

**Condensed Interim  
Financial Information for  
the Nine Months ended  
March 31, 2017**

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



**National Refinery Limited**





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# Corporate Information

## Board of Directors

Laith G. Pharaon - Chairman  
Alternate Director: Jamil A. Khan  
Wael G. Pharaon  
Alternate Director: Babar Bashir Nawaz  
Shuaib A. Malik  
Zaki Mohamad Mansoer  
Muhammed Naeem  
Tariq Iqbal Khan  
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
Babar Bashir Nawaz	Member
Alternate Director to Wael G. Pharaon	
Shaikh Ather Ahmed	Secretary

## Human Resource and Remuneration (HR&R) Committee

Abdus Sattar	Chairman
Babar Bashir Nawaz	Member
Alternate Director 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

Bank Al-Habib Limited  
United Bank Limited  
Allied Bank Limited  
Bank Alfalah Limited  
Faysal Bank Limited  
Habib Bank Limited  
National Bank of Pakistan  
Samba Bank Limited  
MCB Bank Limited  
Askari Bank Limited  
Habib Metropolitan Bank Limited

## Registered Office

7-B, Korangi Industrial Area,  
P.O. Box 8228, Karachi-74900  
UAN: +92-21-111-675-675  
PABX: +92-21-35064981-86  
+92-21-35064977-79  
Fax: +92-21-35054663  
+92-21-35066705  
Website: [www.nrlpak.com](http://www.nrlpak.com)  
E-mail: [info@nrlpak.com](mailto:info@nrlpak.com)

## Share Registrar

THK Associates (Pvt.) Ltd.,  
1st Floor, 40-C, Block 6, P.E.C.H.S.,  
KARACHI-75400.  
UAN: +92-21-111-000-322  
Direct: +92-21-34168270  
Fax: +92-21-34168271  
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 un-audited financial statements of your Company for nine month's ended March 31, 2017.

During the period, your Company earned profit after tax of Rs. 6,674 million resulting in earnings per share of Rs. 83.46, compared to profit after tax of Rs. 5,238 million resulting in earnings per share of Rs. 65.50 in the same period last year.

Fuel segment of the Company earned profit after tax of Rs. 3,613 million as compared to profit after tax of Rs.1,179 million in the corresponding period of last year. Apart from the fluctuation in Products and Crude Oil prices in international market, refining margins improved. Profitability also increased due to better Sales mix of products and the investment tax credit availed by the company against Diesel Desulphurization and Naphtha Isomerization projects amounting to Rs. 2,334 million. Stability in Pak rupee vs US Dollar resulted in net exchange loss of Rs.109 million as compared to Rs. 243 million in same period last year. Furthermore, during this period shut down of fuel refinery was undertaken for 15 days for tie-ins and revamp of crude distillation column which were completed in time. As a result the crude oil processing capacity has been successfully enhanced by 3,000 barrels per day increasing the overall designed capacity from 62,000 barrels per day to 65,000 barrels per day.

Lube Segment earned profit after tax of Rs. 3,061 million compared to Rs. 4,059 million during the corresponding period last year. The profit of lube segment decreased due to increase in feed cost. Local sales of lube base oils increased however, its export declined.

The projects of Diesel Desulphurization and Naphtha Isomerization are progressing smoothly. Most of the construction and installation work has been completed and the pre-commissioning activities are underway. Despite delay in mechanical completion by six weeks due to various reasons, your company endeavors to complete these projects before June 30, 2017.

The Board appreciates the continuous cooperation, support and confidence of all the stakeholders of the company.

Rawalpindi  
April 17, 2017

On behalf of the Board

**Shuaib A. Malik**  
Deputy Chairman &  
Chief Executive Officer

## بِسْمِ اللّٰهِ الرَّحْمٰنِ الرَّحِیْمِ

السلام علیکم

بورڈ آف ڈائریکٹرز کی جانب سے میں مسرت کے ساتھ کہنی کے 31 مارچ 2017 کو مکمل ہونے والے نو ماہ کے غیر آڈٹ شدہ ماہی گوشتارے کا ایک مختصر جائزہ پیش کر رہا ہوں۔

موجودہ عرصہ میں، آپ کی کہنی نے 6,674 ملین روپے کا ٹیکس کے بعد منافع کمایا جو 83.46 روپے فی شخص آمدنی کے مساوی ہے جبکہ گزشتہ مالی سال اسی مدت میں 5,238 ملین روپے کا ٹیکس کے بعد منافع کمایا جو 65.50 روپے فی شخص آمدنی کے مساوی تھا۔

کہنی کے فیول سیگمنٹ نے 3,613 ملین روپے کا ٹیکس کے بعد منافع کمایا جبکہ گزشتہ مالی سال اسی مدت میں 1,179 ملین روپے کا ٹیکس کے بعد منافع کمایا تھا۔ بین الاقوامی مارکیٹ میں مصنوعات اور خام تیل کی قیمتوں میں اتار چڑھاؤ کے باوجود، ریفا ٹیکنگ مارجنز میں بہتری آئی۔ مصنوعات کی بہتر سلیزکس اور ڈیزل ڈی سلفیورائزیشن اور نیفٹیا آکسیسومرائزیشن منصوبوں کی مدد میں کہنی کو حاصل کردہ 2,334 ملین روپے کا سرمایہ کاری ٹیکس کرڈٹ بھی منافع میں اضافہ کا سبب بنا۔ ڈالر کے مقابل پاکستانی روپے میں استحکام کے نتیجہ میں صرف 109 ملین روپے کا زرمبادلہ کا خسارہ ہوا جبکہ گزشتہ مالی سال اسی مدت میں 243 ملین روپے کا خسارہ تھا۔ مزید برآں، اس سہ ماہی کے دوران کروڈ ڈسٹیلیشن کالم کے ریویپ (revamp) اور منسلک کرنے کیلئے فیول ریفاٹری کو 15 دنوں کیلئے بند کیا گیا تھا جو کہ مقررہ وقت میں مکمل کر لیا گیا۔ اس کے نتیجے میں خام تیل کی پیداواری صلاحیت میں کامیابی کے ساتھ یومیہ 3,000 بیرل کے اضافہ کے ساتھ مجموعی صلاحیت 62,000 بیرل سے بڑھ کر یومیہ 65,000 بیرل ہو گئی۔

لیوب سیگمنٹ نے 3,061 ملین روپے کا ٹیکس کے بعد منافع کمایا جبکہ گزشتہ مالی سال اسی مدت میں یہ منافع 4,059 ملین روپے تھا۔ پیداواری لاگت میں اضافہ کی وجہ سے لیوب سیگمنٹ کے منافع میں کمی آئی۔ لیوب ٹیس آئل کی مقامی پیلز میں اضافہ ہوا تاہم، برآمدات میں کمی ہوئی۔

ڈیزل ڈی سلفیورائزیشن اور نیفٹیا آکسیسومرائزیشن منصوبے مناسب رفتار سے تکمیل کی جانب رواں ہیں۔ تعمیر اور تنصیب کا کام تقریباً مکمل ہو چکا ہے اور پری کمیشننگ (pre-commissioning) کی سرگرمیاں شروع کی جا چکی ہیں۔ مختلف وجوہات کی بناء پر میکینیکل تکمیل میں چھ ہفتوں کی تاخیر کے باوجود، آپ کی کہنی ان منصوبوں کو 30 جون 2017 سے پہلے مکمل کرنے کیلئے کوشاں ہے۔

بورڈ کہنی کے تمام حصہ داروں کا اگلے مسلسل تعاون، حمایت اور اعتماد کیلئے شکر گزار ہے۔

بورڈ کی جانب سے

  
شعیبہ مالک

ڈپٹی چیئرمین اور چیف ایگزیکٹو آفیسر

راولپنڈی

17 اپریل، 2017

# CONDENSED INTERIM BALANCE SHEET

AS AT MARCH 31, 2017

	Note	Unaudited March 31, 2017 (Rupees in thousand)	Audited June 30, 2016
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed assets	5	36,443,645	23,627,920
Long term investment		-	-
Long term loans	6	45,165	40,918
Long term deposits	7	30,189	30,189
Retirement benefit prepayments		2,923	4,917
Deferred taxation	8	513,927	-
		<u>37,035,849</u>	<u>23,703,944</u>
<b>CURRENT ASSETS</b>			
Stores, spares and chemicals		892,505	907,495
Stock-in-trade	9	9,244,006	11,252,503
Trade debts		3,768,604	5,297,198
Loans and advances	10	63,566	84,718
Trade deposits and short-term prepayments	11	69,683	10,576
Interest accrued		22,866	28,778
Other receivables		283,343	504,421
Taxation - payments less provisions		476,360	-
Cash and bank balances		2,101,417	11,870,898
		<u>16,922,350</u>	<u>29,956,587</u>
<b>TOTAL ASSETS</b>		<u><u>53,958,199</u></u>	<u><u>53,660,531</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital		799,666	799,666
Reserves		41,097,066	36,022,777
		<u>41,896,732</u>	<u>36,822,443</u>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Long term borrowing	12	766,100	-
Retirement benefit obligations		387,528	462,173
Deferred taxation		-	135,369
		<u>1,153,628</u>	<u>597,542</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	13	10,795,478	15,030,594
Provisions		112,361	112,361
Taxation - provisions less payments		-	1,097,591
		<u>10,907,839</u>	<u>16,240,546</u>
<b>TOTAL LIABILITIES</b>		<u>12,061,467</u>	<u>16,838,088</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
<b>TOTAL EQUITY AND LIABILITIES</b>	14	<u><u>53,958,199</u></u>	<u><u>53,660,531</u></u>

The annexed notes 1 to 24 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, 2017 (UNAUDITED)

	Note	Quarter ended		Nine months ended	
		March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
← (Rupees in thousand) →					
Gross sales	15	35,793,415	35,908,620	109,869,509	114,942,753
Trade discounts, taxes, duties, levies and price differential	16	<u>(9,377,278)</u>	<u>(14,539,950)</u>	<u>(31,113,455)</u>	<u>(38,961,432)</u>
Net sales		26,416,137	21,368,670	78,756,054	75,981,321
Cost of sales		<u>(23,842,518)</u>	<u>(18,032,694)</u>	<u>(71,472,748)</u>	<u>(67,989,352)</u>
Gross profit		2,573,619	3,335,976	7,283,306	7,991,969
Distribution cost		(204,749)	(169,300)	(563,959)	(511,148)
Administrative expenses		(217,939)	(159,138)	(630,518)	(538,003)
Other income	17	165,652	418,689	590,828	1,152,022
Other operating expenses		<u>(158,458)</u>	<u>(235,337)</u>	<u>(458,651)</u>	<u>(544,664)</u>
Operating profit		2,158,125	3,190,890	6,221,006	7,550,176
Finance cost	18	<u>(47,104)</u>	<u>(27,362)</u>	<u>(109,784)</u>	<u>(257,604)</u>
Profit before taxation		2,111,021	3,163,528	6,111,222	7,292,572
Taxation	19	594,685	(809,778)	562,398	(2,054,539)
Profit after taxation		<u>2,705,706</u>	<u>2,353,750</u>	<u>6,673,620</u>	<u>5,238,033</u>
Earnings per share - basic and diluted		<u>Rs. 33.84</u>	<u>Rs. 29.43</u>	<u>Rs. 83.46</u>	<u>Rs. 65.50</u>

The annexed notes 1 to 24 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, 2017 (UNAUDITED)

	Quarter ended		Nine months ended	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
	← (Rupees in thousand) →			
Profit after taxation	2,705,706	2,353,750	6,673,620	5,238,033
<b>Other comprehensive income</b>				
Remeasurement loss of post employment benefit obligation	-	-	-	-
Deferred tax thereon	-	-	-	-
<b>Total comprehensive income</b>	<u>2,705,706</u>	<u>2,353,750</u>	<u>6,673,620</u>	<u>5,238,033</u>

The annexed notes 1 to 24 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, 2017 (UNAUDITED)

	Note	March 31, 2017 (Rupees in thousand)	March 31, 2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	20	5,665,993	14,164,033
Income tax paid		(1,660,849)	(873,270)
(Increase) / Decrease in long term loans and deposits		(4,247)	4,174
Payments made to staff retirement benefit funds		(166,515)	(55,415)
Net cash flow from operating activities		<u>3,834,382</u>	<u>13,239,522</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(13,126,491)	(9,010,941)
Purchase of intangible asset		(553)	(1,577)
Proceeds from disposal of property, plant and equipment		-	978
Return on investments and bank accounts		345,220	888,891
Net cash flow used in investing activities		(12,781,824)	(8,122,649)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceed from long term borrowing		766,100	-
Dividend paid		(1,588,139)	(794,945)
		<u>(822,039)</u>	<u>(794,945)</u>
Net (decrease) / increase in cash and cash equivalents		<u>(9,769,481)</u>	<u>4,321,928</u>
Cash and cash equivalents at beginning of the period		<u>11,870,898</u>	<u>17,396,032</u>
Cash and cash equivalents at end of the period	21	<u><u>2,101,417</u></u>	<u><u>21,717,960</u></u>

The annexed notes 1 to 24 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, 2017 (UNAUDITED)

	SHARE	CAPITAL RESERVES		REVENUE RESERVES		Special reserve	Total
	CAPITAL	Capital	Exchange	General	Unappropriated		
	Issued, subscribed and paid-up	compensation reserve	equalisation reserve	reserve	profit		
	(Rupees in thousand)						
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 nine months ended March 31, 2016	-	-	-	-	5,238,033	-	5,238,033
Other comprehensive income	-	-	-	-	-	-	-
Total Comprehensive income for the nine months ended March 31, 2016	-	-	-	-	5,238,033	-	5,238,033
Income of Fuel refinery operations transferred to special reserve	-	-	-	-	(1,092,631)	1,092,631	-
<b>Balance as at March 31, 2016</b>	<b>799,666</b>	<b>10,142</b>	<b>4,117</b>	<b>24,061,000</b>	<b>4,831,418</b>	<b>4,865,731</b>	<b>34,572,074</b>
Balance as at July 1, 2016	799,666	10,142	4,117	24,061,000	6,264,285	5,683,233	36,822,443
Final dividend for the year ended June 30, 2016 - Rs. 20 per share	-	-	-	-	(1,599,331)	-	(1,599,331)
Transfer to general reserve	-	-	-	4,000,000	(4,000,000)	-	-
Profit for the nine months ended March 31, 2017	-	-	-	-	6,673,620	-	6,673,620
Other comprehensive income	-	-	-	-	-	-	-
Total Comprehensive income for the nine months ended March 31, 2017	-	-	-	-	6,673,620	-	6,673,620
Income of Fuel refinery operations transferred to special reserves	-	-	-	-	(3,527,140)	3,527,140	-
<b>Balance as at March 31, 2017</b>	<b>799,666</b>	<b>10,142</b>	<b>4,117</b>	<b>28,061,000</b>	<b>3,811,434</b>	<b>9,210,373</b>	<b>41,896,732</b>

The annexed notes 1 to 24 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, 2017 (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.

The Company has initiated contracts for Disedel De-sulphurisation and Naphtha Isomerisation as part of upgradation and expansion of fuel refinery operations. The estimated project cost is US\$ 349 million (Rs. 36.59 billion) whereas these projects are expected to be completed by June 2017. The arrangements for the funding of these projects is disclosed in note 12.

### **2. BASIS OF PREPARATION**

This condensed interim financial information of the Company for the nine months ended March 31, 2017 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 full financial statements and should be read in conjunction with the annual financial statements for the year ended June 30, 2016.

### **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, 2016.

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

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

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

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, 2016.

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, 2016.

## SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE NINE MONTHS ENDED MARCH 31, 2017 (UNAUDITED)

	March 31, 2017	June 30, 2016
	(Rupees in thousand)	
<b>5. FIXED ASSETS</b>		
Property, plant and equipment		
- Operating assets	3,226,635	3,233,977
- Major spare parts and stand-by equipments	238,710	221,438
- Capital work-in-progress (CWIP) - note 5.1	<u>32,969,571</u>	<u>20,153,752</u>
	<u>36,434,916</u>	23,609,167
Intangible assets	8,729	18,753
	<u>36,443,645</u>	<u>23,627,920</u>

### 5.1 Capital work-in-progress

	Balance as at July 1, 2016	Addition during the period	Transfers	Balance as at March 31, 2017	Balance as at July 1, 2015	Addition during the year	Transfers	Balance as at June 30, 2016
	(Rupees in thousand)							
Building on leasehold land	28,124	23,925	(19,487)	32,562	25,618	35,593	(33,087)	28,124
Refineries upgradation projects - note 5.2	19,778,143	11,697,219	-	31,475,362	4,651,181	15,126,962	-	19,778,143
Plant and machinery	146,729	836,679	(211,400)	772,008	207,848	548,920	(610,039)	146,729
Computer software under development	-	-	-	-	-	2,450	(2,450)	-
Office and other equipments	43,233	17,421	(26,221)	34,433	37,710	56,750	(51,227)	43,233
	<u>19,996,229</u>	<u>12,575,244</u>	<u>(257,108)</u>	<u>32,314,365</u>	<u>4,922,357</u>	<u>15,770,675</u>	<u>(696,803)</u>	<u>19,996,229</u>
Advances to contractors/suppliers - note 5.4	157,523	574,079	(76,396)	655,206	84,881	136,914	(64,272)	157,523
	<u>20,153,752</u>	<u>13,149,323</u>	<u>(333,504)</u>	<u>32,969,571</u>	<u>5,007,238</u>	<u>15,907,589</u>	<u>(761,075)</u>	<u>20,153,752</u>

5.2 The Company has incurred capital expenditure of Rs.31.48 billion (June 30, 2016: Rs. 19.78 billion) on up-gradation and expansion projects. It includes Rs.31.27 billion (June 30, 2016: Rs. 19.57 billion) for the up-gradation and expansion of fuel refinery operations.

5.3 Additions and disposals to operating assets during the nine months ended March 31, 2017 are as follows :

	Additions		Disposals	
	(at cost)		(at net book value)	
	March 2017	March 2016	March 2017	March 2016
	(Rupees in thousand)			
Plant and machinery	74,424	57,354	-	-
Office and other equipments	40,905	43,620	-	-
Buildings	19,333	31,890	-	-
Utilities	81,036	11,523	-	-
Vehicles	12,004	13,718	-	1,309
Furniture and fixtures	2,861	2,145	-	-
Power Plant	3,342	734	-	-
Computer equipments	2,745	2,619	-	-
Pipelines	24,164	1,770	-	-
Storage tanks	33,519	2,404	-	-
	<u>294,333</u>	<u>167,777</u>	<u>-</u>	<u>1,309</u>

5.4 The advance to supplier does not carry any interest or markup arrangement.

### 6. LONG TERM LOANS

These include secured loans to executives and employees for the purchase of motors cars and house building. Out of these, cars loans amounting to Rs.12.24 million (June 30, 2016: Rs.11.3 million) carry interest ranging from 3% to 7% (June 30, 2016: 3% to 7%). The unsecured loans to executive and employees are interest free.

## SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE NINE MONTHS ENDED MARCH 31, 2017 (UNAUDITED)

### 7. LONG TERM DEPOSITS

These deposits do not carry any markup arrangement.

### 8. DEFERRED TAXATION

This includes deferred tax asset recognised on unavailed tax credit available against refinery upgradation projects based on the assumption of availability of projected taxable profits of the Company for the future years. The determination of future taxable profits is sensitive to certain key assumptions such as international oil prices, exchange rates and inflation.

### 9. STOCK-IN-TRADE

Stock of finished goods as at March 31, 2017 has been written down by Rs.169.98 million (June 30, 2016: Rs. 283.36 million) to arrive at its net realisable value.

### 10. LOANS AND ADVANCES

This includes car loans amounting to Rs. 2.18 million (June 30, 2016: 2.41 million) carry interest as disclosed in note 7. Advances do not carry any markup arrangement.

### 11. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

These deposits do not carry any markup arrangement.

### 12. LONG-TERM BORROWING

The facility carries a mark-up of 6 month KIBOR plus 1.70% p.a which will be payable on semi-annual basis. The tenure of this facility is 12 years including a grace period of 2 years.

	March 31, 2017	June 30, 2016
	(Rupees in thousand)	
<b>13. TRADE AND OTHER PAYABLES</b>		
Trade creditors	2,633,220	6,841,409
Due to Government of Pakistan	959,930	816,569
Due to related party:		
- Attock Petroleum Limited	75,661	17,998
- Attock Refinery Limited	71	-
- Pakistan Oilfields Limited	78,264	114,791
- Attock Cement Pakistan Limited	281	-
Accrued liabilities	1,105,248	1,150,901
HSD surplus price differential	738,073	1,121,352
PMG-RON differential	64,702	-
Custom duty payable	721,339	450,494
Sales tax payable	782,132	1,032,285
Retention money	2,140,909	2,000,517
Deposits from contractors	40,013	42,188
Advances from customers - note 13.1	325,565	226,947
Workers' profits participation fund	328,226	1,891
Workers' welfare fund	194,703	249,862
Income tax deducted at source	3,218	7,722
Dividend payable	83,120	71,928
Excise duty and petroleum levy	488,307	877,811
Accrued interest	23,000	-
Others	9,496	5,929
	<u>10,795,478</u>	<u>15,030,594</u>

13.1 This Includes advances received from related party - Pakistan Oilfields Limited amounting to Rs.15.33 million (June 30, 2016:Rs. 11.77 million) against supply of goods.

## SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE NINE MONTHS ENDED MARCH 31, 2017 (UNAUDITED)

### 14. CONTINGENCIES AND COMMITMENTS

#### 14.1 Contingencies

There has been no significant change in contingencies since the issuance of last annual financial statements for the year ended June 30, 2016.

#### 14.2 Commitments

- a) Commitments outstanding for capital expenditure as at March 31, 2017 amounted to Rs.4.24 billion (June 30, 2016: Rs. 13.471 billion) in respect of refinery upgradation projects as explained in note 1 of the financial information; and
- b) Outstanding letters of credit at the end of the period amounted to Rs. 3.65 billion (June 30, 2016: Rs. 12.92 billion)

	Quarter ended		Nine months ended	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
	← (Rupees in thousand) →			
<b>15. GROSS SALES</b>				
Local	32,082,151	33,487,787	101,210,785	107,371,522
Export	3,711,264	2,420,833	8,658,724	7,571,231
	<u>35,793,415</u>	<u>35,908,620</u>	<u>109,869,509</u>	<u>114,942,753</u>

#### 16. TRADE DISCOUNTS, TAXES, DUTIES, LEVIES AND PRICE DIFFERENTIAL

Trade discounts	107,928	146,273	309,103	358,112
Sales tax	5,961,721	10,086,961	19,720,149	27,258,444
Excise duty	147	138	515	381
Petroleum levy	2,256,211	2,836,357	7,662,013	7,995,194
Surplus price differential	214,237	940,174	931,856	1,726,907
PMG-RON differential	44,805	-	64,702	-
Custom duty	792,229	530,047	2,425,117	1,622,394
	<u>9,377,278</u>	<u>14,539,950</u>	<u>31,113,455</u>	<u>38,961,432</u>

#### 17. OTHER INCOME

This includes return on bank deposits amounting to Rs. 233.09 million (2016: Rs. 541.40 million), return on Pakistan Investment Bonds amounting to Rs. 94.75 (2016: Rs. 268.63 million) and return on treasury bills amounting to Rs.11.47 million (2016: Rs. 103.36 million).

#### 18. FINANCE COST

This include net exchange loss of Rs.108.57 million (2016: Rs. 243 million) on foreign currency transactions relating to purchase and export of crude oil/products.

	Quarter ended		Nine months ended	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
	← (Rupees in thousand) →			
<b>19. TAXATION</b>				
Current				
- for the periods	37,251	872,942	86,898	2,138,059
- for prior periods	-	(51,794)	-	(51,794)
	37,251	821,148	86,898	2,086,265
Deferred	(631,936)	(11,370)	(649,296)	(31,726)
	<u>(594,685)</u>	<u>809,778</u>	<u>(562,398)</u>	<u>2,054,539</u>

Current period tax and deferred tax includes impact of tax credit under section 65B of the Income Tax Ordinance, 2001 on fixed assets additions made in respect of the refinery upgradation project.

## SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE NINE MONTHS ENDED MARCH 31, 2017 (UNAUDITED)

	March 31, 2017	March 31, 2016
	(Rupees in thousand)	
<b>20. CASH GENERATED FROM OPERATIONS</b>		
Profit before taxation	6,111,222	7,292,572
<b>Adjustment for non cash charges and other items:</b>		
Depreciation and amortisation	312,252	262,347
Provision for staff retirement benefit funds	93,864	170,693
Reversal of provision for slow moving and obsolete stores and spares	(6,350)	(7,266)
Reversal of provision for impairment of major spares parts and stand by equipments	(933)	-
Return on investments and bank accounts	(339,308)	(913,403)
Loss on disposal of property, plant and equipment	-	331
Decrease in working capital - note 20.1	(504,754)	7,358,759
	<u>5,665,993</u>	<u>14,164,033</u>
	March 31, 2017	March 31, 2016
	(Rupees in thousand)	
<b>20.1 (Increase) / Decrease in working capital</b>		
<b>(Increase) / decrease in current assets</b>		
Stores, spares and chemicals	21,340	17,673
Stock-in-trade	2,008,497	4,837,814
Trade debts	1,528,594	2,570,754
Loans and advances	21,152	(6,805)
Trade deposits and short-term prepayments	(59,107)	(60,996)
Other receivables	221,078	28,396
	3,741,554	7,386,836
<b>Decrease in current liabilities</b>		
Trade and other payables	(4,246,308)	(28,077)
	<u>(504,754)</u>	<u>7,358,759</u>
<b>21. CASH AND CASH EQUIVALENTS</b>		
<b>In hand</b>	500	500
<b>With banks on:</b>		
- Current accounts	63,010	68,445
- Savings accounts	102,221	767,296
- Deposit accounts	1,935,686	14,935,686
	2,100,917	15,771,427
Short term investments	-	5,946,033
	<u>2,101,417</u>	<u>21,717,960</u>

## SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE NINE MONTHS ENDED MARCH 31, 2017 (UNAUDITED)

### 22. 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, 2017	March 31, 2016	March 31, 2017	March 31, 2016
		← (Rupees in thousand) →			
Associated companies	Sale of petroleum products	18,791,974	18,399,472	53,962,364	59,530,246
	Purchase of crude oil and condensates	89,907	329,126	362,819	1,094,702
	HSD surplus price differential	95,953	-	95,953	-
	Rental income	1,313	1,199	3,895	3,549
	Hospitality and storage income	19,645	21,143	62,427	58,874
	Handling income	28,783	44,956	119,580	139,534
	Trade discounts and commission on sales	247,191	250,521	689,776	692,137
	Reimbursement of expenses	1,558	1,352	3,308	2,306
	Purchase of petroleum products	2,761	1,678	9,805	12,177
	Dividend paid	-	-	815,659	407,829
	Sale of Stores	-	-	-	289
	Purchase of stores	-	-	281	-
	Post employment staff benefit plans	Contributions	130,832	19,366	204,079
Key management employees compensation	Salaries and other employees benefits	15,381	14,510	51,978	43,526
	Post employment benefits	838	790	2,417	2,195
	Directors' fees	524	625	2,823	2,781
		16,743	15,925	57,218	48,502

## SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE NINE MONTHS ENDED MARCH 31, 2017 (UNAUDITED)

### 23. SEGMENT INFORMATION

The financial information regarding operating segments is as follows:

	FUEL		LUBE		TOTAL	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
	← (Rupees in thousand) →					
<b>Segment Revenue</b>						
Sales to external customers						
- local (net of discounts, taxes, duties and levies and price differential)	47,162,341	46,266,340	22,934,989	22,143,750	70,097,330	68,410,090
- export	8,243,296	6,742,550	415,428	828,681	8,658,724	7,571,231
	55,405,637	53,008,890	23,350,417	22,972,431	78,756,054	75,981,321
Inter-segment transfers	15,851,222	12,340,311	-	-	15,851,222	12,340,311
Elimination of inter-segment transfers	-	-	-	-	(15,851,222)	(12,340,311)
<b>Net sales</b>	<b>71,256,859</b>	<b>65,349,201</b>	<b>23,350,417</b>	<b>22,972,431</b>	<b>78,756,054</b>	<b>75,981,321</b>
Segment results after tax	3,613,079	1,178,570	3,060,541	4,059,463	6,673,620	5,238,033
Other comprehensive income	-	-	-	-	-	-
<b>Total comprehensive Income</b>	<b>3,613,079</b>	<b>1,178,570</b>	<b>3,060,541</b>	<b>4,059,463</b>	<b>6,673,620</b>	<b>5,238,033</b>
	FUEL		LUBE		TOTAL	
	March 31, 2017	June 30, 2016	March 31, 2017	June 30, 2016	March 31, 2017	June 30, 2016
	← (Rupees in thousand) →					
Segment assets	43,475,823	36,624,831	7,351,328	14,116,985	50,827,151	50,741,816
Unallocated assets	-	-	-	-	3,131,048	2,918,715
<b>Total assets</b>	<b>43,475,823</b>	<b>36,624,831</b>	<b>7,351,328</b>	<b>14,116,985</b>	<b>53,958,199</b>	<b>53,660,531</b>
Segment liabilities	10,431,523	14,549,100	1,629,944	1,051,088	12,061,467	15,600,188
Unallocated liabilities	-	-	-	-	-	1,237,900
<b>Total liabilities</b>	<b>10,431,523</b>	<b>14,549,100</b>	<b>1,629,944</b>	<b>1,051,088</b>	<b>12,061,467</b>	<b>16,838,088</b>

### 24. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue by the Board of Directors of the Company on April 17, 2017.

  
Chief Executive

  
Director





**National Refinery Limited**

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