



**National Refinery Limited**

Condensed Interim  
Financial Information for  
the First Quarter ended  
September 30, 2018

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 Mansoor

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	Member
Alternate Director for Mr. Wael G. Pharaon	
Shaikh Ather Ahmed	Secretary

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

Tariq Iqbal Khan	Chairman
Abdus Sattar	Member
Babar Bashir Nawaz	Member
Alternate Director for Mr. Wael G. Pharaon	
Shuaib A. Malik	Member
Nouman Ahmed Usmani	Secretary

## Auditors

A. F. Ferguson & Co.  
Chartered Accountants

## Legal Adviser

Ali Sibtain Fazli & Associates  
Legal Advisers, Advocates & Solicitors

## 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, Karachi-74900

UAN: +92-21-111-675-675

PABX: +92-21-35064981-86

+92-21-35064977-79

Website: [www.nrlpak.com](http://www.nrlpak.com)

E-mail: [info@nrlpak.com](mailto: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 Shahra-e-Faisal, Karachi – 74400.

Tel: (Toll Free) 0800-23275

Fax: +92-21-34326053

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

Website: [www.cdcpakistan.com](http://www.cdcpakistan.com)

# Directors' Review



Assalam-o-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 quarter ended September 30, 2018.

During the period, your company incurred a loss after tax of Rs. 1,066 million resulting in Loss per share of Rs. 13.33 as compared to last period profit after tax of Rs. 1,700 million corresponding to Earning per share of Rs. 21.26.

Fuel segment of the Company incurred loss after tax of Rs. 1,396 million as compared to profit after tax of Rs. 784 million in the same period last year. The segment persistently faced significant reduction in GRM due to ever increasing crude oil prices that crossed US\$ 80 per barrel, whereas, product prices did not appreciate at same pace. Short recovery of custom duty paid on crude oil imports attributable to de-regulated products has an impact of Rs. 611 million. Pak Rupee continued to lose its value against US\$ resulting in exchange loss amounting to Rs. 381 million in comparison to Rs. 31 million in same period last year. Capacity utilization of fuel segment remained 81% against 94% due to less market demand of High Speed Diesel.

Lube Segment earned profit after tax of Rs. 330 million compared to Rs. 916 million during the corresponding period last year. The profit of lube segment declined due to increase in feed cost and asymmetrical increase in price of products. It was further affected by lower sales volume of Bitumen.

Other income remained low due to non-availability of surplus funds.

We thank all our stakeholders for their continued support and trust in the Company.

On behalf of the Board

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

Rawalpindi  
October 12, 2018

# ڈائریکٹرز کا جائزہ

## بِسْمِ اللّٰهِ الرَّحْمٰنِ الرَّحِیْمِ

السلام علیکم

نیشنل ریفرنسری لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے میں مسرت کے ساتھ آپ کی کمپنی کے مالی نتائج اور آپریٹنگز کا ایک مختصر جائزہ پیش کرتا ہوں جو کہ 30 ستمبر 2018 کو مکمل ہونے والی سہ ماہی کے لئے ہے۔

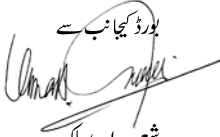
موجودہ عرصہ میں، آپ کی کمپنی کو 1,066 ملین روپے کا ٹیکس کے بعد نقصان ہوا جو 13.33 روپے فی حصص نقصان کے مساوی ہے جبکہ گزشتہ مالی سال اسی مدت میں 1,700 ملین روپے کا ٹیکس کے بعد منافع کمایا جو 21.26 روپے فی حصص آمدنی کے مساوی تھا۔

کمپنی کے فیول سیکٹ کو 1,396 ملین روپے کا ٹیکس کے بعد نقصان ہوا جبکہ گزشتہ مالی سال اسی مدت میں 784 ملین روپے کا ٹیکس کے بعد منافع کمایا تھا۔ خام تیل کی بڑھتی ہوئی قیمتوں کی وجہ سے جو کہ 80 ڈالر فی بیرل سے تجاوز کر چکی ہیں اور مصنوعات کی قیمتوں میں اسی رفتار سے اضافہ نہ ہونے کے سبب فیول سیکٹ کے جی آر ایم (GRM) میں تسلسل سے نمایاں کمی آئی ہے۔ ڈی ریگولایڈ ڈ مصنوعات سے منسوب خام تیل کی درآمد پر ادا کردہ کسٹم ڈیوٹی کی کم وصولی پر 611 ملین روپے کا نقصان ہوا۔ امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں کمی جاری رہی جسکے نتیجہ میں 381 ملین روپے کا زرمبادلہ کا نقصان ہوا جبکہ گزشتہ مالی سال اسی مدت میں 31 ملین روپے کا نقصان تھا۔ ہائی اسپیڈ ڈیزل کی مارکیٹ ڈیمانڈ میں کمی کی وجہ سے فیول سیکٹ کی پیداواری صلاحیت %94 کے مقابلے میں %81 رہی۔

لیوب سیکٹ نے 330 ملین روپے کا ٹیکس کے بعد منافع کمایا جبکہ گزشتہ مالی سال اسی مدت میں یہ منافع 916 ملین روپے تھا۔ خام مال کی قیمت میں اضافہ اور مصنوعات کی قیمت میں غیر متناسب اضافہ کی وجہ سے لیوب سیکٹ کے منافع میں کمی آئی تاکہ کول کے فروخت کے کم حجم کے باعث یہ سیکٹ مزید متاثر ہوا۔

سرمایا کاری کیلئے اضافی فنڈز کی غیر دستیابی کی وجہ سے متعلقہ آمدنی کم رہی۔

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

بورڈ کی جانب سے  
  
شعیب اے ملک  
ڈپٹی چیئرمین اور چیف ایگزیکٹو آفیسر

راولپنڈی  
12 اکتوبر، 2018

**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**

AS AT SEPTEMBER 30, 2018

	Note	Unaudited September 30, 2018 (Rupees in thousand)	Audited June 30, 2018
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed assets	5	37,163,134	37,718,722
Long term investment		-	-
Long term loans	6	53,468	54,205
Long term deposits	7	30,265	30,265
Deferred taxation	8	711,787	456,849
Retirement benefit prepayments		5,208	6,268
		<u>37,963,862</u>	<u>38,266,309</u>
<b>CURRENT ASSETS</b>			
Stores, spares and chemicals		1,447,537	1,501,864
Stock-in-trade	9	16,888,003	12,627,661
Trade receivables		9,481,728	7,986,214
Loans and advances	10	56,308	58,253
Trade deposits and short-term prepayments	11	246,974	16,915
Interest accrued		10,205	7,394
Other receivables		1,168,196	3,569,871
Taxation - payments less provisions		1,107,458	1,237,953
Cash and bank balances	12	573,294	541,837
		<u>30,979,703</u>	<u>27,547,962</u>
<b>TOTAL ASSETS</b>		<u><b>68,943,565</b></u>	<u><b>65,814,271</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital		799,666	799,666
Reserves		<u>41,385,703</u>	<u>42,451,871</u>
		<u>42,185,369</u>	<u>43,251,537</u>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Long term borrowing	13	-	12,870
Retirement benefit obligations		<u>377,216</u>	<u>343,853</u>
		377,216	356,723
<b>CURRENT LIABILITIES</b>			
Trade and other payables	14	<u>22,614,567</u>	<u>20,550,989</u>
Unclaimed dividend		60,118	60,525
Unpaid dividend		31,478	31,478
Accrued mark-up		84,888	33,775
Provisions		112,361	112,361
Short term running finance	15	<u>3,477,568</u>	<u>1,340,273</u>
Current portion of long term borrowing		-	76,610
		<u>26,380,980</u>	<u>22,206,011</u>
<b>TOTAL LIABILITIES</b>		<u><b>26,758,196</b></u>	<u><b>22,562,734</b></u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
<b>TOTAL EQUITY AND LIABILITIES</b>	16	<u><b>68,943,565</b></u>	<u><b>65,814,271</b></u>

The annexed notes 1 to 27 form an integral part of this condensed interim financial information.



**Chief Financial Officer**



**Chief Executive**



**Director**

## CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS

FOR THE QUARTER ENDED SEPTEMBER 30, 2018 (UNAUDITED)

	Note	September 30, 2018 (Rupees in thousand)	September 30, 2017
Gross sales	17	53,227,258	41,693,122
Trade discounts, taxes, duties, levies and price differential	18	<u>(11,968,195)</u>	<u>(11,764,708)</u>
Net sales		41,259,063	29,928,414
Cost of sales	19	<u>(41,780,504)</u>	<u>(27,784,080)</u>
Gross profit / (loss)		(521,441)	2,144,334
Distribution cost		(190,553)	(191,365)
Administrative expenses		(227,412)	(209,956)
Other income	20	90,359	131,811
Other operating expenses		<u>(4,122)</u>	<u>(129,506)</u>
Operating profit / (loss)		(853,169)	1,745,318
Finance cost	21	<u>(467,937)</u>	<u>(31,777)</u>
Profit / (loss) before taxation		(1,321,106)	1,713,541
Taxation	22	254,938	(13,224)
Profit / (loss) after taxation		<u>(1,066,168)</u>	<u>1,700,317</u>
Earnings / (loss) per share - basic and diluted		<u>(Rs. 13.33)</u>	<u>Rs. 21.26</u>

The annexed notes 1 to 27 form an integral part of this condensed interim financial information.



**Chief Financial Officer**



**Chief Executive**



**Director**



**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME**

FOR THE QUARTER ENDED SEPTEMBER 30, 2018 (UNAUDITED)

	September 30, 2018	September 30, 2017
	(Rupees in thousand)	
Profit / (loss) after taxation	(1,066,168)	1,700,317
Other comprehensive income / (loss)		
Items that will not be reclassified to statement of profit or loss		
Remeasurement of post employment benefit obligations	-	-
Deferred tax thereon	-	-
	-	-
Total comprehensive income / (loss)	<u>(1,066,168)</u>	<u>1,700,317</u>

The annexed notes 1 to 27 form an integral part of this condensed interim financial information.



**Chief Financial Officer**



**Chief Executive**



**Director**

## CONDENSED INTERIM STATEMENT OF CASH FLOWS

FOR THE QUARTER ENDED SEPTEMBER 30, 2018 (UNAUDITED)

	Note	September 30, 2018 (Rupees in thousand)	September 30, 2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	23	(1,810,249)	5,421,385
Income tax refund / (paid)		130,495	(84,580)
Finance cost paid		(35,570)	-
Decrease / (increase) in long term loans		737	(2,307)
Net cash flow from operating activities		<u>(1,714,587)</u>	<u>5,334,498</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(316,071)	(625,653)
Purchase of intangible asset		(263)	-
Proceeds from disposal of property, plant and equipment		-	1,410
Return received on investments and bank accounts		14,970	59,336
Net cash used in investing activities		<u>(301,364)</u>	<u>(564,907)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of long term borrowing		(89,480)	-
Dividend paid		(407)	(287)
Net cash used in financing activities		<u>(89,887)</u>	<u>(287)</u>
Net (decrease) / increase in cash and cash equivalents		<u>(2,105,838)</u>	<u>4,769,304</u>
Cash and cash equivalents at beginning of the period		<u>(798,436)</u>	<u>2,769,491</u>
Cash and cash equivalents at end of the period		<u><u>(2,904,274)</u></u>	<u><u>7,538,795</u></u>

The annexed notes 1 to 27 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 QUARTER ENDED SEPTEMBER 30, 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 / (loss)	
	(Rupees in thousand)							
Balance as at July 1, 2017	799,666	10,142	4,117	-	9,631,914	28,061,000	4,833,041	43,339,880
Transfer to general reserve	-	-	-	-	-	3,000,000	(3,000,000)	-
Profit for the three months ended September 30, 2017	-	-	-	-	-	-	1,700,317	1,700,317
Other comprehensive income	-	-	-	-	-	-	-	-
Total Comprehensive income for the three months ended September 30, 2017	-	-	-	-	-	-	1,700,317	1,700,317
Income of Fuel refinery operations transferred to special reserve	-	-	-	755,515	-	-	(755,515)	-
Balance as at September 30, 2017	799,666	10,142	4,117	755,515	9,631,914	31,061,000	2,777,843	45,040,197
Balance as at July 1, 2018	799,666	10,142	4,117	-	9,631,914	31,061,000	1,744,698	43,251,537
Transfer to general reserve	-	-	-	-	-	900,000	(900,000)	-
Loss for the three months ended September 30, 2018	-	-	-	-	-	-	(1,066,168)	(1,066,168)
Other comprehensive income	-	-	-	-	-	-	-	-
Total Comprehensive loss for the three months ended September 30, 2018	-	-	-	-	-	-	(1,066,168)	(1,066,168)
Balance as at September 30, 2018	799,666	10,142	4,117	-	9,631,914	31,961,000	(221,470)	42,185,369

The annexed notes 1 to 27 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 QUARTER ENDED SEPTEMBER 30, 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, 2018.

### 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, 2018.

### 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, 2018.

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, 2018.

### 5. FIXED ASSETS

Property, plant and equipment

	September 30, 2018	June 30, 2018
	(Rupees in thousand)	
- Operating assets	34,413,409	35,225,898
- Major spare parts and stand-by equipments	288,701	297,592
- Capital work-in-progress - note 5.1	2,293,050	2,005,866
	<u>36,995,160</u>	<u>37,529,356</u>
Intangible assets	167,974	189,366
	<u>37,163,134</u>	<u>37,718,722</u>

**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION**

FOR THE QUARTER ENDED SEPTEMBER 30, 2018 (UNAUDITED)

**5.1 Capital work-in-progress**

	Balance as at July 1, 2018	Addition during the period	Transfers	Balance as at September 30, 2018 (Rupees in thousand)	Balance as at July 1, 2017	Addition during the year	Transfers	Balance as at June 30, 2018
Building on leasehold land	12,261	5,743	(3,325)	14,679	13,389	33,660	(34,788)	12,261
Refineries upgradation projects	1,077,221	132,255	-	1,209,476	6,541,758	1,074,055	(6,538,592)	1,077,221
Plant and machinery	712,973	131,219	(11,257)	832,935	658,949	1,218,428	(1,164,404)	712,973
Computer software under development	-	-	-	-	-	500	(500)	-
Office and other equipments	25,110	10,967	-	36,077	30,555	32,705	(38,150)	25,110
	<u>1,827,565</u>	<u>280,184</u>	<u>(14,582)</u>	<u>2,093,167</u>	<u>7,244,651</u>	<u>2,359,348</u>	<u>(7,776,434)</u>	<u>1,827,565</u>
Advances to contractors/suppliers - note 5.3	178,301	215,932	(194,350)	199,883	199,316	159,370	(180,385)	178,301
	<u>2,005,866</u>	<u>496,116</u>	<u>(208,932)</u>	<u>2,293,050</u>	<u>7,443,967</u>	<u>2,518,718</u>	<u>(7,956,819)</u>	<u>2,005,866</u>

**5.2 Additions and disposals to operating assets during the three months ended September 30, 2018 are as follows:**

	Additions (at cost)		Disposals (at net book value)	
	September 2018	September 2017	September 2018	September 2017
	(Rupees in thousand)			
Plant and machinery	16,815	2,308	-	-
Buildings	3,326	4,772	-	-
Utilities	7,650	2,429	-	-
Vehicles	6,862	1,602	-	2,116
Office and other equipments	2,464	16,608	-	-
Furniture and fixtures	464	150	-	-
Power Plant	-	340,087	-	-
Computer equipments	199	-	-	-
	<u>37,780</u>	<u>367,956</u>	<u>-</u>	<u>2,116</u>

**5.3 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 motors cars and house building. Out of these, cars loans amounting to Rs. 12.29 million (June 30, 2018: Rs. 14.24 million) carry interest ranging from 3% to 7% (June 30, 2018: 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. DEFERRED TAXATION**

The deferred tax asset on minimum tax, alternative corporate tax, unused investment tax credit and tax loss will be recovered based on the estimated future taxable income.

**9. STOCK-IN-TRADE**

Stock of finished goods as at September 30, 2018 has been written down by Rs. 143.34 million (June 30, 2018: Rs. 19.04 million) to arrive at its net realisable value.

**10. LOANS AND ADVANCES**

Out of these, car loans amounting to Rs. 2.58 million (June 30, 2018: Rs. 2.64 million) carrying interest as disclosed in note 6. Advances do not carry any markup arrangement.

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

These deposits do not carry any markup arrangement.

## SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE QUARTER ENDED SEPTEMBER 30, 2018 (UNAUDITED)

September 30,  
2018  
(Rupees in thousand)

June 30,  
2018

### 12. CASH AND BANK BALANCES

In hand	500	500
With banks on:		
- Current accounts	54,677	79,287
- Savings accounts	28,054	26,364
- Deposit accounts	490,063	435,686
	572,794	541,337
	<u>573,294</u>	<u>541,837</u>

### 13. LONG-TERM BORROWING

During the period, the company has fully paid long-term loan of Rs. 89.48 million.

September 30,  
2018  
(Rupees in thousand)

June 30,  
2018

### 14. TRADE AND OTHER PAYABLES

Trade creditors	14,696,268	13,853,258
Due to Government of Pakistan	959,035	815,589
Due to related party:		
- Attock Petroleum Limited	38,023	15,430
- Pakistan Oilfields Limited	87,383	83,246
Accrued liabilities	1,573,875	1,690,269
Surplus price differential payable	161,855	388,940
PMG-RON differential payable	320,500	464,569
Custom duty payable - note 14.1	1,721,366	1,763,670
Sales tax payable	1,289,285	-
Retention money	122,382	132,733
Deposits from contractors	51,147	54,419
Advances from customers - note 14.2	453,315	190,614
Workers' welfare fund	84,770	81,923
Income tax deducted at source	6,200	9,179
Excise duty and petroleum levy	1,040,642	998,875
Others	8,521	8,275
	<u>22,614,567</u>	<u>20,550,989</u>

14.1 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 Ministry of Energy (MoE). The Oil and Gas Regulatory Authority (OGRA) in compliance with the directives of MoE has approved a recovery mechanism for regulated products through which refineries will operate on no gain/loss basis on this account. The amount is being adjusted in subsequent month's prices.

14.2 This includes advances received from related party - Pakistan Oilfields Limited amounting to Rs. 20.26 million (June 30, 2018: Rs. 2.48 million) against supply of goods.

### 15. SHORT TERM RUNNING FINANCE

During the period, the company utilised running finance facilities from banks. Rate of markup applicable on these facilities is ranging from 3 months KIBOR + 0.15% - 0.25% per annum.

### 16. CONTINGENCIES AND COMMITMENTS

#### 16.1 Contingencies

16.1.1 Deputy Commissioner Inland Revenue (DCIR) has issued Order dated 12 September 2018, under section 161 (1) of the Income Tax Ordinance, 2001 for tax year 2017 which pertains to monitoring of withholding tax. DCIR alleged that company has failed to withhold tax on payments to its contractors and raised Income tax demand of Rs. 1.5 billion. The company has filed appeal before the Commissioner Inland Revenue Appeals (CIRA) against the said order. The Company, based on the advice of their consultants, understands that the said Order is defensible and hopes that stay against the demand will be granted by the CIRA, hence, no provision against the demand has been made.

**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION**

FOR THE QUARTER ENDED SEPTEMBER 30, 2018 (UNAUDITED)

16.1.2 There has been no other significant changes during the period in the contingencies reported in the annual financial statement for the year ended June 30, 2018.

**16.2 Commitments**

- a) Commitments outstanding for capital expenditure as at September 30, 2018 amounted to Rs. 1.389 billion (June 30, 2018: Rs. 1.374 billion).
- b) Outstanding letters of credit at the end of the period amounted to Rs. 17.94 billion (June 30, 2018: Rs. 18.06 billion).

	September 30, 2018	September 30, 2017
	(Rupees in thousand)	
<b>17. GROSS SALES</b>		
Local	49,715,315	38,243,142
Export	<u>3,511,943</u>	<u>3,449,980</u>
	<u>53,227,258</u>	<u>41,693,122</u>
<b>18. TRADE DISCOUNTS, TAXES, DUTIES, LEVIES AND PRICE DIFFERENTIAL</b>		
Trade discounts	136,423	158,830
Sales tax	7,880,124	7,791,653
Excise duty	165	61
Petroleum levy	2,801,890	2,765,862
PMG-RON differential	107,832	64,805
Custom duty	<u>1,041,761</u>	<u>983,497</u>
	<u>11,968,195</u>	<u>11,764,708</u>
<b>19. COST OF SALES</b>		
Opening stock of semi-finished products	3,252,580	2,100,989
Crude oil, condensate and drums consumed	41,367,497	26,122,873
Stores, spares and chemicals consumed	418,343	154,123
Salaries, wages and staff benefits	328,868	323,491
Staff transport and canteen	24,738	23,109
Fuel, power and water	887,262	913,041
Rent, rates and taxes	13,295	14,923
Insurance	79,700	52,555
Contract services	35,414	25,383
Repairs and maintenance	27,969	16,168
Depreciation	838,173	679,012
Amortisation of intangible assets	21,427	3,295
Health, safety, environment	1,134	708
Professional and consultancy charges	4,006	3,242
Security charges	5,969	5,577
Others	<u>10,849</u>	<u>5,633</u>
	44,064,644	28,343,133
Closing stock of semi-finished products	<u>(5,236,790)</u>	<u>(2,883,770)</u>
	42,080,434	27,560,352
Opening stock of finished products	5,845,443	4,262,117
Closing stock of finished products	<u>(6,145,373)</u>	<u>(4,038,389)</u>
	(299,930)	223,728
	<u>41,780,504</u>	<u>27,784,080</u>
<b>20. OTHER INCOME</b>		
This includes return on bank deposits amounting to Rs. 17.78 million (September 30, 2017: Rs. 45.17 million) and return on Pakistan Investment Bonds amounting to Rs. Nil (September 30, 2017: Rs. 16.17 million).		
<b>21. FINANCE COST</b>		
This include net exchange loss of Rs. 380.87 million (September 30, 2017: Rs. 31.38 million) on foreign currency transactions relating to purchase and export of crude oil/products.		

## SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE QUARTER ENDED SEPTEMBER 30, 2018 (UNAUDITED)

	September 30, 2018 (Rupees in thousand)	September 30, 2017 (Rupees in thousand)
<b>22. TAXATION</b>		
Current	-	-
Deferred	<u>(254,938)</u>	<u>13,224</u>
	<u>(254,938)</u>	<u>13,224</u>
<b>23. CASH GENERATED FROM OPERATIONS</b>		
Profit / (loss) before taxation	(1,321,106)	1,713,541
<b>Adjustment for non cash charges and other items:</b>		
Depreciation and amortisation	871,922	694,484
Provision for staff retirement benefit funds	34,423	28,352
Finance cost	86,683	-
Return on investments and bank accounts	(17,781)	(61,344)
Loss on disposal of property, plant and equipment	-	706
Change in working capital - note 23.1	<u>(1,464,390)</u>	<u>3,045,646</u>
	<u>(1,810,249)</u>	<u>5,421,385</u>
<b>23.1 Change in working capital</b>		
<b>(Increase) / Decrease in current assets</b>		
Stores, spares and chemicals	54,327	(4,676)
Stock-in-trade	(4,260,342)	(538,298)
Trade receivables	(1,495,514)	(969,216)
Loans and advances	1,945	10,747
Trade deposits and short-term prepayments	(230,059)	(177,886)
Other receivables	<u>2,401,675</u>	<u>(1,348,286)</u>
	<u>(3,527,968)</u>	<u>(3,027,615)</u>
<b>Increase in current liabilities</b>		
Trade and other payables	<u>2,063,578</u>	<u>6,073,261</u>
	<u>(1,464,390)</u>	<u>3,045,646</u>
<b>24. TRANSACTIONS WITH RELATED PARTIES</b>		

The following transactions were carried out with related parties.

Nature of relationship	Nature of transactions	Transactions during the quarter	
		September 30, 2018 (Rupees in thousand)	September 30, 2017
Associated companies	Sale of petroleum products	28,904,097	21,546,376
	Purchase of crude oil and condensates	123,701	216,211
	Price differential claim paid	20,212	6,723
	Rental income	1,541	1,411
	Hospitality and storage income	21,333	12,529
	Handling income	26,148	24,345
	Trade discounts and commission on sales	276,076	289,709
	Reimbursement of expenses among companies	3,454	1,056
	Purchase of petroleum products	228	1,442
	Post employment staff benefit plans	Contributions	13,698
Key management employees compensation	Salaries and other employees benefits	<u>23,651</u>	<u>27,986</u>
	Post retirement benefits	667	668
	Directors' fees	<u>1,848</u>	<u>1,424</u>
		26,166	30,078



**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION**

FOR THE QUARTER ENDED SEPTEMBER 30, 2018 (UNAUDITED)

**25. SEGMENT INFORMATION**

Segments results and assets includes items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated assets includes property, plant and equipment.

The financial information regarding operating segments is as follows:

	FUEL		LUBE		TOTAL	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
	(Rupees in thousand)					
<b>Segment Revenue</b>						
Sales to external customers						
- local (net of discounts, taxes, duties and levies and price differential)	28,514,562	18,870,594	9,232,558	7,607,840	37,747,120	26,478,434
- exports	3,353,858	3,139,230	158,085	310,750	3,511,943	3,449,980
	31,868,420	22,009,824	9,390,643	7,918,590	41,259,063	29,928,414
Inter-segment transfers	9,320,740	5,503,690	-	-	9,320,740	5,503,690
Elimination of inter-segment transfers	-	-	-	-	(9,320,740)	(5,503,690)
<b>Net sales</b>	<b>41,189,160</b>	<b>27,513,514</b>	<b>9,390,643</b>	<b>7,918,590</b>	<b>41,259,063</b>	<b>29,928,414</b>
Segment results after tax	(1,396,257)	784,161	330,089	916,156	(1,066,168)	1,700,317
Other comprehensive income	-	-	-	-	-	-
<b>Total comprehensive income / (loss)</b>	<b>(1,396,257)</b>	<b>784,161</b>	<b>330,089</b>	<b>916,156</b>	<b>(1,066,168)</b>	<b>1,700,317</b>

	FUEL		LUBE		TOTAL	
	September 30, 2018	June 30, 2018	September 30, 2018	June 30, 2018	September 30, 2018	June 30, 2018
	(Rupees in thousand)					
Segment assets	53,372,292	52,253,796	10,020,174	8,163,672	63,392,466	60,417,468
Unallocated assets	-	-	-	-	5,551,099	5,396,803
<b>Total assets</b>	<b>53,372,292</b>	<b>52,253,796</b>	<b>10,020,174</b>	<b>8,163,672</b>	<b>68,943,565</b>	<b>65,814,271</b>
Segment liabilities	25,910,099	20,822,131	671,613	1,320,947	26,581,712	22,143,078
Unallocated liabilities	-	-	-	-	176,484	419,656
<b>Total liabilities</b>	<b>25,910,099</b>	<b>20,822,131</b>	<b>671,613</b>	<b>1,320,947</b>	<b>26,758,196</b>	<b>22,562,734</b>

**26. DIVIDEND**

The Board of Directors in its meeting held on August 14, 2018 proposed a final cash dividend of Rs. 10.00 per share for the year ended June 30, 2018, amounting to Rs. 799.67 million for approval of the members at the Annual General Meeting to be held on October 18, 2018. Effect of the proposal will be considered in the Company's financial statements after the same has been approved by the shareholders in the said Annual General Meeting.

**27. DATE OF AUTHORISATION FOR ISSUE**

This condensed interim financial information was authorised for issue by the Board of Directors of the Company on October 12, 2018.

  
**Chief Financial Officer**

  
**Chief Executive**

  
**Director**







## **National Refinery Limited**

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