

**CONDENSED INTERIM
FINANCIAL STATEMENTS
FOR THE QUARTER ENDED
SEPTEMBER 30, 2024**



REFINING WITH VISION



National Refinery Limited



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Corporate Information

Board of Directors*

Laith G. Pharaon

Alternate Director: Sajid Nawaz

Wael G. Pharaon

Alternate Director: Babar Bashir Nawaz

Shuaib A. Malik - Chairman

Shamim Ahmad Khan

Tariq Iqbal Khan

Abdus Sattar

Khondamir Nusratkhujaev

Chief Executive Officer

Shahid Waheed Khwaja

Chief Financial Officer

Nouman Ahmed Usmani

Company Secretary

Badruddin Khan

Audit Committee

Shamim Ahmad Khan

Chairman

Abdus Sattar

Member

Babar Bashir Nawaz

Member

Alternate Director for Mr. Wael G. Pharaon

Muhammad Atta ur Rehman Malik

Secretary

Human Resource and Remuneration (HR&R) Committee

Shamim Ahmad Khan

Chairman

Shuaib A. Malik

Member

Babar Bashir Nawaz

Member

Alternate Director for Mr. Wael G. Pharaon

Nouman Ahmed Usmani

Secretary

Auditors

A. F. Ferguson & Co.

Chartered Accountants

Legal Advisor

Ali Sibtain Fazli & Associates

Legal Advisors, Advocates & Solicitors

Bankers

Habib Bank Limited

Meezan Bank Limited

Allied Bank Limited

National Bank of Pakistan

The Bank of Punjab

Bank Alfalah Limited

United Bank Limited

Faysal Bank Limited

BankIslami Pakistan

Habib Metropolitan Bank Limited

Dubai Islamic Bank

MCB Bank Limited

Samba Bank Limited

Bank AL-Habib Limited

Askari Bank Limited

Industrial & Commercial Bank of China 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 Shakra-e-Faisal, Karachi – 74400.

Tel: (Toll Free) 0800-23275

Fax: +92-21-34326053

Email: info@cdcsrcsl.com

Website: www.cdcsrcsl.com

* Consequent upon recent elections dated October 21, 2024



Directors' Review

On behalf of the Board of Directors of National Refinery Limited, I am pleased to present a brief review of the financial results and operations of your Company for the quarter ended September 30, 2024.

During the quarter, your company incurred loss after tax of Rs. 7,237 million resulting in loss per share of Rs. 90.50 as compared to profit after tax of Rs. 3,203 million that resulted in earning per share of Rs. 40.05 in the corresponding period last year.

Fuel segment of the Company continued to face significant challenges due to declining oil prices and thin products margins, leading to both inventory as well as operating losses. In the current quarter, the segment incurred loss after tax of Rs. 6,676 million in contrast to profit after tax of Rs. 1,995 million in the same period last year. The corresponding quarter's positive results were largely attributed to rising oil price trend. During the current quarter, sales of HSD declined due to higher stocks with refineries and OMCs as a result of lower demand and influx of inferior quality low-priced fuel through porous borders. Besides, demand of Furnace oil has been narrowed down in the current quarter, as electricity generation has shifted to more cost-effective alternate energy sources. Consequently, the company was forced to export 36,284 M. Tons of Furnace oil during the period, at a price lower than that in the local market. However, there was some improvement in the sales of Motor Gasoline as compared to corresponding quarter. Keeping in view the sales and demand of products, the throughput of the company was maintained at 48% (corresponding period last year: 48%). On a positive note, the oil prices have started to follow a rising trend in international market post quarter end, which, the Company expects, to yield positive impact on Company's results going forward.

Lube Segment incurred loss after tax of Rs. 561 million as compared to profit after tax of Rs. 1,208 million during the corresponding quarter. Lower product margins due to decreasing price trend resulted in negative results, despite increase in sales of Lube Base Oils in the local market.

The Company's working capital requirement continued to remain on higher side, primarily due to the financing of working capital and losses. Despite decline in bank borrowing rates in the current quarter as compared to same period last year, mark-up cost increased to Rs. 2,568 million during this period, which was Rs. 1,825 million during the same period last year. However, the Company expects potential savings in mark-up cost going forward due to quarterly repricing arrangements with some banks as well as further reduction in the policy rate which is likely to take place because of falling inflation.

The Government had extended initially allowed 60-day period to further six months upto October 22, 2024 for refineries to sign the upgrade agreements under the revised 'Pakistan Oil Refining Policy for Upgrading Brownfield Refineries 2023, (as amended in February 2024)'. Currently, refineries are in discussions with the Ministry in the matter of restoration of taxable status of key petroleum products, which have been exempted from sales tax in the Finance Act 2024, depriving refineries from substantial portion of input sales tax thereby increasing projects' cost significantly as well as making current refinery operations unviable especially under squeezing margins and declining oil prices trend. Your Company, however, is hopeful that this matter shall favorably be resolved soon and the Government will avoid taking such negative measures at least during the project duration.

We thank our shareholders, customers and staff for their continuous support and trust in the Company. We also thank the Ministry of Energy (Petroleum Division) for their support in all difficult times.

On behalf of the Board

Shuaib A. Malik
Chairman

Rawalpindi
October 18, 2024



ڈائریکٹرز کا جائزہ

نیشنل ریفاائنری لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے میں آپ کی کمپنی کے ۳۰ ستمبر ۲۰۲۳ء کو مکمل ہونے والی سہ ماہی کے مالی نتائج اور آپریٹنگز کا ایک مختصر جائزہ پیش کرتے ہوئے مسرت محسوس کرتا ہوں۔

موجودہ سہ ماہی کے دوران، آپ کی کمپنی کو 7,237 ملین روپے کا ٹیکس کے بعد نقصان ہوا جو کہ 90.50 روپے فی حصص نقصان کے مساوی ہے۔ جبکہ گزشتہ مالی سال اسی مدت میں کمپنی کو 3,203 ملین روپے ٹیکس کے بعد منافع ہوا تھا جو کہ 40.05 روپے فی حصص منافع کے مساوی تھا۔


تیل کی گرتی ہوئی قیمتوں اور مصنوعات کے کم مارجنز کی وجہ سے کمپنی کے فیول سیگمنٹ کو مسلسل اہم چیلنجوں کا سامنا رہا، جس کی وجہ سے انویٹری کے ساتھ ساتھ آپریٹنگ نقصانات بھی ہوئے۔ موجودہ سہ ماہی میں، سیگمنٹ کو 6,676 ملین روپے ٹیکس کے بعد نقصان ہوا جبکہ اس کے برعکس گزشتہ سال اسی مدت میں ٹیکس کے بعد 1,995 ملین روپے منافع تھا۔ گزشتہ سہ ماہی کے مثبت نتائج کی بڑی وجہ تیل کی قیمتوں میں اضافے کا رجحان تھا۔ موجودہ سہ ماہی کے دوران ڈیزل کی فروخت میں کمی واقع ہوئی ہے جس کی وجہ ریفاائنریوں اور آئل مارکنگ کمپنیوں کے پاس زیادہ اسٹاک کے نتیجے میں طلب میں کمی اور غیر محفوظ سرحدوں کے ذریعے غیر معیاری کم قیمت ایڈیشن کی دستیابی ہے۔ اس کے علاوہ، بجلی کی پیداوار کی زیادہ لاگت سے کم لاگت والے متبادل توانائی کے ذرائع کی طرف منتقلی کی وجہ سے موجودہ سہ ماہی میں فرس آئل کی مانگ بھی کم ہوئی۔ نتیجتاً، کمپنی کو اس عرصے کے دوران 36,284 ایم ٹن فرس آئل برآمد کرنا پڑا، جس کی برآمدی قیمت مقامی مارکیٹ میں فرس آئل کی قیمت سے بھی کم تھی۔ تاہم، گزشتہ سال اسی سہ ماہی کے مقابلے میں پٹرول کی فروخت میں کچھ بہتری دیکھنے میں آئی ہے۔ مصنوعات کی فروخت اور طلب کو مد نظر رکھتے ہوئے، کمپنی کی پیداواری صلاحیت 48 فیصد (گزشتہ سال کی اسی مدت میں 48 فیصد) پر برقرار رکھی گئی۔ ایک مثبت پہلو یہ ہے کہ، سہ ماہی کے اختتام کے بعد سے تیل کی قیمتوں میں بڑھتا ہوا رجحان پایا جا رہا ہے، جس سے توقع ہے کہ کمپنی کے آگے آنے والے نتائج پر مثبت اثرات مرتب ہوں گے۔

لیوب سیگمنٹ کو 561 ملین روپے ٹیکس کے بعد نقصان ہوا جبکہ گزشتہ سال اسی مدت میں 1,208 ملین روپے کا ٹیکس کے بعد منافع ہوا تھا۔ مقامی مارکیٹ میں لیوب میں آئل کی فروخت میں اضافے کا باوجود قیمتوں میں کمی کے رجحان کی وجہ سے گرتے ہوئے پروڈکٹ مارجنز کے ضمنی نتائج مرتب ہوئے۔

بنیادی طور پر نقصانات اور ورکنگ کپیٹل کی مالی اعانت کی وجہ سے کمپنی کی ورکنگ کپیٹل کی ضروریات بدستور برقرار رہیں۔ گزشتہ سال کی اسی مدت کے مقابلے میں موجودہ سہ ماہی میں بینکوں سے قرض لینے کی شرح میں کمی کے باوجود، مارک اپ اخراجات بڑھ کر 2,568 ملین روپے ہو گئے، جو کہ گزشتہ سال کی اسی مدت کے دوران 1,825 ملین روپے تھے۔ تاہم، کچھ بینکوں کے ساتھ سہ ماہی بنیادوں پر ری پرائسنگ انتظامات کے ساتھ ساتھ گرتی ہوئی افراط زر کی وجہ سے پالیسی کی شرح میں مزید کمی کے امکانات کے پیش نظر، کمپنی، مارک اپ اخراجات میں بچت کی توقع رکھتی ہے۔

حکومت نے ابتدائی طور پر متعین 60 دن کی مدت کو مزید چھ ماہ تک بڑھا کر ۱۲۲ اکتوبر، ۲۰۲۳ء تک ریفاائنریز کے لیے نظر ثانی شدہ 'براؤن فیلڈ ریفاائنریز کو اپ گریڈ کرنے کے لیے پاکستان آئل ریفاائننگ پالیسی 2023' (جس میں فروری ۲۰۲۳ء میں ترمیم کی گئی) کے تحت اپ گریڈ مہدوں پر دستخط کرنے کی اجازت دی ہے۔ فی الحال، ریفاائنریز وزارت توانائی کے ساتھ اہم پٹرولیم مصنوعات کی قابل ٹیکس حیثیت کی بحالی کے معاملے میں بات چیت کر رہی ہیں، جنہیں فنانس ایکٹ 2024 میں سبزنٹیکس سے مستثنیٰ قرار دے دیا گیا ہے، جس کی وجہ سے ریفاائنریز کو ان پٹ سبزنٹیکس کے ایک بڑے حصے سے محروم کر دیا گیا ہے جس سے منصوبوں کی لاگت میں نمایاں اضافہ ہوا ہے۔ اس کے ساتھ ساتھ نہایت کم مارجنز اور تیل کی قیمتوں میں کمی کے رجحان کے دوران ریفاائنریوں کے موجودہ آپریٹنگ کو بھی بری طرح متاثر کیا ہے۔ تاہم، آپ کی کمپنی کو امید ہے کہ یہ معاملہ جلد ہی احسن طریقے سے حل ہو جائے گا اور حکومت کم از کم پراجیکٹ کی مدت کے دوران ایسے ضمنی اقدامات کرنے سے گریز کرے گی۔

ہم اپنے حصص یافتگان، صارفین اور عملے کا کمپنی میں مسلسل حمایت اور اعتماد کے لیے شکریہ ادا کرتے ہیں۔ ہم وزارت توانائی (پیٹرولیم ڈویژن) کا بھی شکریہ ادا کرتے ہیں کہ انہوں نے ہر مشکل وقت میں تعاون کیا۔

بورڈ کی جانب سے

 شیخ امین ملک
 چیئر مین

راولپنڈی
 ۱۸ اکتوبر، ۲۰۲۳ء

**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**

AS AT SEPTEMBER 30, 2024

	Note	Unaudited September 30, 2024	Audited June 30, 2024
(Rupees in thousand)			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	22,973,153	23,555,669
Intangible assets		3,618	3,915
Long-term investment		14,822	14,822
Long-term loans	6	18,584	20,280
Long-term deposits	7	30,265	30,265
Deferred taxation	8	13,659,082	10,931,383
Retirement benefit prepayments		769,536	757,326
		<u>37,469,060</u>	<u>35,313,660</u>
CURRENT ASSETS			
Stores, spares and chemicals		2,593,244	1,802,405
Stock-in-trade	9	38,391,020	49,719,863
Trade receivables		12,440,522	9,855,369
Loans and advances	10	145,163	104,574
Trade deposits and short-term prepayments	11	761,437	55,638
Interest accrued		56,296	68,179
Other receivables		3,576,656	2,943,508
Taxation - payments less provision		2,761,060	2,744,783
Cash and bank balances	13	894,979	564,360
		<u>61,620,377</u>	<u>67,858,679</u>
TOTAL ASSETS		<u>99,089,437</u>	<u>103,172,339</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital		799,666	799,666
Reserves		11,180,304	18,416,889
		<u>11,979,970</u>	<u>19,216,555</u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Lease liability		143,916	143,916
Retirement benefit obligations		576,968	547,712
		<u>720,884</u>	<u>691,628</u>
CURRENT LIABILITIES			
Trade and other payables	14	39,700,618	29,004,804
Unclaimed dividend		59,094	59,128
Unpaid dividend		43,679	43,658
Accrued mark-up		977,765	1,251,885
Provisions		112,361	112,361
Borrowings	15	45,475,102	52,777,898
Current portion of lease liability		19,964	14,422
		<u>86,388,583</u>	<u>83,264,156</u>
TOTAL LIABILITIES		<u>87,109,467</u>	<u>83,955,784</u>
CONTINGENCIES AND COMMITMENTS	16		
TOTAL EQUITY AND LIABILITIES		<u>99,089,437</u>	<u>103,172,339</u>

The annexed notes 1 to 26 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, 2024 (UNAUDITED)

	Note	September 30, 2024	September 30, 2023
		(Rupees in thousand)	
Revenue from contracts with customers	17	86,680,953	94,557,558
Trade discounts, taxes, duties, levies and price differentials	18	<u>(19,705,141)</u>	<u>(20,729,104)</u>
Net revenue from contracts with customers		66,975,812	73,828,454
Cost of sales		<u>(73,273,053)</u>	<u>(66,474,560)</u>
Gross (loss) / profit		(6,297,241)	7,353,894
Distribution cost		(209,678)	(100,518)
Administrative expenses		(279,499)	(278,904)
Other income	19	105,795	76,011
Other operating expenses		<u>(11,007)</u>	<u>(395,604)</u>
Operating (loss) / profit		(6,691,630)	6,654,879
Finance cost - net	20	<u>(2,886,556)</u>	<u>(1,465,652)</u>
(Loss) / profit before tax		(9,578,186)	5,189,227
Levies - final tax		(94,870)	(22,194)
Taxation	21	2,436,471	(1,964,331)
(Loss) / profit after taxation		<u>(7,236,585)</u>	<u>3,202,702</u>
(Loss) / earnings per share - basic and diluted		<u>Rs. (90.50)</u>	<u>Rs. 40.05</u>

The annexed notes 1 to 26 form an integral part of these condensed interim financial statements.

Chief Financial Officer

Chief Executive

Director

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME**

FOR THE QUARTER ENDED SEPTEMBER 30, 2024 (UNAUDITED)

	September 30, 2024	September 30, 2023
	(Rupees in thousand)	
(Loss) / profit after taxation	(7,236,585)	3,202,702
Other comprehensive income		
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 loss	<u>(7,236,585)</u>	<u>3,202,702</u>

The annexed notes 1 to 26 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, 2024 (UNAUDITED)

	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
Balance as at July 1, 2023	799,666	10,142	4,117	-	9,631,914	31,961,000	14,555	(7,822,715)	34,598,679
Profit for the three months ended September 30, 2023	-	-	-	-	-	-	-	3,202,702	3,202,702
Other comprehensive income for the three months ended September 30, 2023	-	-	-	-	-	-	-	-	-
Balance as at September 30, 2023	799,666	10,142	4,117	-	9,631,914	31,961,000	14,555	(4,620,013)	37,801,381
Balance as at July 1, 2024	799,666	10,142	4,117	-	9,631,914	31,961,000	14,822	(23,205,106)	19,216,555
Loss for the three months ended September 30, 2024	-	-	-	-	-	-	-	(7,236,585)	(7,236,585)
Other comprehensive income for the three months ended September 30, 2024	-	-	-	-	-	-	-	(7,236,585)	(7,236,585)
Balance as at September 30, 2024	799,666	10,142	4,117	-	9,631,914	31,961,000	14,822	(30,441,691)	11,979,970

(Rupees in thousand)

The annexed notes 1 to 26 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, 2024 (UNAUDITED)

	Note	September 30, 2024	September 30, 2023
(Rupees in thousand)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	22	11,079,099	9,860,449
Income tax paid		(402,375)	(424,520)
Mark-up paid on Conventional Financing		(2,030,179)	(1,258,126)
Mark-up paid on Islamic Financing		(812,183)	(482,186)
Decrease in long-term loans		1,696	1,150
Net cash generated from operating activities		<u>7,836,058</u>	<u>7,696,767</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(286,157)	(646,577)
Purchase of intangible assets		(61)	-
Proceeds from disposal of property, plant and equipment		162	-
Return on investments and bank accounts		83,426	48,203
Net cash used in investing activities		<u>(202,630)</u>	<u>(598,374)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(13)	(114)
Net cash used in financing activities		<u>(13)</u>	<u>(114)</u>
Net increase in cash and cash equivalents		<u>7,633,415</u>	<u>7,098,279</u>
Cash and cash equivalents at beginning of the period		<u>(52,213,538)</u>	<u>(36,899,231)</u>
Cash and cash equivalents at end of the period		<u><u>(44,580,123)</u></u>	<u><u>(29,800,952)</u></u>

The annexed notes 1 to 26 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, 2024 (UNAUDITED)

1. LEGAL STATUS AND OPERATIONS

National Refinery Limited ("the Company") 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.

During the year ended June 30, 2024, the Government announced the 'Pakistan Oil Refining Policy for upgradation of Existing / Brownfield Refineries 2023' (as ammended in February 2024), which was earlier approved in August 2023. As per ammended policy, refineries were initially allowed to sign the upgrade agreement within 60 days, which has been extended for six months.

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, 2024.

3. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting polices applied in the preparation of these condensed interim financial statements are same as those applied in the preparation of the annual financial statements of the Company for the year ended June 30, 2024.

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, 2024.

- 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, 2024.



**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2024 (UNAUDITED)**

	September 30, 2024	June 30, 2024
	(Rupees in thousand)	
5. PROPERTY, PLANT AND EQUIPMENT		
- Operating assets - note 5.1 & 5.2 & 5.3	20,136,054	20,936,774
- Major spare parts and stand-by equipments	880,542	793,821
- Capital work-in-progress - note 5.4	<u>1,956,557</u>	<u>1,825,074</u>
	<u>22,973,153</u>	<u>23,555,669</u>

5.1 In the current period variable lease for right-of-use of assets amounts to Rs. 13.08 million (September, 2023: Rs. 0.59 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 Additions to operating assets during the three months ended September 30, 2024 are as follows:

	Additions (at cost)		Disposals (at net book value)	
	September 2024	September 2023	September 2024	September 2023
	(Rupees in thousand)			
Plant and machinery	25,513	32,268	-	-
Utilities	21,509	6,698	-	-
Storage tanks	-	434	-	-
Vehicles	349	291	147	-
Office and other equipments	17,802	1,038	-	-
Buildings	2,526	436	-	-
Computer equipments	18	-	-	-
Furniture and fixtures	235	532	-	-
	<u>67,952</u>	<u>41,697</u>	<u>147</u>	<u>-</u>

5.4 Capital work-in-progress

	Balance as at July 1, 2024	Additions during the period	Transfers	Balance as at September 30, 2024	Balance as at July 1, 2023	Additions during the year	Transfers	Balance as at June 30, 2024
	(Rupees in thousand)							
Building on leasehold land	26,139	6,360	(2,526)	29,973	10,377	24,644	(8,882)	26,139
Refineries upgradation projects	971,735	-	-	971,735	970,358	1,377	-	971,735
Plant and machinery	608,759	140,109	(47,022)	701,846	371,559	1,132,101	(894,901)	608,759
Office and other equipments	104,462	27,459	(16,961)	114,960	78,901	93,531	(67,970)	104,462
	<u>1,711,095</u>	<u>173,928</u>	<u>(66,509)</u>	<u>1,818,514</u>	<u>1,431,195</u>	<u>1,251,653</u>	<u>(971,753)</u>	<u>1,711,095</u>
Advances to contractors/ suppliers - note 5.5	113,979	83,043	(58,979)	138,043	112,688	115,331	(114,040)	113,979
	<u>1,825,074</u>	<u>256,971</u>	<u>(125,488)</u>	<u>1,956,557</u>	<u>1,543,883</u>	<u>1,366,984</u>	<u>(1,085,793)</u>	<u>1,825,074</u>

5.5 These do not carry any mark-up arrangement.



NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2024 (UNAUDITED)

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. 2.23 million (June 30, 2024: Rs. 2.53 million) carry interest ranging from 3% to 7% (June 30, 2024: 3% to 7%). These also include unsecured loans to executive and employees which are interest free.

7. LONG TERM DEPOSITS

These deposits do not carry any mark-up arrangement.

8. DEFERRED TAXATION

The deferred tax asset on minimum tax, unabsorbed tax depreciation and unused tax losses is expected to be recovered based on the estimated future taxable income.

9. STOCK-IN-TRADE

As at September 30, 2024, stock of semi-finished products has been written down by Rs. 695.75 million (2024: Rs. 397.89 million) to arrive at its realisable value.

As at September 30, 2024, stock of finished products has been written down by Rs. 1,302.46 million (June 30, 2024: Rs. 784.01 million) to arrive at its realisable value.

10. LOANS AND ADVANCES

Out of these, car loans amounting to Rs. 0.83 million (June 30, 2024: Rs. 0.89 million) carry 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 differential of custom duty paid on import of crude oil and amount recovered through sale of petroleum products. Upto February 22, 2024, the differential has been worked out in accordance with OGRA's approved recovery mechanism; whereas, for the subsequent period it includes custom duty on crude oil to be reimbursed to refineries through IFEM netted off with custom duty at the rate 2.5% on High Speed Diesel and 10% on Motor Gasoline to be deposited into Inland Freight Equalization Margin (IFEM) pool till the time an OGRA controlled joint Escrow Account is maintained under the Pakistan Oil Refining Policy for Upgradation of Existing / Brownfield Refineries, 2023 (as amended in February 2024).

September 30, June 30,
2024 2024
(Rupees in thousand)

13. CASH AND BANK BALANCES

	500	500
Cash in hand	500	500
Current accounts	154,361	58,425
Savings accounts	250,055	15,371
Deposit accounts	490,063	490,063
	894,479	563,860
	894,979	564,360

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2024 (UNAUDITED)**

	September 30, 2024	June 30, 2024
	(Rupees in thousand)	
14. TRADE AND OTHER PAYABLES		
Trade creditors	27,562,810	18,016,858
Due to Government of Pakistan	2,077,071	2,017,015
Due to related parties:		
- Attock Petroleum Limited	642	6,828
- Attock Cement Pakistan Limited	261	-
- Attock Oil Company Limited	-	329
Accrued liabilities	1,321,559	1,122,496
Current portion of provision for Gas Infrastructure Development Cess - note 14.1	967,384	966,401
HSD - Euro V differential - note 14.2	2,503,393	2,621,249
PMG - Euro V differential payable	25,716	25,695
Sales tax payable	-	154,910
Retention money	80,359	77,174
Deposits from contractors	60,497	57,828
Workers' Welfare Fund	90,093	83,016
Income tax deducted at source	25,522	2,862
Excise duty and petroleum levy	4,976,044	3,844,958
Others	9,267	7,185
	<u>39,700,618</u>	<u>29,004,804</u>

14.1 The Honorable Supreme Court of Pakistan through its judgement dated August 13, 2020 had decided the Appeal against consumers upholding the vires of GIDC Act, 2015. The Review Petition was also dismissed on merits; however, the Honorable Court had provided some relief by increasing the time period for recovery of GIDC from 24 to 48 installments.

The Company also filed a civil suit before the Honorable High Court of Sindh (SHC) on the ground that the Company falls under the category of consumers and it has not passed on the burden of Cess. Accordingly, stay order was granted. However, while pendency of aforesaid suit, the Company kept on paying GIDC installments under protest and without prejudice to the Company's legal rights till August 2021 (upto 13th installment). In September 2021, Sui Southern Gas Company Limited (SSGC) revised the payment terms from 48 to 24 months. The Company, after giving notice to SSGC stopped payment of further installments of GIDC as the stay order has been operative, whereby Honorable SHC has restrained SSGC from taking any coercive action against the Company in relation to non-payment of installments of GIDC arrears.

Additionally, a second suit was filed as an alternative relief, seeking a declaration that GIDC has become inoperative following the direction given in Honorable Supreme Court's judgment on August 13, 2020.

These civil suits are still pending adjudication before the Honorable High Court of Sindh at Karachi and interim order, granting a stay, continues and is in effect till further orders.

14.2 This represents differential of Euro V vs Euro I/III HSD on account of sale of Euro I/III HSD by the Company. The differential has been worked out using criteria provided by Ministry of Energy through letter dated February 26, 2013, and November 17, 2020.



NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2024 (UNAUDITED)

15. BORROWINGS

- 15.1 The facilities for running finance under mark-up arrangements with various banks amounted to Rs. 46.50 billion (2024: Rs. 48.00 billion) of which the amount remaining unutilized at the period end was Rs. 14.90 billion (2024: Rs. 13.64 billion). The rates of mark-up applicable on running finance ranges from 0.04% to 1% above one month / three months KIBOR (2024: from 0.04% to 1% above one month / three months KIBOR) per annum.
- 15.2 The facilities for Istisna, Tijarah and Running Musharakah arrangements from various Islamic banks amounted to Rs. 17.49 billion (2024: Rs. 17.90 billion) of which Rs. 4.39 billion (2024: Rs. 0.70 billion) remain unutilized as at period end. The rate of mark-up applicable is based on relevant tenor KIBOR + 0.05% to 0.25% (2024: relevant tenor KIBOR + 0.05% to 0.25%) per annum.
- 15.3 These include short term loans obtained on rollover basis from commercial banks amounted to Rs. 23.10 billion (2024: Rs. 26.0 billion). These loans are interchangeable facilities with running finance arrangement as disclosed in above note. The rate of mark-up applicable on these loans is based on relevant tenor KIBOR plus spread ranging from -1.27% to +0.15% (2024: respective tenor KIBOR ranging from 0% to +0.15%) per annum.
- 15.4 The facilities for opening the letters of credit and guarantees as at September 30, 2024 amounted to Rs. 134.57 billion (2024: Rs. 125.57 billion) of which the amount remaining unutilized at the period end was Rs. 50.39 billion (2024: Rs. 64.66 billion). The above financing arrangement to the tune of Rs. 44.99 billion (2024: Rs. 45.40 billion) are interchangeable of these non-funded limits.
- 15.5 These facilities are secured against ranking charge on Company's stock, receivables and stores, spares and chemicals.

16. CONTINGENCIES AND COMMITMENTS

16.1 Contingencies

- 16.1.1 There has been no significant changes during the period in the contingencies reported in the annual financial statements for the year ended June 30, 2024.

16.2 Commitments

Commitments outstanding for capital expenditure as at September 30, 2024 amounted to Rs. 1,397.58 million (June 30, 2024: Rs. 1,442.64 million).

17. REVENUE FROM CONTRACTS WITH CUSTOMERS

	September 30, 2024	September 30, 2023
	(Rupees in thousand)	
Local	77,916,917	92,372,487
Export	8,764,036	2,185,071
	<u>86,680,953</u>	<u>94,557,558</u>

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2024 (UNAUDITED)**

	September 30, 2024	September 30, 2023
	(Rupees in thousand)	
18. TRADE DISCOUNTS, TAXES, DUTIES, LEVIES AND PRICE DIFFERENTIALS		
Trade discounts	356,804	-
Sales tax	3,290,626	4,603,416
Further tax	6,298	9,087
Excise duty	12	25
Petroleum levy	13,888,337	11,814,118
HSD - Euro V differential - note 14.2	301,144	2,300,065
PMG - Euro V differential	-	2,481
Custom duty - note 12	1,861,920	1,999,912
	<u>19,705,141</u>	<u>20,729,104</u>

19. OTHER INCOME

This includes return on bank deposits amounting to Rs. 37.01 million (September 30, 2023: Rs. 52.21 million), return on Pakistan Investment Bonds amounting to Rs. 10.23 million (September 30, 2023: Rs. 9.42 million) and interest earned on investment in Treasury bills amounting to Rs. 24.31 million (September 30, 2023: Nil).

20. FINANCE COST - NET

- 20.1 This includes mark-up on short term borrowings under conventional banking mode amounting to Rs. 1,752.20 million (September 30, 2023: Rs. 1,108.44 million) and mark-up on islamic financing amounting to Rs. 816.04 million (September 30, 2023: Rs. 716.08 million). The rates of mark-up applicable are provided in note 15.
- 20.2 This also includes net exchange loss of Rs. 311.32 million (September 30, 2023: net exchange gain of Rs. 366.67 million) on foreign currency transactions relating to purchase of crude oil and sale of products. This relates to actual fluctuations and not due to derivative financial instruments.

	September 30, 2024	September 30, 2023
	(Rupees in thousand)	
21. TAXATION		
Current for the period	291,228	550,266
Deferred	<u>(2,727,699)</u>	<u>1,414,065</u>
	<u>(2,436,471)</u>	<u>1,964,331</u>



NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2024 (UNAUDITED)

	September 30, 2024	September 30, 2023
	(Rupees in thousand)	
22. CASH GENERATED FROM OPERATIONS		
(Loss) / profit before tax	(9,578,186)	5,189,227
Adjustment for non cash charges and other items:		
Depreciation and amortisation	868,884	847,386
Provision for staff retirement benefit funds	17,046	30,913
Mark-up on Conventional Financing	1,752,199	1,108,444
Mark-up on Islamic Financing	816,043	716,077
Interest on lease liability	5,542	5,931
Return on investments and bank accounts	(71,543)	(61,631)
Gain on disposal of property, plant and equipment	(15)	-
Changes in working capital - note 22.1	17,269,129	2,024,102
	<u>11,079,099</u>	<u>9,860,449</u>
22.1 Changes in working capital		
(Increase) / decrease in current assets		
Stores, spares and chemicals	(790,839)	674,797
Stock-in-trade	11,328,843	(16,375,576)
Trade receivables	(2,585,153)	9,248,859
Loans and advances	(40,589)	22,664
Trade deposits and short-term prepayments	(705,799)	(676,320)
Other receivables	(633,148)	(1,791,915)
	6,573,315	(8,897,491)
Increase / (decrease) in current liabilities		
Trade and other payables	10,695,814	10,543,030
Contract Liabilities	-	378,563
	<u>17,269,129</u>	<u>2,024,102</u>
23. CASH AND CASH EQUIVALENTS		
Cash and bank balances - note 13	894,979	564,360
Borrowings - note 15	(45,475,102)	(52,777,898)
	<u>(44,580,123)</u>	<u>(52,213,538)</u>



NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2024 (UNAUDITED)

24. TRANSACTIONS WITH RELATED PARTIES

Related party transactions are:

Nature of relationship	Nature of transactions	September 30, 2024	September 30, 2023
Associated companies			
- Attock Petroleum Limited (APL)			
	Sale of petroleum products	31,982,195	36,703,939
	Trade discounts	219,449	-
	Handling charges on local sales	-	3,237
	Purchase of petroleum products	9,982	6,916
	Hospitality income on sales	14,128	4,804
	Rental income	1,658	1,510
	Reimbursement of expenses incurred by NRL on behalf of APL	1,493	1,389
	Reimbursement of expenses incurred by APL on behalf of NRL	-	385
- Pakistan Oilfields Limited (POL)			
	Rental income	1,142	1,041
	Sale of petroleum products	28,325	51,416
	Reimbursement of expenses incurred by NRL on behalf of POL	143	63
- Attock Refinery Limited (ARL)			
	Reimbursement of expenses incurred by NRL on behalf of ARL	39	14
	Reimbursement of expenses incurred by ARL on behalf of NRL	519	-
	Naphtha handling Income	12,938	-
- Attock Cement Pakistan Limited (ACPL)			
	Purchase of stores	261	224
	Reimbursement of expenses incurred by ACPL on behalf of NRL	171	53
- Attock Oil Company Limited (AOCL)*			
	Reimbursement of expenses incurred by NRL on behalf of AOCL	9	9
Other related parties			
- Contribution to staff retirement benefits plans			
	Employees provident fund	14,048	13,871
- Key management compensation **			
	Salaries and other employee benefits	11,054	16,444
	Post employment benefits	785	1,384
	Directors' fee	6,539	9,954

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

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



NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2024 (UNAUDITED)

25. SEGMENT INFORMATION

25.1 Segment 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, 2024	September 30, 2023	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
(Rupees in thousand)						
Segment Revenue						
Revenue from external customers						
- local, net of discounts, taxes, duties, levies and price differentials	42,785,155	51,793,379	15,426,621	19,850,004	58,211,776	71,643,383
- exports	5,936,984	-	2,827,052	2,185,071	8,764,036	2,185,071
	48,722,139	51,793,379	18,253,673	22,035,075	66,975,812	73,828,454
Inter-segment transfers	12,555,577	20,787,846	-	-	12,555,577	20,787,846
Elimination of inter-segment transfers	-	-	-	-	(12,555,577)	(20,787,846)
Net revenue from contract with customers	61,277,716	72,581,225	18,253,673	22,035,075	66,975,812	73,828,454
Segment results after tax	(6,675,909)	1,995,374	(560,676)	1,207,328	(7,236,585)	3,202,702
Other comprehensive income	-	-	-	-	-	-
Total comprehensive (loss) / income	(6,675,909)	1,995,374	(560,676)	1,207,328	(7,236,585)	3,202,702

	FUEL		LUBE		TOTAL	
	September 30, 2024	June 30, 2024	September 30, 2024	June 30, 2024	September 30, 2024	June 30, 2024
(Rupees in thousand)						
Segment assets	59,849,130	63,183,638	15,550,324	19,173,101	75,399,454	82,356,739
Unallocated assets	-	-	-	-	23,689,983	20,815,600
Total assets	59,849,130	63,183,638	15,550,324	19,173,101	99,089,437	103,172,339
Segment liabilities	82,320,845	77,922,638	4,211,654	5,485,434	86,532,499	83,408,072
Unallocated liabilities	-	-	-	-	576,968	547,712
Total liabilities	82,320,845	77,922,638	4,211,654	5,485,434	87,109,467	83,955,784

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. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorized for issue by the Board of Directors of the Company on October 18, 2024.

Chief Financial Officer

Chief Executive

Director



National Refinery Limited

7-B, Korangi Industrial Area, Karachi-74900.

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