

# Condensed Interim Financial Statements

For the Quarter and Nine Months Period Ended March 31, 2020 (Un-audited)

## Hi-Tech Lubricants Ltd

Positive **Energy**  
a Pathway to Peak Performance



# Company Information

## BOARD OF DIRECTORS

Mr. Shaukat Hassan  
Chairman of the Board / Non Executive Director

Mr. Hassan Tahir  
Chief Executive Officer / Executive Director

Mr. Muhammad Ali Hassan  
Executive Director

Mr. Tahir Azam  
Non Executive Director

Ms. Mavira Tahir  
Non Executive Director

Mr. Faraz Akhtar Zaidi  
Non Executive Director

Mr. Ji Won Park  
Non Executive Director (a nominee of SK Lubricants Co. Ltd.)

Mr. Muhammad Tabassum Munir  
Independent Director

Dr. Safdar Ali Butt  
Independent Director

Syed Asad Abbas Hussain  
Independent Director

## CHIEF FINANCIAL OFFICER

Mr. Muhammad Imran  
Phone: +92-42-111-645-645  
Fax: +92-42-3631-18-14

## COMPANY SECRETARY & CHIEF COMPLIANCE OFFICER

Mr. Fraz Amjad Khawaja  
Phone: +92-42-111-645-645  
Fax: +92-42-3631-18-14

## EXTERNAL AUDITORS

M/S Riaz Ahmed & Company, Chartered Accountants  
10-B, Saint Marry Park, Main Boulevard Gulberg, Lahore  
Phone: +92-42-35718137  
Fax: +92-42-35714340

## SHARE REGISTRAR

M/S CDC Share Registrar Services Limited  
CDC House, 99-B, Block "B", S.M.C.H.S.,  
Main Shahr-e-Faisal, Karachi, 74400.  
Telephone: +92 21 111-111-500,  
Fax: +92 21 34326053, Toll Free: 0800 23275 (CDCPL),  
Email address: info@cdcsrsl.com,  
Website: <https://www.cdcsrsl.com>

## REGISTERED / HEAD OFFICE

1-A, Danepur Road, GOR - 1, Lahore  
Phone: +92-42-111-645-645  
Fax: +92-42-3631-18-14  
Email Address: info@masgroup.org

## WEBSITE:

[www.hitechlubricants.com](http://www.hitechlubricants.com)  
[www.zicoil.pk](http://www.zicoil.pk)

## LEGAL ADVISOR

Mr. Ijaz Lashari  
Lashari Law Associates, 22-Munawar Chamber  
1-Mozang Road, Lahore  
Phone: +92-42-37359287  
Fax: 92-42-37321471

## BANKERS

ISLAMIC BANKS  
Meezan Bank Limited  
AL-Baraka Bank Limited  
Dubai Islamic Bank Limited

## CONVENTIONAL BANKS

MCB Bank Limited  
Habib Metropolitan Bank Limited  
The Bank of Punjab  
Bank AL-Habib Limited  
National Bank of Pakistan  
Askari Bank Limited  
JS Bank Limited  
Habib Bank Limited  
United Bank Limited  
Summit Bank Limited  
Samba Bank  
Faysal Bank  
Bank Alfalah Limited

## Directors' Review

Dear Shareholders,

On behalf of the Board of Directors, we are pleased to present the unaudited condensed interim financial information for the Third Quarter and Nine Months ended March 31, 2020. During the quarter, the Company made a profit of PKR 41.93 million reducing the loss of PKR 1.16 per share in half year to PKR 0.80 per share on nine months' basis.

The Company achieved gross sales of PKR 2,419 million, up by 32% as compared to same quarter last year and up 13% from the last quarter. With the prevailing uncertainty due to coronavirus outbreak, prolonged lockdown and overall contraction in demand, it is expected that sales volumes and cash flows of lubricant and oil marketing players will be significantly impacted. Despite the challenges, we are hopeful of successfully managing all of our contractual liabilities in due course. Our confidence is based on comfort drawn from HTL's low leveraged capital structure and absence of long-term debt and reduction of short-term debt by over PKR 268 million in the last quarter. Recent declines in interest rates and the company's lack of any significant credit exposure to customers will also help in navigating this environment.

The long-term strategy remains to increase utilization of the blending plant through increased market penetration of mid-tier products and to scale up the Oil Marketing Company operations.

### Position of IPO Funds

Bank balances of PKR 23.682 million (31 December 2019: Rupees Nil) and short term investments of PKR 728.582 million (31 December 2019: PKR 838.408 million) at March 31, 2020 represent un-utilized proceeds of the initial public offer and can only be utilized for the purposes of expansions through OMC Project of the Company.

### Going forward

*Oil Marketing Company (OMC)*

The Company has also diversified in the oil marketing business with 11 operational HTL Fuel Stations and a target of 20 in Punjab by end June 2020. OGRA has also granted permission to HTL to proceed with applying for NOCs for opening of 35 HTL Fuel Stations with retail sales. However, this exercise will only commence upon completion of requisite storage infrastructure at Tarun Jabba, KPK province.

### Covid-19

The country is currently in lockdown to deal with the Covid-19 pandemic. While the Company, and indeed the entire world, grapples with forecasting the eventual lifting of lockdowns and effects on subsequent consumer behavior, our strategy remains to carefully watch liquidity and rationalize major expenditures. Our OMC build out, which was conservative and financed with equity, remains on track. We are confident that when the lockdown is lifted, petroleum products should be one of the first to bounce back as the country gets back to work.

The Company thanks its shareholders, employees and customers for their continued support and wishes them good health and safety.



Mr. Hassan Tahir  
(Chief Executive)

Lahore, April 28, 2020



Mr. Shaukat Hassan  
(Chairman)



## ڈائریکٹرز کا جائزہ

عزیزہ صد اران!

بورڈ آف ڈائریکٹرز کی جانب سے ہم تیسری سہ ماہی اور نو ماہی قلمہ ۳۱ مارچ ۲۰۲۰ء کی غیر آڈٹ شدہ مالیاتی معلومات پیش کرنے پر مسرت ہیں۔ کمپنی نے اس سہ ماہی میں ۴۱.۹۳ ملین روپے کا منافع کم کر چھلے نصف سال کے ۱.۶ روپے فی حصص کے نقصان کو کم کر کے نو ماہی کی بنیاد پر ۰.۸۰ روپے فی حصص کا نقصان اٹھایا۔

کمپنی اپنی فروخت کو ۲۴۱۹ ملین روپے کی سطح پر رکھنے میں کامیاب رہی جو کہ گزشتہ سال کی اسی سہ ماہی سے ۳۲ فیصد زیادہ اور پچھلی سہ ماہی سے ۱۳ فیصد زیادہ رہی۔ کرونا وائرس کے پھیلاؤ، طویل لاک ڈاؤن اور مجموعی طور پر مطالبات میں کمی کے باعث غیر یقینی صورت حال غائب رہی اور یہ توقع کی جاتی ہے کہ لبریکیٹ اور آئل مارکیٹنگ کمپنیوں کے فروخت کے حجم اور نقد بہاؤ نمایاں طور پر متاثر ہوں گے۔ چیلنجوں کے باوجود ہم پر امید ہیں کہ ہم اپنی تمام معاہداتی ذمہ داریوں کا مناسب وقت میں کامیابی سے انتظام کریں گے۔ ہمارے اعتماد کی بنیاد ایچ ٹی ایل کے کم بیعانے والے اہم ڈھانچے اور طویل مدتی قرضہ جات کی غیر موجودگی اور قلیل مدتی قرضہ جات میں پچھلی سہ ماہی تک ۲۶۸ ملین سے زیادہ کی کمی سے حاصل کردہ راحت ہے۔ شرع سود میں حالیہ کمی اور گاہکوں کی طرف کمپنی کے کسی اہم قرضہ کی نمایاں نمائش کی کمی ماحول کوئی شکل دینے میں مدد کریں گے۔

طویل مدتی حکمت عملی میں مارکیٹ میں درمیانی درجے کی پراڈکٹس کے دخول کو بڑھاتے ہوئے بلینڈنگ پلانٹ کے استعمال کو بڑھانا اور آئل مارکیٹنگ کمپنی کے عوامل کو رفتہ رفتہ آگے بڑھانا ہے۔

آئی ٹی او فیڈرز کی پوزیشن

۳۱ مارچ ۲۰۲۰ء کو ۲۳.۶۸۲ ملین روپے بینک بیلنس (۳۱ دسمبر ۲۰۱۹ء کو صفر روپے) اور مختصر مدد کی ۲۸.۵۸۲ ملین روپے کی سرمایہ کاری (۳۱ دسمبر ۲۰۱۹ء کو ۸۳۸.۳۰۸ ملین روپے) ابتدائی پبلک آفر سے حاصل غیر استعمال شدہ آمدنی کو ظاہر کرتی ہے اور صرف کمپنی کے آئل مارکیٹنگ پراجیکٹ کے لیے ہی مختص ہے۔

آئندہ کا لائحہ عمل

آئل مارکیٹنگ کمپنی (OMC)

کمپنی آئل مارکیٹنگ کے کاروبار میں بھی اپنے گیارہ آپریشنل ایچ ٹی ایل اسٹیشنوں کے ساتھ متنوع ہے اور جون ۲۰۲۰ء کے اختتام تک پنجاب میں بیس کا حذف ہے۔ اگر انے ایچ ٹی ایل کو پینتیس ایچ ٹی ایل فیول اسٹیشنوں کو کھولنے اور پرچون فروخت کے لئے این اوی کے لئے درخواستیں دینے کے لئے اجازت نامہ دے دیا ہے۔ جبکہ یہ مشق صرف تارن جب، صوبہ خیبر پختونخواہ، میں سٹورج پونٹ کے مکمل ہونے سے شروع ہو جائے گی۔

کرونا وائرس (Covid-19)

ملک ابھی کرونا وائرس (Covid-19) کی عالمی وبا سے نپٹنے کے لئے لاک ڈاؤن کی حالت میں ہے۔ جبکہ کمپنی، بلکہ حقیقت میں پوری دنیا، لاک ڈاؤن کے خاتمے اور صارف کے برتاؤ پر اثرات کے لیے اندازے لگانے میں مصروف ہے، جبکہ احتیاط سے لیکوڈیٹی کو دیکھنا اور بڑے اخراجات میں تقلیدی ہماری حکمت عملی میں شامل ہیں۔ ہمارا آئل مارکیٹنگ پراجیکٹ، جو کہ قدامت پسند ہے اور جس کی اعانت ایکوٹی سے کی گئی ہے، روش پر ہے۔ ہم پر اعتماد ہیں کہ جب لاک ڈاؤن ختم ہوگا اور ملک دوبارہ کام پر آئے گا تو پٹرولیم مصنوعات سب سے پہلے اپنی جگہ بحال ہوں گی۔

کمپنی اپنے حصہ داران، ملازمین اور صارفین کے مسلسل تعاون کی بے حد شکرگزار ہے اور ان کی بہتر صحت اور حفاظت کی خواہاں ہے۔

*Shau*

جناب شوکت حسن

(چیئر مین)

*Capth*

جناب حسن طاہر

(چیف ایگزیکٹو)

لاہور، ۲۸ اپریل ۲۰۲۰ء



**HI-TECH LUBRICANTS LIMITED**  
**UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE QUARTER AND NINE MONTHS PERIOD ENDED MARCH 31, 2020 (Un-audited)**

# Unconsolidated Condensed Interim Statement Of Financial Position (Un-audited)

As At March 31, 2020

|                                                                                                  | Note | Un-Audited<br>31 March,<br>2020<br>Rupees | Audited<br>30 June<br>2019<br>Rupees |
|--------------------------------------------------------------------------------------------------|------|-------------------------------------------|--------------------------------------|
| <b>EQUITY AND LIABILITIES</b>                                                                    |      |                                           |                                      |
| <b>SHARE CAPITAL AND RESERVES</b>                                                                |      |                                           |                                      |
| Authorized share capital<br>150,000,000 (2019: 150,000,000)<br>ordinary shares of Rupees 10 each |      | 1,500,000,000                             | 1,500,000,000                        |
| Issued, subscribed and paid-up share capital                                                     |      | 1,160,040,000                             | 1,160,040,000                        |
| Reserves                                                                                         |      | 1,862,118,275                             | 2,066,744,479                        |
| <b>Total equity</b>                                                                              |      | <b>3,022,158,275</b>                      | <b>3,226,784,479</b>                 |
| <b>LIABILITIES</b>                                                                               |      |                                           |                                      |
| <b>NON-CURRENT LIABILITIES</b>                                                                   |      |                                           |                                      |
| Long term financing                                                                              | 4    | -                                         | 1,822,078                            |
| Liabilities against assets subject to finance lease                                              | 5    | -                                         | 26,624,594                           |
| Lease Liability                                                                                  | 6    | 154,887,802                               | -                                    |
| Long term deposits                                                                               |      | 500,000                                   | 1,000,000                            |
| Deferred income tax liability - net                                                              |      | -                                         | -                                    |
|                                                                                                  |      | 155,387,802                               | 29,446,672                           |
| <b>CURRENT LIABILITIES</b>                                                                       |      |                                           |                                      |
| Trade and other payables                                                                         |      | 383,246,060                               | 739,055,365                          |
| Accrued mark-up / profit                                                                         |      | 51,424,969                                | 69,576,268                           |
| Short term borrowings                                                                            | 7    | 1,255,222,163                             | 1,974,915,754                        |
| Current portion of non-current liabilities                                                       |      | 24,909,760                                | 70,938,562                           |
| Unclaimed dividend                                                                               |      | 3,474,236                                 | 4,026,209                            |
| Taxation - net                                                                                   |      | -                                         | 1,223,803                            |
|                                                                                                  |      | 1,718,277,188                             | 2,859,735,961                        |
| <b>Total liabilities</b>                                                                         |      | <b>1,873,664,990</b>                      | <b>2,889,182,633</b>                 |
| <b>CONTINGENCIES AND COMMITMENTS</b>                                                             |      |                                           |                                      |
|                                                                                                  | 8    |                                           |                                      |
| <b>TOTAL EQUITY AND LIABILITIES</b>                                                              |      | <b>4,895,823,265</b>                      | <b>6,115,967,112</b>                 |

The annexed notes form an integral part of this unconsolidated condensed interim financial statements.

  
Chief Executive

  
Director

  
Chief Financial Officer

# Unconsolidated Condensed Interim Statement Of Financial Position (Un-audited)

As At March 31, 2020

|                                     | Note | Un-Audited<br>31 March,<br>2020<br>Rupees | Audited<br>30 June<br>2019<br>Rupees |
|-------------------------------------|------|-------------------------------------------|--------------------------------------|
| <b>ASSETS</b>                       |      |                                           |                                      |
| <b>NON-CURRENT ASSETS</b>           |      |                                           |                                      |
| Fixed assets                        | 9    | 1,670,651,804                             | 1,583,889,323                        |
| Right-of-use assets                 | 10   | 242,009,488                               | -                                    |
| Intangible assets                   | 11   | 6,332,460                                 | 8,038,481                            |
| Investment in subsidiary company    | 12   | 1,300,000,600                             | 1,300,000,600                        |
| Long term loans to employees        |      | -                                         | -                                    |
| Long term security deposits         |      | 22,132,750                                | 26,154,150                           |
| Deferred income tax asset - net     |      | 59,183,233                                | 39,183,233                           |
|                                     |      | <u>3,300,310,335</u>                      | <u>2,957,265,787</u>                 |
| <b>CURRENT ASSETS</b>               |      |                                           |                                      |
| Stock-in-trade                      | 13   | 523,681,523                               | 801,994,295                          |
| Trade debts                         |      | 128,649,500                               | 1,189,383,247                        |
| Loans and advances                  |      | 67,251,765                                | 36,748,025                           |
| Short term deposits and prepayments |      | 20,580,802                                | 48,893,939                           |
| Other receivables                   |      | 54,809,029                                | 32,515,191                           |
| Accrued interest                    |      | 22,528                                    | 7,772,338                            |
| Short term investments              |      | 746,004,341                               | 882,468,837                          |
| Cash and bank balances              |      | 54,513,442                                | 158,925,453                          |
|                                     |      | <u>1,595,512,930</u>                      | <u>3,158,701,325</u>                 |
| <b>TOTAL ASSETS</b>                 |      | <u><u>4,895,823,265</u></u>               | <u><u>6,115,967,112</u></u>          |



Chief Executive



Director



Chief Financial Officer



# Unconsolidated Condensed Interim Statement Of Profit Or Loss (Un-audited)

For The Quarter and Nine Months Period Ended March 31, 2020

|                                                  | NINE MONTHS ENDED |                  | QUARTER ENDED    |                  |
|--------------------------------------------------|-------------------|------------------|------------------|------------------|
|                                                  | 31 March<br>2020  | 31 March<br>2019 | 31 March<br>2020 | 31 March<br>2019 |
|                                                  | Rupees            | Rupees           | Rupees           | Rupees           |
| GROSS SALES                                      | 4,726,024,268     | 7,362,717,417    | 2,097,491,324    | 1,831,891,768    |
| Discounts                                        | (95,183,581)      | (382,176,167)    | (70,730,981)     | 4,452,098        |
| Sales tax                                        | (918,413,400)     | (1,158,609,000)  | (390,945,436)    | (249,241,149)    |
| NET SALES                                        | 3,712,427,287     | 5,821,932,250    | 1,635,814,907    | 1,587,102,717    |
| COST OF SALES                                    | (2,944,090,666)   | (5,128,808,229)  | (1,301,317,720)  | (1,305,087,683)  |
| GROSS PROFIT                                     | 768,336,621       | 693,124,021      | 334,497,187      | 282,015,034      |
| DISTRIBUTION COST                                | (548,738,718)     | (518,595,446)    | (180,083,378)    | (149,532,007)    |
| ADMINISTRATIVE EXPENSES                          | (291,404,336)     | (343,302,435)    | (94,336,131)     | (87,605,865)     |
| OTHER EXPENSES                                   | (18,457,798)      | (75,854,641)     | (8,926,030)      | (9,082,279)      |
|                                                  | (858,600,852)     | (937,752,522)    | (283,345,539)    | (246,220,151)    |
| OTHER INCOME                                     | 99,713,064        | 82,302,442       | 24,945,882       | 37,131,417       |
| (LOSS) / PROFIT FROM OPERATIONS                  | 9,448,833         | (162,326,059)    | 76,097,530       | 72,926,300       |
| FINANCE COST                                     | (149,322,048)     | (165,878,428)    | (52,916,024)     | (83,018,145)     |
| (LOSS) / PROFIT BEFORE TAXATION                  | (139,873,215)     | (328,204,487)    | 23,181,506       | (10,091,845)     |
| TAXATION                                         | (35,751,989)      | (144,465,554)    | (13,683,644)     | (38,267,829)     |
| (LOSS) / PROFIT AFTER TAXATION                   | (175,625,204)     | (472,670,041)    | 9,497,862        | (48,359,674)     |
| (LOSS) / PROFIT PER SHARE - BASIC<br>AND DILUTED | (1.51)            | (4.07)           | 0.08             | (0.41)           |

The annexed notes form an integral part of this unconsolidated condensed interim financial statements.

  
Chief Executive

  
Director

  
Chief Financial Officer

## Unconsolidated Condensed Interim Statement of Comprehensive Income (Un-audited)

For The Quarter and Nine Months Period Ended March 31, 2020

|                                                               | NINE MONTHS ENDED          |                            | QUARTER ENDED              |                            |
|---------------------------------------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
|                                                               | 31 March<br>2020<br>Rupees | 31 March<br>2019<br>Rupees | 31 March<br>2020<br>Rupees | 31 March<br>2019<br>Rupees |
| LOSS / PROFIT AFTER TAXATION                                  | (175,625,204)              | (472,670,041)              | 9,497,862                  | (48,359,674)               |
| OTHER COMPREHENSIVE INCOME                                    |                            |                            |                            |                            |
| Items that will not be reclassified to profit or loss         | -                          | -                          | -                          | -                          |
| Items that may be reclassified subsequently to profit or loss | -                          | -                          | -                          | -                          |
| TOTAL COMPREHENSIVE LOSS / PROFIT FOR THE PERIOD              | <u>(175,625,204)</u>       | <u>(472,670,041)</u>       | <u>9,497,862</u>           | <u>(48,359,674)</u>        |

The annexed notes form an integral part of this unconsolidated condensed interim financial statements.



Chief Executive



Director



Chief Financial Officer

# Unconsolidated Condensed Interim Statement Of Changes In Equity (Un-audited)

For The Quarter and Nine Months Period Ended March 31, 2020

|                                                                           | RESERVES      |                 |                        |                | TOTAL EQUITY  |
|---------------------------------------------------------------------------|---------------|-----------------|------------------------|----------------|---------------|
|                                                                           | SHARE CAPITAL | CAPITAL RESERVE | REVENUE RESERVE        | TOTAL RESERVES |               |
|                                                                           |               | SHARE PREMIUM   | UN-APPROPRIATED PROFIT |                |               |
| (----- Rupees -----)                                                      |               |                 |                        |                |               |
| Balance as at 30 June 2018 - audited                                      | 1,160,040,000 | 1,441,697,946   | 1,290,983,072          | 2,732,681,018  | 3,892,721,018 |
| Adjustment on adoption of IFRS 9                                          | -             | -               | (19,790,291)           | (19,790,291)   | (19,790,291)  |
| Adjusted total equity as at 01 July 2018                                  | 1,160,040,000 | 1,441,697,946   | 1,271,192,781          | 2,712,890,727  | 3,872,930,727 |
| Transaction with owners:                                                  |               |                 |                        |                |               |
| Final dividend for the year ended 30 June 2018 @ Rupee 1.75 per share     | -             | -               | (203,007,000)          | (203,007,000)  | (203,007,000) |
| Loss for the nine months period ended 31 March 2019                       | -             | -               | (472,670,041)          | (472,670,041)  | (472,670,041) |
| Other comprehensive income for the nine months period ended 31 March 2019 | -             | -               | -                      | -              | -             |
| Total comprehensive loss for the nine months period ended 31 March 2019   | -             | -               | (472,670,041)          | (472,670,041)  | (472,670,041) |
| Balance as at 31 March 2019 - un-audited                                  | 1,160,040,000 | 1,441,697,946   | 595,515,740            | 2,037,213,686  | 3,197,253,686 |
| Balance as at 01 July 2019 - un-audited                                   | 1,160,040,000 | 1,441,697,946   | 625,046,533            | 2,066,744,479  | 3,226,784,479 |
| Transaction with owners:                                                  |               |                 |                        |                |               |
| Final Dividend for the year ended 30 June 2019 @ Rs. 0.25 per share       | -             | -               | (29,001,000)           | (29,001,000)   | (29,001,000)  |
| Loss for the nine months period ended 31 March 2020                       | -             | -               | (175,625,204)          | (175,625,204)  | (175,625,204) |
| Other comprehensive income for the nine months period ended 31 March 2020 | -             | -               | -                      | -              | -             |
| Total comprehensive loss for the nine months period ended 31 March 2020   | -             | -               | (175,625,204)          | (175,625,204)  | (175,625,204) |
| Balance as at 31 March 2020 - un-audited                                  | 1,160,040,000 | 1,441,697,946   | 420,420,329            | 1,862,118,275  | 3,022,158,275 |

The annexed notes form an integral part of this unconsolidated condensed interim financial statements.



Chief Executive



Director



Chief Financial Officer



## Unconsolidated Condensed Interim Statement OF Cash Flows (Un-audited)

For The Quarter and Nine Months Period Ended March 31, 2020

|                                                                  | Note | Un-audited<br>31 March ,<br>2020<br>Rupees | Un-audited<br>31 March ,<br>2019<br>Rupees |
|------------------------------------------------------------------|------|--------------------------------------------|--------------------------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                      |      |                                            |                                            |
| <b>Cash (utilized in) / generated from operations</b>            | 14   | 994,633,500                                | (809,110,658)                              |
| Finance cost paid                                                |      | (167,473,347)                              | (112,758,002)                              |
| Income tax paid                                                  |      | (62,377,862)                               | (229,924,286)                              |
| Net decrease in long term loans to employees                     |      | 280,112                                    | 663,937                                    |
| Net decrease in long term security deposits                      |      | 14,992,356                                 | 561,027                                    |
| Decrease in long term deposits                                   |      | (500,000)                                  | (500,000)                                  |
| <b>Net cash (used in) / generated from operating activities</b>  |      | <u>779,554,759</u>                         | <u>(1,151,067,982)</u>                     |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                      |      |                                            |                                            |
| Capital expenditure on operating fixed assets                    |      | (268,611,412)                              | (227,520,005)                              |
| Capital expenditure on intangible assets                         |      | -                                          | (3,372,574)                                |
| Proceeds from disposal of operating fixed assets                 |      | 15,175,071                                 | 7,990,225                                  |
| Loans to subsidiary company                                      |      | -                                          | (548,900,000)                              |
| Short term investments - net                                     |      | 138,891,116                                | (3,372,379)                                |
| Dividend received                                                |      | 5,472,185                                  | 148,500                                    |
| Interest received on loans to subsidiary company                 |      | 7,741,006                                  | 24,349,428                                 |
| Profit on bank deposits and term deposit receipts received       |      | 69,721,551                                 | 47,918,333                                 |
| <b>Net cash (used in) / from investing activities</b>            |      | <u>(31,610,483)</u>                        | <u>(702,758,472)</u>                       |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                      |      |                                            |                                            |
| Repayment of liabilities against assets subject to finance lease |      | -                                          | (29,519,051)                               |
| Repayment of lease liabilities                                   |      | (88,215,564)                               | -                                          |
| Dividend paid                                                    |      | (29,552,973)                               | (203,934,223)                              |
| Repayment of long term financing                                 |      | (14,894,159)                               | (11,249,999)                               |
| Short term borrowings - net                                      |      | (719,693,591)                              | 1,657,093,464                              |
| <b>Net cash from / (used in) financing activities</b>            |      | <u>(852,356,287)</u>                       | <u>1,412,390,191</u>                       |
| <b>Net (decrease) / increase in cash and cash equivalents</b>    |      | <u>(104,412,011)</u>                       | <u>(441,436,263)</u>                       |
| <b>Cash and cash equivalents at the beginning of the period</b>  |      | <u>158,925,453</u>                         | <u>471,604,750</u>                         |
| <b>Cash and cash equivalents at the end of the period</b>        |      | <u><u>54,513,442</u></u>                   | <u><u>30,168,487</u></u>                   |

The annexed notes form an integral part of this unconsolidated condensed interim financial statements.



Chief Executive



Director



Chief Financial Officer

## **Selected Notes To The Unconsolidated Condensed Interim Financial Statements (Un-audited)**

For The Quarter and Nine Months Period Ended March 31, 2020

### **1. THE COMPANY AND ITS OPERATIONS**

Hi-Tech Lubricants Limited ("the Company") was incorporated under the repealed Companies Ordinance, 1984 (Now Companies Act, 2017) and listed on Pakistan Stock Exchange Limited. The registered office of the Company is situated at 1-A, Danepur Road, GOR-1, Lahore. The principal activity of the Company is to procure and distribute petroleum products. During the year ended 30 June 2017, Oil and Gas Regulatory Authority (OGRA) has granted license to the Company to establish an Oil Marketing Company (OMC), subject to some conditions. On 31 May 2019, Oil and Gas Regulatory Authority (OGRA) has granted permission to the Company to operate new storage facility at Sahiwal and marketing of petroleum products in province of Punjab.

### **2. BASIS OF PREPARATION**

**2.1** These unconsolidated 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 Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

**2.2** These unconsolidated condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended 30 June 2019. These unconsolidated condensed interim financial statements are un-audited, however, have been subjected to limited scope review by the auditors and are being submitted to the shareholders as required by the Listed Companies (Code of Corporate Governance) Regulations, 2019 and Section 237 of the Companies Act, 2017.

### **3. ACCOUNTING POLICIES**

The accounting policies and methods of computations adopted for the preparation of these unconsolidated condensed interim financial statements are the same as applied in the preparation of the preceding audited annual published financial statements of the Company for the year ended 30 June 2019 except for the changes in accounting policies as stated in note 3.2 to these unconsolidated condensed interim financial statements.

#### **3.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

The preparation of these unconsolidated condensed interim financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

During preparation of these unconsolidated condensed interim financial statements, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the Company for the year ended 30 June 2019.

#### **3.2 CHANGES IN ACCOUNTING POLICIES DUE TO APPLICABILITY OF INTERNATIONAL FINANCIAL REPORTING STANDARD (IFRS) 16 'LEASES'**

The Company has adopted IFRS 16 from 01 July 2019. The standard replaces IAS 17 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are

## Selected Notes To The Unconsolidated Condensed Interim Financial Statements (Un-audited)

For The Quarter and Nine Months Period Ended March 31, 2020

recognized in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognized lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under IFRS 16 will be higher when compared to lease expenses under IAS 17, as the operating expense is now replaced by interest expense and depreciation in the statement of profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

### **Impact of adoption**

IFRS 16 has been adopted using the modified retrospective approach and as such the comparatives have not been restated. The impacts of adoption as at 01 July 2019 are as follows:

|                                                                  | <b>Rupees</b> |
|------------------------------------------------------------------|---------------|
| Operating fixed assets (leased) decreased by                     | 114,952,001   |
| Right-of-use assets increased by                                 | 294,611,632   |
| Short term deposits and prepayments decreased by                 | 9,319,590     |
| Liabilities against assets subject to finance lease decreased by | 84,491,075    |
| Lease liabilities increased by                                   | 254,831,116   |

### **Right-of-use assets**

A right-of-use asset is recognized at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is shorter. Where the Company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is charged over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any re-measurement of lease liabilities.

The Company has elected not to recognize a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are charged to income as incurred.

### **Lease liabilities**

A lease liability is recognized at the commencement date of a lease. The lease liability is initially recognized at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are re-measured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is re-measured, an adjustment is made to the corresponding right-of use asset, or to statement of profit or loss if the carrying amount of the right-of-use asset is fully written down.



## Selected Notes To The Unconsolidated Condensed Interim Financial Statements (Un-audited)

For The Quarter and Nine Months Period Ended March 31, 2020

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Un-audited<br>31 March<br>2020<br>Rupees | Audited<br>30 June<br>2019<br>Rupees |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|--------------------------------------|
| <b>4. LONG TERM FINANCING</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                          |                                      |
| <b>From banking company - secured</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                          |                                      |
| Bank Al-Habib Limited (Note 4.1)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | -                                        | 5,783,742                            |
| Bank Al-Habib Limited (Note 4.1)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | -                                        | 9,110,417                            |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | -                                        | 14,894,159                           |
| Less: Current portion shown under current liabilities                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | -                                        | 13,072,081                           |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | -                                        | 1,822,078                            |
| <b>4.1</b> These facilities were obtained to build warehouse at the property of Hi-Tech Blending (Private) Limited - subsidiary company at Sundar Raiwind Road. Facilities from Bank Al-Habib Limited were secured against hypothecation charge over current assets of the Company of Rupees 1,067 million and personal guarantee of directors of the Company. These carried mark-up at the rate of 3 months KIBOR plus 1.75% per annum. These were repayable in 12 equal quarterly installments. Effective rate of mark-up charged during the period / year was 14.70% (30 June 2019: 8.67% to 12.67%) per annum. |                                          |                                      |
| <b>5. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                          |                                      |
| Future minimum lease payments                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | -                                        | 90,562,395                           |
| Less: Un-amortized finance charge                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | -                                        | 6,071,320                            |
| Present value of future minimum lease payments                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | -                                        | 84,491,075                           |
| Less: Current portion shown under current liabilities                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | -                                        | 57,866,481                           |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | -                                        | 26,624,594                           |
| <b>5.1</b> As on 01 July 2019, the Company has adopted IFRS 16, hence, liabilities against assets subject to finance lease have been classified as lease liabilities in Note 6 to these unconsolidated condensed interim financial statements.                                                                                                                                                                                                                                                                                                                                                                     |                                          |                                      |
| <b>6. LEASE LIABILITIES</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                          |                                      |
| Total lease liabilities                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 179,797,562                              | -                                    |
| Less: Current portion shown under current liabilities                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 24,909,760                               | -                                    |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 154,887,802                              | -                                    |
| <b>6.1</b> The interest expense on lease liabilities for the period is Rupees 18.241 million. The total cash outflow for leases for the nine months period ended 31 March 2020 amounted to Rupees 68.4821 million.                                                                                                                                                                                                                                                                                                                                                                                                 |                                          |                                      |
| <b>6.2</b> Implicit rates against lease liabilities range from 8.36% to 15.23% per annum.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                          |                                      |
| <b>7. SHORT TERM BORROWINGS</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                          |                                      |
| <b>From banking companies - secured</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                          |                                      |
| Short term finances (Note 7.1 and 7.2)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 1,205,222,163                            | 1,535,873,239                        |
| Running musharakah / musawamah finance (Note 7.1 and 7.3)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 50,000,000                               | 439,042,515                          |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 1,255,222,163                            | 1,974,915,754                        |
| <b>7.1</b> These finances are obtained from banking companies under mark-up arrangements and are secured against trust receipts, first joint pari passu hypothecation charge over current assets, lien over term deposit receipts and personal guarantee of sponsor directors.                                                                                                                                                                                                                                                                                                                                     |                                          |                                      |
| <b>7.2</b> The rates of markup range from 11.30% to 15.31% (30 June 2019: 7.00% to 14.30%) per annum.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                          |                                      |
| <b>7.3</b> The rates of markup range from 11.51% to 14.86% (30 June 2019: 7.42% to 14.80%) per annum.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                          |                                      |

## Selected Notes To The Unconsolidated Condensed Interim Financial Statements (Un-audited)

For The Quarter and Nine Months Period Ended March 31, 2020

### 8. CONTINGENCIES AND COMMITMENTS

#### 8.1 Contingencies

There is no significant change in the status of contingencies as disclosed in the preceding audited annual published financial statements of the Company for the year ended 30 June 2019.

|                                                                                                                                    | Un-audited<br>31 March<br>2020<br>Rupees | Audited<br>30 June<br>2019<br>Rupees |
|------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|--------------------------------------|
| <b>8.2 Commitments</b>                                                                                                             |                                          |                                      |
| <b>8.2.1</b> Contract for capital expenditures                                                                                     | 92,363,476                               | 206,035,941                          |
| <b>8.2.2</b> Letters of credit other than capital expenditure                                                                      | 48,300,353                               | -                                    |
| <b>8.2.3</b> The amount of future ijara rentals for ijarah financing and the period in which these payments will become due are as |                                          |                                      |
| Not later than one year                                                                                                            | 3,377,507                                | 5,269,381                            |
| Later than one year but not later than five years                                                                                  | 70,716                                   | 3,135,023                            |
|                                                                                                                                    | 3,448,223                                | 8,404,404                            |

### 9. FIXED ASSETS

Operating fixed assets

|                                     |               |               |
|-------------------------------------|---------------|---------------|
| - Owned (Note 9.1)                  | 1,371,282,691 | 1,375,599,503 |
| - Leased (Note 9.2)                 | -             | 114,952,001   |
|                                     | 1,371,282,690 | 1,490,551,504 |
| Capital work-in-progress (Note 9.3) | 299,369,114   | 93,337,819    |
|                                     | 1,670,651,804 | 1,583,889,323 |

#### 9.1 Operating fixed assets – owned

|                                                                                                                |               |               |
|----------------------------------------------------------------------------------------------------------------|---------------|---------------|
| Opening book value                                                                                             | 1,375,599,503 | 836,309,262   |
| Add: Cost of additions during the period / year (Note 9.1.1)                                                   | 62,580,117    | 590,586,466   |
| Add: Book value of assets transferred from assets subject to finance lease during the period / year (Note 9.2) | -             | 3,127,903     |
| Add: Book value of assets transferred from right-of-use assets during the period / year                        | 7,081,835     | -             |
|                                                                                                                | 1,445,261,455 | 1,430,023,631 |
| Less: Book value of deletions during the period / year (Note 9.1.2)                                            | 8,681,497     | 3,887,865     |
|                                                                                                                | 1,436,579,958 | 1,426,135,766 |
| Less: Depreciation charged during the period / year                                                            | 65,297,267    | 50,536,263    |
| Closing book value                                                                                             | 1,371,282,691 | 1,375,599,503 |

#### 9.1.1 Cost of additions during the period / year

|                             |            |             |
|-----------------------------|------------|-------------|
| Freehold land               | -          | 12,276,632  |
| Buildings on freehold land  | 7,975,138  | 153,895,968 |
| Buildings on leasehold land | 14,098,801 | 145,204,269 |
| Machinery                   | 4,419,000  | 60,412,469  |
| Tanks and pipelines         | 15,584,212 | 112,915,635 |
| Furniture and fittings      | 13,577,964 | 6,462,383   |
| Vehicles                    | -          | 6,282,637   |
| Office equipment            | 4,593,992  | 89,181,486  |
| Computers                   | 2,331,010  | 3,954,987   |
|                             | 62,580,117 | 590,586,466 |

## Selected Notes To The Unconsolidated Condensed Interim Financial Statements (Un-audited)

For The Quarter and Nine Months Period Ended March 31, 2020

|                                                                                 | Un-audited<br>31 March<br>2020<br>Rupees | Audited<br>30 June<br>2019<br>Rupees |
|---------------------------------------------------------------------------------|------------------------------------------|--------------------------------------|
| <b>9.1.2 Book value of deletions during the period / year</b>                   |                                          |                                      |
| Vehicles                                                                        | 8,561,195                                | 3,860,540                            |
| Computer                                                                        | 120,302                                  | 27,325                               |
|                                                                                 | <u>8,681,497</u>                         | <u>3,887,865</u>                     |
| <b>9.2 Operating fixed assets – leased</b>                                      |                                          |                                      |
| Opening book value                                                              | 114,952,001                              | 94,226,431                           |
| Less: Transferred to right-of-use assets on adoption of IFRS 16                 | <u>114,952,001</u>                       | <u>-</u>                             |
|                                                                                 | -                                        | 94,226,431                           |
| Add: Cost of additions during the period / year                                 | <u>-</u>                                 | <u>52,386,047</u>                    |
|                                                                                 | -                                        | 146,612,478                          |
| Less: Book value of assets transferred to owned assets during the period / year | <u>-</u>                                 | <u>3,127,903</u>                     |
|                                                                                 | -                                        | 143,484,575                          |
| Less: Book value of deletions during the period / year - vehicles               | <u>-</u>                                 | <u>1,174,275</u>                     |
|                                                                                 | -                                        | 142,310,300                          |
| Less: Depreciation charged during the period / year                             | <u>-</u>                                 | <u>27,358,299</u>                    |
| Closing book value                                                              | <u>-</u>                                 | <u>114,952,001</u>                   |
| <b>9.3 Capital work-in-progress</b>                                             |                                          |                                      |
| Advance against purchase of apartment (Note 9.3.1)                              | 25,226,750                               | 25,226,750                           |
| Civil works                                                                     | 153,404,596                              | 8,596,431                            |
| Dispensing pumps                                                                | 28,791,915                               | 23,984,539                           |
| Mobilization and other advances                                                 | 63,830,690                               | 34,016,071                           |
| Unallocated expenditures                                                        | <u>28,115,163</u>                        | <u>1,514,028</u>                     |
|                                                                                 | <u>299,369,114</u>                       | <u>93,337,819</u>                    |

**9.3.1** This represent advance given to BNP (Private) Limited against purchase of apartment in Grand Hayatt at 1-Constitution Avenue, Islamabad. On 29 July 2016, Capital Development Authority (CDA) cancelled the leased deed of BNP (Private) Limited on the grounds of violating the terms and conditions of the said lease. Against the alleged order, BNP (Private) Limited filed a writ petition before the Honorable Islamabad High Court ("IHC") challenging the cancellation of said lease. IHC dismissed the writ petition of BNP (Private) Limited. However, the honorable judge of IHC ruled that it is a duty of the Federal Government to ensure that the purchasers do not suffer due to Government's own wrongful actions and omissions, particularly when the regulatory failure of the CDA stands admitted. The Company and others filed appeals against the aforesaid judgment of IHC before Honorable Supreme Court of Pakistan. Honorable Supreme Court of Pakistan has passed order on 09 January 2019 whereby the Court has revived the original lease together with all approvals and permissions already granted. The Court has further ordered that BNP (Private) Limited shall complete the entire project within a reasonable time. On 15 March 2019, CDA has filed a review petition before the Honorable Supreme Court of Pakistan urging to cancel the lease deed and to allow the federal cabinet to review the matter as per the directions of IHC. The decision on the review petition is still pending. In view of the aforesaid, advice of the legal counsel of the Company and the fact that the Company's apartment is one of the duly built apartments on 6th Floor of the Tower, no provision against advance for purchase of apartment has been recognized in these unconsolidated condensed interim financial statements.

### 10. RIGHT-OF-USE ASSETS

|                                                         | Land               | Buildings        | Vehicles          | Machinery        | Total              |
|---------------------------------------------------------|--------------------|------------------|-------------------|------------------|--------------------|
|                                                         | ----- Rupees ----- |                  |                   |                  |                    |
| Net carrying amount                                     |                    |                  |                   |                  |                    |
| 01 July 2019                                            | 172,223,344        | 7,436,287        | 113,656,577       | 1,295,424        | 294,611,632        |
| 31 March 2020                                           | <u>142,677,431</u> | <u>4,157,650</u> | <u>93,976,140</u> | <u>1,198,267</u> | <u>242,009,488</u> |
| Depreciation expense for the period ended 31 March 2020 | <u>29,545,913</u>  | <u>3,278,637</u> | <u>16,461,022</u> | <u>97,157</u>    | <u>49,382,728</u>  |



## Selected Notes To The Unconsolidated Condensed Interim Financial Statements (Un-audited)

For The Quarter and Nine Months Period Ended March 31, 2020

### 10.1 Lease of land

The Company obtained land on lease for construction and operation of its service centers and storage warehouse. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Lease periods range from four to ten years.

### 10.2 Lease of buildings

The Company obtained buildings on lease for its offices. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Lease periods range from two to three years.

### 10.3 Lease of vehicles

The Company obtained vehicles on lease for employees. The average contract duration is three years.

### 10.4 Lease of machinery

The Company obtained generator on lease for use at its warehouse.

### 10.5 There is no impairment against right-of-use assets.

|                                                                                                                                                                                                         | Un-audited<br>31 March<br>2020<br>Rupees | Audited<br>30 June<br>2019<br>Rupees |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|--------------------------------------|
| <b>11. INTANGIBLE ASSETS</b>                                                                                                                                                                            |                                          |                                      |
| Computer softwares (Note 11.1)                                                                                                                                                                          | 3,026,835                                | 4,732,856                            |
| Intangible asset in progress - computer software                                                                                                                                                        | 3,305,625                                | 3,305,625                            |
|                                                                                                                                                                                                         | <u>6,332,460</u>                         | <u>8,038,481</u>                     |
| <b>11.1</b>                                                                                                                                                                                             |                                          |                                      |
| Opening book value                                                                                                                                                                                      | 4,732,856                                | 2,894,585                            |
| Add: Cost of addition during the period / year                                                                                                                                                          | -                                        | 4,720,367                            |
| Less: Amortization charged during the period / year                                                                                                                                                     | 1,706,021                                | 2,882,096                            |
| Closing book value                                                                                                                                                                                      | <u>3,026,835</u>                         | <u>4,732,856</u>                     |
| <b>12. INVESTMENT IN SUBSIDIARY COMPANY - at cost</b>                                                                                                                                                   |                                          |                                      |
| Hi-Tech Blending (Private) Limited - unquoted<br>130,000,060 (30 June 2019: 130,000,060) fully paid<br>ordinary shares of Rupees 10 each<br>Equity held: 100% (30 June 2019: 100%)                      | <u>1,300,000,600</u>                     | <u>1,300,000,600</u>                 |
| <b>13. STOCK-IN-TRADE</b>                                                                                                                                                                               |                                          |                                      |
| Lubricants (Note 13.1)                                                                                                                                                                                  | 527,069,593                              | 798,874,972                          |
| Less: Provision for slow moving and damaged inventory items                                                                                                                                             | <u>7,532,393</u>                         | <u>7,532,393</u>                     |
|                                                                                                                                                                                                         | <u>519,537,200</u>                       | <u>791,342,579</u>                   |
| Dispensing pumps and other installations (Note 13.2)                                                                                                                                                    | 3,934,919                                | 10,411,114                           |
| Stock of promotional items                                                                                                                                                                              | <u>209,404</u>                           | <u>240,602</u>                       |
|                                                                                                                                                                                                         | <u>523,681,523</u>                       | <u>801,994,295</u>                   |
| <b>13.1</b>                                                                                                                                                                                             |                                          |                                      |
| This includes stock-in-transit of Rupees 102.930 million (30 June 2019: Rupees 26.503 million) and stock amounting to Rupees Nil million (30 June 2019: Rupees Nil) lying at customs bonded warehouses. |                                          |                                      |
| <b>13.2</b>                                                                                                                                                                                             |                                          |                                      |
| These dispensing pumps and other installations have been purchased by the Company for resale to service and filling station dealers as part of OMC operations.                                          |                                          |                                      |

## Selected Notes To The Unconsolidated Condensed Interim Financial Statements (Un-audited)

For The Quarter and Nine Months Period Ended March 31, 2020

| UN-AUDITED               |                  |
|--------------------------|------------------|
| NINE MONTHS PERIOD ENDED |                  |
| 31 March<br>2020         | 31 March<br>2019 |
| Rupees                   | Rupees           |

### 14. CASH GENERATED FROM / (USED IN) OPERATIONS

|                                                                                                    |                    |                      |
|----------------------------------------------------------------------------------------------------|--------------------|----------------------|
| Loss before taxation                                                                               | (139,873,215)      | (328,204,487)        |
| Adjustments for non-cash charges and other items:                                                  |                    |                      |
| Depreciation on operating fixed assets                                                             | 65,297,269         | 51,677,874           |
| Amortization on intangible assets                                                                  | 1,706,021          | 2,198,863            |
| Depreciation on right-of-use assets                                                                | 49,382,728         | -                    |
| Provision for slow moving and damaged inventory items                                              | -                  | 193,841              |
| Reversal of provision of slow moving and damaged inventory items                                   | -                  | (318,121)            |
| Provision for doubtful trade debts                                                                 | (4,620,180)        | 4,419,901            |
| Gain on disposal of operating fixed assets                                                         | (6,493,574)        | (2,782,746)          |
| Dividend income                                                                                    | (5,472,185)        | (148,500)            |
| Profit on bank deposits and term deposit receipts                                                  | (69,712,747)       | (53,163,635)         |
| Interest income on loans to subsidiary company                                                     | -                  | (25,889,440)         |
| Unrealized loss on remeasurement of investments carried at fair value through profit or loss - net | (2,426,620)        | 5,272,606            |
| Exchange income/(loss) - net                                                                       | (10,818,990)       | 53,047,542           |
| Finance cost                                                                                       | 149,322,048        | 165,878,428          |
| Working capital changes (Note 14.1)                                                                | 968,342,945        | (681,292,784)        |
|                                                                                                    | <u>994,633,500</u> | <u>(809,110,658)</u> |

#### 14.1 Working capital changes

(Increase) / decrease in current assets:

|                                     |                      |                      |
|-------------------------------------|----------------------|----------------------|
| Stock-in-trade                      | 278,312,772          | (938,392,718)        |
| Trade debts                         | 1,065,353,927        | 5,420,784            |
| Loans and advances                  | (30,783,852)         | 69,491,484           |
| Short term deposits and prepayments | 17,342,181           | (6,752,043)          |
| Other receivables                   | (16,891,768)         | (86,461,293)         |
|                                     | <u>1,313,333,260</u> | <u>(956,693,786)</u> |

(Decrease) / increase in trade and other payables

|                    |                      |
|--------------------|----------------------|
| (344,990,315)      | 275,401,002          |
| <u>968,342,945</u> | <u>(681,292,784)</u> |

## Selected Notes To The Unconsolidated Condensed Interim Financial Statements (Un-audited)

For The Quarter and Nine Months Period Ended March 31, 2020

### 15. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise of subsidiary company, associated undertakings, other related parties, key management personnel and provident fund trust. The Company in the normal course of business carries out transactions with various related parties. Detail of significant transactions with related parties are as follows:

| NATURE OF TRANSACTIONS | UN-AUDITED        |               |               |               |
|------------------------|-------------------|---------------|---------------|---------------|
|                        | NINE MONTHS ENDED |               | QUARTER ENDED |               |
|                        | 31 March 2020     | 31 March 2019 | 31 March 2020 | 31 March 2019 |

#### i. Transactions

Rupees

##### Subsidiary company

|                                    |                                        |               |               |             |             |
|------------------------------------|----------------------------------------|---------------|---------------|-------------|-------------|
| Hi-Tech Blending (Private) Limited | Sale of lubricants                     | 638,705       | 137,600       | 184,505     | -           |
|                                    | Purchase of lubricants                 | 1,785,512,071 | 2,809,894,311 | 910,736,592 | 628,979,255 |
|                                    | Loans disbursed                        | -             | 656,950,000   | -           | 69,600,000  |
|                                    | Repayment of loans                     | -             | 108,050,000   | -           | 70,500,000  |
|                                    | Interest charged on short term loans   | -             | 25,939,725    | -           | 15,841,780  |
|                                    | Interest received on short terms loans | 7,741,006     | 24,349,428    | -           | 8,992,609   |
|                                    | Lease rentals paid                     | 2,250,000     | 2,250,000     | 750,000     | 750,000     |

##### Associated company

|                                  |                          |         |         |         |         |
|----------------------------------|--------------------------|---------|---------|---------|---------|
| MAS Associates (Private) Limited | Share of common expenses | 480,497 | 492,210 | 166,146 | 139,704 |
|----------------------------------|--------------------------|---------|---------|---------|---------|

##### Other related parties

|                                         |                        |             |               |            |             |
|-----------------------------------------|------------------------|-------------|---------------|------------|-------------|
| SK Lubricants Co., Ltd.                 | Purchase of lubricants | 546,969,480 | 2,504,066,520 | 24,629,073 | 168,211,447 |
| SK Lubricants Co., Ltd.                 | Dividend paid          | 206,944     | -             | -          | -           |
| Employees' provident fund trust         | Contribution           | 11,681,819  | 13,160,314    | 3,764,587  | 5,100,878   |
| Key management personnel and executives | Remuneration           | 143,785,202 | 151,038,018   | 45,852,959 | 40,178,160  |
| Sabra Hamida Trust                      | Donations              | 13,500,000  | 12,000,000    | 4,500,000  | 4,000,000   |

Un-audited  
31 March  
2020  
Rupees

Audited  
30 June  
2019  
Rupees

#### ii. Period end balances

##### Hi-Tech Blending (Private) Limited - subsidiary company

|                                      |               |               |
|--------------------------------------|---------------|---------------|
| Investment                           | 1,300,000,600 | 1,300,000,600 |
| Advances                             | 1,234         | -             |
| Accrued interest on short term loans | -             | 7,741,006     |
| Payable against purchases            | 270,000       | 157,468,493   |

##### Associated company

|                                                  |         |         |
|--------------------------------------------------|---------|---------|
| Receivable from MAS Associates (Private) Limited | 343,827 | 136,670 |
|--------------------------------------------------|---------|---------|

##### Other related parties:

|                                            |            |            |
|--------------------------------------------|------------|------------|
| Receivable from SK Lubricants Co., Ltd.    | -          | 28,501,777 |
| Payable to SK Lubricants Co., Ltd.         | 28,213,021 | 22,017,553 |
| Payable to employees' provident fund trust | 2,496,378  | 2,747,073  |

## Selected Notes To The Unconsolidated Condensed Interim Financial Statements (Un-audited)

For The Quarter and Nine Months Period Ended March 31, 2020

### 16. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

#### (i) Fair value hierarchy

Judgements and estimates are made in determining the fair values of the financial instruments that are recognised and measured at fair value in these unconsolidated condensed interim financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the following three levels. An explanation of each level follows underneath the table.

| Recurring fair value measurements                     | 31 March 2020 |         |         |             |
|-------------------------------------------------------|---------------|---------|---------|-------------|
|                                                       | Level 1       | Level 2 | Level 3 | Total       |
| ----- Rupees -----                                    |               |         |         |             |
| <b>Financial assets</b>                               |               |         |         |             |
| Financial assets at fair value through profit or loss | 60,404,099    | -       | -       | 60,404,099  |
| <b>Total financial assets</b>                         | 60,404,099    | -       | -       | 60,404,099  |
| -----                                                 |               |         |         |             |
| Recurring fair value measurements                     | 30 June 2019  |         |         |             |
|                                                       | Level 1       | Level 2 | Level 3 | Total       |
| ----- Rupees -----                                    |               |         |         |             |
| <b>Financial assets</b>                               |               |         |         |             |
| Financial assets at fair value through profit or loss | 104,083,471   | -       | -       | 104,083,471 |
| <b>Total financial assets</b>                         | 104,083,471   | -       | -       | 104,083,471 |

The above table does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the nine months period ended 31 March 2020. Further there was no transfer in and out of level 3 measurements.

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

**Level 1:** The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and equity securities) based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

**Level 2:** The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

#### (ii) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include the use of quoted market prices.

## Selected Notes To The Unconsolidated Condensed Interim Financial Statements (Un-audited)

For The Quarter and Nine Months Period Ended March 31, 2020

### 17. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual financial statements of the Company for the year ended 30 June 2019.

### 18. EVENT AFTER THE REPORTING PERIOD

The Board of Directors of the Company have declared an interim dividend of Rupees Nil per ordinary share at their meeting held on April 28, 2020. These condensed interim financial statements do not include the effect of the above interim dividend which will be accounted for in the period in which it is declared.

### 19. CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard (IAS) 34 'Interim Financial Reporting', the unconsolidated condensed interim statement of financial position and unconsolidated condensed interim statement of changes in equity have been compared with the balances of annual audited financial statements of preceding financial year, whereas, the unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of comprehensive income and unconsolidated condensed interim statement of cash flows have been compared with the balances of comparable period of immediately preceding financial year.

Corresponding figures have been rearranged, wherever necessary, for the purpose of comparison, however, no significant re-arrangements have been made.

### 20. DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated condensed interim financial statements were approved by the Board of Directors and authorized for issue on April 28, 2020.

### 21. GENERAL

Figures have been rounded off to nearest of Rupee.



Chief Executive



Director



Chief Financial Officer

**HI-TECH LUBRICANTS LIMITED**  
**CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE QUARTER AND NINE MONTHS PERIOD ENDED MARCH 31, 2020 (Un-audited)**

# Consolidated Condensed Interim Statement Of Financial Position

As At March 31, 2020

|                                                     | Note | Un-Audited<br>March 31,<br>2020<br>Rupees | Audited<br>June 30,<br>2019<br>Rupees |
|-----------------------------------------------------|------|-------------------------------------------|---------------------------------------|
| <b>EQUITY AND LIABILITIES</b>                       |      |                                           |                                       |
| <b>SHARE CAPITAL AND RESERVES</b>                   |      |                                           |                                       |
| Authorized share capital                            |      |                                           |                                       |
| 150,000,000 (30 June 2019: 150,000,000)             |      |                                           |                                       |
| ordinary shares of Rupees 10 each                   |      | <u>1,500,000,000</u>                      | <u>1,500,000,000</u>                  |
| Issued, subscribed and paid-up share capital        |      | 1,160,040,000                             | 1,160,040,000                         |
| Reserves                                            |      | <u>2,615,180,264</u>                      | <u>2,736,611,044</u>                  |
| <b>Total equity</b>                                 |      | <u>3,775,220,264</u>                      | <u>3,896,651,044</u>                  |
| <b>LIABILITIES</b>                                  |      |                                           |                                       |
| <b>NON-CURRENT LIABILITIES</b>                      |      |                                           |                                       |
| Long term financing                                 | 4    | -                                         | 1,822,078                             |
| Liabilities against assets subject to finance lease | 5    | -                                         | 27,928,496                            |
| Lease Liability                                     | 6    | 155,396,033                               | -                                     |
| Long term deposits                                  |      | 500,000                                   | 1,000,000                             |
| Deferred liabilities                                |      | 143,406,725                               | 87,695,308                            |
|                                                     |      | <u>299,302,758</u>                        | <u>118,445,882</u>                    |
| <b>CURRENT LIABILITIES</b>                          |      |                                           |                                       |
| Trade and other payables                            |      | 799,808,548                               | 688,493,701                           |
| Accrued mark-up / profit                            |      | 60,377,791                                | 81,921,213                            |
| Short term borrowings                               | 7    | 1,516,777,757                             | 2,243,170,808                         |
| Current portion of non-current liabilities          |      | 26,432,556                                | 77,436,745                            |
| Unclaimed dividend                                  |      | 3,474,236                                 | 4,026,209                             |
|                                                     |      | <u>2,406,870,888</u>                      | <u>3,095,048,676</u>                  |
| <b>Total liabilities</b>                            |      | <u>2,706,173,646</u>                      | <u>3,213,494,558</u>                  |
| <b>CONTINGENCIES AND COMMITMENTS</b>                |      |                                           |                                       |
|                                                     | 8    |                                           |                                       |
| <b>TOTAL EQUITY AND LIABILITIES</b>                 |      | <u>6,481,393,910</u>                      | <u>7,110,145,602</u>                  |

The annexed notes form an integral part of this consolidated condensed interim financial information.



Chief Executive



Director



Chief Financial Officer



# Consolidated Condensed Interim Statement Of Financial Position

As At March 31, 2020

|                                     | Note | Un-Audited<br>March 31,<br>2020<br>Rupees | Audited<br>June 30,<br>2019<br>Rupees |
|-------------------------------------|------|-------------------------------------------|---------------------------------------|
| <b>ASSETS</b>                       |      |                                           |                                       |
| <b>NON-CURRENT ASSETS</b>           |      |                                           |                                       |
| Fixed assets                        | 9    | 3,170,412,848                             | 3,121,595,388                         |
| Right-of-use assets                 | 10   | 245,520,924                               | -                                     |
| Intangible assets                   | 11   | 6,703,338                                 | 8,510,507                             |
| Long term loans to employees        |      | -                                         | -                                     |
| Long term security deposits         |      | 24,438,950                                | 28,460,350                            |
| Deferred income tax asset - net     |      | 59,183,233                                | -                                     |
|                                     |      | <u>3,506,259,293</u>                      | <u>3,158,566,245</u>                  |
| <b>CURRENT ASSETS</b>               |      |                                           |                                       |
| Stores                              | 12   | 56,603,500                                | 24,186,433                            |
| Stock-in-trade                      |      | 1,553,484,864                             | 1,181,900,227                         |
| Trade debts                         |      | 130,019,599                               | 1,189,383,247                         |
| Loans and advances                  |      | 106,435,965                               | 53,856,012                            |
| Short term deposits and prepayments |      | 31,659,307                                | 61,026,609                            |
| Other receivables                   |      | 54,831,557                                | 32,546,523                            |
| Short term investments              |      | 746,004,341                               | 882,468,837                           |
| Taxation - net                      |      | 230,585,665                               | 217,275,722                           |
| Cash and bank balances              |      | 65,509,819                                | 308,935,747                           |
|                                     |      | <u>2,975,134,617</u>                      | <u>3,951,579,357</u>                  |
| <b>TOTAL ASSETS</b>                 |      | <u><u>6,481,393,910</u></u>               | <u><u>7,110,145,602</u></u>           |

The annexed notes form an integral part of this consolidated condensed interim financial information.



Chief Executive



Director



Chief Financial Officer

## Consolidated Condensed Interim Statement Of Profit or Loss (Un-audited)

For The Quarter and Nine Months Period Ended March 31, 2020

|                                                  | NINE MONTHS ENDED          |                            | QUARTER ENDED              |                            |
|--------------------------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
|                                                  | 31 March<br>2020<br>Rupees | 31 March<br>2019<br>Rupees | 31 March<br>2020<br>Rupees | 31 March<br>2019<br>Rupees |
| GROSS SALES                                      | 5,224,174,647              | 7,727,527,030              | 2,418,727,722              | 1,825,945,821              |
| Discounts                                        | (95,183,581)               | (382,176,167)              | (70,730,981)               | 4,452,098                  |
| Sales tax                                        | (1,416,563,779)            | (1,523,418,613)            | (712,181,834)              | (243,295,202)              |
| NET SALES                                        | 3,712,427,287              | 5,821,932,250              | 1,635,814,907              | 1,587,102,717              |
| COST OF SALES                                    | (2,749,678,702)            | (4,649,965,412)            | (1,243,338,351)            | (1,181,102,269)            |
| GROSS PROFIT                                     | 962,748,585                | 1,171,966,838              | 392,476,556                | 406,000,448                |
| DISTRIBUTION COST                                | (565,905,781)              | (516,345,446)              | (182,273,515)              | (148,782,007)              |
| ADMINISTRATIVE EXPENSES                          | (328,455,017)              | (394,448,005)              | (105,024,178)              | (106,214,262)              |
| OTHER EXPENSES                                   | (22,957,805)               | (133,518,704)              | (10,458,826)               | (13,302,667)               |
|                                                  | (917,318,603)              | (1,044,312,155)            | (297,756,519)              | (268,298,936)              |
| OTHER INCOME                                     | 106,532,080                | 57,689,618                 | 25,445,575                 | 22,396,745                 |
| PROFIT FROM OPERATIONS                           | 151,962,062                | 185,344,301                | 120,165,612                | 160,098,257                |
| FINANCE COST                                     | (192,111,670)              | (230,561,263)              | (64,546,431)               | (97,204,736)               |
| (LOSS) / PROFIT BEFORE TAXATION                  | (40,149,608)               | (45,216,962)               | 55,619,181                 | 62,893,521                 |
| TAXATION                                         | (52,280,172)               | (224,155,301)              | (13,683,644)               | (60,367,436)               |
| (LOSS) / PROFIT AFTER TAXATION                   | (92,429,780)               | (269,372,263)              | 41,935,537                 | 2,526,085                  |
| (LOSS) / PROFIT PER SHARE - BASIC<br>AND DILUTED | (0.80)                     | (2.32)                     | 0.36                       | 0.02                       |

The annexed notes form an integral part of this consolidated condensed interim financial information.



Chief Executive



Director



Chief Financial Officer

## Consolidated Condensed Interim Statement of Comprehensive Income (Un-audited)

For The Quarter and Nine Months Period Ended March 31, 2020

|                                                               | NINE MONTHS ENDED   |                      | QUARTER ENDED     |                  |
|---------------------------------------------------------------|---------------------|----------------------|-------------------|------------------|
|                                                               | 31 March<br>2020    | 31 March<br>2019     | 31 March<br>2020  | 31 March<br>2019 |
|                                                               | Rupees              | Rupees               | Rupees            | Rupees           |
| (LOSS) / PROFIT AFTER TAXATION                                | (92,429,780)        | (269,372,263)        | 41,935,537        | 2,526,085        |
| OTHER COMPREHENSIVE INCOME                                    |                     |                      |                   |                  |
| Items that will not be reclassified to profit or loss         | -                   | -                    | -                 | -                |
| Items that may be reclassified subsequently to profit or loss | -                   | -                    | -                 | -                |
| TOTAL COMPREHENSIVE (LOSS) / PROFIT FOR THE PERIOD            | <u>(92,429,780)</u> | <u>(269,372,263)</u> | <u>41,935,537</u> | <u>2,526,085</u> |

The annexed notes form an integral part of this consolidated condensed interim financial information.



Chief Executive



Director



Chief Financial Officer

## Consolidated Condensed Interim Statement of Changes in Equity (Un-audited)

For The Quarter and Nine Months Period Ended March 31, 2020

|                                                                                        | SHARE CAPITAL          | RESERVES        |                        |                | TOTAL EQUITY  |
|----------------------------------------------------------------------------------------|------------------------|-----------------|------------------------|----------------|---------------|
|                                                                                        |                        | CAPITAL RESERVE | REVENUE RESERVE        | TOTAL RESERVES |               |
|                                                                                        |                        | SHARE PREMIUM   | UN-APPROPRIATED PROFIT |                |               |
|                                                                                        | ( ----- Rupees ----- ) |                 |                        |                |               |
| Balance as at 01 July 2018 - Un-audited                                                | 1,160,040,000          | 1,441,697,946   | 1,465,172,733          | 2,906,870,679  | 4,066,910,679 |
| Transactions with owners:                                                              |                        |                 |                        |                |               |
| Final Dividend for the year ended 30 June 2018 @ Rs. 1.75 per share of Rupees 100 each | -                      | -               | (203,007,000)          | (203,007,000)  | (203,007,000) |
| Loss for the nine months period ended 31 March 2019                                    | -                      | -               | (269,372,263)          | (269,372,263)  | (269,372,263) |
| Other comprehensive loss for the nine months period ended 31 March 2019                | -                      | -               | -                      | -              | -             |
| Total comprehensive loss for the nine months period ended 31 March 2019                | -                      | -               | (269,372,263)          | (269,372,263)  | (269,372,263) |
| Balance as at 31 March 2019 - Un-audited                                               | 1,160,040,000          | 1,441,697,946   | 992,793,470            | 2,434,491,416  | 3,594,531,416 |
| Balance as at 01 July 2019 - Un-audited                                                | 1,160,040,000          | 1,441,697,946   | 1,294,913,098          | 2,736,611,044  | 3,896,651,044 |
| Transactions with owners:                                                              |                        |                 |                        |                |               |
| Final Dividend for the year ended 30 June 2019 @ Rs. 0.25 per share                    | -                      | -               | (29,001,000)           | (29,001,000)   | (29,001,000)  |
| Loss for the nine months period ended 31 March 2020                                    | -                      | -               | (92,429,780)           | (92,429,780)   | (92,429,780)  |
| Other comprehensive loss for the nine months period ended 31 March 2020                | -                      | -               | -                      | -              | -             |
| Total comprehensive loss for the nine months period ended 31 March 2020                | -                      | -               | (92,429,780)           | (92,429,780)   | (92,429,780)  |
| Balance as at 31 March 2020 - Un-audited                                               | 1,160,040,000          | 1,441,697,946   | 1,173,482,318          | 2,615,180,264  | 3,775,220,264 |

The annexed notes form an integral part of this consolidated condensed interim financial information.



Chief Executive



Director



Chief Financial Officer

# Consolidated Condensed Interim Statement Of Cash Flows (Un-audited)

For The Quarter and Nine Months Period Ended March 31, 2020

|                                                                  | Note | Un-audited<br>31 March<br>2020<br>Rupees | Un-audited<br>31 March<br>2019<br>Rupees |
|------------------------------------------------------------------|------|------------------------------------------|------------------------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                      |      |                                          |                                          |
| <b>Cash generated from operations</b>                            | 13   | 944,671,203                              | (1,770,419,396)                          |
| Finance cost paid                                                |      | (179,559,487)                            | (188,376,486)                            |
| Income tax paid                                                  |      | (114,890,090)                            | (254,760,086)                            |
| Net decrease in long term loans to employees                     |      | 280,112                                  | 663,937                                  |
| Net decrease in long term security deposits                      |      | 14,992,356                               | (10,304,438)                             |
| Decrease in long term deposits                                   |      | (500,000)                                | (500,000)                                |
| <b>Net cash (used in) / generated from operating activities</b>  |      | <u>664,994,094</u>                       | <u>(2,223,696,469)</u>                   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                      |      |                                          |                                          |
| Capital expenditure on operating fixed assets                    |      | (282,998,025)                            | (250,634,509)                            |
| Capital expenditure on intangible assets                         |      | -                                        | (2,360,574)                              |
| Proceeds from disposal of operating fixed assets                 |      | 16,125,071                               | 7,990,225                                |
| Short term investments - net                                     |      | 138,891,116                              | (3,372,379)                              |
| Dividend received                                                |      | 5,472,185                                | 148,500                                  |
| Interest received on loan to subsidiary company                  |      | 7,741,006                                | (1,540,010)                              |
| Profit on bank deposits and term deposit receipts received       |      | 69,721,551                               | 47,918,333                               |
| <b>Net cash used in investing activities</b>                     |      | <u>(45,047,096)</u>                      | <u>(201,850,414)</u>                     |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                      |      |                                          |                                          |
| Repayment of liabilities against assets subject to finance lease |      | -                                        | (60,791,913)                             |
| Repayment of lease liabilities                                   |      | (94,915,024)                             | -                                        |
| Dividend paid                                                    |      | (29,552,973)                             | (203,934,223)                            |
| Repayment of long term financing                                 |      | (19,211,338)                             | (85,776,347)                             |
| Short term borrowings - net                                      |      | (719,693,591)                            | 2,290,033,339                            |
| <b>Net cash from / (used in) from financing activities</b>       |      | <u>(863,372,926)</u>                     | <u>1,939,530,857</u>                     |
| <b>Net (decrease) / increase in cash and cash equivalents</b>    |      | <u>(243,425,928)</u>                     | <u>(486,016,027)</u>                     |
| <b>Cash and cash equivalents at beginning of the period</b>      |      | <u>308,935,747</u>                       | <u>566,946,678</u>                       |
| <b>Cash and cash equivalents at end of the period</b>            |      | <u><u>65,509,819</u></u>                 | <u><u>80,930,651</u></u>                 |

The annexed notes form an integral part of this consolidated condensed interim financial information.



Chief Executive



Director



Chief Financial Officer

## Selected Notes To The Consolidated Condensed Interim Financial Statements (Un-audited)

For The Quarter and Nine Months Period Ended March 31, 2020

### 1. THE GROUP AND ITS OPERATIONS

The Group consists of:

#### Holding Company

- Hi-Tech Lubricants Limited

#### Subsidiary Company

- Hi-Tech Blending (Private) Limited

#### Hi-Tech Lubricants Limited

Hi-Tech Lubricants Limited ("the Holding Company") was incorporated as a private limited company in Pakistan on 01 September 2008 under the Companies Ordinance, 1984 and subsequently converted into public limited company with effect from 31 October 2011. The shares of the Holding Company are listed on Pakistan Stock Exchange Limited. The registered office of the Holding Company is situated at 1-A, Danepur Road, GOR-1, Lahore. The principal activity of the Holding Company is to import and distribute petroleum products. Oil and Gas Regulatory Authority (OGRA) has granted license to the Holding Company to establish an Oil Marketing Company (OMC), subject to some conditions. On 31 May 2019, Oil and Gas Regulatory Authority (OGRA) has granted permission to the Company to operate new storage facility at Sahiwal and marketing of petroleum products in province of Punjab.

#### Hi-Tech Blending (Private) Limited

Hi-Tech Blending (Private) Limited ("the Subsidiary Company") was incorporated in Pakistan as a private limited company by shares under the Companies Ordinance, 1984 on 13 March 2014. The principal activity of the Subsidiary Company is to construct, own and operate lubricating oil blending plant. The registered office of the Subsidiary Company is situated at 1-A, Danepur Road, GOR-1, Lahore. The Subsidiary Company is a wholly owned subsidiary of Hi-Tech Lubricants Limited.

### 2. BASIS OF PREPARATION

2.1 These consolidated 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 34: 'Interim Financial Reporting' (IAS 34), issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 These consolidated condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the annual audited financial statements of the Group for the year ended 30 June 2019.

## Selected Notes To The Consolidated Condensed Interim Financial Statements (Un-audited)

For The Quarter and Nine Months Period Ended March 31, 2020

### 3. ACCOUNTING POLICIES

The accounting policies and methods of computations adopted for the preparation of these consolidated condensed interim financial statements are the same as applied in the preparation of the preceding audited annual published financial statements of the Group for the year ended 30 June 2019.

#### 3.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these consolidated condensed interim financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Group's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

During preparation of these consolidated condensed interim financial statements, the significant judgments made by the management in applying the Group's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the Group for the year ended 30 June 2019.

#### 3.2 CHANGES IN ACCOUNTING POLICIES DUE TO APPLICABILITY OF INTERNATIONAL FINANCIAL REPORTING STANDARD (IFRS) 16 'LEASES'

The Group has adopted IFRS 16 from 01 July 2019. The standard replaces IAS 17 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognized in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognized lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under IFRS 16 will be higher when compared to lease expenses under IAS 17, as the operating expense is now replaced by interest expense and depreciation in the statement of profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

##### Impact of adoption

IFRS 16 has been adopted using the modified retrospective approach and as such the comparatives have not been restated. The impacts of adoption as at 01 July 2019 are as follows:

|                                                                  | Rupees      |
|------------------------------------------------------------------|-------------|
| Operating fixed assets (leased) decreased by                     | 119,259,997 |
| Right-of-use assets increased by                                 | 294,024,432 |
| Short term deposits and prepayments decreased by                 | 9,319,590   |
| Liabilities against assets subject to finance lease decreased by | 92,293,160  |
| Lease liabilities increased by                                   | 256,243,916 |



## Selected Notes To The Consolidated Condensed Interim Financial Statements (Un-audited)

For The Quarter and Nine Months Period Ended March 31, 2020

### Right-of-use assets

A right-of-use asset is recognized at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is shorter. Where the holding Company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is charged over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any re-measurement of lease liabilities.

The holding Company has elected not to recognize a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are charged to income as incurred.

### Lease liabilities

A lease liability is recognized at the commencement date of a lease. The lease liability is initially recognized at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the holding Company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are re-measured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is re-measured, an adjustment is made to the corresponding right-of use asset, or to statement of profit or loss if the carrying amount of the right-of-use asset is fully written down.

|                                                       | Un-audited<br>31 March<br>2020<br>Rupees | Audited<br>30 June<br>2019<br>Rupees |
|-------------------------------------------------------|------------------------------------------|--------------------------------------|
| <b>4. LONG TERM FINANCING</b>                         |                                          |                                      |
| <b>From banking company - secured</b>                 |                                          |                                      |
| <b>Holding Company</b>                                |                                          |                                      |
| Bank Al-Habib Limited-1 (Note 4.1)                    | -                                        | 5,783,742                            |
| Bank Al-Habib Limited-2 (Note4.1)                     | 1,822,078                                | 9,110,417                            |
|                                                       | 1,822,078                                | 14,894,159                           |
| <b>Subsidiary Company</b>                             |                                          |                                      |
| Bank Al-Habib Limited (Note 4.2)                      | -                                        | 4,317,179                            |
|                                                       | 1,822,078                                | 19,211,338                           |
| Less: Current portion shown under current liabilities | 1,822,078                                | 17,389,260                           |
|                                                       | -                                        | 1,822,078                            |

## Selected Notes To The Consolidated Condensed Interim Financial Statements (Un-audited)

For The Quarter and Nine Months Period Ended March 31, 2020

- 4.1** These facilities were obtained to build warehouse at the property of Hi-Tech Blending (Private) Limited - subsidiary company at Sundar Raiwind Road. Facilities from Bank Al-Habib Limited are secured against hypothecation charge over current assets of the Company of Rupees 1,067 million and personal guarantee of directors of the Company. These carried mark-up at the rate of 3 months KIBOR plus 1.75% per annum. These were repayable in 12 equal quarterly installments. Effective rate of mark-up charged during the period / year was 14.70% (30 June 2019: 8.67% to 12.67%) per annum.
- 4.2** These term finance facilities, aggregating to Rupees 250.939 million (30 June 2019: Rupees 250.939 million), are secured by first pari passu hypothecation charge over current assets of the Subsidiary Company to the extent of Rupees 667 million, corporate guarantee of the Holding Company of Rupees 1.3 billion and personal guarantees of directors of the Subsidiary Company. The finance facilities are repayable in 6, 12 and 16 equal quarterly installments commenced on 31 March 2015 and ending on 25 November 2019. Mark-up is payable quarterly at the rate of 3 month KIBOR plus 2.00% per annum. Effective rate of mark-up charged during the period ranged from 13.13% to 13.47% (30 June 2019: 8.47% to 13.13%) per annum.

### 5. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

|                                                | Un-audited<br>31 March<br>2020<br>Rupees | Audited<br>30 June<br>2019<br>Rupees |
|------------------------------------------------|------------------------------------------|--------------------------------------|
| Future minimum lease payments                  | -                                        | 94,390,621                           |
| Less: Un-amortized finance charge              | -                                        | 6,414,640                            |
| Present value of future minimum lease payments | -                                        | 87,975,981                           |
| Less: Current portion                          | -                                        | 60,047,485                           |
|                                                | -                                        | 27,928,496                           |

- 5.1** As on 01 July 2019, the Company has adopted IFRS 16, hence, liabilities against assets subject to finance lease have been classified as lease liabilities Note 6 to these financial statements.

### 6. LEASE LIABILITIES

|                                                       |             |   |
|-------------------------------------------------------|-------------|---|
| Total lease liabilities                               | 181,828,589 | - |
| Less: Current portion shown under current liabilities | 26,432,556  | - |
|                                                       | 155,396,033 | - |

- 6.1** The interest expense on lease liabilities for the period is Rupees 18.532 million. The total cash outflow for leases for the period ended 31 March 2020 amounted to Rupees 69.229 million.

- 6.2** Implicit rates against lease liabilities range from 8.36% to 15.23% per annum.

### 7. SHORT TERM BORROWINGS

#### From banking companies - secured

##### - Holding Company

|                                                                |               |               |
|----------------------------------------------------------------|---------------|---------------|
| Running finances (Note 7.1 and Note 7.2)                       | 1,205,222,163 | 1,535,873,239 |
| Running musharakah / musawamah finance (Note 7.1 and Note 7.3) | 50,000,000    | 439,042,515   |
|                                                                | 1,255,222,163 | 1,974,915,754 |

##### - Subsidiary Company

|                                                      |               |               |
|------------------------------------------------------|---------------|---------------|
| Short term finance (Note 7.4 and Note 7.5)           | 261,555,594   | 233,566,400   |
| Murabaha / Musawamah finance (Note 7.4 and Note 7.6) | -             | 34,688,654    |
|                                                      | 261,555,594   | 268,255,054   |
|                                                      | 1,516,777,757 | 2,243,170,808 |

## Selected Notes To The Consolidated Condensed Interim Financial Statements (Un-audited)

For The Quarter and Nine Months Period Ended March 31, 2020

- 7.1 These finances are obtained from banking companies under mark up arrangements and are secured against first joint pari passu hypothecation charge over current assets, lien over term deposit receipts and personal guarantee of sponsor directors.
- 7.2 The rates of markup range from 11.30% to 15.31% (30 June 2019: 7.00% to 14.30%) per annum.
- 7.3 The rates of markup range from 11.51% to 14.86% (30 June 2019: 7.42% to 14.80%) per annum.
- 7.4 These finances are obtained from banking companies under mark-up / profit arrangements and are secured against trust receipts, first pari passu hypothecation charge over present and future current assets, hypothecation charge over present and future plant and machinery, personal guarantees of directors of the Subsidiary Company and corporate guarantee of the Holding Company.
- 7.5 The rates of mark-up range from 12.13% to 18.81% (2019: 7.47% to 13.92%) per annum.
- 7.6 Profit is payable at respective KIBOR plus 1% per annum. Effective rate of profit charged during the period ranged from Nil (2019: 7.92 to 11.77%) per annum.

### 8. CONTINGENCIES AND COMMITMENTS

#### 8.1 Contingencies

There is no significant change in the status of contingencies as disclosed in the preceding audited annual published financial statements of the Group for the year ended 30 June 2019.

|                                                                                                                                           | Un-audited<br>31 March<br>2020<br>Rupees | Audited<br>30 June<br>2019<br>Rupees |
|-------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|--------------------------------------|
| <b>8.2 Commitments</b>                                                                                                                    |                                          |                                      |
| <b>8.2.1 Capital expenditures:</b>                                                                                                        |                                          |                                      |
| Contracts                                                                                                                                 | 106,759,202                              | 220,431,667                          |
| Letters of credit                                                                                                                         | -                                        | -                                    |
|                                                                                                                                           | <u>106,759,202</u>                       | <u>220,431,667</u>                   |
| <b>8.2.2 Letters of credit other than capital expenditures</b>                                                                            | <u>48,300,353</u>                        | <u>-</u>                             |
| <b>8.2.3 The amount of future ijara rentals for ijara financing and the period in which these payments will become due are as follow:</b> |                                          |                                      |
| Not later than one year                                                                                                                   | 3,377,507                                | 5,269,381                            |
| Later than one year but not later than five years                                                                                         | 70,716                                   | 3,135,023                            |
|                                                                                                                                           | <u>3,448,223</u>                         | <u>8,404,404</u>                     |

### 9. FIXED ASSETS

#### Operating fixed assets:

|                                     |                      |                      |
|-------------------------------------|----------------------|----------------------|
| - Owned (Note 9.1)                  | 2,826,412,917        | 2,880,461,259        |
| - Leased (Note 9.2)                 | -                    | 119,259,997          |
|                                     | <u>2,826,412,917</u> | <u>2,999,721,256</u> |
| Capital work-in-progress (Note 9.3) | 343,999,930          | 121,874,132          |
|                                     | <u>3,170,412,847</u> | <u>3,121,595,388</u> |

## Selected Notes To The Consolidated Condensed Interim Financial Statements (Un-audited)

For The Quarter and Nine Months Period Ended March 31, 2020

|                                                                                                     | Un-audited<br>31 March<br>2020<br>Rupees | Audited<br>30 June<br>2019<br>Rupees |
|-----------------------------------------------------------------------------------------------------|------------------------------------------|--------------------------------------|
| <b>9.1 Operating fixed assets – owned</b>                                                           |                                          |                                      |
| Opening book value                                                                                  | 2,880,461,259                            | 2,274,075,216                        |
| Add: Cost of additions during the period / year (Note 9.1.1)                                        | 63,777,003                               | 646,744,318                          |
| Add: Book value of assets transferred from assets subject to finance lease during the period / year | -                                        | 83,707,173                           |
| Add: Book value of assets transferred from right-of-use assets during the period / year             | 7,081,835                                | -                                    |
|                                                                                                     | <u>2,951,320,097</u>                     | <u>3,004,526,707</u>                 |
| Less: Book value of deletions during the period / year (Note 9.1.2)                                 | 8,893,817                                | 4,075,590                            |
|                                                                                                     | <u>2,942,426,280</u>                     | <u>3,000,451,117</u>                 |
| Less: Depreciation charged during the period / year                                                 | 116,013,363                              | 119,989,858                          |
| Closing book value                                                                                  | <u><u>2,826,412,917</u></u>              | <u><u>2,880,461,259</u></u>          |
| <b>9.1.1 Cost of additions during the period / year</b>                                             |                                          |                                      |
| Freehold land                                                                                       | -                                        | 12,276,632                           |
| Buildings on freehold land                                                                          | 7,975,138                                | 242,964,918                          |
| Buildings on leasehold land                                                                         | 14,098,801                               | 56,135,319                           |
| Machinery                                                                                           | 5,542,000                                | 110,572,649                          |
| Tanks and Pipelines                                                                                 | 15,584,212                               | 112,915,635                          |
| Electric Installations                                                                              | -                                        | 4,034,140                            |
| Furniture and fittings                                                                              | 13,651,850                               | 6,594,133                            |
| Vehicles                                                                                            | -                                        | 6,282,637                            |
| Office equipment                                                                                    | 4,593,992                                | 90,569,793                           |
| Computers                                                                                           | 2,331,010                                | 4,398,462                            |
|                                                                                                     | <u><u>63,777,003</u></u>                 | <u><u>646,744,318</u></u>            |
| <b>9.1.2 Book value of deletions during the period / year</b>                                       |                                          |                                      |
| Cost:                                                                                               |                                          |                                      |
| Vehicles                                                                                            | 23,468,484                               | 12,324,051                           |
| Less: Accumulated depreciation                                                                      | <u>14,694,969</u>                        | <u>8,275,786</u>                     |
|                                                                                                     | 8,773,515                                | 4,048,265                            |
| Computers                                                                                           | 173,450                                  | 77,249                               |
| Less: Accumulated depreciation                                                                      | <u>53,148</u>                            | <u>49,924</u>                        |
|                                                                                                     | 120,302                                  | 27,325                               |
|                                                                                                     | <u><u>8,893,817</u></u>                  | <u><u>4,075,590</u></u>              |

## Selected Notes To The Consolidated Condensed Interim Financial Statements (Un-audited)

For The Quarter and Nine Months Period Ended March 31, 2020

|                                                                                 | Un-audited<br>31 March<br>2020<br>Rupees | Audited<br>30 June<br>2019<br>Rupees |
|---------------------------------------------------------------------------------|------------------------------------------|--------------------------------------|
| <b>9.2 Operating fixed assets – leased</b>                                      |                                          |                                      |
| Opening book value                                                              | 119,259,997                              | 183,496,576                          |
| Less: Transferred to right-of-use assets on adoption of IFRS 16                 | 119,259,997                              | -                                    |
|                                                                                 | -                                        | 183,496,576                          |
| Add: Cost of additions during the period / year                                 | -                                        | 54,870,357                           |
|                                                                                 | -                                        | 238,366,933                          |
| Less: Book value of assets transferred to owned assets during the period / year | -                                        | 83,707,173                           |
|                                                                                 | -                                        | 154,659,760                          |
| Less: Book value of deletions during the period / year - vehicles               | -                                        | 1,174,275                            |
|                                                                                 | -                                        | 153,485,485                          |
| Less: Depreciation charged during the period / year                             | -                                        | 34,225,488                           |
| Closing book value                                                              | -                                        | 119,259,997                          |
| <b>9.3 Capital work-in-progress</b>                                             |                                          |                                      |
| Advance against purchase of apartment (Note 9.3.1)                              | 25,226,750                               | 25,226,750                           |
| Civil works                                                                     | 183,745,888                              | 22,843,220                           |
| Dispensing Pumps                                                                | 28,791,915                               | 23,984,539                           |
| Mobilization and other advances                                                 | 78,120,214                               | 48,305,595                           |
| Unallocated expenditures                                                        | 28,115,163                               | 1,514,028                            |
|                                                                                 | 343,999,930                              | 121,874,132                          |

**9.3.1** This represent advance given to BNP (Private) Limited against purchase of apartment in Grand Hayatt at 1-Constitution Avenue, Islamabad. On 29 July 2016, Capital Development Authority (CDA) cancelled the leased deed of BNP (Private) Limited on the grounds of violating the terms and conditions of the said lease. Against the alleged order, BNP (Private) Limited filed a writ petition before the Honorable Islamabad High Court ("IHC") challenging the cancellation of said lease. IHC dismissed the writ petition of BNP (Private) Limited. However, the honorable judge of IHC ruled that it is a duty of the Federal Government to ensure that the purchasers do not suffer due to Government's own wrongful actions and omissions, particularly when the regulatory failure of the CDA stands admitted. The Company and others filed appeals against the aforesaid judgment of IHC before Honorable Supreme Court of Pakistan. Honorable Supreme Court of Pakistan has passed order on 09 January 2019 whereby the Court has revived the original lease together with all approvals and permissions already granted. The Court has further ordered that BNP (Private) Limited shall complete the entire project within a reasonable time. On 15 March 2019, CDA has filed a review petition before the Honorable Supreme Court of Pakistan urging to cancel the lease deed and to allow the federal cabinet to review the matter as per the directions of IHC. The decision on the review petition is still pending. In view of the aforesaid, advice of the legal counsel of the Company and the fact that the Company's apartment is one of the duly built apartments on 6th Floor of the Tower, no provision against advance for purchase of apartment has been recognized in these consolidated condensed interim financial statements.

### 10. RIGHT-OF-USE ASSETS

|                                                         | Land               | Buildings | Vehicles    | Machinery | Total       |
|---------------------------------------------------------|--------------------|-----------|-------------|-----------|-------------|
|                                                         | ----- Rupees ----- |           |             |           |             |
| Net carrying amount                                     |                    |           |             |           |             |
| 01 July 2019                                            | 172,223,344        | 7,436,287 | 117,964,572 | 1,295,424 | 298,919,627 |
| 31 March 2020                                           | 142,677,431        | 4,157,650 | 97,487,576  | 1,198,267 | 245,520,924 |
| Depreciation expense for the period ended 31 March 2020 | 29,545,913         | 3,278,637 | 17,257,581  | 97,157    | 50,179,287  |

## Selected Notes To The Consolidated Condensed Interim Financial Statements (Un-audited)

For The Quarter and Nine Months Period Ended March 31, 2020

### 10.1 Lease of land

The Holding Company obtained land on lease for construction and operation of its service centers and storage ware house. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Lease periods range from four to ten years.

### 10.2 Lease of building

The Holding Company obtained buildings on lease for its offices. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Lease periods range from two to three years.

### 10.3 Lease of vehicle

The Holding Company obtained vehicles on lease for its employees. The average contract duration is three years.

### 10.4 Lease of machinery

The Holding Company obtained generator on lease for use at its warehouse.

### 10.5 There is no impairment against right-of-use assets.

|                                                         | Un-audited<br>31 March<br>2020<br>Rupees | Audited<br>30 June<br>2019<br>Rupees |
|---------------------------------------------------------|------------------------------------------|--------------------------------------|
| <b>11. INTANGIBLE ASSETS</b>                            |                                          |                                      |
| Computer Software's (Notes 11.1)                        | 3,397,713                                | 5,204,882                            |
| Intangible asset in progress - computer software        | 3,305,625                                | -                                    |
|                                                         | <u>6,703,338</u>                         | <u>5,204,882</u>                     |
| <b>11.1. Opening book value</b>                         | 5,204,882                                | 2,917,354                            |
| Add: Cost of addition during the period / year          | -                                        | 5,394,690                            |
| Less: Amortization charged during the period / year     | 1,807,169                                | 3,107,162                            |
| Closing Book Value                                      | <u>3,397,713</u>                         | <u>5,204,882</u>                     |
| <b>12. STOCK-IN-TRADE</b>                               |                                          |                                      |
| Raw materials (Note 12.1)                               | 744,336,706                              | 377,929,673                          |
| Work-in-process                                         | 50,072,712                               | 20,877,744                           |
|                                                         | <u>794,409,418</u>                       | <u>398,807,417</u>                   |
| Finished goods (Note 12.1.2)                            | 762,463,516                              | 779,973,487                          |
| Less: Provision for slow moving and damaged stock items | 7,532,393                                | 7,532,393                            |
|                                                         | <u>754,931,123</u>                       | <u>772,441,094</u>                   |
| Dispensing pumps and other installations(Note 12.1.3)   | 3,934,919                                | 10,411,114                           |
| Stock of promotional items                              | 209,404                                  | 240,602                              |
|                                                         | <u>1,553,484,864</u>                     | <u>1,181,900,227</u>                 |

**12.1.** It includes raw materials in transit amounting to Rupees 142.566 million (2019: Rupees Nil million) and raw materials amounting to Rupees 197.761 million (2019: Rupees Nil million) lying at customs bonded warehouse.

**12.1.2** This includes stock-in-transit of Rupees 102.930 million (30 June 2019: Rupees 26.503 million) and stock amounting to Rupees Nil million (30 June 2019: Rupees Nil) lying at customs bonded warehouses.

**12.1.3** These dispensing pumps and other installations have been purchased by the Company for resale to service and filling station dealers as part of OMC operations.

## Selected Notes To The Consolidated Condensed Interim Financial Statements (Un-audited)

For The Quarter and Nine Months Period Ended March 31, 2020

| UN-AUDITED               |                  |
|--------------------------|------------------|
| NINE MONTHS PERIOD ENDED |                  |
| 31 March<br>2020         | 31 March<br>2019 |
| Rupees                   | Rupees           |

### 13. CASH GENERATED FROM OPERATIONS

|                      |              |              |
|----------------------|--------------|--------------|
| Loss before taxation | (40,149,608) | (45,216,962) |
|----------------------|--------------|--------------|

#### Adjustments for non-cash charges and other items:

|                                                                                             |                    |                        |
|---------------------------------------------------------------------------------------------|--------------------|------------------------|
| Depreciation on operating fixed assets                                                      | 120,623,675        | 108,634,259            |
| Amortization on intangible assets                                                           | 1,807,169          | 2,376,432              |
| Depreciation on right-of-use assets                                                         | 49,382,728         | -                      |
| Amortization of deferred income                                                             | -                  | (220,641)              |
| Provision for doubtful trade debts                                                          | -                  | 4,419,901              |
| Provision for slow moving and damaged stock items                                           | -                  | 193,841                |
| Provision for slow moving and obsolete store items                                          | -                  | (318,121)              |
| (Reversal)/allowance for expected credit loss                                               | (4,620,180)        | -                      |
| Gain on disposal of operating fixed assets                                                  | (7,231,254)        | (2,782,746)            |
| Dividend income                                                                             | (5,472,185)        | (148,500)              |
| Profit on bank deposits and short term investments                                          | (69,712,747)       | (53,163,635)           |
| Unrealised gain/(loss) on remeasurement of investments at fair value through profit or loss | (2,426,620)        | 166,320                |
| Loss on disposal of investment                                                              | -                  | 5,106,286              |
| Gain on disposal of property and equipment                                                  | -                  | (1,055,975)            |
| Finance cost                                                                                | 192,111,670        | 256,450,703            |
| Exchange gain - net                                                                         | (16,886,326)       | 95,316,620             |
| Provision for workers' profit participation fund                                            | 4,500,007          | 15,359,985             |
| Provision for workers' welfare fund                                                         | -                  | 35,000                 |
| Working capital changes (Note 13.1)                                                         | 722,744,874        | (2,155,572,163)        |
|                                                                                             | <u>944,671,203</u> | <u>(1,770,419,396)</u> |

#### 13.1 Working capital changes

Decrease / (increase) in current assets:

|                                                   |                    |                        |
|---------------------------------------------------|--------------------|------------------------|
| Stores                                            | (638,077,167)      | (11,170,916)           |
| Stock-in-trade                                    | 230,261,713        | (1,500,313,994)        |
| Trade debts                                       | 1,221,426,181      | 5,420,784              |
| Loans and advances                                | (59,959,511)       | 22,552,450             |
| Short term deposits and prepayments               | 18,396,346         | 11,696,793             |
| Other receivables                                 | 10,296,038         | (88,193,635)           |
|                                                   | 782,343,600        | (1,560,008,518)        |
| (Decrease) / increase in trade and other payables | (59,598,726)       | (595,563,645)          |
|                                                   | <u>722,744,874</u> | <u>(2,155,572,163)</u> |



## Selected Notes To The Consolidated Condensed Interim Financial Statements (Un-audited)

For The Quarter and Nine Months Period Ended March 31, 2020

### 14. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of associated undertakings, other related parties, key management personnel and provident fund trusts. The Group in the normal course of business carries out transactions with various related parties. Detail of significant transactions with related parties, other than those which have been disclosed elsewhere in these consolidated financial statements, are as follows:

| NATURE OF<br>TRANSACTIONS | UN-AUDITED        |                  |                  |                  |
|---------------------------|-------------------|------------------|------------------|------------------|
|                           | NINE MONTHS ENDED |                  | QUARTER ENDED    |                  |
|                           | 31 March<br>2020  | 31 March<br>2019 | 31 March<br>2020 | 31 March<br>2019 |
| ----- R u p e e s -----   |                   |                  |                  |                  |

#### i. Transactions

##### Associated company

|                                  |                          |         |         |         |         |
|----------------------------------|--------------------------|---------|---------|---------|---------|
| MAS Associates (Private) Limited | Share of common expenses | 480,497 | 492,210 | 166,146 | 139,705 |
|----------------------------------|--------------------------|---------|---------|---------|---------|

##### Other related parties

|                                 |                        |               |               |             |             |
|---------------------------------|------------------------|---------------|---------------|-------------|-------------|
| SK Lubricants Co., Ltd.         | Purchase of lubricants | 1,477,866,645 | 4,455,461,304 | 106,403,609 | 818,625,875 |
| SK Lubricants Co., Ltd.         | Dividend Paid          | 206,944       | -             | -           | -           |
| Directors                       | Mark up on loan        | -             | 5,661,408     | -           | 2,166,165   |
| Employees' provident fund trust | Contribution           | 11,681,819    | 14,772,018    | 2,513,560   | 5,639,237   |
| Key management personnel        | Remuneration           | 151,577,695   | 158,551,518   | 48,325,492  | 38,641,769  |
| Sabra Hamida Trust              | Donations              | 13,500,000    | 12,000,000    | 4,500,000   | 4,000,000   |

Un-audited  
31 March  
2020  
Rupees

Audited  
30 June  
2019  
Rupees

#### ii. Period end balances

##### Associated company

|                                                  |         |         |
|--------------------------------------------------|---------|---------|
| Receivable from MAS Associates (Private) Limited | 343,827 | 136,670 |
|--------------------------------------------------|---------|---------|

##### Other related party:

|                                           |             |            |
|-------------------------------------------|-------------|------------|
| Receivable from SK Lubricants Co., Ltd.   | -           | 28,501,777 |
| Payable to SK Lubricants Co., Ltd.        | 259,257,785 | 22,017,553 |
| Payable to employees provident fund trust | 3,044,334   | 2,747,073  |

## Selected Notes To The Consolidated Condensed Interim Financial Statements (Un-audited)

For The Quarter and Nine Months Period Ended March 31, 2020

### 15. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

#### (i) Fair value hierarchy

Judgements and estimates are made in determining the fair values of the financial instruments that are recognised and measured at fair value in these consolidated condensed interim financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the following three levels. An explanation of each level follows underneath the table.

| Recurring fair value measurements                     | 31 March 2020      |          |          |                    |
|-------------------------------------------------------|--------------------|----------|----------|--------------------|
|                                                       | Level 1            | Level 2  | Level 3  | Total              |
| ----- Rupees -----                                    |                    |          |          |                    |
| <b>Financial assets</b>                               |                    |          |          |                    |
| Financial assets at fair value through profit or loss | 60,404,099         | -        | -        | 60,404,099         |
| <b>Total financial assets</b>                         | <u>60,404,099</u>  | <u>-</u> | <u>-</u> | <u>60,404,099</u>  |
| ----- Rupees -----                                    |                    |          |          |                    |
| Recurring fair value measurements                     | 30 June 2019       |          |          |                    |
|                                                       | Level 1            | Level 2  | Level 3  | Total              |
| ----- Rupees -----                                    |                    |          |          |                    |
| <b>Financial assets</b>                               |                    |          |          |                    |
| Financial assets at fair value through profit or loss | 104,083,471        | -        | -        | 104,083,471        |
| <b>Total financial assets</b>                         | <u>104,083,471</u> | <u>-</u> | <u>-</u> | <u>104,083,471</u> |

The above table does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the nine months period ended 31 March 2020. Further there was no transfer in and out of level 3 measurements.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

**Level 1:** The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and equity securities) based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

**Level 2:** The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

#### (ii) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include the use of quoted market prices.

## **Selected Notes To The Consolidated Condensed Interim Financial Statements (Un-audited)**

For The Quarter and Nine Months Period Ended March 31, 2020

### **16. FINANCIAL RISK MANAGEMENT**

The Group financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual financial statements of the Group for the year ended 30 June 2019.

### **17. EVENT AFTER THE REPORTING PERIOD**

The Board of Directors of the Group have declared an interim dividend of Rupees Nil per ordinary share at their meeting held on April 28, 2020. These condensed interim financial statements do not include the effect of the above interim dividend which will be accounted for in the period in which it is declared.

### **18. CORRESPONDING FIGURES**

In order to comply with the requirements of International Accounting Standard (IAS) 34 'Interim Financial Reporting', the consolidated condensed interim statement of financial position and consolidated condensed interim statement of changes in equity have been compared with the balances of annual audited financial statements of preceding financial year, whereas, the consolidated condensed interim statement of profit or loss, consolidated condensed interim statement of comprehensive income and consolidated condensed interim statement of cash flows have been compared with the balances of comparable period of immediately preceding financial year.

Corresponding figures have been rearranged, wherever necessary, for the purpose of comparison, however, no significant rearrangements have been made.

### **19. DATE OF AUTHORIZATION FOR ISSUE**

These consolidated condensed interim financial statements were approved by the Board of Directors and authorized for issue on April 28, 2020.

### **20. GENERAL**

Figures have been rounded off to nearest of Rupee.



**Chief Executive**



**Director**



**Chief Financial Officer**



**Corporate Office:**

1-A, Danepur Road, G.O.R-1, Lahore.

UAN: +92 42 111 645 942

Phone: +92 42 36311881-3

Fax: +92 42 36311884

**Karachi Office:**

C-6/1, Street No.3, Bath Island,  
Clifton Karachi

Phone: +92-21-35290674-5

**Islamabad Office:**

Suite No. 1402, 14th Floor,  
Green Trust Tower,  
Jinnah Avenue, Blue Area Islamabad.

Phone: +92-51-2813054-6

**Multan Office:**

House No. 95, Block C,  
Phase III, Model Town, Multan.

Phone: +92-61-6521101-3

**Peshawar Office:**

Office No.280, 3rd Floor,  
Deans Trade Centre,  
Islamia Road, Peshawar Cantt.

Phone: +92-91-5253186-7

[www.hitechlubricants.com](http://www.hitechlubricants.com)

www.jamapunji.pk



سروایہ کاری سمجھداری کے ساتھ



**Key features:**

- 📄 Licensed Entities Verification
- 🔍 Scam meter\*
- 🎮 Jamapunji games\*
- 📊 Tax credit calculator\*
- 🏢 Company Verification
- 📋 Insurance & Investment Checklist
- 🗨️ FAQs Answered

- 📈 Stock trading simulator (based on live feed from KSE)
- 📖 Knowledge center
- 📊 Risk profiler\*
- 📊 Financial calculator
- 🔔 Subscription to Alerts (event notifications, corporate and regulatory actions)
- 📱 Jamapunji application for mobile device
- 🎮 Online Quizzes



Jama Punji is an Investor Education Initiative of Securities and Exchange Commission of Pakistan

jamapunji.pk @jamapunji.pk

\*Mobile apps are also available for download for android and ios devices