

Condensed Interim
Financial Information for
the Nine Months Ended
March 31, 2018



National Refinery Limited

Refining with
Vision



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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
Abdus Sattar
Zaki Mohamad Mansoer
Muhammad Naeem
Tariq Iqbal Khan

Chief Executive Officer

Shuaib A. Malik

General Manager Finance and Corporate Affairs & Chief Financial Officer

Anwar A. Shaikh

Company Secretary

Nouman Ahmed Usmani

Audit Committee

Tariq Iqbal Khan	Chairman
Abdus Sattar	Member
Babar Bashir Nawaz Alternate Director to Mr. Wael G. Pharaon	Member
Shaikh Ather Ahmed	Secretary

Human Resource and Remuneration (HR&R) Committee

Abdus Sattar	Chairman
Babar Bashir Nawaz Alternate Director to Mr. Wael G. Pharaon	Member
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
National Bank of Pakistan
United Bank Limited
MCB Bank Limited
Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
Samba Bank Limited
Faysal Bank Limited
Habib Metropolitan Bank Limited
Habib Bank Limited

Registered Office

7-B, Korangi Industrial Area,
P.O. Box No. 8228, Karachi-74900
UAN: +92-21-111-675-675
PABX: +92-21-35064981-86
+92-21-35064977-79
Website: www.nrlpak.com
E-mail: info@nrlpak.com

Share Registrar

Central Depository Company of
Pakistan Limited
Share Registrar Department
CDC House, 99-B, Block 'B',
S.M.C.H.S., Main Shakra-e-Faisal,
Karachi-74400.
Tel: Customer Support Services
(Toll Free) 0800-23275
Fax: +92-21 34326053
Email: info@cdcpak.com
Website: www.cdcpakistan.com

Directors' Review



Assalam-u-Alaikum!

On behalf of the Board of Directors of National Refinery Limited, I am pleased to present brief review of the financial results and operations of your Company for the nine months ended March 31, 2018.

During the period, your Company earned profit after tax of Rs. 1,569 million resulting in earnings per share of Rs. 19.62, compared to profit after tax of Rs. 6,674 million resulting in earnings per share of Rs. 83.46 in the same period last year.

Fuel segment of the Company sustained loss after tax of Rs. 834 million as compared to profit after tax of Rs. 3,613 million in the same period last year. Although price-cost margin was better, however, loss incurred due to higher operating cost of newly commissioned Diesel Hydro De-Sulphurization (DHDS) and Isomerization Units; including their depreciation. Further, devaluation of Pak Rupees resulted in exchange loss of Rs. 1,035 million as compared to Rs. 109 million in the same period last year. Refineries are still in process of discussion with the government to enhance deemed duty on HSD from 7.5% to 9% so that higher operating cost could be recovered.

Lube Segment earned profit after tax of Rs. 2,403 million compared to Rs. 3,061 million during the corresponding period last year. Lower market demand of Lube Base Oils and seasonal demand of Bitumen suppressed the sales resulting in profit reduction.

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

On behalf of the Board

Shuaib A. Malik

Deputy Chairman &
Chief Executive Officer

Rawalpindi
April 16, 2018

ڈائریکٹرز کا جائزہ

بِسْمِ اللّٰهِ الرَّحْمٰنِ الرَّحِیْمِ

السلام علیکم

نیشنل ریفاائنری لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے میں مسرت کے ساتھ آپ کی کمپنی کے مالی نتائج اور آپریشنز کا ایک مختصر جائزہ پیش کرتا ہوں جو کہ 31 مارچ 2018 کو مکمل ہوئے نو ماہ کے لئے ہے۔

موجودہ عرصہ میں، آپ کی کمپنی نے 1,569 ملین روپے کا ٹیکس کے بعد منافع کمایا جو 19.62 روپے فی حصص آمدنی کے مساوی ہے جبکہ گزشتہ مالی سال اسی مدت میں 6,674 ملین روپے کا ٹیکس کے بعد منافع کمایا جو 83.46 روپے فی حصص آمدنی کے مساوی تھا۔

کمپنی کے فیول سیگمنٹ نے 834 ملین روپے کا ٹیکس کے بعد نقصان اٹھایا جبکہ گزشتہ مالی سال اسی مدت میں 3,613 ملین روپے کا ٹیکس کے بعد منافع کمایا تھا۔ اگرچہ مارجن بہتر تھے، تاہم، حالیہ نئے کمیشنڈ ڈیزل ہائیڈرو ڈی سلفیورائزیشن (DHDS) اور آکسیسورائزیشن یونٹس کی زیادہ آپریٹنگ لاگت بشمول انکی ڈیپریسیشن کی وجہ سے نقصان ہوا۔ مزید برآں، پاکستانی روپے کی قدر میں کمی کے باعث 1,035 ملین روپے کا زرمبادلہ کا نقصان ہوا جبکہ گزشتہ مالی سال اسی مدت میں 109 ملین روپے کا نقصان ہوا تھا۔ ایچ ایس ڈی پریڈیمڈ یونٹی کو 7.5% سے 9% تک بڑھانے کیلئے ریفاائنریز نے حکومت سے بات چیت جاری رکھی ہوئی ہے تاکہ اضافی آپریٹنگ لاگت کو ریکور کیا جاسکے۔

لیوب سیگمنٹ نے 2,403 ملین روپے کا ٹیکس کے بعد منافع کمایا جبکہ گزشتہ مالی سال اسی مدت میں یہ منافع 3,061 ملین روپے تھا۔ لیوب ٹیس آئل کی مارکیٹ طلب میں کمی اور تارکول کی سیزنل طلب نے فروخت کو متاثر کیا نتیجتاً منافع میں کمی ہوئی۔

بورڈ تمام حصہ داروں کا انکی مسلسل حمایت اور اعتماد کیلئے شکرگزار ہے۔

بورڈ کی جانب سے



شعب اے ملک

ڈپٹی چیئرمین اور چیف ایگزیکٹو آفیسر

راولپنڈی

16 اپریل، 2018

CONDENSED INTERIM BALANCE SHEET

AS AT MARCH 31, 2018

		Unaudited	Audited
		March 31, 2018	June 30, 2017
	Note	(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	5	38,767,001	38,547,362
Long term investment		-	-
Long term loans	6	53,632	51,333
Long term deposits	7	30,189	30,189
Retirement benefit prepayments		-	5,468
		<u>38,850,822</u>	<u>38,634,352</u>
CURRENT ASSETS			
Stores, spares and chemicals		925,408	908,606
Stock-in-trade	8	15,746,403	10,931,017
Trade debts		7,355,925	6,032,874
Loans and advances	9	114,270	64,276
Trade deposits and short-term prepayments	10	84,369	14,013
Interest accrued		17,469	15,831
Other receivables		1,463,992	674,368
Taxation - payments less provisions		1,344,421	1,341,117
Cash and bank balances		997,567	2,769,491
		<u>28,049,824</u>	<u>22,751,593</u>
TOTAL ASSETS		<u>66,900,646</u>	<u>61,385,945</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital		799,666	799,666
Reserves		42,309,575	42,540,214
		<u>43,109,241</u>	<u>43,339,880</u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term borrowing	11	451,185	689,490
Retirement benefit obligations		344,415	264,824
Deferred taxation		174,387	408,566
		<u>969,987</u>	<u>1,362,880</u>
CURRENT LIABILITIES			
Trade and other payables	12	21,501,984	16,484,464
Accrued mark-up		30,463	9,750
Provisions		112,361	112,361
Short term finance	13	1,100,000	-
Current portion of long term borrowing		76,610	76,610
		<u>22,821,418</u>	<u>16,683,185</u>
TOTAL LIABILITIES		<u>23,791,405</u>	<u>18,046,065</u>
CONTINGENCIES AND COMMITMENTS			
TOTAL EQUITY AND LIABILITIES	14	<u>66,900,646</u>	<u>61,385,945</u>

The annexed notes 1 to 25 form an integral part of this condensed interim financial information.


Chief Financial Officer


Chief Executive


Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT

FOR THE NINE MONTHS ENDED MARCH 31, 2018 (UNAUDITED)

	Note	Quarter ended		Nine months ended	
		March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
← (Rupees in thousand) →					
Gross sales	15	41,442,040	35,793,415	126,351,770	109,869,509
Trade discounts, taxes, duties, levies and price differential	16	<u>(10,378,166)</u>	<u>(9,377,278)</u>	<u>(34,257,447)</u>	<u>(31,113,455)</u>
Net sales		31,063,874	26,416,137	92,094,323	78,756,054
Cost of sales	17	<u>(30,233,224)</u>	<u>(23,842,518)</u>	<u>(88,782,044)</u>	<u>(71,472,748)</u>
Gross profit		830,650	2,573,619	3,312,279	7,283,306
Distribution cost		(176,485)	(204,749)	(550,055)	(563,959)
Administrative expenses		(220,366)	(217,939)	(652,522)	(630,518)
Other income	18	116,962	165,652	387,605	590,828
Other operating expenses		<u>3,129</u>	<u>(158,458)</u>	<u>(92,153)</u>	<u>(458,651)</u>
Operating profit		553,890	2,158,125	2,405,154	6,221,006
Finance cost	19	<u>(587,856)</u>	<u>(47,104)</u>	<u>(1,070,724)</u>	<u>(109,784)</u>
Profit / (loss) before taxation		(33,966)	2,111,021	1,334,430	6,111,222
Taxation	20	<u>(20,627)</u>	594,685	234,179	562,398
Profit / (loss) after taxation		<u>(54,593)</u>	<u>2,705,706</u>	<u>1,568,609</u>	<u>6,673,620</u>
Earnings /(loss) per share - basic and diluted		<u>(Re. 0.68)</u>	<u>Rs. 33.84</u>	<u>Rs. 19.62</u>	<u>Rs. 83.46</u>

The annexed notes 1 to 25 form an integral part of this condensed interim financial information.


Chief Financial Officer


Chief Executive


Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE NINE MONTHS ENDED MARCH 31, 2018 (UNAUDITED)

	Quarter ended		Nine months ended	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
	← (Rupees in thousand) →			
Profit / (loss) after taxation	(54,593)	2,705,706	1,568,609	6,673,620
Other comprehensive income / (loss)				
Items that will not be reclassified to profit and loss account.				
Remeasurement of post employment benefit obligations	-	-	-	-
Deferred tax thereon	-	-	-	-
Total comprehensive income / (loss)	(54,593)	2,705,706	1,568,609	6,673,620

The annexed notes 1 to 25 form an integral part of this condensed interim financial information.


Chief Financial Officer


Chief Executive


Director

CONDENSED INTERIM CASH FLOW STATEMENT

FOR THE NINE MONTHS ENDED MARCH 31, 2018 (UNAUDITED)

	Note	March 31, 2018	March 31, 2017
(Rupees in thousand)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	21	1,644,727	5,665,993
Income tax paid		(3,304)	(1,660,849)
Finance cost paid		(13,894)	-
Increase in long term loans		(2,299)	(4,247)
Payments made to staff retirement benefit funds		-	(166,515)
Net cash flow from operating activities		<u>1,625,230</u>	<u>3,834,382</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(2,624,935)	(13,126,491)
Purchase of intangible asset		(1,121)	(553)
Proceeds from disposal of property, plant and equipment		2,035	-
Return received on investments and bank accounts		153,385	345,220
Net cash used in investing activities		<u>(2,470,636)</u>	<u>(12,781,824)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceed from long term borrowing		-	766,100
Short term running finance - net		1,100,000	-
Repayment of long term borrowing		(238,305)	-
Dividend paid		(1,788,213)	(1,588,139)
Net cash used in financing activities		<u>(926,518)</u>	<u>(822,039)</u>
Net decrease in cash and cash equivalents		<u>(1,771,924)</u>	<u>(9,769,481)</u>
Cash and cash equivalents at beginning of the period		2,769,491	11,870,898
Cash and cash equivalents at end of the period	22	<u><u>997,567</u></u>	<u><u>2,101,417</u></u>

The annexed notes 1 to 25 form an integral part of this condensed interim financial information.


Chief Financial Officer


Chief Executive


Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE NINE MONTHS ENDED MARCH 31, 2018 (UNAUDITED)

	SHARE CAPITAL		CAPITAL RESERVES			REVENUE RESERVES		Total
	Issued, subscribed and paid-up	Capital compensation reserve	Exchange equalisation reserve	Special reserve	Utilised special reserve	General reserve	Unappropriated profit	
	(Rupees in thousand)							
Balance as at July 1, 2016	799,666	10,142	4,117	5,883,233	-	24,061,000	6,264,285	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 reserve	-	-	-	3,527,140	-	-	(3,527,140)	-
Balance as at March 31, 2017	799,666	10,142	4,117	9,210,373	-	28,061,000	3,811,434	41,896,732
Balance as at July 1, 2017	799,666	10,142	4,117	-	9,631,914	28,061,000	4,833,041	43,339,880
Final dividend for the year ended June 30, 2017 - Rs. 22.50 per share	-	-	-	-	-	-	(1,799,248)	(1,799,248)
Transfer to general reserve	-	-	-	-	-	3,000,000	(3,000,000)	-
Profit for the nine months ended March 31, 2018	-	-	-	-	-	-	1,568,609	1,568,609
Other comprehensive income	-	-	-	-	-	-	-	-
Total Comprehensive income for the nine months ended March 31, 2018	-	-	-	-	-	-	1,568,609	1,568,609
Balance as at March 31, 2018	799,666	10,142	4,117	-	9,631,914	31,061,000	1,602,402	43,109,241

The annexed notes 1 to 25 form an integral part of this condensed interim financial information.


Chief Financial Officer


Chief Executive


Director

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE NINE MONTHS ENDED MARCH 31, 2018 (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. Company has commissioned its DHDS unit in June 2017 and Isomerization unit in October 2017.

2. BASIS OF PREPARATION

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim reporting comprise of International Accounting Standard (IAS) 34, Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and Provisions of and directives issued under the Companies Act, 2017. Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

This condensed interim financial information does not include all the information required for complete set of financial statements and should be read in conjunction with the annual financial statements for the year ended June 30, 2017.

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, 2017.

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, 2017.

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, 2017.

March 31, 2018	June 30, 2017
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(Rupees in thousand)

5. FIXED ASSETS

Property, plant and equipment		
- Operating assets	35,921,481	30,804,238
- Major spare parts and stand-by equipments	372,249	260,153
- Capital work-in-progress - note 5.1	<u>2,444,462</u>	<u>7,443,967</u>
	38,738,192	38,508,358
Intangible assets	28,809	39,004
	<u>38,767,001</u>	<u>38,547,362</u>

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE NINE MONTHS ENDED MARCH 31, 2018 (UNAUDITED)

5.1 Capital work-in-progress

	Balance as at July 1, 2017	Addition during the period	Transfers	Balance as at March 31, 2018	Balance as at July 1, 2016	Addition during the year	Transfers	Balance as at June 30, 2017
	(Rupees in thousand)							
Building on leasehold land	13,389	23,456	(12,708)	24,137	28,124	35,626	(50,361)	13,389
Refineries upgradation projects	6,541,758	1,391,592	(6,710,815)	1,222,535	19,778,143	13,579,867	(26,816,252)	6,541,758
Plant and machinery	658,949	924,516	(696,800)	886,665	146,729	1,783,897	(1,271,677)	658,949
Office and other equipments	30,555	22,180	(30,548)	22,187	43,233	19,419	(32,097)	30,555
	<u>7,244,651</u>	<u>2,361,744</u>	<u>(7,450,871)</u>	<u>2,155,524</u>	<u>19,996,229</u>	<u>15,418,809</u>	<u>(28,170,387)</u>	<u>7,244,651</u>
Advances to contractors/suppliers - note 5.4	199,316	264,611	(174,989)	288,938	157,523	132,174	(90,381)	199,316
	<u>7,443,967</u>	<u>2,626,355</u>	<u>(7,625,860)</u>	<u>2,444,462</u>	<u>20,153,752</u>	<u>15,550,983</u>	<u>(28,260,768)</u>	<u>7,443,967</u>

5.2 Additions and disposals to operating assets during the nine months ended March 31, 2018 are as follows :

	Additions (at cost)		Disposals (at net book value)	
	March 2018	March 2017	March 2018	March 2017
	(Rupees in thousand)			
Plant and machinery - note 5.3	7,006,563	132,107	-	-
Buildings	19,593	19,333	-	-
Utilities	36,471	81,036	-	-
Vehicles	2,844	12,004	2,952	-
Office and other equipments	6,655	40,905	-	-
Furniture and fixtures	6,458	2,861	-	-
Power Plant	428,351	3,342	-	-
Computer equipments	5,224	2,745	-	-
	<u>7,512,159</u>	<u>294,333</u>	<u>2,952</u>	<u>-</u>

5.3 This includes capitalisation of Rs. 6.71 billion (March 31, 2017: Rs. Nil) for the upgradation and expansion of fuel refinery operations.

5.4 The advance to contractors / suppliers does not carry any interest or markup arrangement.

6. LONG TERM LOANS

These include secured loans to executives and employees for the purchase of motor cars and house building. Out of these, car loans amounting to Rs. 11.7 million (June 30, 2017: Rs. 3.3 million) carry interest ranging from 3% to 7% (June 30, 2017: 3% to 7%). The unsecured loans to executive and employees are interest free.

7. LONG TERM DEPOSITS

These deposits do not carry any markup arrangement.

8. STOCK-IN-TRADE

Stock of finished goods as at March 31, 2018 has been written down by Rs.119.66 million (June 30, 2017: Rs.9.43 million) to arrive at its net realisable value.

9. LOANS AND ADVANCES

Out of these, car loans amounting to Rs. 2.5 million (June 30, 2017: Rs. 0.54 million) carrying interest as disclosed in note 6. Advances do not carry any markup arrangement.

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE NINE MONTHS ENDED MARCH 31, 2018 (UNAUDITED)

10. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

These deposits do not carry any markup arrangement.

11. LONG-TERM BORROWING

During the period, the company has paid unscheduled amount of long-term loan of Rs. 238.3 million.

March 31, June 30,
2018 2017
(Rupees in thousand)

12. TRADE AND OTHER PAYABLES

Trade creditors	12,655,368	7,988,321
Due to Government of Pakistan	880,788	592,995
Due to related party:		
- Attock Petroleum Limited	38,604	15,028
- Attock Refinery Limited	-	24
- Pakistan Oilfields Limited	6,701	135,321
Accrued liabilities	1,862,920	2,070,746
Surplus price differential payable	622,070	1,288,745
PMG-RON differential payable	378,922	128,589
Custom duty payable - note 12.1	896,206	851,062
Sales tax payable	1,127,713	138,180
Retention money	1,556,800	1,795,010
Deposits from contractors	58,849	44,224
Advances from customers - note 12.2	280,916	477,850
Workers' profits participation fund	71,074	-
Workers' welfare fund	78,320	69,984
Income tax deducted at source	2,913	11,681
Dividend payable	93,293	82,258
Excise duty and petroleum levy	882,202	788,570
Others	8,325	5,876
	<u>21,501,984</u>	<u>16,484,464</u>

12.1 This represents the differential of custom duty levied on import of crude oil and sale of petroleum products based on SROs issued by the Government of Pakistan and MoPNR. During the period, the Oil and Gas Regulatory Authority (OGRA) has approved the mechanism for recovery of this duty.

12.2 This includes advances received from related party - Pakistan Oilfields Limited amounting to Rs.5.94 million (June 30, 2017:Rs. Nil) against supply of goods.

13. SHORT TERM FINANCE

Rate of markup applicable on this facility is 3 months KIBOR + 0.2% per annum.

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, 2017.

14.2 Commitments

- a) Commitments outstanding for capital expenditure as at March 31, 2018 amounted to Rs.0.576 billion (June 30, 2017: Rs.1.231 billion).
- b) Outstanding letters of credit at the end of the period amounted to Rs. 14.49 billion (June 30, 2017 : Rs.15.10 billion)

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE NINE MONTHS ENDED MARCH 31, 2018 (UNAUDITED)

	Quarter ended		Nine months ended	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
15. GROSS SALES	(Rupees in thousand)			
Local	38,743,816	32,082,151	117,434,638	101,210,785
Export	2,698,224	3,711,264	8,917,132	8,658,724
	<u>41,442,040</u>	<u>35,793,415</u>	<u>126,351,770</u>	<u>109,869,509</u>
16. TRADE DISCOUNTS, TAXES, DUTIES, LEVIES AND PRICE DIFFERENTIAL				
Trade discounts	96,886	107,928	357,841	309,103
Sales tax	6,760,097	5,961,721	22,421,398	19,720,149
Excise duty	152	147	319	515
Petroleum levy	2,487,968	2,256,211	8,288,682	7,662,013
Surplus price differential	-	214,237	-	931,856
PMG-RON differential	85,965	44,805	250,332	64,702
Custom duty	947,098	792,229	2,938,875	2,425,117
	<u>10,378,166</u>	<u>9,377,278</u>	<u>34,257,447</u>	<u>31,113,455</u>
17. COST OF SALES				
Opening stock of semi-finished products	3,539,684	1,801,332	2,100,989	1,799,633
Crude oil, condensate and drums consumed	29,943,729	22,414,046	84,307,568	67,381,835
Stores, spares and chemicals consumed	307,750	145,847	862,777	432,117
Salaries, wages and staff benefits	337,873	313,883	1,009,433	916,170
Staff transport and canteen	26,217	23,619	76,341	65,106
Fuel, power and water	934,728	672,186	2,831,402	1,663,149
Rent, rates and taxes	12,050	14,530	39,580	37,016
Insurance	52,584	59,279	163,968	167,004
Contract services	30,439	22,312	81,958	73,452
Repairs and maintenance	21,177	9,254	202,259	42,697
Reversal of provision for slow moving and obsolete stores, spares & chemicals	-	-	-	(7,283)
Depreciation	840,026	91,807	2,355,475	266,868
Amortisation of intangible assets	3,306	527	9,896	1,573
Health, safety, environment	2,010	1,655	5,230	4,214
Professional and consultancy charges	2,531	3,209	7,917	6,604
Security charges	5,292	5,872	16,236	19,817
Others	5,239	3,732	21,483	9,312
	<u>32,524,951</u>	<u>23,781,758</u>	<u>91,991,523</u>	<u>71,079,651</u>
Closing stock of semi-finished products	(3,903,542)	(1,829,963)	(3,903,542)	(1,829,963)
	<u>32,161,093</u>	<u>23,753,127</u>	<u>90,188,970</u>	<u>71,049,321</u>
Opening stock of finished products	3,741,174	4,120,052	4,262,117	4,454,088
Closing stock of finished products	(5,669,043)	(4,030,661)	(5,669,043)	(4,030,661)
	<u>(1,927,869)</u>	<u>89,391</u>	<u>(1,406,926)</u>	<u>423,427</u>
	<u>30,233,224</u>	<u>23,842,518</u>	<u>88,782,044</u>	<u>71,472,748</u>
18. OTHER INCOME				

This includes return on bank deposits amounting to Rs. 116.34 million (March 31, 2017: Rs. 233.09 million), return on Pakistan Investment Bonds amounting to Rs. 38.69 (March 31, 2017: Rs. 94.75 million) and return on treasury bills amounting to Rs. Nil (March 31, 2017: Rs. 11.47 million).

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE NINE MONTHS ENDED MARCH 31, 2018 (UNAUDITED)

19. FINANCE COST

This include net exchange loss of Rs. 1,035 million (March 31, 2017: Rs. 108.57 million) on foreign currency transactions relating to purchase and export of crude oil/products.

	Quarter ended		Nine months ended	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017

20. TAXATION

	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Current	-	37,251	-	86,898
Deferred	20,627	(631,936)	(234,179)	(649,296)
	<u>20,627</u>	<u>(594,685)</u>	<u>(234,179)</u>	<u>(562,398)</u>

20.1 Current period tax charge is net of tax credit under section 65B of the Income Tax Ordinance, 2001 on fixed assets which mainly includes amount incurred in respect of the refinery upgradation projects.

20.2 The Finance Act, 2017 introduced tax on every public company at the rate of 7.5% of its accounting profit before tax for the year. However, this tax shall not apply in case of a public company which distributes at least 40% of its after-tax profits within six months of the end of the tax year through cash or bonus shares.

On February 13, 2018, exemption was granted from the application of section 5A through addition of clause 103 in Part IV of Second schedule, in case where a company has an agreement with the Government on restriction of distribution of dividend. The dividend distributed by the company complies with the direction to distribute at least 40% dividend after transfer to special reserve. Accordingly, contingent liability earlier disclosed is not required.

21. CASH GENERATED FROM OPERATIONS

	March 31, 2018	March 31, 2017
	(Rupees in thousand)	
Profit before taxation	1,334,430	6,111,222
Adjustment for non cash charges and other items:		
Depreciation and amortisation	2,403,465	312,252
Provision for staff retirement benefit funds	85,059	93,864
Finance cost	34,607	-
Reversal of provision for slow moving and obsolete stores and spares	-	(6,350)
Reversal of provision for impairment of major spares parts and stand by equipment's	-	(933)
Return on investments and bank accounts	(155,023)	(339,308)
Loss on disposal of property, plant and equipment	917	-
Change in working capital - note 21.1	(2,058,728)	(504,754)
	<u>1,644,727</u>	<u>5,665,993</u>

21.1 Change in working capital

(Increase) / Decrease in current assets

Stores, spares and chemicals	(16,802)	21,340
Stock-in-trade	(4,815,386)	2,008,497
Trade debts	(1,323,051)	1,528,594
Loans and advances	(49,994)	21,152
Trade deposits and short-term prepayments	(70,356)	(59,107)
Other receivables	(789,624)	221,078
	(7,065,213)	3,741,554

Increase / (decrease) in current liability

Trade and other payables	5,006,485	(4,246,308)
	<u>(2,058,728)</u>	<u>(504,754)</u>

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE NINE MONTHS ENDED MARCH 31, 2018 (UNAUDITED)

March 31,
2018
(Rupees in thousand)

March 31,
2017

22. CASH AND CASH EQUIVALENTS

In hand		500	500
With banks on:			
- Current accounts	72,666		63,010
- Savings accounts	488,715		102,221
- Deposit accounts	435,686		1,935,686
	997,067		2,100,917
	<u>997,567</u>		<u>2,101,417</u>

23. 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, 2018	March 31, 2017	March 31, 2018	March 31, 2017
		(Rupees in thousand)			
Associated companies	Sale of petroleum products	23,359,907	18,791,974	67,012,185	53,962,364
	Purchase of crude oil and condensates	24,301	89,907	306,309	362,819
	Price differential claim paid	29,032	95,953	46,012	95,953
	Rental income	1,446	1,313	4,289	3,895
	Hospitality and storage income	31,949	19,645	64,060	62,427
	Handling income	24,345	28,783	73,035	119,580
	Trade discounts and commission on sales	222,488	247,191	739,434	689,776
	Reimbursement of expenses	730	1,558	2,192	3,308
	Purchase of petroleum products	2,631	2,761	7,780	9,805
	Dividend paid	-	-	917,616	815,659
	Purchase of stores	-	-	-	281
Post employment staff benefit plans	Contributions	12,178	130,832	35,735	204,079
Key management employees compensation	Salaries and other employees benefits	16,289	15,381	59,116	51,978
	Post retirement benefits	621	838	1,864	2,417
	Directors' fees	553	524	2,874	2,823
		17,463	16,743	63,854	57,218



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