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Achievement**

Condensed Interim
Financial Information
for the Half Year ended
December 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
Mofarrih Saeed H. Alghamdi
Alternate Director: Babar Bashir Nawaz
Shuaib A. Malik
Zaki Mohamad Mansoor
Shahid Ghaffar
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 Mofarrih Saeed H. Alghamdi	
Shaikh Ather Ahmed	Secretary

Human Resource and Remuneration (HR&R) Committee

Abdus Sattar	Chairman
Alternate to Dr. Ghaith R. Pharaon	
Babar Bashir Nawaz	Member
Alternate to Mofarrih Saeed H. Alghamdi	
Shuaib A. Malik	Member
Nouman Ahmed Usmani	Secretary

Auditors

A. F. Ferguson & Co.
Chartered Accountants

Solicitors

Ali Sibtain Fazli & Associates

Primary 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 No. 111-675-675
PABX No. + 92-21-35064981-86
+ 92-21-35064977-79
Fax: + 92-21-35054663,
+ 92-21-35066705
Website: www.nrlpak.com
E-mail: info@nrlpak.com

Share Registrar

THK Associates (Pvt.) Ltd.,
2nd Floor, State Life Building-3,
Dr. Ziauddin Ahmed Road,
KARACHI-75530 P.O. 8533
UAN: +92-21 111-000-322
Direct: +92-21 35693094
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 half year ended December 31, 2015.

During the half year, your Company has achieved a profit after tax of Rs.2,884 million, translated into earning per share of Rs.36.07, compared to loss after tax of Rs.48 million and loss per share Rs.0.61, in the same period last year.

Crude oil prices in the international market declined to its lowest at a fast pace recording the lowest price in a decade. Although, product prices also declined correspondingly, the rate of reduction remained relatively slower creating a favorable margin. Despite significant inventory losses due to falling prices, fuel segment earned profit after tax of Rs.119 million as compared to loss after tax of Rs.1,882 million in the corresponding period. Stability in Pak-Rupee against the US Dollar during the period resulted in exchange loss of Rs.222 million compared to Rs.662 million in the same period last year.

Lube Segment earned a profit after tax of Rs.2,765 million compared to Rs.1,833 million during same period last year due to reduction in feed cost compared to products sale prices in international market.

Diesel Desulphurization and Naphtha Isomerization projects are progressing as planned. Detailed engineering work has been completed. Equipment supply is expected to commence shortly and civil work at site is under progress. The Company has spent Rs.5.5 billion on the projects in the current period. Government after considering the request of refineries has extended completion date of Diesel Desulphurization project to meet Euro II standards till June 30, 2017.

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

On behalf of the Board

Shuaib A. Malik

Deputy Chairman &
Chief Executive Officer

Beirut
February 09, 2016



A. F. FERGUSON & CO.

**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 31 December 2015 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 31 December 2015 and 2014 have not been reviewed, as we are required to review only the cumulative figures for the half year ended 31 December 2015.

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 31 December 2015 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.


Chartered Accountants
Karachi

Dated: 10 February 2016

Name of the engagement partner: Farrukh Rehman

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CONDENSED INTERIM BALANCE SHEET

AS AT DECEMBER 31, 2015

	Note	Unaudited December 31, 2015 (Rupees in thousand)	Audited June 30, 2015
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	5	13,626,383	8,066,114
Long term investment		-	-
Long term loans		39,796	42,575
Long term deposits		30,189	30,189
Retirement benefit prepayments		14,021	22,399
		<u>13,710,389</u>	<u>8,161,277</u>
CURRENT ASSETS			
Stores, spares and chemicals		1,013,411	1,003,102
Stock-in-trade	6	9,692,745	13,585,660
Trade debts		5,813,682	7,253,035
Loans and advances		84,710	74,602
Trade deposits and short-term prepayments		122,451	8,921
Interest accrued		65,861	32,240
Other receivables	7	509,843	547,326
Short term investments		747,451	123,543
Cash and bank balances		18,150,995	17,272,944
		<u>36,201,149</u>	<u>39,901,373</u>
TOTAL ASSETS		<u>49,911,538</u>	<u>48,062,650</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital		799,666	799,666
Reserves		31,418,658	29,334,041
		<u>32,218,324</u>	<u>30,133,707</u>
LIABILITIES			
NON - CURRENT LIABILITIES			
Retirement benefit obligations		662,938	594,464
Deferred taxation		151,200	171,555
		<u>814,138</u>	<u>766,019</u>
CURRENT LIABILITIES			
Trade and other payables	8	13,032,197	16,433,021
Provisions		112,361	112,361
Taxation - provisions less payments		1,441,260	617,542
Short term borrowing	9	2,293,258	-
		<u>16,879,076</u>	<u>17,162,924</u>
TOTAL LIABILITIES		<u>17,693,214</u>	<u>17,928,943</u>
CONTINGENCIES AND COMMITMENTS			
TOTAL EQUITY AND LIABILITIES	10	<u>49,911,538</u>	<u>48,062,650</u>

The annexed notes 1 to 20 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, 2015 (UNAUDITED)

	Note	Quarter ended		Half year ended	
		December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
		(Rupees in thousand)			
Gross sales	11	44,041,564	51,738,976	79,034,133	112,845,163
Trade discounts, taxes, duties, levies and price differential	12	(14,219,999)	(9,964,064)	(24,421,482)	(21,142,009)
Net sales		29,821,565	41,774,912	54,612,651	91,703,154
Cost of sales		(25,938,364)	(41,144,747)	(49,956,658)	(91,005,587)
Gross profit		3,883,201	630,165	4,655,993	697,567
Distribution cost		(192,591)	(226,631)	(341,848)	(467,251)
Administrative expenses		(215,366)	(157,518)	(378,865)	(290,263)
Other income	13	366,359	463,774	733,333	773,952
Other operating expenses		(262,907)	(15,012)	(309,327)	(16,220)
Operating profit		3,578,696	694,778	4,359,286	697,785
Finance cost	14	(40,495)	234,087	(230,242)	(663,126)
Profit before taxation		3,538,201	928,865	4,129,044	34,659
Taxation	15	(1,060,036)	(140,399)	(1,244,761)	(83,062)
Profit / (Loss) after taxation		2,478,165	788,466	2,884,283	(48,403)
Earnings / (Loss) per share - basic and diluted		Rs. 30.99	Rs. 9.86	Rs. 36.07	(Rs. 0.61)

The annexed notes 1 to 20 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, 2015 (UNAUDITED)

	Quarter ended		Half year ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
	← (Rupees in thousand) →			
Profit / (Loss) after taxation	2,478,165	788,466	2,884,283	(48,403)
Other comprehensive income				
Remeasurement loss	21,091	(12,060)	-	(24,119)
Deferred tax thereon	(3,005)	(2,173)	-	(4,316)
	18,086	(14,233)	-	(28,435)
Total comprehensive income / (loss)	2,496,251	774,233	2,884,283	(76,838)

The annexed notes 1 to 20 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, 2015 (UNAUDITED)

	Note	December 31, 2015 (Rupees in thousand)	December 31, 2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	16	5,677,419	3,208,959
Income tax paid		(441,398)	(454,448)
Decrease / (increase) in long term loans		2,779	(353)
Payments made to retirement benefit funds		(47,506)	-
Net cash generated from operating activities		5,191,294	2,754,158
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(5,734,314)	(686,738)
Purchase of intangible asset		(144)	(35,053)
Proceeds from disposal of property, plant and equipment		978	2,843
Return received on investments and bank accounts		544,946	503,622
Net cash used in investing activities		(5,188,534)	(215,326)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(793,772)	(412)
Proceeds from foreign currency loan		2,285,200	-
		1,491,428	(412)
Net increase in cash and cash equivalents		1,494,188	2,538,420
Cash and cash equivalents at the beginning of the period		17,396,032	11,804,769
Cash and cash equivalents at the end of the period	17	18,890,220	14,343,189

The annexed notes 1 to 20 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, 2015 (UNAUDITED)

	SHARE CAPITAL Issued, subscribed and paid-up	CAPITAL RESERVES Capital compensation reserve	Exchange equalisation reserve	REVENUE RESERVES General reserve	Unappropriated profit	Special reserve	Total
	(Rupees in thousand)						
Balance as at July 1, 2014	799,666	10,142	4,117	21,061,000	945,614	3,773,100	26,593,639
Loss for the half year ended December 31, 2014	-	-	-	-	(48,403)	-	(48,403)
Other comprehensive income	-	-	-	-	(28,435)	-	(28,435)
Total comprehensive income for the half year ended December 31, 2014	-	-	-	-	(76,838)	-	(76,838)
Balance as at December 31, 2014	799,666	10,142	4,117	21,061,000	868,776	3,773,100	26,516,801
Balance as at July 1, 2015	799,666	10,142	4,117	21,061,000	4,485,682	3,773,100	30,133,707
Final dividend for the year ended June 30, 2015 - Rs. 10 per share	-	-	-	-	(799,666)	-	(799,666)
Transfer to general reserve	-	-	-	3,000,000	(3,000,000)	-	-
Profit for the half year ended December 31, 2015	-	-	-	-	2,884,283	-	2,884,283
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the half year ended December 31, 2015	-	-	-	-	2,884,283	-	2,884,283
Transferred to special reserve	-	-	-	-	(49,370)	49,370	-
Balance as at December 31, 2015	799,666	10,142	4,117	24,061,000	3,520,929	3,822,470	32,218,324

The annexed notes 1 to 20 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, 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 Pakistan Stock Exchange. 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.

During the half year ended December 31, 2015, the Company has continued to incur capital expenditure on contracts for Diesel De-sulphurisation and Naphtha Isomerisation as part of upgradation and expansion of fuel refinery operations. The estimated project cost is US\$ 349 million (Rs. 36.58 billion) whereas these projects are expected to be completed by May 2017. The project is partly financed by the syndicate term finance facility as disclosed in the annual financial statements for the year ended June 30, 2015.

2. BASIS OF PREPARATION

This condensed interim financial information of the Company for the half year ended December 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 Pakistan Stock Exchange.

This condensed interim financial information does not include all the information required for the complete set of financial statements and should be read in conjunction with the annual financial statements for the year ended June 30, 2015.

2.1 Changes in accounting standards, interpretations and pronouncements

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

The following are the new standards, amendments to existing approved accounting standards and new interpretations that will be effective for the periods beginning on or after 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.

IFRS 12, 'Disclosures of interests in other entities' includes the disclosure requirements for all

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE HALF YEAR ENDED DECEMBER 31, 2015 (UNAUDITED)

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.

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, 2015 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**

The new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after January 1, 2016 are considered not to be relevant for Company's financial statements and hence have not been detailed here.

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 annual financial statements of the Company for the year ended June 30, 2015.

4. ACCOUNTING ESTIMATES, JUDGEMENTS 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 Judgements 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, 2015.

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, 2015.

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE HALF YEAR ENDED DECEMBER 31, 2015 (UNAUDITED)

December 31,
2015
(Rupees in thousand)

5. FIXED ASSETS

Property, plant and equipment

- Operating assets	2,765,800	2,834,463
- Major spare parts and stand-by equipments	189,805	199,244
- Capital work-in-progress - note 5.1	10,651,610	5,007,238
	13,607,215	8,040,945

Intangible assets

19,168	25,169
13,626,383	8,066,114

5.1 Capital work-in-progress

	Refineries upgradation projects	Other projects	Advances to other contractors / suppliers	Total
	(Rupees in thousand)			
Opening Balance as at July 1, 2015	4,651,181	271,176	84,881	5,007,238
Additions	5,496,913	153,965	152,239	5,803,117
Transfers	-	(89,898)	(68,847)	(158,745)
Closing Balance as at December 31, 2015	10,148,094	335,243	168,273	10,651,610
Opening Balance as at July 1, 2014	1,777,174	215,410	24,693	2,017,277
Additions	2,874,007	315,044	78,653	3,267,704
Transfers	-	(259,278)	(18,465)	(277,743)
Closing Balance as at June 30, 2015	4,651,181	271,176	84,881	5,007,238

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE HALF YEAR ENDED DECEMBER 31, 2015 (UNAUDITED)

5.2 The Company has incurred capital expenditure of Rs. 10.15 billion (June 30, 2015: Rs. 4.65 billion) on up-gradation and expansion projects. It includes Rs. 9.92 billion (June 30, 2015: Rs. 4.44 billion) for the up-gradation and expansion of fuel refinery operations.

5.3 Additions and disposals to the operating assets during the half year end are as follows:

	Additions (at cost)		Disposals (at net book value)	
	December 2015	December 2014	December 2015	December 2014
	(Rupees in thousand)			
Plant and machinery	55,602	8,062	-	-
Office and other equipments	22,452	38,856	-	4
Buildings	13,350	948	-	-
Utilities	2,784	12,834	-	-
Vehicles	1,940	140	1,309	2,105
Furniture and fixtures	1,469	20	-	-
Power plant	735	34,346	-	-
Computer equipment	627	4,542	-	-
Pipelines	421	-	-	-
Storage tanks	-	52,913	-	-
	99,380	152,661	1,309	2,109

6. STOCK-IN-TRADE

As at December 31, 2015 stock of finished goods have been written down by Rs. 205.33 million (June 30, 2015: Rs. 75.87 million) to arrive at its net realisable value.

7. OTHER RECEIVABLES

This includes receivable on account of sales tax paid to Federal Board of Revenue amounting to Rs. 237.54 million (June 30, 2015: 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 year ended June 30, 2015. The Company filed an appeal against the order which was subsequently annulled in favour of the Company. The Company has filed refund application with FBR which is in process.

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE HALF YEAR ENDED DECEMBER 31, 2015 (UNAUDITED)

	December 31, 2015	June 30, 2015
	(Rupees in thousand)	
8. TRADE AND OTHER PAYABLES		
Trade creditors	5,174,594	10,924,859
Due to Government of Pakistan	949,536	1,191,153
Due to related party:		
- Attock Petroleum Limited	18,713	4,497
- Pakistan Oilfields Limited	266,366	339,013
Accrued liabilities	784,213	694,161
Regulatory duty payable	317,284	-
Surplus price differential payable	782,817	633,967
Sales tax payable	2,743,228	1,447,775
Retention money	348,290	43,270
Deposits from contractors	33,017	33,615
Advances from customers - note 8.1	173,293	169,181
Workers' profits participation fund	220,755	48,616
Workers' welfare fund	229,634	145,368
Income tax deducted at source	14,222	13,355
Unclaimed dividend	74,447	67,329
Excise duty and petroleum levy	893,114	668,648
Others	8,674	8,214
	13,032,197	16,433,021

8.1 This includes advances received from a related party - Pakistan Oilfields Limited amounting to Rs. 8.92 million (June 30, 2015: Rs. 6.21 million) against supply of goods.

9. SHORT TERM BORROWING

This represents short term foreign currency loan obtained from commercial bank repayable on January 25, 2016 at a markup of 3.25% per annum.

10. CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

There has been no significant change in contingencies since the issuance of annual financial statements for the year ended June 30, 2015.

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE HALF YEAR ENDED DECEMBER 31, 2015 (UNAUDITED)

10.2 Commitments

- Commitments for capital expenditure as at December 31, 2015 amounted to Rs. 16.77 billion (June 30, 2015: Rs. 21.26 billion) in respect of refinery upgradation project as explained in note 1 of the financial information; and
- Outstanding letters of credit as at December 31, 2015 amounted to Rs. 4.97 billion (June 30, 2015: Rs. 15.10 billion).

Quarter ended		Half year ended	
December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
← (Rupees in thousand) →			

11. GROSS SALES

Local	40,805,749	47,229,669	73,883,735	102,293,905
Export	3,235,815	4,509,307	5,150,398	10,551,258
	<u>44,041,564</u>	<u>51,738,976</u>	<u>79,034,133</u>	<u>112,845,163</u>

12. TRADE DISCOUNTS, TAXES, DUTIES, LEVIES AND PRICE DIFFERENTIAL

	Quarter ended		Half year ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
← (Rupees in thousand) →				
Trade discounts	99,037	207,991	211,839	474,410
Sales tax	10,335,590	6,862,586	17,171,483	14,863,529
Excise duty	123	152	243	302
Petroleum levy	3,035,791	2,445,225	5,158,837	5,045,010
Regulatory Duty	564,478	-	1,092,347	-
Surplus price differential	184,980	448,110	786,733	758,758
	<u>14,219,999</u>	<u>9,964,064</u>	<u>24,421,482</u>	<u>21,142,009</u>

13. OTHER INCOME

This includes return on bank deposits amounting to Rs. 305.55 million (2014: Rs. 361.64 million), return on Pakistan Investment Bonds amounting to Rs. 188.84 million (2014: Rs. 108.47 million) and return on treasury bills amounting to Rs. 91.44 million (2014: Rs. 49.67 million).

14. FINANCE COST

This includes net exchange loss of Rs. 221.74 million (2014: Rs. 662.46 million) on foreign currency transactions relating to purchase and sale of crude oil / products.

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE HALF YEAR ENDED DECEMBER 31, 2015 (UNAUDITED)

	Quarter ended		Half year ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
	(Rupees in thousand)			

15. TAXATION

Current

- for the period

1,067,146	231,879	1,265,116	512,060
-	-	-	(98,409)

- for prior periods

1,067,146	231,879	1,265,116	413,651
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Deferred

(7,110)	(91,480)	(20,355)	(330,589)
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1,060,036	140,399	1,244,761	83,062
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December 31,
2015
(Rupees in thousand)

16. CASH GENERATED FROM OPERATIONS

Profit before taxation

4,129,044	34,659
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Adjustment for non cash charges and other items:

Depreciation and amortisation

172,880	158,532
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Provision for staff retirement benefit funds

124,358	61,709
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Markup on short term borrowings

8,058	-
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Return on investments and bank accounts

(586,338)	(519,787)
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Loss / (profit) on disposal of

operating assets

331	(734)
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Increase in working capital - note 16.1

1,829,086	3,474,580
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5,677,419	3,208,959
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SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE HALF YEAR ENDED DECEMBER 31, 2015 (UNAUDITED)

	December 31, 2015	December 31, 2014
	(Rupees in thousand)	
16.1 Increase in working capital		
(Increase) / Decrease in current assets		
Stores, spares and chemicals	(10,309)	(10,741)
Stock-in-trade	3,892,915	8,922,962
Trade debts	1,439,353	5,044,292
Loans and advances	(10,108)	(24,508)
Trade deposits and short-term prepayments	(113,530)	(87,603)
Other receivables	37,483	(214,057)
	5,235,804	13,630,345
Decrease in current liabilities		
Trade and other payables	(3,406,718)	(10,021,939)
Provisions	-	(133,826)
	1,829,086	3,474,580
17. CASH AND CASH EQUIVALENTS		
In hand	500	500
With banks on:		
- current accounts	91,140	42,844
- savings accounts	2,123,670	3,864,024
- deposit accounts	15,935,685	8,435,685
	18,150,495	12,342,553
Short term investment in treasury bills	739,225	2,000,136
	18,890,220	14,343,189

18. TRANSACTIONS WITH RELATED PARTIES

Related party transactions are:

Nature of relationship	Nature of transactions	Quarter ended		Half year ended	
		December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
← (Rupees in thousand) →					
Associated Companies	Sale of petroleum products	20,975,030	24,511,930	41,130,774	58,551,713
	Purchase of crude oil and condensate	411,780	589,587	765,576	1,484,224
	Rental income	1,184	866	2,350	2,174
	Hospitality charges	18,797	16,174	37,731	30,148
	Handling income	50,437	65,935	94,578	109,688
	Trade discounts and commission on sales	226,165	383,743	441,616	836,968
	Reimbursement of expenses	638	373	954	529
	Purchase of petroleum products	4,398	5,691	10,499	6,675
	Sale of chemicals	289	-	289	-
	Dividend paid	407,829	-	407,829	-
Post employment staff benefit plans	Contributions	58,551	8,656	69,755	22,271
Key management personnel compensation				-	-
	Salaries and other employee benefits	23,279	16,038	41,201	29,004
	Post employment benefits	725	628	1,405	1,256
	Directors' fees	522	720	2,156	2,253

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE HALF YEAR ENDED DECEMBER 31, 2015 (UNAUDITED)

19. SEGMENT INFORMATION

The financial information regarding operating segments is as follows:

	FUEL		LUBE		TOTAL	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
	(Rupees in thousand)					
Segment Revenue						
Sales to external customer						
- local (net of discounts, taxes, duties and levies and price differential)	33,823,864	57,435,290	15,638,389	23,716,606	49,462,253	81,151,896
- export	4,642,935	9,623,654	507,463	927,604	5,150,398	10,551,258
	38,466,799	67,058,944	16,145,852	24,644,210	54,612,651	91,703,154
Inter segment transfers	9,753,693	18,628,078	-	-	9,753,693	18,628,078
Elimination of inter-segment transfers	-	-	-	-	(9,753,693)	(18,628,078)
Net sales	48,220,492	85,687,022	16,145,852	24,644,210	54,612,651	91,703,154
Segment results after tax	118,689	(1,881,598)	2,765,594	1,833,195	2,884,283	(48,403)
Other comprehensive income	-	(9,478)	-	(18,957)	-	(28,435)
Total comprehensive income / (loss)	118,689	(1,891,076)	2,765,594	1,814,238	2,884,283	(76,838)

	FUEL		LUBE		TOTAL	
	December 31, 2015	June 30, 2015	December 31, 2015	June 30, 2015	December 31, 2015	June 30, 2015
	(Rupees in thousand)					
Segment assets	28,074,071	26,480,454	19,727,147	19,618,154	47,801,218	46,098,608
Unallocated assets	-	-	-	-	2,110,320	19,064,042
Total assets as per balance sheet	28,074,071	26,480,454	19,727,147	19,618,154	49,911,538	65,162,650
Segment liabilities	12,112,654	16,100,022	1,799,365	1,039,824	13,912,019	17,139,846
Unallocated liabilities	-	-	-	-	3,781,195	789,097
Total liabilities as per balance sheet	12,112,654	16,100,022	1,799,365	1,039,824	17,693,214	17,928,943

20. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue by the Board of Directors of the Company on February 9, 2016.


Chief Executive


Director



National Refinery Limited

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