently available with refineries be deposited on half yearly basis (with final adjustment on annual basis) in an Escrow Account to be operated jointly with Finance Division and shall be available for utilization exclusively for up-gradation of refineries.

Based on above the Company has not transferred loss for the nine months ended March 31, 2015 on fuel segment to Special Reserves.

For up-gradation and expansion of projects (note 5) company has so far invested Rs. 4.42 billion. Accordingly, as the company has utilized the Special Reserves for the up-gradation and expansion, the balance of Rs. 3.77 billion in Special Reserves is transferred to General Reserves.

	March 31, 2015	June 30, 2014
	(Rupees in thousand)	
10. TRADE AND OTHER PAYABLES		
Trade creditors	12,670,888	18,005,884
Due to Government of Pakistan	993,760	1,973,811
Due to related party:		
Attock Petroleum Limited	45,683	26,553
Attock Refinery Limited	-	6,575
Pakistan Oilfields Limited	167,704	842,851
Accrued liabilities	668,918	681,244
Advances from customers - note 10.1	277,290	292,455
Workers' profits participation fund	94,955	-
Workers' welfare fund	106,337	70,255
Unclaimed dividend	67,971	68,553
Surplus price differential payable	660,825	429,011
Sales tax payable	1,675,101	1,606,115
Excise duty and petroleum levy	840,133	604,912
Other liabilities	70,364	323,050
	<u>18,339,929</u>	<u>24,931,269</u>

**SELECTED NOTES TO THE CONDENSED
INTERIM FINANCIAL INFORMATION
FOR THE NINE MONTHS ENDED MARCH 31, 2015 (UNAUDITED)**

10.1 This includes advances received from related party - Pakistan Oilfields Limited amounting to Rs. 6.29 million (June 30, 2014: Rs. 11.16 million) against supply of goods.

11. CONTINGENCIES AND COMMITMENTS

11.1. Contingencies

There has been no significant change in contingencies since the issuance of last annual financial statements for the year ended June 30, 2014.

11.2. Commitments

a) Commitments outstanding for capital expenditure as at March 31, 2015 amounted to Rs. 21.26 billion (June 30, 2014: Rs. 0.427 billion) in respect of refinery upgradation project as explained in note 1 of the financial information; and

(b) Outstanding letters of credit at the end of the period amounted to Rs.12.76 billion (June 30, 2014: Rs. 19.87 billion).

	Quarter ended		Nine months ended	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
← (Rupees in thousand) →				
12. GROSS SALES				
Local	33,759,034	55,458,759	136,052,939	167,051,320
Export	1,841,086	6,321,601	12,392,344	19,725,329
	<u>35,600,120</u>	<u>61,780,360</u>	<u>148,445,283</u>	<u>186,776,649</u>

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

Trade discounts	156,832	292,838	631,242	814,383
Sales tax	6,272,229	8,058,229	21,135,758	24,272,752
Excise duty	116	123	418	404
Petroleum levy	2,366,417	1,901,070	7,411,427	6,005,247
Surplus price differential	660,826	164,861	1,419,584	334,482
	<u>9,456,420</u>	<u>10,417,121</u>	<u>30,598,429</u>	<u>31,427,268</u>

14. OTHER INCOME

This includes return on bank deposits and Pakistan Investment Bonds amounting to Rs. 694.59 million (2014: Rs. 529.21 million) and liabilities no longer considered payable written back to Rs. 95.63 million (2014: Rs. 155.29 million) against settlement of legal cases and suppliers' balances.

15. FINANCE COST

This includes net exchange loss of Rs. 746.54 million (March 31, 2014: Rs. 821.81 million) on foreign currency transactions relating to purchase and sale of crude oil/products.

	Quarter ended		Nine months ended	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
← (Rupees in thousand) →				
16. TAXATION				
Current				
- for the period	151,895	288,425	663,955	875,372
- for prior periods	-	35,717	(98,409)	35,717
	151,895	324,142	565,546	911,089
Deferred	371,169	(61,385)	40,580	(378,680)
	<u>523,064</u>	<u>262,757</u>	<u>606,126</u>	<u>532,409</u>

**SELECTED NOTES TO THE CONDENSED
INTERIM FINANCIAL INFORMATION
FOR THE NINE MONTHS ENDED MARCH 31, 2015 (UNAUDITED)**

	March 31, 2015	March 31, 2014
	(Rupees in thousand)	
17. CASH GENERATED FROM OPERATIONS		
Profit before taxation	1,768,041	910,371
Adjustment for non cash charges and other items:		
Depreciation and amortisation	250,118	242,847
Provision for pension	71,391	73,762
Provision for gratuity	11,256	8,568
Provision for post retirement medical benefits	9,916	15,563
Provision for slow moving and obsolete stores and spares	-	(841)
Return / interest on bank deposits	(538,362)	(529,212)
Return on treasury bills	(125,312)	(23,423)
Return on Pakistan Investment Bonds	(156,232)	-
Profit on disposal of property, plant and equipment	(734)	(2,987)
Decrease / (Increase) in working capital - note 17.1	<u>7,043,117</u>	<u>(5,077,983)</u>
	<u>8,333,199</u>	<u>(4,383,335)</u>
17.1 (Increase) / Decrease in working capital		
(Increase) / Decrease in current assets		
Stores, spares and chemicals	133,636	(255,166)
Stock-in-trade	10,854,043	(1,991,764)
Trade debts	3,030,968	442,527
Loans and advances	(19,125)	(16,597)
Trade deposits and short-term prepayments	(25,054)	(78,448)
Other receivables	(206,767)	(313,988)
	<u>13,767,701</u>	<u>(2,213,436)</u>
Decrease in current liabilities		
Trade and other payables	(6,590,758)	(2,864,547)
Provisions	(133,826)	-
	<u>7,043,117</u>	<u>(5,077,983)</u>
18. CASH AND CASH EQUIVALENTS		
In hand	500	500
With banks on:		
Current accounts	54,395	40,686
Savings accounts	4,982,033	5,595,171
Deposit accounts	8,435,686	285,895
	<u>13,472,114</u>	<u>5,921,752</u>
Short term investments	<u>3,245,396</u>	<u>2,999,999</u>
	<u>16,718,010</u>	<u>8,922,251</u>

**SELECTED NOTES TO THE CONDENSED
INTERIM FINANCIAL INFORMATION
FOR THE NINE MONTHS ENDED MARCH 31, 2015 (UNAUDITED)**

19. **TRANSACTIONS WITH RELATED PARTIES**

The following transactions were carried out with related parties.

Nature of relationship	Nature of transactions	Quarter ended		Nine months ended	
		March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
		← (Rupees in thousand) →			
Associated companies	Sale of petroleum products	20,434,459	31,832,592	78,986,172	91,925,437
	Rental income	1,338	1,213	3,512	3,605
	Hospitality charges	17,532	12,684	47,680	36,057
	Handling income	50,357	45,726	160,045	126,097
	Trade discounts and commission on sales	255,813	487,754	1,092,781	1,420,785
	Reimbursement of expenses	133	2,000	662	3,437
	Purchase of petroleum products	3,443	4,424	10,118	11,899
	Purchase of crude oil and condensates	417,798	206,796	1,902,022	1,798,454
	Purchase of stores	-	286,049	-	398,198
	Dividend paid	-	-	-	611,744
Post employment staff benefit plans	Contributions	15,650	20,697	37,921	41,918
Key management employees compensation					
	Salaries and other employees benefits	12,432	10,873	41,436	31,702
	Post retirement benefits	679	627	1,935	1,787
	Directors' fees	505	526	2,758	1,934
		13,616	12,026	46,129	35,423

**SELECTED NOTES TO THE CONDENSED
INTERIM FINANCIAL INFORMATION
FOR THE NINE MONTHS ENDED MARCH 31, 2015 (UNAUDITED)**

20. SEGMENT INFORMATION

The financial information regarding operating segments is as follows:

	FUEL		LUBE		TOTAL	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
(Rupees in thousand)						
Segment Revenue						
Sales to external customers						
- local (net of discounts, taxes, duties and levies and price differential)	74,022,135	98,763,506	31,432,375	36,860,546	105,454,510	135,624,052
- export	11,362,606	16,322,874	1,029,738	3,402,455	12,392,344	19,725,329
	85,384,741	115,086,380	32,462,113	40,263,001	117,846,854	155,349,381
Inter-segment transfers	22,932,568	33,109,415	-	-	22,932,568	33,109,415
Elimination of inter- segment transfers	-	-	-	-	(22,932,568)	(33,109,415)
Net sales	<u>108,317,309</u>	<u>148,195,795</u>	<u>32,462,113</u>	<u>40,263,001</u>	<u>117,846,854</u>	<u>155,349,381</u>
Segment results after tax	(1,381,991)	(2,230,763)	2,543,906	2,608,725	1,161,915	377,962
Other comprehensive income	(14,217)	(12,632)	(28,435)	(25,265)	(42,652)	(37,897)
Total comprehensive Income / (Loss)	<u>(1,396,208)</u>	<u>(2,243,395)</u>	<u>2,515,471</u>	<u>2,583,460</u>	<u>1,119,263</u>	<u>340,065</u>
(Rupees in thousand)						
	FUEL		LUBE		TOTAL	
	March 31, 2015	June 30, 2014	March 31, 2015	June 30, 2014	March 31, 2015	June 30, 2014
Segment assets	29,873,510	31,513,855	19,552,706	19,702,044	49,426,216	51,215,899
Unallocated assets	-	-	-	-	(2,566,767)	1,560,253
Total assets	<u>29,873,510</u>	<u>31,513,855</u>	<u>19,552,706</u>	<u>19,702,044</u>	<u>46,859,449</u>	<u>52,776,152</u>
Segment liabilities	17,735,657	24,400,760	1,342,819	1,157,561	19,078,476	25,558,321
Unallocated liabilities	-	-	-	-	68,071	624,192
Total liabilities	<u>17,735,657</u>	<u>24,400,760</u>	<u>1,342,819</u>	<u>1,157,561</u>	<u>19,146,547</u>	<u>26,182,513</u>

21. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue by the Board of Directors of the Company on April 13, 2015.


Chief Executive


Director



National Refinery Limited

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