



National Refinery Limited

**Condensed Interim
Financial Statements for
the First Quarter ended
September 30, 2021**

Refining with Vision



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Corporate Information

Board of Directors

Laith G. Pharaon

Alternate Director: Shuaib A. Malik

Wael G. Pharaon

Alternate Director: Babar Bashir Nawaz

Shuaib A. Malik - Chairman

Tariq Iqbal Khan

Abdus Sattar

Sajid Nawaz

Zaki Mohamad Mansoer

Chief Executive Officer

Jamil A. Khan

Chief Financial Officer

Nouman Ahmed Usmani

Company Secretary

Muhammad Atta ur Rehman Malik

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	
Jamil A. Khan	Member
Nouman Ahmed Usmani	Secretary

Auditors

A. F. Ferguson & Co.

Chartered Accountants

Legal Adviser

Ali Sibtain Fazli & Associates

Legal Advisers, Advocates & Solicitors

Bankers

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

Registered Office

7-B, Korangi Industrial Area, Karachi-74900
P.O. Box: 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

CDC Share Registrar Services Limited
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@cdcsrsl.com
Website: www.cdcsrsl.com

Directors' Review

On behalf of the Board of Directors of National Refinery Limited, I am presenting a brief review of the financial results and operations of your Company for the quarter ended September 30, 2021.

During the period, your Company earned profit after tax of Rs. 406 million resulting in earning per share of Rs. 5.08 as compared to loss after tax of Rs. 1,311 million that resulted in loss per share of Rs. 16.40 in the corresponding period.

Fuel segment of the Company incurred loss after tax of Rs. 1,567 million as compared to loss after tax of Rs. 1,150 million in the same period last year mainly due to sharp devaluation of Pak Rupee against US Dollar. The exchange loss for the period stood at Rs. 1,071 million as compared to net exchange gain of Rs. 206 million during the corresponding period. Economies across the globe showed some recovery after series of lockdowns. Resultantly, the demand for crude oil and petroleum products increased leading to steady rise in petroleum product prices and slight improvement in Gross Refining Margins. The throughput was maintained at 64%.

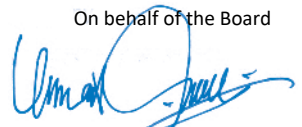
Lube Segment earned profit after tax of Rs. 1,973 million as compared to loss after tax of Rs. 161 million during the corresponding period last year. Improvement in sales volume have been witnessed due to restoration of economic activities all over the country and resumption of lube refinery operations after successful revamp of Two Stage Distillation Unit in September 2020. Consequently, throughput has been increased to 85% from 49% attained in the same period last year.

Company's working capital financing requirement has increased considerably due to levy of sales tax on crude oil purchases and continuous downward adjustment of sales tax on petroleum products. Resultantly, the Company has incurred markup expense of Rs. 448 million during the quarter as compared to Rs. 347 million in the corresponding period.

Refineries are in constant discussion with the Government to provide some relief to refineries for sustainable operations as well as for upgradation. The Government is currently reviewing the proposals and the Company expects some progressive outcome.

We thank our shareholders, customers and staff for their sustained support and trust in the Company.

On behalf of the Board



Shuaib A. Malik
Chairman

Islamabad
October 21, 2021

ڈائریکٹرز کا جائزہ

نیشنل ریفاٹری لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے میں آپ کی کمپنی کے 30 ستمبر 2021 کو مکمل ہونے والی سہ ماہی کے مالی نتائج اور آپریشنز کا ایک مختصر جائزہ پیش کرتا ہوں۔

موجودہ عرصے میں، آپ کی کمپنی کو 406 ملین روپے کا ٹیکس کے بعد منافع ہوا جو 5.08 روپے فی حصص منافع کے مساوی ہے جبکہ گزشتہ مالی سال اسی مدت میں 1,311 ملین روپے کا ٹیکس کے بعد نقصان ہوا تھا جو 16.40 روپے فی حصص نقصان کے مساوی تھا۔


کمپنی کے فیول سیگمنٹ کو 1,567 ملین روپے ٹیکس کے بعد نقصان ہوا جبکہ گزشتہ سال اسی مدت میں ٹیکس کے بعد نقصان 1,150 ملین روپے تھا جس کی بنیادی وجہ امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں کمی ہے۔ زر مبادلہ کی مد میں 1,071 ملین روپے کا نقصان ہوا جبکہ گزشتہ سال اسی عرصے میں 206 ملین روپے کا فائدہ ہوا تھا۔ لاک ڈاؤن کے سلسلوں میں کمی کے بعد دنیا بھر کی معاشی سرگرمیوں میں بحالی نظر آئی ہے۔ اس کے نتیجے میں، خام تیل اور پیٹرولیم مصنوعات کی مانگ میں اضافہ ہوا جس کی وجہ سے پیٹرولیم مصنوعات کی قیمتوں میں مسلسل اضافہ اور گراس ریفاٹنگ مارجنز میں معمولی بہتری آئی ہے۔ پیداوار کو 64 فیصد پر برقرار رکھا گیا۔

لیوب سیگمنٹ کو 1,973 ملین روپے کا ٹیکس کے بعد منافع ہوا جبکہ گزشتہ مالی سال اسی مدت میں ٹیکس کے بعد 161 ملین روپے کا نقصان تھا۔ فروخت کے حجم میں بہتری دیکھنے میں آئی جس کی وجہ، ملک بھر میں معاشی سرگرمیوں کی بحالی اور ستمبر 2020 میں ٹو اسٹیج ڈسٹریبیوشن یونٹ کے کامیاب ریومپ کے نتیجے میں لیوب ریفاٹری کے آپریشنز کی بحالی ہے۔ نتیجتاً پیداواری حجم کو بڑھا کر 85 فیصد کر دیا گیا جو کہ گزشتہ مالی سال اسی مدت میں 49 فیصد حاصل کیا گیا تھا۔

خام تیل کی خریداری پر سبزی ٹیکس عائد کرنے اور پیٹرولیم مصنوعات پر عائد سبزی ٹیکس میں مسلسل کمی کی وجہ سے کمپنی کے ورکنگ کپینٹل فنانسنگ میں کافی اضافہ ہوا ہے۔ اس کے نتیجے میں مارک آپ اخراجات کی مد میں گزشتہ مالی سال اسی مدت کے 347 ملین روپے کے مقابلے میں 448 ملین روپے خرچ ہوئے۔

ریفاٹریز حکومت کے ساتھ مسلسل بات چیت کر رہی ہیں تاکہ ریفاٹریز کو آپریشنز کے تسلسل اور اپ گریڈیشن کے لیے کچھ ریلیف فراہم کیا جاسکے۔ حکومت فی الحال تجویز کا جائزہ لے رہی ہے اور کمپنی کو بہتر نتائج کی توقع ہے۔

ہم اپنے حصص یافتگان، صارفین اور عملے کا انکی مسلسل حمایت اور اعتماد کیلئے شکریہ ادا کرتے ہیں۔

بورڈ کی جانب سے

 شعیب اکمل
 چیئرمین

اسلام آباد

21 اکتوبر، 2021

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2021

	Note	Unaudited September 30, 2021	Audited June 30, 2021
(Rupees in thousand)			
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	5	30,469,258	31,228,089
Long-term investment		9,787	9,787
Long-term loans	6	32,951	36,983
Long-term deposits	7	30,265	30,265
Deferred taxation	8	8,225,933	8,161,767
Retirement benefit prepayments		18,660	22,409
		<u>38,786,854</u>	<u>39,489,300</u>
CURRENT ASSETS			
Stores, spares and chemicals		1,710,758	1,705,847
Stock-in-trade	9	31,013,222	21,403,625
Trade receivables		10,066,169	9,031,922
Loans and advances	10	23,860	36,667
Trade deposits and short-term prepayments	11	435,193	31,140
Interest accrued		15,930	7,195
Other receivables	12	2,510,357	1,199,914
Taxation - payments less provision		1,947,143	2,168,579
Cash and bank balances	13	607,846	607,327
		<u>48,330,478</u>	<u>36,192,216</u>
		<u>87,117,332</u>	<u>75,681,516</u>
TOTAL ASSETS			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital		799,666	799,666
Reserves		31,193,689	30,787,721
		<u>31,993,355</u>	<u>31,587,387</u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Long-term lease liability		158,477	177,761
Provision for Gas Infrastructure Development Cess	14	566,009	626,516
Retirement benefit obligations		396,384	370,048
		<u>1,120,870</u>	<u>1,174,325</u>
CURRENT LIABILITIES			
Trade and other payables	15	22,568,099	22,616,437
Unclaimed dividend		61,436	61,398
Unpaid dividend		31,032	31,330
Accrued mark-up		107,956	94,868
Provisions		112,361	112,361
Borrowings	16	31,122,223	19,997,515
Current portion of long-term lease liability		-	5,895
		<u>54,003,107</u>	<u>42,919,804</u>
		<u>55,123,977</u>	<u>44,094,129</u>
TOTAL LIABILITIES			
CONTINGENCIES AND COMMITMENTS			
	17	<u>87,117,332</u>	<u>75,681,516</u>
TOTAL EQUITY AND LIABILITIES			

The annexed notes 1 to 27 form an integral part of these condensed interim financial statements.


Chief Financial Officer


Chief Executive


Director

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS

FOR THE QUARTER ENDED SEPTEMBER 30, 2021 (UNAUDITED)

	Note	September 30, 2021 (Rupees in thousand)	September 30, 2020
Revenue from contracts with customers	18	54,045,724	42,630,047
Trade discounts, taxes, duties, levies and price differentials	19	<u>(8,733,270)</u>	<u>(15,367,807)</u>
Net revenue from contracts with customers		45,312,454	27,262,240
Cost of sales		<u>(42,660,094)</u>	<u>(28,602,766)</u>
Gross profit / (loss)		2,652,360	(1,340,526)
Distribution cost		(279,780)	(123,781)
Administrative expenses		(210,165)	(206,716)
Other income	20	47,072	95,146
Other operating expenses		<u>(56,125)</u>	<u>(3,117)</u>
Operating profit / (loss)		2,153,362	(1,578,994)
Finance cost	21	<u>(1,527,192)</u>	<u>(150,396)</u>
Profit / (loss) before taxation		626,170	(1,729,390)
Taxation	22	(220,202)	418,290
Profit / (loss) after taxation		<u>405,968</u>	<u>(1,311,100)</u>
Earnings / (loss) per share - basic and diluted		<u>Rs. 5.08</u>	<u>(Rs. 16.40)</u>

The annexed notes 1 to 27 form an integral part of these condensed interim financial statements.


Chief Financial Officer


Chief Executive


Director

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

FOR THE QUARTER ENDED SEPTEMBER 30, 2021 (UNAUDITED)

	September 30, 2021	September 30, 2020
	(Rupees in thousand)	
Profit / (loss) after taxation	405,968	(1,311,100)
Other comprehensive income / (loss)		
Items that will not be reclassified to statement of profit or loss		
Change in fair value of long term investment	-	-
Remeasurement of post employment benefit obligations	-	-
Deferred tax thereon	-	-
Total comprehensive income / (loss)	<u>405,968</u>	<u>(1,311,100)</u>

The annexed notes 1 to 27 form an integral part of these condensed interim financial statements.



Chief Financial Officer



Chief Executive



Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED SEPTEMBER 30, 2021 (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	Gain / (loss) on revaluation of investment at fair value through OCI		Accumulated loss
	(Rupees in thousand)								
Balance as at July 1, 2020	799,666	10,142	4,117	-	9,631,914	31,961,000	12,942	(12,582,495)	29,837,286
Loss for the three months ended September 30, 2020	-	-	-	-	-	-	-	(1,311,100)	(1,311,100)
Other comprehensive income	-	-	-	-	-	-	-	-	-
Total Comprehensive loss for the three months ended September 30, 2020	-	-	-	-	-	-	-	(1,311,100)	(1,311,100)
Balance as at September 30, 2020	799,666	10,142	4,117	-	9,631,914	31,961,000	12,942	(13,893,595)	28,526,186
Balance as at July 1, 2021	799,666	10,142	4,117	-	9,631,914	31,961,000	9,787	(10,829,239)	31,587,387
Profit for the three months ended September 30, 2021	-	-	-	-	-	-	-	405,968	405,968
Other comprehensive income	-	-	-	-	-	-	-	-	-
Total comprehensive income for the three months ended September 30, 2021	-	-	-	-	-	-	-	405,968	405,968
Balance as at September 30, 2021	799,666	10,142	4,117	-	9,631,914	31,961,000	9,787	(10,423,271)	31,993,355

The annexed notes 1 to 27 form an integral part of these condensed interim financial statements.



Chief Financial Officer



Chief Executive



Director

CONDENSED INTERIM STATEMENT OF CASH FLOWS

FOR THE QUARTER ENDED SEPTEMBER 30, 2021 (UNAUDITED)

	Note	September 30, 2021	September 30, 2020
(Rupees in thousand)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	23	(10,506,319)	(5,297,760)
Income tax paid		(62,932)	(137,509)
Finance cost paid		(434,748)	(467,739)
Decrease / (increase) in long-term loans		4,032	(1,310)
Payments made to staff retirement benefit funds		-	(2,689)
Net cash flow used in operating activities		<u>(10,999,967)</u>	<u>(5,907,007)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(93,929)	(39,506)
Return on investments and bank accounts		1,574	5,007
Net cash flow used in investing activities		<u>(92,355)</u>	<u>(34,499)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(260)	(22)
Lease rentals paid		(31,607)	-
Net cash flow used in financing activities		<u>(31,867)</u>	<u>(22)</u>
Net decrease in cash and cash equivalents		<u>(11,124,189)</u>	<u>(5,941,528)</u>
Cash and cash equivalents at beginning of the period		<u>(19,390,188)</u>	<u>(16,224,916)</u>
Cash and cash equivalents at end of the period		<u><u>(30,514,377)</u></u>	<u><u>(22,166,444)</u></u>

The annexed notes 1 to 27 form an integral part of these condensed interim financial statements.


Chief Financial Officer


Chief Executive


Director

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2021 (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 a 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 also commissioned Diesel Hydro De-sulphurisation (DHDS) and Isomerisation (ISOM) units during the financial years 2017 and 2018 respectively.

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 financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, Issued by the international Accounting Standard 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.

These condensed interim financial statements do 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, 2021.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Company for the year ended June 30, 2021.

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 these condensed interim financial statements.

4.2 Judgments and estimates made by the management in the preparation of these condensed interim financial statements are the same as those that were applied to the financial statements as at and for the year ended June 30, 2021.

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, 2021.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2021 (UNAUDITED)**

September 30,
2021 June 30,
2021
(Rupees in thousand)

5. FIXED ASSETS

Property, plant and equipment		
- Operating assets - note 5.1 & 5.2	28,573,112	29,381,667
- Major spare parts and stand-by equipments	494,742	487,340
- Capital work-in-progress - note 5.3	<u>1,394,004</u>	<u>1,350,892</u>
	<u>30,461,858</u>	<u>31,219,899</u>
Intangible assets	7,400	8,190
	<u>30,469,258</u>	<u>31,228,089</u>

5.1 In the current period variable lease for right-of-use of assets amounts to Rs. 2.08 million.

5.2 These include the right-of-use asset comprising a lease hold land at oil installation area, Keamari of Karachi Port Trust (KPT), used by the Company for its operations.

5.3 Capital work-in-progress

	Balance as at July 1, 2021	Additions during the period	Transfers	Balance as at September 30, 2021	Balance as at July 1, 2020	Additions during the year	Transfers	Balance as at June 30, 2021
	(Rupees in thousand)							
Building on leasehold land	12,168	2,420	(116)	14,472	22,810	15,952	(26,594)	12,168
Refineries upgradation projects	973,706	131	-	973,837	2,804,584	4,283	(1,835,161)	973,706
Plant and machinery	273,063	75,225	(11,057)	337,231	510,885	225,301	(463,123)	273,063
Office and other equipments	39,513	11,284	(12,314)	38,483	53,860	43,500	(57,847)	39,513
	<u>1,298,450</u>	<u>89,060</u>	<u>(23,487)</u>	<u>1,364,023</u>	<u>3,392,139</u>	<u>289,036</u>	<u>(2,382,725)</u>	<u>1,298,450</u>
Advances to contractors/ suppliers - note 5.5	52,442	20,531	(42,992)	29,981	76,599	40,164	(64,321)	52,442
	<u>1,350,892</u>	<u>109,591</u>	<u>(66,479)</u>	<u>1,394,004</u>	<u>3,468,738</u>	<u>329,200</u>	<u>(2,447,046)</u>	<u>1,350,892</u>

5.4 Additions to operating assets during the three months ended September 30, 2021 are as follows:

	Additions (at cost)	
	September 2021	September 2020
	(Rupees in thousand)	
Plant and machinery	26,002	1,727,596
Buildings	116	-
Office and other equipments	15,877	11,122
Furniture and fixtures	100	-
Computer equipments	1,318	817
	<u>43,413</u>	<u>1,739,535</u>

5.5 The advances to contractors / suppliers do not carry any interest or mark-up 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. 7.60 million (June 30, 2021: Rs. 8.50 million) carry interest ranging from 3% to 7% (June 30, 2021: 3% to 7%). These also include unsecured loans to executive and employees which are interest free.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2021 (UNAUDITED)**

7. LONG TERM DEPOSITS

These deposits do not carry any mark-up arrangement.

8. DEFERRED TAXATION

The deferred tax asset on minimum tax, alternative corporate tax and tax loss is expected to be recovered based on the estimated future taxable income.

9. STOCK-IN-TRADE

As at September 30, 2021 stock of finished products and semi-finished products have been written down by Rs. Nil (June 30, 2021: Rs. 34 million) to arrive at their net realisable value.

10. LOANS AND ADVANCES

Out of these, car loans amounting to Rs. 1.58 million (June 30, 2021: Rs. 1.78 million) carrying interest as disclosed in note 6. Advances do not carry any mark-up arrangement.

11. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

These deposits do not carry any mark-up arrangement.

12. OTHER RECEIVABLES

This includes unadjusted input sales tax amounting to Rs. 1.4 billion.

	September 30, 2021	June 30, 2021
	(Rupees in thousand)	
13. CASH AND BANK BALANCES		
Cash in hand	500	500
With banks on:		
- Current accounts	115,210	91,300
- Savings accounts	2,073	25,464
- Deposit accounts	490,063	490,063
	607,346	606,827
	607,846	607,327

14. PROVISION FOR GAS INFRASTRUCTURE DEVELOPMENT CESS

During 2021, the Supreme Court of Pakistan has decided the Appeal against consumers upholding the vires of GIDC Act, 2015 through its judgement dated August 13, 2020. The Review Petition was filed against the Judgment, wherein the Honourable Court has provided some relief by increasing the time period for recovery of GIDC from 24 installments to 48 installments. However, the review application has been dismissed on merits.

The Company has also filed a civil suit before the Honourable High Court of Sindh on the ground that the Company falls under the category of consumers and it has not passed on the burden of Cess. Stay order was granted in the aforesaid suit, which has been operative till the next date of hearing. However, while pendency of aforesaid suit, the Company is regularly paying GIDC installments up to the date under protest and without prejudice to the Company's legal rights.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2021 (UNAUDITED)**

	September 30, 2021	June 30, 2021
	(Rupees in thousand)	
15. TRADE AND OTHER PAYABLES		
Trade creditors	17,821,767	16,098,850
Due to Government of Pakistan	1,354,175	928,684
Due to related parties:		
- Attock Petroleum Limited	51,689	57,094
- Pakistan Oilfields Limited	17,616	49,224
- Attock Cement Pakistan Limited	-	141
Accrued liabilities	992,235	1,035,607
Current portion of provision for Gas Infrastructure Development Cess	301,843	307,457
PMG - RON differential payable	22,405	84,457
Custom duty payable - note 15.1	749,915	617,090
Sales tax payable	-	2,717,164
Retention money	58,405	58,403
Deposits from contractors	66,306	57,579
Advances from customers - note 15.2	430,739	-
Workers' profits participation fund	34,023	-
Workers' Welfare Fund	114,988	94,714
Income tax deducted at source	9,646	29,189
Excise duty and petroleum levy	542,210	478,727
Others	137	2,057
	<u>22,568,099</u>	<u>22,616,437</u>

15.1 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). In 2018, the Oil and Gas Regulatory Authority (OGRA) in compliance with the directives of MOE approved a recovery mechanism for regulated products through which refineries would operate on no gain / loss basis on this account. OGRA directed Oil Companies Advisory Committee (OCAC) to ensure implementation of the said mechanism. The Company has worked out the impact of such mechanism and adjusted the regulatory duty on regulated products in the trade payables and in case of regulatory duty on deregulated products in the sales and cost of sales respectively.

15.2 This includes advances received from related party - Pakistan Oilfields Limited amounting to Rs. 5.44 million (June 30, 2021: Rs. Nil) against supply of goods.

16. BORROWINGS

16.1 The facilities for running finance under mark-up arrangements with various banks amounted to Rs. 26.70 billion (June 30, 2021: Rs. 26.70 billion) of which the amount remaining unutilized at the period end was Rs. 5.75 billion (June 30, 2021: 13.40 billion). The rates of mark-up applicable on running finance ranges from 0.15% to 1.0% above KIBOR (June 30, 2021: KIBOR + 0.15% to 1.0%) per annum.

16.2 The facility from Istisna arrangement from Islamic banks amounted to Rs. 10 billion (June 30, 2021: Rs. 9.75 billion) of which Rs. Nil remain unutilised as at period end. The rate of mark-up applicable is based on three months KIBOR + 0.05% (June 30, 2021: three months KIBOR + 0.05% to 0.50%) per annum.

16.3 Short term loans obtained on rollover basis from commercial banks amounted to Rs. 10.95 billion (June 30, 2021: Rs. 13.15 billion). These loans are interchangeable facilities with running finance arrangement as disclosed in note 16.1. The rate of mark-up applicable on these loans is based on respective tenor KIBOR ranging from -0.10% to 0.10% (June 30, 2021: KIBOR -0.10% to +0.55%) per annum.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2021 (UNAUDITED)

16.4 The facilities for opening the letters of credit and guarantees as at September 30, 2021 amounted to Rs. 74.81 billion (June 30, 2021: Rs. 82.95 billion) of which the amount remaining unutilized at the period end was Rs. 22.62 billion (June 30, 2021 Rs. 33.78 billion). The above financing arrangement to the tune of Rs. 28.70 billion (June 30, 2021: Rs. 28.70 billion) are sublimit of these non-funded limits.

16.5 These facilities are secured against ranking charge on Company's stocks, receivables and stores, spares and chemicals.

17. CONTINGENCIES AND COMMITMENTS

17.1 Contingencies

17.1.1 There has been no other significant changes during the period in the contingencies reported in the annual financial statements for the year ended June 30, 2021, except as disclosed in note 17.1.2.

17.1.2 Claims not acknowledged by the Company as debt at the end of the period amounted to Rs. 5.58 billion (June 30, 2021: Rs. 5.57 billion). These include claims accumulating to Rs. 5.35 billion (June 30, 2021: Rs. 5.34 billion) in respect of late payment surcharge claimed by crude oil suppliers and Rs. 63.90 million (June 30, 2021: Rs. 63.90 million) relating to freight claims.

17.2 Commitments

Commitments outstanding for capital expenditure as at September 30, 2021 amounted to Rs. 379.03 million (June 30, 2021: Rs. 351.70 million).

	September 30, 2021	September 30, 2020
	(Rupees in thousand)	
18. REVENUE FROM CONTRACTS WITH CUSTOMERS		
Local	50,018,697	40,942,597
Export	4,027,027	1,687,450
	<u>54,045,724</u>	<u>42,630,047</u>

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

Trade discounts	79,415	50,058
Sales tax	6,779,900	5,920,954
Excise duty	36	52
Petroleum levy	825,036	8,433,434
PMG - RON differential	76,940	121,907
Custom duty	971,943	841,402
	<u>8,733,270</u>	<u>15,367,807</u>

20. OTHER INCOME

This includes return on bank deposits amounting to Rs. 10.31 million (September 30, 2020: Rs. 15.11 million).

21. FINANCE COST

21.1 This includes interest on short term borrowings amounting to Rs. 447.84 million (September 30, 2020: Rs. 347.42 million). The rates of mark-up applicable are provided in note 16.

21.2 This also includes net exchange loss of Rs. 1,071 million (September 30, 2020: net exchange gain of Rs. 205.81 million) on foreign currency transactions relating to purchase of crude oil and sale of products. This exchange loss / gain relates to actual fluctuations and not due to derivative financial instruments.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2021 (UNAUDITED)

	September 30, 2021	September 30, 2020
	(Rupees in thousand)	
22. TAXATION		
Current	284,368	209,827
Deferred	(64,166)	(628,117)
	<u>220,202</u>	<u>(418,290)</u>
23. CASH GENERATED FROM OPERATIONS		
Profit / (loss) before taxation	626,170	(1,729,390)
Adjustment for non cash charges and other items:		
Depreciation and amortisation	852,760	830,011
Provision for staff retirement benefit funds	30,085	27,658
Finance cost	447,836	347,424
Interest on lease liability	6,428	6,563
Return on investments and bank accounts	(10,309)	(15,110)
Unearned Revenue	-	(193,085)
Changes in working capital - note 23.1	<u>(12,459,289)</u>	<u>(4,571,831)</u>
	<u>(10,506,319)</u>	<u>(5,297,760)</u>
23.1 Changes in working capital		
(Increase) / decrease in current assets		
Stores, spares and chemicals	(4,911)	(101,845)
Stock-in-trade	(9,609,597)	(5,834,672)
Trade receivables	(1,034,247)	(3,824,261)
Loans and advances	12,807	(3,593)
Trade deposits and short-term prepayments	(404,053)	(395,242)
Other receivables	(1,310,443)	(175,580)
	(12,350,444)	(10,335,193)
(Decrease) / increase in current liabilities		
Trade and other payables	(108,845)	5,763,362
	<u>(12,459,289)</u>	<u>(4,571,831)</u>

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2021 (UNAUDITED)

24. TRANSACTIONS WITH RELATED PARTIES

Related party transactions are:

Nature of relationship	Nature of transactions	Transactions during the quarter	
		September 30, 2021	September 30, 2020
(Rupees in thousand)			
Associated companies			
- Attock Petroleum Limited (APL)			
	Sale of petroleum products	22,146,423	17,977,673
	Trade discounts	54,423	34,771
	Commission on Export Sales	42,056	19,137
	Commission on Local Sales	199,642	81,071
	Purchase of Petroleum Products	1,026	2,020
	Hospitality charges on sales	21,548	21,953
	Rental income	1,254	922
	Reimbursement of expenses incurred by NRL on behalf of APL	921	603
	Reimbursement of expenses incurred by APL on behalf of NRL	251	-
- Pakistan Oilfields Limited (POL)			
	Rental income	860	759
	Sale of petroleum products	48,798	45,031
	Purchase of raw material	17,620	388,308
	Reimbursement of expenses incurred by NRL on behalf of POL	69	43
- Attock Refinery Limited (ARL)			
	Naphtha Handling Income	-	34,099
- Attock Cement Pakistan Limited (ACPL)			
	Purchase of stores	140	-
- Attock Oil Company Limited (AOCL)*			
	Reimbursement of expenses incurred by AOCL on behalf of NRL	25	2
	Reimbursement of expenses incurred by NRL on behalf of AOCL	8	16
Other related parties			
- Contribution to staff retirement benefits plans			
	Employees provident fund	12,163	14,127
	Employees gratuity fund	-	2,689
- Key management compensation**			
	Salaries and other employee benefits	15,277	9,311
	Post employment benefits	940	892
	Directors' fee	3,645	3,737

* The Company is incorporated in United Kingdom with registered address 4, Swan Street Manchester England M4 5JN.

** Key management personnel include Chief Executive Officer, Chief Financial Officer, Company Secretary, Head of Internal Audit and General Manager Commercial & Procurement.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2021 (UNAUDITED)

25. SEGMENT INFORMATION

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

The financial information regarding operating segments is as follows:

	FUEL		LUBE		TOTAL	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
	(Rupees in thousand)					
Segment Revenue						
Revenue from external customers						
- local (net of discounts, taxes, duties, levies and price differentials)	29,637,998	20,452,420	11,647,429	5,122,370	41,285,427	25,574,790
- exports	2,711,688	1,687,450	1,315,339	-	4,027,027	1,687,450
	32,349,686	22,139,870	12,962,768	5,122,370	45,312,454	27,262,240
Inter-segment transfers	11,377,883	4,024,684	-	-	11,377,883	4,024,684
Elimination of intersegment transfers	-	-	-	-	(11,377,883)	(4,024,684)
Net revenue from contracts with customers	43,727,569	26,164,554	12,962,768	5,122,370	45,312,454	27,262,240
Segment results after tax	(1,566,990)	(1,150,252)	1,972,958	(160,848)	405,968	(1,311,100)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive (loss) / income	(1,566,990)	(1,150,252)	1,972,958	(160,848)	405,968	(1,311,100)

	FUEL		LUBE		TOTAL	
	September 30, 2021	June 30, 2021	September 30, 2021	June 30, 2021	September 30, 2021	June 30, 2021
	(Rupees in thousand)					
Segment assets	58,766,718	50,261,268	12,380,670	9,496,061	71,147,388	59,757,329
Unallocated assets	-	-	-	-	15,969,944	15,924,187
Total assets	58,766,718	50,261,268	12,380,670	9,496,061	87,117,332	75,681,516
Segment liabilities	51,332,092	28,945,615	3,395,501	14,778,466	54,727,593	43,724,081
Unallocated liabilities	-	-	-	-	396,384	370,048
Total liabilities	51,332,092	28,945,615	3,395,501	14,778,466	55,123,977	44,094,129

25.2 Incremental expenses of Diesel Hydro De-sulphurisation (DHDS) and Isomerization (ISOM) units have been charged to fuel segment in accordance with note 25.1 above.

26. DIVIDEND

The Board of Directors in its meeting held on August 11, 2021 proposed a final cash dividend of Rs. 10.00 per share for the year ended June 30, 2021, amounting to Rs. 799.67 million for approval of the members at the Annual General Meeting to be held on October 21, 2021. 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

These condensed interim financial statements were authorized for issue by the Board of Directors of the Company on October 21, 2021.



Chief Financial Officer



Chief Executive



Director



National Refinery Limited

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