

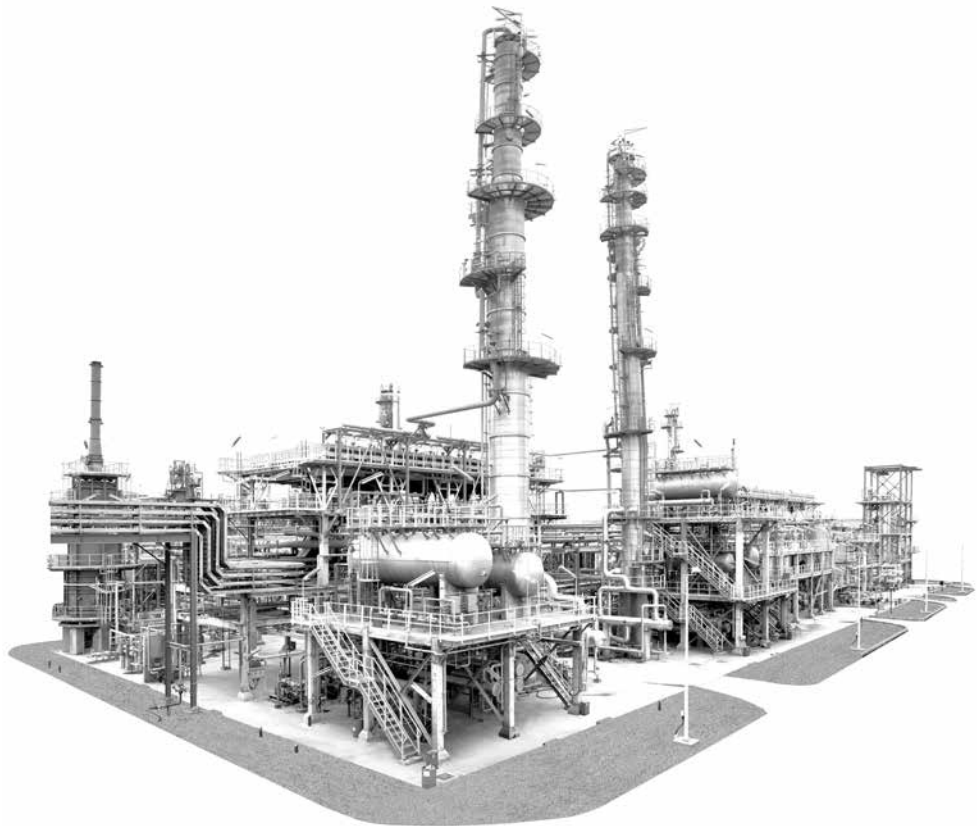
Condensed Interim  
Financial Statements  
for the Nine Months  
Ended March 31, 2023

Refining with Vision



National Refinery Limited





## Contents

---

- 02 Corporate Information
- 03 Directors' Review – English
- 04 Directors' Review – Urdu
- 05 Condensed Interim Statement of Financial Position
- 06 Condensed Interim Statement of Profit or Loss
- 07 Condensed Interim Statement of Profit or Loss and other  
Comprehensive Income
- 08 Condensed Interim Statement of Changes in Equity
- 09 Condensed Interim Statement of Cash Flows
- 10 Notes to the Condensed Interim Financial Statements

## Corporate Information

### Board of Directors

Laith G. Pharaon

Alternate Director: Mohammad Raziuddin

Wael G. Pharaon

Alternate Director: Babar Bashir Nawaz

Shuaib A. Malik - Chairman

Shamim Ahmad Khan

Abdus Sattar

Sajid Nawaz

Khondamir Nusratkhujavev

### Chief Executive Officer

Jamil A. Khan

### Chief Financial Officer

Nouman Ahmed Usmani

### Company Secretary

Muhammad Atta ur Rehman Malik

### Audit Committee

Shamim Ahmad 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

Shamim Ahmad Khan

Chairman

Shuaib A. Malik

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 Advisor

Ali Sibtain Fazli & Associates

Legal Advisors, Advocates & Solicitors

### Bankers

Habib Bank Limited

Meezan Bank Limited

National Bank of Pakistan

Allied Bank Limited

Bank Alfalah Limited

United Bank Limited

Habib Metropolitan Bank Limited

Askari Bank Limited

Faysal Bank Limited

BankIslami Pakistan

Industrial & Commercial Bank of China Limited

Dubai Islamic Bank

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 pleased to present a brief review of the company's financial performance and operations for the nine months ended March 31, 2023.

During the current quarter, stable prices of Crude Oil resulted in steady product margins, enabling the Company to earn an operating profit of Rs. 7,215 million against Rs. 3,104 million earned during the corresponding quarter last year. However, Company's overall performance was impacted by Country's macroeconomic instability, which included an exceptionally high policy rate of 20%, very high inflation rate of 27.26% and unprecedented currency devaluation. In January 2023, the exchange rate hit all-time low of Rs. 270 against US dollar, which further declined to Rs. 285 in March 2023. As a result, the Company incurred high mark-up cost of Rs. 1,643 million and huge exchange loss of Rs. 6,159 million during the current quarter only, which wiped off the operating profit and translated into loss after tax for third quarter amounting to Rs. 540 million as compared to profit after tax of Rs. 1,122 million in the third quarter of last year. Cumulatively, loss after tax for the nine months period increased to Rs. 6,024 million with loss per share of Rs. 75.33 as compared to profit after tax of Rs. 3,673 million and earnings per share of Rs. 45.93 in the corresponding period last year.

Fuel Segment of the Company incurred loss after tax of Rs. 9,577 million during the nine months period as compared to loss after tax of Rs. 217 million in the same period last year. The offtake of Furnace Oil remained a challenge during the third quarter due to winter season; on the other hand demand of other petroleum products also reduced due to lower economic activity throughout the Country. Accordingly, the Company operated at lower throughput of 57% as compared to 61% in the corresponding period last year. Besides, devaluation of Pak-Rupee against US Dollar resulted in massive net exchange loss of Rs. 9,686 million cumulatively for the nine months period as compared to Rs. 2,604 million in the same period last year.

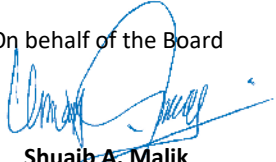
Lube Segment earned profit after tax of Rs. 3,553 million for the nine months ended March 31, 2023 as compared to profit after tax of Rs. 3,890 million during the corresponding period last year. Local sales volume of Lube Base Oils declined by 17,228 M.Tons (15%) mainly due to lesser production and decline in demand owing to lower economic activity. Local sales of Bitumen has also declined by 48% during the period due to lower road infrastructure development works in the Country. However, the company continued its exports of Bitumen, which increased by 50% to 65,300 M.Tons during the period, thereby easing inventory ullage issues to some extent. Consequently, throughput was managed at 85% (same period last year: 86%).

In addition to the significant increase in mark-up rates resulting from the increase in policy rates during the period, the company's working capital financing requirement also increased considerably due to slow product offtake and higher crude oil prices compared to the corresponding nine months. As a result, the company's mark-up expense increased to Rs. 4,291 million during the nine months from Rs. 2,049 million in the same period last year.

Your Company is carefully watching the ongoing economic situation of the Country and is working closely with other industry members and concerned authorities to mitigate the challenges being faced. There has been no positive development on draft refinery policy during the period.

We would like to thank our shareholders, customers, and staff for their continuous support and trust in the Company. We remain committed to excellence and look forward to your continued support.

On behalf of the Board



**Shuaib A. Malik**

Chairman

## ڈائریکٹرز کا جائزہ

نیشنل ریفاائنری لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے میں آپ کی کمپنی کے 31 مارچ 2023 کو مکمل ہونے والے نو ماہ کے مالی نتائج اور آپریٹنگ کا ایک مختصر جائزہ پیش کرتے ہوئے مسرت محسوس کرتا ہوں۔

موجودہ سہ ماہی کے دوران، خام تیل کی مستحکم قیمتوں کے نتیجے میں پروڈکٹ مارجنز مستحکم رہے، جس کی وجہ سے کمپنی کو 7,215 ملین روپے کا آپریٹنگ منافع ہوا جو کہ گزشتہ سال کی اسی سہ ماہی کے دوران 3,104 ملین روپے تھا۔ تاہم، کمپنی کی مجموعی کارکردگی ملک کے معاشی عدم استحکام کی وجہ سے متاثر ہوئی، جس میں 20% فیصد کی غیر معمولی پالیسی کی شرح، 27.26% فیصد کی بلند افراط زر کی شرح اور زرمبادلہ کی قدر میں شدید کمی شامل تھی۔ جنوری 2023 میں، امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں کمی تاریخ کی کم ترین سطح 270 روپے فی امریکی ڈالر تک پہنچ گئی، جو کہ مزید کم ہو کر مارچ 2023 میں 285 روپے پر آئی۔ ان عوامل کے نتیجے میں، صرف موجودہ سہ ماہی کے دوران ہی کمپنی کو مارک اپ اخراجات کی مدد میں 1,643 ملین روپے کی لاگت برداشت کرنا پڑی اور زرمبادلہ کی مدد میں 6,159 ملین روپے کا بھاری نقصان بھی برداشت کرنا پڑا جس کی وجہ سے تیسری سہ ماہی کے لیے کمپنی کو 5440 ملین روپے تکس کے بعد نقصان ہوا جبکہ گزشتہ مالی سال اسی مدت میں تکس کے بعد منافع 1,122 ملین روپے تھا۔ مجموعی طور پر نو ماہ کے دوران کمپنی کا تکس کے بعد نقصان بڑھ کر 6,024 ملین روپے ہو گیا جو 75.33 روپے فی حصص نقصان کے مساوی ہے جبکہ گزشتہ مالی سال اسی مدت میں 3,673 ملین روپے کا تکس کے بعد منافع ہوا تھا جو 45.93 روپے فی حصص منافع کے مساوی تھا۔

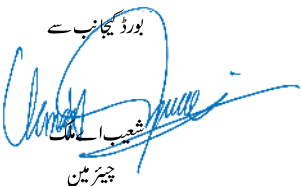
کمپنی کے فیول سیکورٹ کو نو مہینے کے دوران 9,577 ملین روپے تکس کے بعد نقصان ہوا جبکہ گزشتہ سال اسی مدت میں تکس کے بعد نقصان 217 ملین روپے تھا۔ سربوٹوں کے موسمی وجہ سے تیسری سہ ماہی کے دوران فرانس آئل کی فروخت ایک چیلنج رہی۔ دوسری جانب، ملک بھر میں معاشی سرگرمیاں کم ہونے کی وجہ سے دیگر پیٹرولیم مصنوعات کی طلب میں بھی کمی آئی۔ لہذا، کمپنی کی پیداوار گزشتہ نو ماہ کے 61% فیصد کے مقابلے میں کم کر کے 57% فیصد کرنا پڑی۔ اس کے علاوہ، امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں کمی کی وجہ سے نو مہینوں کے دوران زرمبادلہ کی مدد میں 9,686 ملین روپے کا نقصان اٹھانا پڑا جبکہ گزشتہ سال اسی مدت میں یہ نقصان 2,604 ملین روپے تھا۔

لیوب سیکورٹ کو نو مہینے میں 3,553 ملین روپے کا تکس کے بعد منافع ہوا جبکہ گزشتہ مالی سال اسی مدت میں تکس کے بعد 3,890 ملین روپے کا منافع تھا۔ لیوب بیس آئل کی مقامی فروخت کے حجم میں 17,228 میٹرک ٹن (15%) کی کمی واقع ہوئی ہے جس کی بنیادی وجہ کم پیداوار اور محدود اقتصادی سرگرمیوں کی وجہ سے مانگ میں کمی ہے۔ ملک میں سڑکوں کے بنیادی ڈھانچے کے ترقیاتی کاموں کی کمی کی وجہ سے اس مدت کے دوران تارکول کی مقامی فروخت میں بھی 48% فیصد کمی آئی۔ تاہم، کمپنی نے تارکول کی اپنی برآمدات کو جاری رکھا، جو کہ اس عرصے کے دوران 50% فیصد بڑھ کر 65,300 میٹرک ٹن تک پہنچ گئی، جس کے نتیجے میں انوینٹری (ullage) کے مسائل میں کچھ حد تک آسانی ہوئی۔ نتیجتاً، پیداوار کو 85% فیصد رکھا گیا جو کہ گزشتہ سال نو ماہ میں 86% فیصد تھی۔

اس عرصے کے دوران پالیسی کی شرح میں نمایاں اضافے کی وجہ سے مارک اپ کی شرح میں اضافے کے علاوہ، گزشتہ سال نو ماہ کے مقابلے میں موجودہ عرصے کے دوران مصنوعات کی فروخت میں کمی اور خام تیل کی زائد قیمتوں کی وجہ سے کمپنی کے ورکنگ کپٹل فنانسنگ کی ضروریات میں کافی اضافہ ہوا ہے۔ اس کے نتیجے میں مارک اپ اخراجات کی مدد میں گزشتہ مالی سال اسی مدت کے 2,049 ملین روپے کے مقابلے میں 4,291 ملین روپے خرچ ہوئے۔

آپ کی کمپنی ملک میں جاری معاشی صورتحال کے حوالے سے مکمل آگاہ ہے اور درپیش چیلنجوں کو کم کرنے کے لیے انڈسٹری کے دیگر اراکین اور متعلقہ حکام کے ساتھ رابطے میں ہے۔ اس عرصے کے دوران ریفاائنری پالیسی کے مسودے پر کوئی مثبت پیش رفت نہیں ہوئی۔

ہم اپنے حصص یافتگان، صارفین اور عملے کا انکی مسلسل حمایت اور اعتماد کیلئے شکریہ ادا کرتے ہیں۔ ہم بہتری کے لیے پرعزم ہیں اور آپ کے مسلسل تعاون کے منتظر ہیں۔

بورڈ چیف منسٹر سے  
  
 شیخ اعجاز  
 چیئرمین

**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**

AS AT MARCH 31, 2023

	Note	Unaudited March 31, 2023	Audited June 30, 2022
(Rupees in thousand)			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed assets	5	26,341,737	28,348,945
Long-term investment		17,472	17,472
Long-term loans	6	28,349	37,985
Long-term deposits	7	30,265	30,265
Deferred taxation	8	7,770,674	4,655,287
Retirement benefit prepayments		-	25,452
		<u>34,188,497</u>	<u>33,115,406</u>
<b>CURRENT ASSETS</b>			
Stores, spares and chemicals		2,310,623	1,914,831
Stock-in-trade	9	51,670,355	45,684,808
Trade receivables		13,116,960	16,502,290
Loans and advances	10	117,054	52,109
Trade deposits and short-term prepayments	11	287,982	55,962
Interest accrued		38,303	11,902
Other receivables		1,290,588	1,395,152
Taxation - payments less provision		3,125,119	3,355,429
Cash and bank balances	12	615,235	618,419
		<u>72,572,219</u>	<u>69,590,902</u>
		<u>106,760,716</u>	<u>102,706,308</u>
<b>TOTAL ASSETS</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital		799,666	799,666
Reserves		<u>31,796,288</u>	<u>39,019,692</u>
		<u>32,595,954</u>	<u>39,819,358</u>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Long-term lease liability		163,238	169,460
Provision for Gas Infrastructure Development Cess	13.1	132,684	353,767
Retirement benefit obligations		<u>577,051</u>	<u>494,308</u>
		<u>872,973</u>	<u>1,017,535</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	13	24,116,743	41,378,319
Advances from customers	14	783,924	1,224,455
Unclaimed dividend		60,037	60,149
Unpaid dividend		44,470	37,024
Accrued mark-up		905,673	531,417
Provisions		112,361	112,361
Borrowings	15	47,268,581	18,517,389
Current portion of long-term lease liability		-	8,301
		<u>73,291,789</u>	<u>61,869,415</u>
		<u>74,164,762</u>	<u>62,886,950</u>
<b>TOTAL LIABILITIES</b>			
<b>CONTINGENCIES AND COMMITMENTS</b>			
	16		
<b>TOTAL EQUITY AND LIABILITIES</b>			
		<u>106,760,716</u>	<u>102,706,308</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 NINE MONTHS ENDED MARCH 31, 2023 (UNAUDITED)

	Note	Quarter ended		Nine months ended	
		March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
← (Rupees in thousand) →					
Revenue from contracts with customers	17	86,766,193	57,219,739	269,645,392	178,001,765
Trade discounts, taxes, duties, levies and price differentials	18	<u>(14,610,174)</u>	<u>(5,763,086)</u>	<u>(37,618,556)</u>	<u>(23,747,293)</u>
Net revenue from contracts with customers		72,156,019	51,456,653	232,026,836	154,254,472
Cost of sales		<u>(64,307,742)</u>	<u>(47,652,408)</u>	<u>(224,076,435)</u>	<u>(145,404,512)</u>
Gross profit		7,848,277	3,804,245	7,950,401	8,849,960
Distribution cost		(425,185)	(378,003)	(1,250,629)	(1,065,429)
Administrative expenses		(267,019)	(257,969)	(758,800)	(691,803)
Other income	19	64,889	65,038	210,757	193,583
Other operating expenses		<u>(6,377)</u>	<u>(129,240)</u>	<u>(36,742)</u>	<u>(215,452)</u>
Operating profit		7,214,585	3,104,071	6,114,987	7,070,859
Finance cost - net	20	<u>(7,809,806)</u>	<u>(1,505,741)</u>	<u>(14,007,658)</u>	<u>(4,680,514)</u>
(Loss) / profit before taxation		(595,221)	1,598,330	(7,892,671)	2,390,345
Taxation	21	55,555	(476,064)	1,868,765	1,282,398
(Loss) / profit after taxation		<u>(539,666)</u>	<u>1,122,266</u>	<u>(6,023,906)</u>	<u>3,672,743</u>
(Loss) / earnings per share - basic and diluted		<u>(Rs. 6.75)</u>	<u>Rs. 14.04</u>	<u>(Rs. 75.33)</u>	<u>Rs. 45.93</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 AND OTHER COMPREHENSIVE INCOME

FOR THE NINE MONTHS ENDED MARCH 31, 2023 (UNAUDITED)

	Quarter ended		Nine months ended	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
	← (Rupees in thousand) →			
(Loss) / profit after taxation	(539,666)	1,122,266	(6,023,906)	3,672,743
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 (loss) / income	(539,666)	1,122,266	(6,023,906)	3,672,743

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 NINE MONTHS ENDED MARCH 31, 2023 (UNAUDITED)

	CAPITAL RESERVES				REVENUE RESERVES			Total	
	SHARE CAPITAL 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, 2021	799,666	10,142	4,117	-	9,631,914	31,961,000	9,787	(10,829,239)	31,587,387
Profit for the nine months ended March 31, 2022	-	-	-	-	-	-	-	3,672,743	3,672,743
Other comprehensive income	-	-	-	-	-	-	-	3,672,743	3,672,743
Final dividend for the year ended June 30, 2021 @ Rs.10 per share	-	-	-	-	-	-	-	(799,666)	(799,666)
Balance as at March 31, 2022	799,666	10,142	4,117	-	9,631,914	31,961,000	9,787	(7,956,162)	34,460,464
Balance as at July 1, 2022	799,666	10,142	4,117	-	9,631,914	31,961,000	17,472	(2,604,953)	39,819,358
Loss for the nine months ended March 31, 2023	-	-	-	-	-	-	-	(6,023,906)	(6,023,906)
Other comprehensive income	-	-	-	-	-	-	-	-	-
Final dividend for the year ended June 30, 2022 @ Rs. 15.00 per share	-	-	-	-	-	-	-	(6,023,906)	(6,023,906)
Balance as at March 31, 2023	799,666	10,142	4,117	-	9,631,914	31,961,000	17,472	(9,828,357)	32,595,950

(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 NINE MONTHS ENDED MARCH 31, 2023 (UNAUDITED)

	Note	March 31, 2023	March 31, 2022
(Rupees in thousand)			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash used in operations	22	(22,090,113)	(13,242,766)
Income tax paid		(1,016,312)	(314,611)
Finance cost paid		(3,916,385)	(1,599,606)
Decrease in long-term loans		9,636	(452)
Payment made to staff retirement benefit fund		(7,172)	-
Net cash used in operating activities		<u>(27,020,346)</u>	<u>(15,157,435)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(572,496)	(434,266)
Purchase of intangible assets		(53)	-
Proceeds from disposal of property, plant and equipment		2,647	42
Return on investments and bank accounts		61,223	8,213
Net cash used in investing activities		<u>(508,679)</u>	<u>(426,011)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid		(1,192,164)	(794,652)
Lease rentals paid		(33,187)	(31,607)
Net cash used in financing activities		<u>(1,225,351)</u>	<u>(826,259)</u>
Net decrease in cash and cash equivalents		<u>(28,754,376)</u>	<u>(16,409,705)</u>
Cash and cash equivalents at beginning of the period		(17,898,970)	(19,390,188)
Cash and cash equivalents at end of the period		<u>(46,653,346)</u>	<u>(35,799,893)</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 NINE MONTHS ENDED MARCH 31, 2023 (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, 2022.

#### 2.1 Changes in accounting standards, interpretations and pronouncements

- (a) Standards and amendments to approved accounting and reporting standards that are effective

## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, 2023 (UNAUDITED)

There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for the Company's annual accounting period which began on July 1, 2022. However, these do not have any significant impact on the Company's financial reporting.

- (b) Standards and amendments to approved accounting and reporting standards that are not yet effective

There are certain amendments and interpretations to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2023. However, these will not have any impact on the Company's financial reporting and, therefore, have not been disclosed in these condensed interim financial statements.

### 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, 2022.

### 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, 2022.
- 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, 2022.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
FOR THE NINE MONTHS ENDED MARCH 31, 2023 (UNAUDITED)

	March 31, 2023	June 30, 2022
	(Rupees in thousand)	
<b>5. FIXED ASSETS</b>		
Property, plant and equipment		
- Operating assets - note 5.1 & 5.2	24,215,597	26,510,353
- Major spare parts and stand-by equipments	558,549	467,288
- Capital work-in-progress - note 5.3	1,564,724	1,366,181
	<u>26,338,870</u>	<u>28,343,822</u>
Intangible assets	2,867	5,123
	<u>26,341,737</u>	<u>28,348,945</u>

5.1 In the current period variable lease for right-of-use of assets amounts to Rs. 4.60 million (March 31, 2022: Rs. 5.95 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, disposals and write-offs to operating assets during the nine months ended March 31, 2023 are as follows:

	Additions (at cost)		Disposals / write-offs (at net book value)	
	March 2023	March 2022	March 2023	March 2022
	(Rupees in thousand)			
Plant and machinery	98,420	197,067	-	-
Storage tanks	88,035	2,907	-	-
Utilities	39,974	32,287	-	-
Vehicles	19,323	1,155	2,680	-
Pipelines	13,179	-	-	-
Office and other equipments	12,419	45,290	184	-*
Buildings	7,044	1,731	-	-
Computer equipments	3,062	1,298	-	-
Furniture and fixtures	1,240	650	-	-
	<u>282,696</u>	<u>282,385</u>	<u>2,864</u>	<u>-</u>

\* Assets disposed off and written-off during the period having no net book value.

## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, 2023 (UNAUDITED)

### 5.4 Capital work-in-progress

	Balance as at July 1, 2022	Additions during the period	Transfers	Balance as at March 31, 2023	Balance as at July 1, 2021	Additions during the year	Transfers	Balance as at June 30, 2022
	(Rupees in thousand)							
Building on leasehold land	15,629	9,628	(6,303)	18,954	12,168	6,249	(2,788)	15,629
Refineries upgradation projects	982,766	6,226	(809)	988,183	973,706	10,028	(968)	982,766
Plant and machinery	306,183	302,780	(239,124)	369,839	273,063	530,603	(497,483)	306,183
Office and other equipments	51,892	26,807	(5,742)	72,957	39,513	29,934	(17,555)	51,892
	<u>1,356,470</u>	<u>345,441</u>	<u>(251,978)</u>	<u>1,449,933</u>	<u>1,298,450</u>	<u>576,814</u>	<u>(518,794)</u>	<u>1,356,470</u>
Advances to contractors/suppliers - note 5.5	9,711	113,711	(8,631)	114,791	52,442	9,720	(52,451)	9,711
	<u>1,366,181</u>	<u>459,152</u>	<u>(260,609)</u>	<u>1,564,724</u>	<u>1,350,892</u>	<u>586,534</u>	<u>(571,245)</u>	<u>1,366,181</u>

5.5 These do not carry any 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. 5.8 million (June 30, 2022: Rs. 7.3 million) carry interest ranging from 3% to 7% (June 30, 2022: 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, alternative corporate tax and tax losses is expected to be recovered based on the estimated future taxable income.

### 9. STOCK-IN-TRADE

As at March 31, 2023 stock of finished products have been written down by Rs. 1.69 million (June 30, 2022: Rs. 130.07 million) to arrive at their net realisable value.

### 10. LOANS AND ADVANCES

Out of these, car loans amounting to Rs. 1.91 million (June 30, 2022: Rs. 1.61 million) carry interest as disclosed in note 6. Advances do not carry any mark-up arrangement.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
FOR THE NINE MONTHS ENDED MARCH 31, 2023 (UNAUDITED)

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

These deposits do not carry any mark-up arrangement.

March 31,  
2023                      June 30,  
2022  
(Rupees in thousand)

**12. CASH AND BANK BALANCES**

Cash in hand	500	500
With banks on:		
- Current accounts	332,411	123,436
- Savings accounts	19,283	4,420
- Deposit accounts	263,041	490,063
	614,735	617,919
	<u>615,235</u>	<u>618,419</u>

**13. TRADE AND OTHER PAYABLES**

Trade creditors	15,284,060	31,917,056
Due to Government of Pakistan	1,786,918	2,379,053
Due to related parties:		
- Attock Petroleum Limited	41,055	51,646
- Pakistan Oilfields Limited	-	27
Accrued liabilities	1,150,723	1,120,657
Current portion of provision for Gas Infrastructure Development Cess - note 13.1	786,786	507,365
HSD premium differential - note 13.2	22,745	1,048,580
HSD Euro differential - note 13.3	238,893	-
PMG - RON differential	213,310	294,018
PMG - Euro V differential	17,176	7,258
Custom duty - note 13.4	-	1,670,681
Sales tax	1,124,852	1,846,834
Retention money	87,118	66,576
Deposits from contractors	64,141	64,296
Workers' profits participation fund	-	110,992
Workers' Welfare Fund	76,978	262,903
Income tax deducted at source	21,712	21,495
Excise duty and petroleum levy	3,192,424	1,035
Others	7,852	7,847
	<u>24,116,743</u>	<u>41,378,319</u>



**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
FOR THE NINE MONTHS ENDED MARCH 31, 2023 (UNAUDITED)

13.1 The 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 Honourable 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 till the next date of hearing, whereby SHC has restrained SSGC from taking any coercive action against the Company in relation to non-payment of installments of GIDC arrears.

13.2 This represents premium differential payable as per the defined formula in the notification PL-3(457)/2022 dated April 6, 2022 issued by the Ministry of Energy (MoE) which requires the refineries to payback difference of PSO's weighted average HSD premium on spot cargoes and PSO's weighted average HSD premium (that includes premium under long term arrangement with Kuwait Petroleum).

13.3 This represents differential of Euro V vs Euro I HSD on account of sale of Euro I HSD equivalent to 13,671 M.Tons by the company during the current period. The differential has been worked out using criteria provided by Ministry of Energy through letter dated February 26, 2013, and November 17, 2020.

13.4 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 Council (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 and other payables and in case of regulatory duty on deregulated products in the sales and cost of sales respectively. However, as on March 31, 2023, an amount to Rs. 132.23 million has been accumulated in other receivables against custom duty recovered on regulated products and custom duty paid on imported crude oil.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
FOR THE NINE MONTHS ENDED MARCH 31, 2023 (UNAUDITED)

**14 ADVANCES FROM CUSTOMERS**

This includes advances received from related party - Pakistan Oilfields Limited and Attock Petroleum Limited amounting to Rs. 12.21 million (June 30, 2022: Rs. 17.13 million) and Rs. 5.78 million (June 30, 2022: Rs. Nil) respectively against supply of goods.

**15. BORROWINGS**

- 15.1 The facilities for running finance under mark-up arrangements with various banks amounted to Rs. 42.00 billion (June 30, 2022: Rs. 27.44 billion) of which the amount remaining unutilized at the period end was Rs. 13.133 billion (June 30, 2022: Rs. 17.97 billion). The rates of mark-up applicable on running finance ranges from 0.15% to 1% above one month / three months KIBOR (June 30, 2022: KIBOR + 0.15% to 1.0%) per annum.
- 15.2 The facilities from Istisna, Tijarah and Running Musharakah arrangements from various Islamic banks amounted to Rs. 16.90 billion (June 30, 2022: Rs. 14.90 billion) of which Rs. Nil (June 30, 2022: Rs. 5.96 billion) remaining unutilised as at period end. The rate of mark-up applicable is based on relevant KIBOR + 0.05% to 0.15% (June 30, 2022: one / three months KIBOR + 0.02% to 0.15%) per annum.
- 15.3 Short term loans obtained on rollover basis from commercial banks amounted to Rs. 6.50 billion (June 30, 2022: Rs. 2.47 billion). These loans are interchangeable facilities with running finance arrangement as disclosed in note 15.1. The rate of mark-up applicable on these loans is based on respective tenor KIBOR plus spread ranging from -0.70% to +0.15% (June 30, 2022: KIBOR -0.4% to +0.45%) per annum.
- 15.4 The facilities for opening the letters of credit and guarantees as at March 31, 2023 amounted to Rs. 122.77 billion (June 30, 2022: Rs. 106.38 billion) of which the amount remaining unutilized at the period end was Rs. 61.33 billion (June 30, 2022: Rs. 43.94 billion). The above financing arrangement to the tune of Rs. 44.40 billion (June 30, 2022: Rs. 20.84 billion) are sublimit of these non-funded limits.
- 15.5 These facilities are secured against ranking charge on Company's stocks, receivables and stores, spares and chemicals.

## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, 2023 (UNAUDITED)

### 16. CONTINGENCIES AND COMMITMENTS

#### 16.1 Contingencies

16.1.1 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, 2022, except as disclosed in note 16.1.3 & 16.1.4.

16.1.2 Claims not acknowledged by the Company as debt at the end of the period amounted to Rs. 5.58 billion (June 30, 2022: Rs. 5.67 billion). These include claims accumulating to Rs. 5.44 billion (June 30, 2022: Rs. 5.39 billion) in respect of late payment surcharge claimed by local crude oil suppliers.

16.1.3 During the period the Company has settled its freight demurrage claims raised by imported crude oil carrier amounting to Rs. 125 million.

16.1.4 The Company has raised claims on certain Oil Marketing Companies (OMCs) in respect of interest on late payments against receivables aggregating to Rs. 5.45 billion (2022: Rs. 5.07 billion). However, these have not been recognised in the financial statements as these claims have not been acknowledged by the OMCs.

#### 16.2 Commitments

Commitments outstanding for capital expenditure as at March 31, 2023 amounted to Rs. 902.31 million (June 30, 2022: Rs. 665.3 million).

### 17. REVENUE FROM CONTRACTS WITH CUSTOMERS

	Quarter ended		Nine months ended	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
	← (Rupees in thousand) →			
Local	80,292,074	49,040,095	252,853,619	156,518,574
Export	6,474,119	8,179,644	16,791,773	21,483,191
	<u>86,766,193</u>	<u>57,219,739</u>	<u>269,645,392</u>	<u>178,001,765</u>

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
FOR THE NINE MONTHS ENDED MARCH 31, 2023 (UNAUDITED)

**18. TRADE DISCOUNTS, TAXES, DUTIES, LEVIES AND PRICE DIFFERENTIALS**

	Quarter ended		Nine months ended	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
	← (Rupees in thousand) →			
Trade discounts	-	95,060	-	297,576
Sales tax	4,739,979	3,709,297	14,459,435	16,636,958
Excise duty	10	13	98	82
Petroleum levy	8,167,701	1,131,216	16,962,844	3,965,683
HSD premium differential - note 13.2	-	3,031	178,316	3,031
HSD Euro differential - note 13.3	238,894	-	238,894	-
PMG - RON differential	154,306	62,758	681,009	222,930
PMG - Euro V differential	6,383	122	28,344	1,206
Custom duty	1,302,901	761,589	5,069,616	2,619,827
	<u>14,610,174</u>	<u>5,763,086</u>	<u>37,618,556</u>	<u>23,747,293</u>

**19. OTHER INCOME**

This includes return on bank deposits amounting to Rs. 87.63 million (March 31, 2022: Rs. 30.71 million).

**20. FINANCE COST - NET**

20.1 This includes mark-up on short term borrowings under conventional banking mode amounting to Rs. 2,758 million (March 31, 2022: Rs. 1,348 million) and mark-up on islamic financing amounting to Rs. 1,532 million (March 31, 2022: Rs. 701 million). The rates of mark-up applicable are provided in note 15.

20.2 This also includes net exchange loss of Rs. 9,686.05 million (March 31, 2022: net exchange loss of Rs. 2,604.03 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.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
FOR THE NINE MONTHS ENDED MARCH 31, 2023 (UNAUDITED)

	Quarter ended		Nine months ended	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022

← (Rupees in thousand) →

**21. TAXATION**

Current

for the period	393,639	481,910	1,246,622	1,069,622
for prior periods	-	-	-	(2,088,689)

Deferred	(449,194)	(5,846)	(3,115,387)	(263,331)
	<u>(55,555)</u>	<u>476,064</u>	<u>(1,868,765)</u>	<u>(1,282,398)</u>

March 31,  
2023                      March 31,  
2022  
(Rupees in thousand)

**22. CASH USED IN OPERATIONS**

(Loss) / profit before taxation	(7,892,671)	2,390,345
---------------------------------	-------------	-----------

**Adjustment for non cash charges and other items:**

Depreciation and amortisation	2,576,893	2,562,472
Provision for staff retirement benefit funds	115,367	90,255
Finance Cost	4,290,641	2,049,229
Interest on lease liability	18,664	19,284
Return on investments and bank accounts	(87,624)	(30,706)
Loss / (gain) on disposal of property, plant and equipment	217	(42)
Changes in working capital - note 22.1	(21,111,600)	(20,323,603)
	<u>(22,090,113)</u>	<u>(13,242,766)</u>

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
FOR THE NINE MONTHS ENDED MARCH 31, 2023 (UNAUDITED)

	March 31, 2023	March 31, 2022
	(Rupees in thousand)	
22.1 Changes in working capital		
<b>(Increase) / decrease in current assets</b>		
Stores, spares and chemicals	(395,792)	(308,039)
Stock-in-trade	(5,985,547)	(12,052,783)
Trade receivables	3,385,330	(3,550,500)
Loans and advances	(64,945)	15,913
Trade deposits and short-term prepayments	(232,020)	(149,421)
Other receivables	104,564	(2,419,340)
	(3,188,410)	(18,464,170)
<b>Decrease in current liabilities</b>		
Trade and other payables	(17,482,659)	(2,499,887)
Advances from Customers	(440,531)	640,454
	<u>(21,111,600)</u>	<u>(20,323,603)</u>
<b>23. CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances - note 12	615,235	1,193,240
Borrowings - note 15	<u>(47,268,581)</u>	<u>(36,993,133)</u>
	<u>(46,653,346)</u>	<u>(35,799,893)</u>

## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, 2023 (UNAUDITED)

### 24. TRANSACTIONS WITH RELATED PARTIES

Related party transactions are:

Nature of relationship	Nature of transactions	Quarter ended		Nine months ended	
		March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
← (Rupees in thousand) →					
<b>Associated companies</b>					
<b>- Attock Petroleum Limited (APL)</b>					
	Sale of petroleum products	33,001,535	24,187,889	112,669,475	69,823,306
	Trade discounts	-	95,060	-	242,383
	Commission on Export Sales	53,752	74,557	124,049	212,279
	Commission on Local Sales	269,004	194,596	778,260	632,459
	Handling charge on local sales	1,461	-	1,461	-
	Purchase of Petroleum Products	8,034	5,314	27,524	10,733
	Hospitality income on sales	29,837	28,826	112,409	109,492
	Dividend paid	-	-	11,995	7,997
	Rental income	1,412	1,285	4,199	3,825
	Reimbursement of expenses incurred by NRL on behalf of APL	1,370	2,446	4,398	5,606
	Reimbursement of expenses incurred by APL on behalf of NRL	-	-	-	251
<b>- Pakistan Oilfields Limited (POL)</b>					
	Rental income	494	881	2,386	2,601
	Sale of petroleum products	27,470	23,426	200,711	133,153
	Purchase of raw material	-	-	-	21,052
	Reimbursement of expenses incurred by NRL on behalf of POL	55	88	263	285
	Reimbursement of expenses incurred by POL on behalf of NRL	-	-	69	-
	Dividend paid	-	-	299,875	199,916
<b>- Attock Refinery Limited (ARL)</b>					
	Reimbursement of expenses incurred by NRL on behalf of ARL	-	-	53	6,073
	Dividend paid	-	-	299,875	199,916
	Naphtha Handling Income	2,487	5,085	2,487	8,475
<b>- Attock Cement Pakistan Limited (ACPL)</b>					
	Sale of products	4,067	-	4,067	-
	Purchase of stores	410	194	604	488
	Reimbursement of expenses incurred by ACPL on behalf of NRL	32	-	70	-
	Reimbursement of expenses incurred by NRL on behalf of ACPL	-	-	316	-
<b>- Attock Oil Company Limited (AOCL)*</b>					
	Reimbursement of expenses incurred by AOCL on behalf of NRL	-	-	67	59
	Reimbursement of expenses incurred by NRL on behalf of AOCL	9	8	27	24
<b>Other related parties</b>					
<b>- Contribution to staff retirement benefits plans</b>					
	Employees provident fund	12,999	12,727	39,244	38,118
	Post retirement medical fund	-	-	7,172	-
<b>- Key management compensation</b>					
	Salaries and other employee benefits	15,210	12,329	47,690	37,887
	Post employment benefits	1,325	965	3,754	2,844
	Directors' fee	2,147	1,269	7,595	6,369

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

## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, 2023 (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	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
	(Rupees in thousand)					
<b>Segment Revenue</b>						
Revenue from external customers						
- local, net of discounts, taxes, duties, levies and price differentials	162,030,096	91,210,985	53,204,967	41,560,296	215,235,063	132,771,281
- exports	9,392,620	16,982,305	7,399,153	4,500,886	16,791,773	21,483,191
	171,422,716	108,193,290	60,604,120	46,061,182	232,026,836	154,254,472
Inter-segment transfers	51,370,890	39,559,152	-	-	51,370,890	39,559,152
Elimination of intersegment transfers	-	-	-	-	(51,370,890)	(39,559,152)
<b>Net revenue from contract with customers</b>	<b>222,793,606</b>	<b>147,752,442</b>	<b>60,604,120</b>	<b>46,061,182</b>	<b>232,026,836</b>	<b>154,254,472</b>
Segment results after tax	(9,576,950)	(216,890)	3,553,044	3,889,633	(6,023,906)	3,672,743
Other comprehensive income	-	-	-	-	-	-
<b>Total comprehensive (loss) / income</b>	<b>(9,576,950)</b>	<b>(216,890)</b>	<b>3,553,044</b>	<b>3,889,633</b>	<b>(6,023,906)</b>	<b>3,672,743</b>

	FUEL		LUBE		TOTAL	
	March 31, 2023	June 30, 2022	March 31, 2023	June 30, 2022	March 31, 2023	June 30, 2022
	(Rupees in thousand)					
Segment assets	77,562,497	78,514,017	13,008,063	11,399,874	90,570,560	89,913,891
Unallocated assets	-	-	-	-	16,190,156	12,792,417
<b>Total assets</b>	<b>77,562,497</b>	<b>78,514,017</b>	<b>13,008,063</b>	<b>11,399,874</b>	<b>106,760,716</b>	<b>102,706,308</b>
Segment liabilities	68,048,862	57,869,157	5,538,849	4,523,485	73,587,711	62,392,642
Unallocated liabilities	-	-	-	-	577,051	494,308
<b>Total liabilities</b>	<b>68,048,862</b>	<b>57,869,157</b>	<b>5,538,849</b>	<b>4,523,485</b>	<b>74,164,762</b>	<b>62,886,950</b>

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 April 27, 2023.

  
Chief Financial Officer

  
Chief Executive

  
Director











## National Refinery Limited

7-B, Korangi Industrial Area, Karachi-74900.  
UAN: 111-675-675  
Website: [www.nrlpak.com](http://www.nrlpak.com)  
E-mail: [info@nrlpak.com](mailto:info@nrlpak.com)

