

Condensed Interim Financial Information
For the Quarter Ended September 30, 2019

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

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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@cdcsrcsl.com,
Website: <https://www.cdcsrcsl.com>

REGISTERED / HEAD OFFICE

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Phone: +92-42-111-645-645
Fax: +92-42-3631-18-14
Email Address: info@masgroup.org

WEBSITE:

www.hitechlubricants.com
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

INTERNAL AUDITORS

EY Ford Rhodes, Chartered Accountants
96-B/ 1, Pace Mall Building 4th Floor,
M.M. Alam Road, Gulberg II Lahore
Phone: +92-42-35778402
Fax: +92-42-35778412

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 sharing financial information for the first quarter ended September 30, 2019. The Company incurred a loss of PKR 2.14 per share on a consolidated basis.

The Company managed gross sales of PKR 669 million, down by 71% as compared to same quarter last year. While the first quarter is always a seasonally weak quarter for HTL, the decline in sales was caused primarily by challenging economic conditions whereby customers have lost purchasing power and consequently reduced the frequency of their vehicle's oil change. As a result, the market for lubricants has slowed down. This further aggravated the situation where reluctance of various parts of the supply chain to comply with some of the new government regulations – primarily the requirement to produce CNIC numbers for all purchases above PKR 50,000. This is part of the government's drive to document (and therefore more adequately tax) the economy of the country. While we are supportive of these goals, there is no question that this is having an adverse effect on the sales of the Company in the short run. Supply chains in Pakistan across industries have been impacted by new government regulations, and it is unclear how and when the current standoff between the government and traders will end.

Despite less than satisfactory results on the top line, the Company has been able to reduce administrative and distribution expenses compared to last year on adoption of effective cost-cutting measures. Reduction in overheads was achieved despite the amortization of OMC expenses post the grant of the license. We are therefore hopeful that when the economy returns to stability HTL stands ready to benefit, with a more streamlined cost structure.

Position of IPO Funds

Bank balances of PKR 91.871 million (30 June 2019: PKR 12.053 million) and short term investments of PKR 774.689 million (30 June 2019: PKR 871.949 million) at 30 September 2019 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

Keeping the state of economy in mind, we propose to expand in the following areas where we have the potential of growth.

HTL Express

We have 8 operational centers in Pakistan and further growth in this segment will be pursued through franchise. These centers are aimed at enhancing sales in the retail segment, thereby improving gross margins.

Oil Marketing Company (OMC)

Oil and Gas Regulatory Authority (OGRA) has finally issued us a marketing license to operate 26 fuel stations in Punjab. We believe we are operational by the end of current quarter ending December 31, 2019 based on other operational approvals.

Hi-Tech Blending (Private) Limited (HTBL)

Our blending plant has been a very successful venture and is producing encouraging results every year. For the first time since its inception, we have successfully blended products under the brand name ZIC in Pakistan. These locally blended products cater to various segments of the market consisting of Passenger Car Motor Oil (PCMO), Heavy Duty Diesel Oil (HDDO) and Motorcycle Oil (MCO). We plan to add more variants in our blending line in near future.

The Company thanks its shareholders, employees and customers for their continued support.



Mr. Hassan Tahir
(Chief Executive)

Lahore
October 26, 2019



Mr. Shaukat Hassan
(Chairman)

ڈائریکٹرز کا جائزہ

عزیز ہمداران!

بورڈ آف ڈائریکٹرز کی جانب سے ہم پہلی سہ ماہی ختمہ ۳۰ ستمبر ۲۰۱۹ء کی مالیاتی معلومات پیش کر رہے ہیں۔ کمپنی نے اس سہ ماہی میں 2.14 روپے فی حصص کے حساب سے نقصان اٹھایا ہے۔

کمپنی اپنی فروخت کو ۶۶۹ ملین روپے کی سطح پر رکھ سکی جو کہ گزشتہ سال کی اسی سہ ماہی سے ۷۱ فیصد کم رہی۔ جیسا کہ آپ کے علم میں ہے کہ پہلی سہ ماہی ہمیشہ سے ہی کمپنی کے لیے کمزور رہی ہے اسکے ساتھ سخت معاشی حالات نے صارف کی قوت خرید کو بھی کھودیا ہے جسکی وجہ سے آئل بدلنے کی تعداد میں کمی واقع ہوئی اور لبریکیشن مارکیٹ میں خاصی سست روی رہی۔ اس صورت حال کو حکومتی پالیسی جو کہ معیشت کو دستاویزی بنانے کے متعلق ہے پر کچھ فراہمی کے حلقوں نے ٹیکچا ہٹ کا مظاہرہ کیا جس میں ہر خریداری جو کہ پچاس ہزار روپے سے ذائد ہو خریدار کے شناختی کارڈ نمبر کا بنانا ضروری ہے، ہم حکومت کی اس کوشش کے حمایتی ہیں لیکن اسکے مختصر مدت میں برے اثرات کے حامی نہیں۔ فروخت کے حلقوں میں حکومت کی اس مہم نے تمام صنعتوں کو متاثر کیا ہے اور اس کا حل بھی ابھی تک کسی بھی نتیجے پر نہیں پہنچ سکا۔

اوپر کی لائن کے غیر اطمینان بخش نتائج کے باوجود کمپنی اپنے انتظامی اور سبھی خرچوں کو کافی حد تک کم کرنے میں کامیاب رہی ہے۔ یہ خرچے حتیٰ کہ آئل مارکیٹنگ کے خرچوں کو شامل کرنے کے بعد بھی کم رہے ہیں۔ ہم پر امید ہیں کہ جب معیشت کے حالات بہتر ہوں گے تو ہم بھی ہموار لاگت کے فائدے میں ہوں گے۔

آئی پی او فنڈز کی پوزیشن

۳۰ ستمبر ۲۰۱۹ء کو ۸۱۔۸۷ ملین روپے کا بینک بیلنس (۳۰ جون ۲۰۱۹ء کو ۱۲۰۵۳ ملین روپے) اور مختصر میعاد کی ۶۸۹۔۷۷ ملین روپے کی سرمایہ کاری (۳۰ جون ۲۰۱۹ء کو ۹۳۹۔۸۷ ملین روپے) ابتدائی پیک آفس سے حاصل غیر استعمال شدہ آمدنی کو ظاہر کرتی ہے اور رقم صرف کمپنی کے آئل مارکیٹنگ پروجیکٹ کے لیے ہی مختص ہے۔

آئندہ کالاجہ عمل

معیشت کو ذہن میں رکھتے ہوئے ہم مندرجہ ذیل پرائیکٹس میں پھیلاؤ کر رہے ہیں جہاں مکمل طور پر ترقی کی راہیں نظر آتی ہیں:

HTL ایکسپریس

ہمارے ۸ ایکسپریس سروس سینٹرز اس وقت پورے پاکستان میں کام کر رہے ہیں اور ہم اس میں مزید ترقی کو فریجناز سے ممکن بنائیں گے۔ ہمیں امید ہے کہ یہ سینٹرز کمپنی کی بڑھوتری اور مجموعی مارجن کی ترقی میں کردار ادا کریں گے۔

آئل مارکیٹنگ کمپنی (OMC)

اگر نئے کمپنی کو ۲۶ پٹرول پمپ پورے پنجاب میں چلانے کی اجازت دے دی ہے۔ ہمیں امید ہے کہ آنے والی سہ ماہی کے آخر تک انتظامی منظوری کے بعد پمپ کام شروع کر دیں گے۔

ہائی ٹیک لیبز (پرائیویٹ) لمیٹڈ (HTBL)

ہمارا لیبز پلانٹ ایک کامیاب ڈپنچر کے طور پر ابھرا ہے اور ہر سال بہتر نتائج دے رہا ہے۔ شروع ہونے سے لے کر اب تک پہلی مرتبہ ہم نے ذک (ZIC) برانڈ کے نام کے ساتھ پاکستان میں مصنوعات تیار کی ہیں۔ یہ مقامی طور پر تیار کردہ مصنوعات مارکیٹ کے مختلف سیکٹرز کو cater کر رہی ہیں جن میں مسافر گاڑیوں کے انجن آئل، ڈیزل انجن آئل اور موٹر سائیکل انجن آئل شامل ہیں۔ ہم جلد ہی اپنی لیبز پلانٹ لائن میں زیادہ مصنوعات شامل کرنے کا ارادہ رکھتے ہیں۔ کمپنی اپنے ہمداران، ملازمین اور صارفین کے مسلسل تعاون کی بے حد شکر گزار ہے۔

Shau

جناب شوکت حسن

(چیئرمین)

Shau

جناب حسن طاہر

(چیف ایگزیکٹو)

لاہور، ۲۶ اکتوبر ۲۰۱۹ء

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

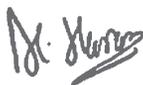
As At September 30, 2019

	Note	Un-Audited September 30, 2019 Rupees	Audited June 30, 2019 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital 150,000,000 (2019: 150,000,000) 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		1,813,154,956	2,066,744,479
Total equity		2,973,194,956	3,226,784,479
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	4	-	1,822,078
Liabilities against assets subject to finance lease	5	19,480,247	26,624,594
Long term deposits		1,000,000	1,000,000
Deferred income tax liability - net		-	-
		20,480,247	29,446,672
CURRENT LIABILITIES			
Trade and other payables	6	1,153,184,924	739,055,365
Accrued mark-up / profit		37,592,073	69,576,268
Short term borrowings	7	1,230,754,038	1,974,915,754
Current portion of non-current liabilities		49,084,379	70,938,562
Unclaimed dividend		3,897,434	4,026,209
Taxation - net		98,170	1,223,803
		2,474,611,018	2,859,735,961
Total liabilities		2,495,091,265	2,889,182,633
CONTINGENCIES AND COMMITMENTS			
	8		
TOTAL EQUITY AND LIABILITIES		5,468,286,221	6,115,967,112

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



Chief Executive



Director



Chief Financial Officer

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

As At September 30, 2019

	Note	Un-Audited September 30, 2019 Rupees	Audited June 30, 2019 Rupees
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	9	1,605,769,329	1,583,889,323
Intangible assets	10	8,215,996	8,038,481
Investment in subsidiary company	11	1,300,000,600	1,300,000,600
Long term loans to employees		-	-
Long term security deposits		26,104,150	26,154,150
Deferred income tax asset - net		39,183,233	39,183,233
		<u>2,979,273,308</u>	<u>2,957,265,787</u>
CURRENT ASSETS			
Stock-in-trade	12	1,252,669,734	801,994,295
Trade debts		78,991,961	1,189,383,247
Loans and advances		72,063,264	36,748,025
Short term deposits and prepayments		52,598,038	48,893,939
Other receivables		51,637,472	32,515,191
Accrued interest		1,721,437	7,772,338
Short term investments		789,925,617	882,468,837
Cash and bank balances	13	189,405,390	158,925,453
		<u>2,489,012,913</u>	<u>3,158,701,325</u>
TOTAL ASSETS		<u><u>5,468,286,221</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)

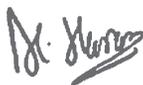
For The Quarter Ended September 30, 2019

	Un-Audited September 30, 2019 Rupees	Un-Audited September 30, 2018 Rupees
GROSS SALES	606,054,702	2,147,442,246
Discounts	(15,247,366)	(65,916,118)
Sales tax	(127,575,463)	(355,386,829)
NET SALES	<u>463,231,873</u>	<u>1,726,139,300</u>
COST OF SALES	<u>(397,789,979)</u>	<u>(1,447,367,044)</u>
GROSS PROFIT	65,441,894	278,772,256
DISTRIBUTION COST	(205,246,480)	(267,854,633)
ADMINISTRATIVE EXPENSES	(98,954,859)	(132,676,925)
OTHER EXPENSES	(4,672,446)	(22,251,983)
	(308,873,785)	(422,783,541)
OTHER INCOME	<u>41,034,784</u>	<u>17,618,432</u>
LOSS FROM OPERATIONS	(202,397,107)	(126,392,853)
FINANCE COST	<u>(37,918,619)</u>	<u>(23,557,396)</u>
LOSS BEFORE TAXATION	(240,315,726)	(149,950,249)
TAXATION	<u>(13,273,797)</u>	<u>(54,061,575)</u>
LOSS AFTER TAXATION	<u>(253,589,523)</u>	<u>(204,011,824)</u>
LOSS PER SHARE - BASIC AND DILUTED	<u>(2.19)</u>	<u>(1.76)</u>

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



Chief Executive



Director



Chief Financial Officer

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

For The Quarter Ended September 30, 2019

	Un-Audited September 30, 2019 Rupees	Un-Audited September 30, 2018 Rupees
LOSS AFTER TAXATION	(253,589,523)	(204,011,824)
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 FOR THE PERIOD	<u>(253,589,523)</u>	<u>(204,011,824)</u>

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



Chief Executive



Director



Chief Financial Officer

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

For The Quarter Ended September 30, 2019

	Note	Un-Audited September 30, 2019 Rupees	Un-Audited September 30, 2018 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (utilized in) / generated from operations	14	808,546,763	(935,112,943)
Finance cost paid		(69,902,814)	(22,537,259)
Income tax paid		(14,399,430)	(62,488,629)
Net decrease in long term loans to employees		105,042	453,853
Net decrease in long term security deposits		1,276,700	(1,325,100)
Decrease in long term deposits		-	-
Net cash (used in) / generated from operating activities		<u>725,626,261</u>	<u>(1,021,010,078)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on operating fixed assets		(56,904,772)	(31,650,038)
Capital expenditure on intangible assets		(827,500)	(1,307,486)
Proceeds from disposal of operating fixed assets		12,674,538	926,790
Loans to subsidiary company		-	(186,500,000)
Short term investments - net		93,657,770	(25,000,000)
Dividend received		2,297,617	148,500
Interest received on loans to subsidiary company		7,741,006	15,306,534
Profit on bank deposits and term deposit receipts received		21,326,115	9,182,496
Net cash (used in) / from investing activities		<u>79,964,774</u>	<u>(218,893,204)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of liabilities against assets subject to finance lease		(15,926,449)	(40,300,038)
Dividend paid		(128,775)	(638,156)
Repayment of long term financing		(14,894,159)	(3,750,000)
Short term borrowings - net		(744,161,716)	945,237,263
Net cash from / (used in) financing activities		<u>(775,111,098)</u>	<u>900,549,069</u>
Net (decrease) / increase in cash and cash equivalents		<u>30,479,937</u>	<u>(339,354,212)</u>
Cash and cash equivalents at the beginning of the period		<u>158,925,453</u>	<u>471,604,750</u>
Cash and cash equivalents at the end of the period		<u>189,405,390</u>	<u>132,250,538</u>

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



Chief Executive



Director



Chief Financial Officer

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

For The Quarter Ended September 30, 2019

	RESERVES				TOTAL EQUITY
	CAPITAL RESERVE	REVENUE RESERVE	TOTAL RESERVES		
	SHARE PREMIUM	UN-APPROPRIATED PROFIT			
SHARE CAPITAL					
(----- Rupees -----)					
Balance as at 01 July 2018 - Un-Audited	1,160,040,000	1,441,697,946	1,290,983,072	2,732,681,018	3,892,721,018
Transaction with owners:					
Loss for the three months ended of 30 September 2018	-	-	(204,011,824)	(204,011,824)	(204,011,824)
Other comprehensive income for the three months ended of 30 September 2018	-	-	-	-	-
Total comprehensive loss for the three months ended of 30 September 2018	-	-	(204,011,824)	(204,011,824)	(204,011,824)
Balance as at 30 September 2018 - Un-Audited	<u>1,160,040,000</u>	<u>1,441,697,946</u>	<u>1,086,971,248</u>	<u>2,528,669,194</u>	<u>3,688,709,194</u>
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
Loss for the three months ended of 30 September 2019	-	-	(253,589,523)	(253,589,523)	(253,589,523)
Other comprehensive income for the three months ended of 30 September 2019	-	-	-	-	-
Total comprehensive loss for the three months ended of 30 September 2019	-	-	(253,589,523)	(253,589,523)	(253,589,523)
Balance as at 30 September 2019 - Un-Audited	<u>1,160,040,000</u>	<u>1,441,697,946</u>	<u>371,457,010</u>	<u>1,813,154,956</u>	<u>2,973,194,956</u>

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



Chief Executive



Director



Chief Financial Officer

Selected Notes To And Forming Part Of The Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the quarter ended September 30, 2019

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 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 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.

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.

3.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these 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.

Selected Notes To And Forming Part Of The Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the quarter ended September 30, 2019

	Un-Audited September 30, 2019 Rupees	Audited June 30, 2019 Rupees
4. LONG TERM FINANCING		
From conventional bank - secured		
Bank Al-Habib Limited-1 (Note 4.1)	-	5,783,742
Bank Al-Habib Limited-2 (Note 4.1)	1,822,078	9,110,417
	<u>1,822,078</u>	<u>14,894,159</u>
Less : Current portion shown under current liabilities	1,822,078	13,072,081
	<u>-</u>	<u>1,822,078</u>
4.1	These facilities have been obtained to build warehouse at the property of Hi-Tech Blending (Private) Limited - subsidiary company at Sundar Raiwind Road, Lahore. These facilities are secured against hypothecation charge over current assets of the Company of Rupees 1,067 million and personal guarantees of directors of the Company. These carry mark-up at the rate of 3 months KIBOR plus 1.75% per annum. These are repayable in 12 equal quarterly installments. Effective rate of mark-up charged during the period ranged from 12.67% to 14.70% (2019: 8.67% to 12.67%) per annum.	
5. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
Future minimum lease payments	74,635,946	90,562,395
Less: Un-amortized finance charge	6,071,320	6,071,320
Present value of future minimum lease payments	68,564,626	84,491,075
Less: Current portion shown under current liabilities	49,084,379	57,866,481
	<u>19,480,247</u>	<u>26,624,594</u>
6. TRADE AND OTHER PAYABLES		
Creditors	553,087,030	224,019,143
Accrued liabilities	361,814,396	428,888,431
Advances from customers	125,302,407	37,112,697
Earnest money payable	1,525,827	1,525,827
Customs duty and other charges payable	104,374,222	10,073,760
Income tax deducted at source	4,338,928	4,861,908
Sales tax payable	-	29,826,527
Payable to employees' provident fund trust	2,742,114	2,747,073
	<u>1,153,184,924</u>	<u>741,802,439</u>
7. SHORT TERM BORROWINGS		
Short term borrowing - secured		
From banking companies - secured		
Short term finances (Note 7.1 and 7.2)	1,157,526,839	1,535,873,239
Running musharakah / musawamah finance (Note 7.1 and 7.3)	73,227,199	439,042,515
	<u>1,230,754,038</u>	<u>1,974,915,754</u>
7.1	These finances are obtained from banking companies under mark-up / profit arrangements and are secured against trust receipts, first joint pari passu hypothecation charge over current assets, lien over term deposit receipts and personal guarantees of sponsor directors.	
7.2	The rates of mark-up ranged from 11.76% to 14.81% (2019: 7.00% to 14.30%) per annum.	

Selected Notes To And Forming Part Of The Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the quarter ended September 30, 2019

7.3 The rates of profit ranged from 13.97% to 14.84% (2019: 7.42% to 14.80%) per annum.

8. CONTINGENCIES AND COMMITMENTS

8.1 Contingencies

- 8.1.1** Corporate guarantees of Rupees 2,102.50 million (2019: Rupees 1,425.52 million) have been given by the Company to the banks in respect of financing to Hi-Tech Blending (Private) Limited - subsidiary company.
- 8.1.2** Guarantees of Rupees 58 million (2019: Rupees 58 million) are given by the bank of the Company to Director Excise and Taxation, Karachi against disputed amount of infrastructure cess.
- 8.1.3** Guarantees of Rupees 22 million (2019: Rupees 22 million) are given by the bank of the Company to Chairman, Punjab Revenue Authority, Lahore against disputed amount of infrastructure cess.
- 8.1.4** Guarantee of Rupees 6 million (2019: Rupees 6 million) and Rupees 2.25 million (2019: Rupees 2.25 million) are given by the banks of the Company to Total Parco Pakistan Limited and Pakistan State Oil Company Limited respectively against fuel cards obtained by the Company for its employees.
- 8.1.5** During the year ended 30 June 2018, assessment under section 161 / 205 of the Income Tax Ordinance, 2001 for the tax year 2014 was finalized by the Deputy Commissioner Inland Revenue creating a demand of Rupees 18.207 million against the Company. The Company, being aggrieved filed an appeal before the Commissioner Inland Revenue (Appeals) [CIR(A)], who decided the case in favor of the Company reducing the total demand to Rupees 0.191 million. However, Income Tax Department has filed an appeal against the order of the CIR(A) before the Appellate Tribunal Inland Revenue and the same is pending adjudication. No provision against the original tax demand has been recognized in these financial statements, as the Company, based on advice of the tax advisor, is confident of favorable outcome of litigation.
- 8.1.6** On 05 June 2018, the Competition Commission of Pakistan ("CCP") has initiated a formal enquiry under the provisions of the Competition Act, 2010 ("the Act") on complaint against the Company and its subsidiary company, Hi-Tech Blending (Private) Limited by Chevron Pakistan Lubricants (Private) Limited ("Chevron") for adopting deceptive marketing practices in contravention of section 10 of the Act. It has also been prayed by Chevron to CCP to impose a penalty of 10% of the annual turnover of the Company and its subsidiary company and / or Rupees 75 million, as CCP may deem appropriate. CCP has concluded its enquiry on the complaint lodged by Chevron on 07 February 2019. On 20 August 2019, subsequent to the reporting period, CCP has issued a show cause notice to the Company and its subsidiary company regarding deceptive marketing practices by distributing false and misleading information about its brand "ZIC" under section 10 of the Act. The Company and its subsidiary company have appeared before the CCP through their advocates, rejecting the contents of the enquiry report concluded by CCP, and expects a favorable outcome of the matter. Therefore, no provision for penalty has been recognized in these financial statements.
- 8.1.7** On 19 December 2018, the Company has filed an appeal before Commissioner Inland Revenue Appeals [CIR(A)] against the order of Deputy Commissioner Inland Revenue (DCIR). DCIR passed an order under section 122(1) and 122(5A) of the Income Tax Ordinance, 2001 for tax year 2013 whereby a demand of Rupees 83.595 million has been raised. CIR(A) vide order dated 18 December 2018 has upheld some of the additions made by DCIR and also directed the DCIR to give opportunity of hearing to the Company in one of the said matters. Being aggrieved by the order of CIR(A), the Company filed appeal before the Appellate Tribunal Inland Revenue [ATIR] which is pending adjudication. No provision against this demand has been recognized in these financial statements, as the Company, based on advice of the tax advisor, is confident of favorable outcome of litigation.

Selected Notes To And Forming Part Of The Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the quarter ended September 30, 2019

- 8.1.8** Deputy Commissioner Inland Revenue (DCIR) has passed an assessment order on 28 November 2018 under sections 161 and 205 of the Income Tax Ordinance, 2001 for the tax year 2015 whereby a demand of Rupees 22.358 million has been raised. On 21 December 2018, the Company has filed an appeal before the Commissioner Inland Revenue (Appeals) [CIR(A)] against the order of DCIR. CIR(A) accepted the Company's stance on certain issues assailed in appeal and reduced the aggregate demand to Rupees 10.735 million. Being aggrieved by the order of CIR(A), the Company has filed appeal before the Appellate Tribunal Inland Revenue [ATIR] which is pending adjudication. No provision against this demand has been recognized in these financial statements, as the Company, based on advice of the tax advisor, is confident of favorable outcome of litigation.

	Un-Audited September 30, 2019 Rupees	Audited June 30, 2019 Rupees
8.2 Commitments		
8.2.1 Capital expenditures:		
Contracts	171,438,154	206,035,941
Letters of credit	-	-
	<u>171,438,154</u>	<u>206,035,941</u>
8.2.2 Letters of credit other than for capital expenditures	<u>20,795,701</u>	<u>245,018,196</u>
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:		
Not later than one year	3,439,841	5,269,381
Later than one year but not later than five years	1,440,551	3,135,023
	<u>4,880,392</u>	<u>8,404,404</u>
9. FIXED ASSETS		
Property and equipment:		
Operating fixed assets		
- Owned (Note 9.1)	1,355,192,576	1,375,599,503
- Leased (Note 9.2)	104,476,048	114,952,001
	1,459,668,624	1,490,551,504
Capital work-in-progress (Note 9.3)	146,100,705	93,337,819
	<u>1,605,769,329</u>	<u>1,583,889,323</u>
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)	4,141,886	590,586,466
Add: Book value of assets transferred from assets subject to finance lease during the period / year (Note 9.2.1)	4,681,392	3,127,903
	1,384,422,781	1,430,023,631
Less: Book value of assets written off during the period / year	-	-
Less: Book value of deletions during the period / year (Note 9.1.2)	7,789,082	3,887,865
	1,376,633,700	1,426,135,766
Less: Depreciation charged during the period / year	21,441,122	50,536,263
Closing book value	<u>1,355,192,577</u>	<u>1,375,599,503</u>
9.1.1 Cost of additions during the period / year		
Freehold land	-	12,276,632
Buildings on freehold land	-	153,895,968
Buildings on leasehold land	827,586	145,204,269
Machinery	-	60,412,469
Pipes and Tanks	-	112,915,635
Furniture and fittings	-	6,462,383
Vehicles	-	6,282,637
Office equipment	1,753,525	89,181,486
Computers	1,560,775	3,954,987
	<u>4,141,886</u>	<u>590,586,466</u>

Selected Notes To And Forming Part Of The Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the quarter ended September 30, 2019

	Un-Audited September 30, 2019 Rupees	Audited June 30, 2019 Rupees
9.1.2 Book value of deletions during the period / year		
Cost:		
Vehicles	20,224,748	11,909,757
Computers	74,000	77,249
Less: Accumulated depreciation	12,509,667	8,099,141
	7,789,082	3,887,865
9.2 Operating fixed assets – leased		
Opening book value	114,952,001	94,226,431
Add: Cost of additions during the period / year	-	52,386,047
	114,952,001	146,612,478
Less: Book value of assets transferred to owned assets during the period / year (Note 9.2.1)	4,681,392	3,127,903
	110,270,609	143,484,575
Less: Book value of deletions during the period / year (Note 9.2.2)	-	1,174,275
	110,270,609	142,310,300
Less: Depreciation charged during the period / year	5,794,560	27,358,299
Closing book value	104,476,048	114,952,001
9.2.1 Book value of assets transferred to owned assets during the period / year		
Cost:		
Vehicles	7,240,568	7,127,160
Less: Accumulated depreciation	2,559,176	3,999,257
	4,681,392	3,127,903
9.2.2 Book value of assets written off during the period / year		
Cost:		
Vehicles	-	1,304,750
Less: Accumulated depreciation	-	130,475
	-	1,174,275
9.3 Capital work-in-progress		
Advance against purchase of apartment (Note 9.3.1)	25,226,750	25,226,750
Civil works	54,570,973	8,596,431
Dispensing Pumps	23,984,539	23,984,539
Mobilization and other advances	25,200,614	34,016,071
Unallocated expenditures	17,117,829	1,514,028
	146,100,705	93,337,819

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 financial statements.

Selected Notes To And Forming Part Of The Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the quarter ended September 30, 2019

	Un-Audited September 30, 2019 Rupees	Audited June 30, 2019 Rupees
10. INTANGIBLE ASSETS		
Computer softwares (Note 10.1)	4,910,371	4,732,856
Intangible asset in progress - computer software	3,305,625	3,305,625
	<u>8,215,996</u>	<u>8,038,481</u>
10.1 Computer softwares		
Opening book value	4,732,856	2,894,585
Add: Cost of additions during the period	827,500	4,720,367
Less: Book value of intangible assets written off	-	-
Less: Amortization charged during the period	649,985	2,882,096
Closing book value	<u>4,910,371</u>	<u>4,732,856</u>
Cost as at 30 September 2019	33,545,147	32,717,646
Accumulated amortization	<u>(28,634,776)</u>	<u>(27,984,790)</u>
Net book value as at 30 September 2019	<u>4,910,371</u>	<u>4,732,856</u>
10.2 Intangible assets - computer softwares have been amortized at the rate of 30% (2019: 30%) per annum.		
11. INVESTMENT IN SUBSIDIARY COMPANY - AT COST		
Hi-Tech Blending (Private) Limited - unquoted		
130,000,060 (2019: 130,000,060) fully paid ordinary shares of Rupees 10 each		
Equity held 100% (2019: 100%)	<u>1,300,000,600</u>	<u>1,300,000,600</u>
12. STOCK-IN-TRADE		
Lubricants (Note 12.1)	1,249,550,411	798,874,972
Less: Provision for slow moving and damaged inventory items	<u>7,532,393</u>	<u>7,532,393</u>
	1,242,018,018	791,342,579
Dispensing pumps and other installations (Note 12.2)	10,411,114	10,411,114
Stock of promotional items	<u>240,602</u>	<u>240,602</u>
	<u>1,252,669,734</u>	<u>801,994,295</u>
12.1 This includes stock-in-transit of Rupees Nil (2019: Rupees 26.503 million) and stock amounting to Rupees 4,996.488 million (2019: Rupees Nil million) lying at customs bonded warehouses.		
12.2 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.		
13. CASH AND BANK BALANCES		
Cash in hand	884,942	617,416
Cash at banks:		
Saving accounts (Note 13.1)	<u>117,332,582</u>	<u>31,499,739</u>
Current accounts	<u>71,187,866</u>	<u>126,808,298</u>
	<u>188,520,448</u>	<u>158,308,037</u>
	<u>189,405,390</u>	<u>158,925,453</u>
13.1 Saving accounts carry profit at the rates ranging from 10% to 11.25% (2019: 4% to 11%) per annum.		
14. CASH GENERATED FROM / (UTILIZED IN) OPERATIONS	Un-Audited September 30, 2019 Rupees	Un-Audited September 30, 2018 Rupees
Profit before taxation	(240,315,726)	(149,950,249)
Adjustments for non-cash charges and other items:		
Depreciation on operating fixed assets	27,235,683	15,024,541
Amortization on intangible assets	649,985	661,458
Gain on disposal of operating fixed assets	(4,885,456)	(460,686)
Dividend income	(2,297,617)	(148,500)
Profit on bank deposits and term deposit receipts	(23,016,220)	(13,746,605)
Interest income on loans to subsidiary company	-	(3,262,641)
Unrealized loss on remeasurement of investments at fair value	(1,114,550)	869,899
Exchange loss - net	(6,704,528)	16,644,584
Finance cost	37,918,619	23,557,396
Working capital changes (Note 14.1)	<u>1,021,076,573</u>	<u>(824,302,140)</u>
	<u>808,546,763</u>	<u>(935,112,943)</u>

Selected Notes To And Forming Part Of The Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the quarter ended September 30, 2019

	Un-Audited September 30, 2019 Rupees	Audited June 30, 2019 Rupees
14.1 Working capital changes		
Decrease / (increase) in current assets:		
Stock-in-trade	(450,675,439)	(939,259,786)
Trade debts	1,110,391,286	65,611,650
Loans and advances	(35,420,281)	(117,291,767)
Short term deposits and prepayments	(4,930,799)	(6,384,039)
Other receivables	(19,122,281)	(21,430,341)
	600,242,486	(1,018,754,283)
(Decrease) / increase in trade and other payables	420,834,087	194,452,143
	<u>1,021,076,573</u>	<u>(824,302,140)</u>

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 transactions with related parties, other than those which have been disclosed else where in these financial statements, are as follows:

Relationship	Nature of transaction	Un-Audited September 30, 2019 Rupees	Un-Audited September 30, 2018 Rupees
i Transactions			
Subsidiary company			
Hi-Tech Blending (Private) Limited	Sale of lubricants	72,200	71,400
	Purchase of lubricants	214,664,752	731,096,789
	Loans disbursed	-	186,500,000
	Interest charged on short term loans	-	3,262,641
	Lease rentals paid	750,000	750,000
Associated companies			
MAS Associates (Private) Limited	Share of common expenses	151,425	222,728
Other related parties			
SK Lubricants Co., Ltd.	Purchase of lubricants	482,654,993	1,282,060,670
Provident fund trust	Contribution	4,139,107	4,353,289
Sabra Hamida Trust	Donations	4,500,000	3,500,000
ii. Period end balances			
Subsidiary company:			
Investment in Hi-Tech Blending (Private) Limited		1,300,000,600	1,300,000,600
Receivable from Hi-Tech Blending (Private) Limited		89,201	62,861
Payable to Hi-Tech Blending (Private) Limited		301,579,747	161,559,560
Short term loan		-	186,500,000
Accrued interest on short term loan		-	3,262,641
Associated company			
Receivable from MAS Associates (Private) Limited		151,425	143,687
Other related party:			
Receivable from SK Lubricants Company Limited		28,501,777	17,024,000
Payable to SK Lubricants Company Limited		201,763,028	246,471,966
Payable to employees' provident fund trust		2,742,114	2,713,637

Selected Notes To And Forming Part Of The Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the quarter ended September 30, 2019

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 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 at 30 September 2019	Level 1	Level 2	Level 3	Total
----- Rupees -----				
Financial assets				
Financial assets at fair value through profit or loss	107,150,996	-	-	107,150,996

Recurring fair value measurements at 30 June 2019	Level 1	Level 2	Level 3	Total
----- Rupees -----				
Financial assets				
Financial assets at fair value through profit or loss	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 period. 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 equity securities) is 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 maximize 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 technique used to value financial instruments is the use of quoted market prices.

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. GENERAL

Figures have been rounded off to nearest of Rupee.



Chief Executive



Director



Chief Financial Officer

Consolidated Condensed Interim Statement Of Financial Position (Un-audited)

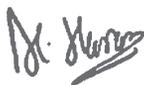
As At September 30, 2019

	Note	Un-Audited September 30, 2019 Rupees	Audited June 30, 2019 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
150,000,000 (2019: 150,000,000)			
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		2,494,538,627	2,736,611,044
Total equity		3,654,578,627	3,896,651,044
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	4	-	1,822,078
Liabilities against assets subject to finance lease	5	19,988,478	27,928,496
Long term deposits		1,000,000	1,000,000
Deferred liabilities		127,928,278	87,695,308
		148,916,756	118,445,882
CURRENT LIABILITIES			
Trade and other payables	6	1,059,830,030	688,493,701
Accrued mark-up / profit		49,113,369	81,921,213
Short term borrowings	7	1,658,605,470	2,243,170,808
Current portion of non-current liabilities		51,721,183	77,436,745
Unclaimed dividend		3,897,434	4,026,209
		2,823,167,486	3,095,048,676
Total liabilities		2,972,084,242	3,213,494,558
CONTINGENCIES AND COMMITMENTS	8		
TOTAL EQUITY AND LIABILITIES		6,626,662,869	7,110,145,602

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 (Un-audited)

As At September 30, 2019

	Note	Un-Audited September 30, 2019 Rupees	Audited June 30, 2019 Rupees
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	9	3,129,796,635	3,121,595,388
Intangible assets	10	8,651,593	8,510,507
Long term loans to employees		-	-
Long term security deposits		28,410,350	28,460,350
Deferred income tax asset - net		39,183,233	-
		3,206,041,811	3,158,566,245
CURRENT ASSETS			
Stores		31,435,221	24,186,433
Stock-in-trade	11	1,861,503,268	1,181,900,227
Trade debts		78,974,968	1,189,383,247
Loans and advances		99,476,120	53,856,012
Short term deposits and prepayments		62,946,424	61,026,609
Other receivables		82,507,993	32,546,523
Short term investments		789,925,617	882,468,837
Taxation - net		221,173,881	217,275,722
Cash and bank balances	12	192,677,566	308,935,747
		3,420,621,058	3,951,579,357
TOTAL ASSETS		6,626,662,869	7,110,145,602


Chief Executive


Director


Chief Financial Officer

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

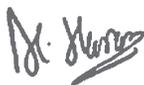
For The Quarter Ended September 30, 2019

	Un-Audited September 30, 2019 Rupees	Un-Audited September 30, 2018 Rupees
GROSS SALES	668,509,743	2,271,728,700
Discounts	(15,247,366)	(65,916,118)
Sales tax	(190,030,504)	(479,673,283)
NET SALES	463,231,873	1,726,139,299
COST OF SALES	(355,426,479)	(1,333,763,456)
GROSS PROFIT	107,805,394	392,375,843
DISTRIBUTION COST	(210,884,069)	(267,104,632)
ADMINISTRATIVE EXPENSES	(111,746,202)	(149,872,869)
OTHER EXPENSES	(4,887,844)	(20,176,854)
	(327,518,115)	(437,154,354)
OTHER INCOME	44,476,157	14,456,627
LOSS FROM OPERATIONS	(175,236,564)	(30,321,884)
FINANCE COST	(52,512,320)	(42,800,550)
LOSS BEFORE TAXATION	(227,748,884)	(73,122,434)
TAXATION	(14,323,533)	(70,209,111)
LOSS AFTER TAXATION	(242,072,417)	(143,331,545)
EARNINGS PER SHARE - BASIC AND DILUTED	(2.09)	(1.24)

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 Ended September 30, 2019

	Un-Audited September 30, 2019 Rupees	Un-Audited September 30, 2018 Rupees
LOSS AFTER TAXATION	(242,072,417)	(143,331,545)
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 FOR THE PERIOD	<u>(242,072,417)</u>	<u>(143,331,545)</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 Cash Flows (Un-audited)

For The Quarter Ended September 30, 2019

		Un-Audited September 30, 2019 Rupees	Un-Audited September 30, 2018 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	13	527,185,306	(1,341,516,493)
Finance cost paid		(72,675,340)	(35,537,556)
Income tax paid		(36,147,263)	(64,270,084)
Net decrease in long term loans to employees		105,042	453,853
Net decrease / (increase) in long term security deposits		1,276,700	(1,325,100)
Decrease / (increase) in long term deposits		-	-
Net cash generated from / (used in) from operating activities		419,744,445	(1,442,195,380)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on operating fixed assets		(54,370,398)	(39,850,924)
Capital expenditure on intangible assets		(827,500)	(1,995,485)
Proceeds from disposal of operating fixed assets		13,624,538	926,790
Short term investments - net		93,657,770	(25,000,000)
Dividend received		2,297,617	148,500
Interest received on loan to subsidiary company		7,741,006	-
Profit on bank deposits and term deposit receipts received		21,326,115	9,182,496
Net cash used in investing activities		83,449,148	(56,588,622)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of liabilities against assets subject to finance lease		(15,926,449)	(50,389,554)
Short term borrowings - net		(584,565,338)	1,172,951,117
Dividend paid		(128,775)	(638,156)
Repayment of long term financing		(18,831,213)	(28,536,989)
Net cash (used in) / from financing activities		(619,451,774)	1,093,386,419
Net decrease in cash and cash equivalents		(116,258,181)	(405,397,584)
Cash and cash equivalents at beginning of the period		308,935,747	566,946,678
Cash and cash equivalents at end of the period		192,677,566	161,549,094

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 Ended September 30, 2019

	RESERVES				TOTAL EQUITY
	CAPITAL RESERVE	REVENUE RESERVE	TOTAL RESERVES		
	SHARE PREMIUM	UN-APPROPRIATED PROFIT			
SHARE CAPITAL					
	(----- Rupees -----)				
Balance as at 01 July 2018 - Un-Audited	1,160,040,000	1,441,697,946	1,484,963,024	2,926,660,970	4,086,700,970
Transactions with owners	-	-	-	-	-
Loss for the period ended 30 September 2018	-	-	(143,331,545)	(143,331,545)	(143,331,545)
Other comprehensive income for the period ended 30 September 2018	-	-	-	-	-
Total comprehensive income for the period ended 30 September 2018	-	-	(143,331,545)	(143,331,545)	(143,331,545)
Balance as at 30 September 2018 - Un-Audited	<u>1,160,040,000</u>	<u>1,441,697,946</u>	<u>1,341,631,479</u>	<u>2,783,329,425</u>	<u>3,943,369,425</u>
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	-	-	-	-	-
Loss for the period ended 30 September 2019	-	-	(242,072,417)	(242,072,417)	(242,072,417)
Other comprehensive income for the period ended 30 September 2019	-	-	-	-	-
Total comprehensive income for the period ended 30 September 2019	-	-	(242,072,417)	(242,072,417)	(242,072,417)
Balance as at 30 September 2019 - Un-Audited	<u>1,160,040,000</u>	<u>1,441,697,946</u>	<u>1,052,840,681</u>	<u>2,494,538,627</u>	<u>3,654,578,627</u>

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



Chief Executive



Director



Chief Financial Officer

Selected Notes To and Forming Part Of The Consolidated Condensed Interim Financial Information (Un-audited)

For The Quarter Ended September 30, 2019

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.

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 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.

Selected Notes To and Forming Part Of The Consolidated Condensed Interim Financial Information (Un-audited)

For The Quarter Ended September 30, 2019

	Un-Audited September 30, 2019 Rupees	Audited June 30, 2019 Rupees
4. LONG TERM FINANCING		
From banking company - secured		
Holding Company		
Bank Al-Habib Limited-1 (Note 4.1)	-	5,783,742
Bank Al-Habib Limited-2 (Note 4.1)	1,822,078	9,110,417
	1,822,078	14,894,159
Subsidiary Company		
Bank Al-Habib Limited (Note 4.2)	380,125	4,317,179
	2,202,203	19,211,338
Less: Current portion shown under current liabilities	2,202,203	17,389,260
	-	1,822,078
4.1	These facilities have been obtained to build warehouse at the property of Hi-Tech Blending (Private) Limited - Subsidiary Company at Sundar Raiwind Road, Lahore. These facilities are secured against hypothecation charge over current assets of the Holding Company of Rupees 1,067 million and personal guarantees of directors of the Holding Company. These carry mark-up at the rate of 3 months KIBOR plus 1.75% per annum. These are repayable in 12 equal quarterly installments. Effective rate of mark-up charged during the year ranged from 8.47% to 14.70% (2019: 8.67% to 12.67%) per annum.	
4.2	These term finance facilities, aggregating to Rupees 250.939 million (2018: 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 year ranged from 8.47% to 13.13% (2019: 8.47% to 13.13%) per annum.	
5. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
Future minimum lease payments	77,400,856	94,390,621
Less: Un-amortized finance charge	6,071,320	6,414,640
Present value of future minimum lease payments	71,329,536	87,975,981
Less: Current portion	51,341,058	60,047,485
	19,988,478	27,928,496
6. TRADE AND OTHER PAYABLES		
Creditors	343,954,409	82,935,759
Accrued liabilities	423,723,261	495,570,454
Advances from customers	125,213,206	37,112,697
Retention money payable	309,292	309,292
Earnest money payable	1,525,827	1,525,827
Customs duty and other charges payable	104,374,222	10,073,760
Income tax deducted at source	7,725,450	7,103,602
Employees' provident fund trust payable	3,283,124	3,128,271
Workers' profit participation fund	44,719,986	43,094,065
Workers' welfare fund	5,001,253	5,001,253
Sales tax payable	-	2,638,721
	1,059,830,030	688,493,701

Selected Notes To and Forming Part Of The Consolidated Condensed Interim Financial Information (Un-audited)

For The Quarter Ended September 30, 2019

	Un-Audited September 30, 2019 Rupees	Audited June 30, 2019 Rupees
7. SHORT TERM BORROWINGS		
From banking companies - secured		
- Holding Company		
Running finances (Note 7.1 and Note 7.2)	1,157,526,839	1,535,873,239
Running musharakah / musawamah finance (Note 7.1 and Note 7.3)	73,227,199	439,042,515
	1,230,754,038	1,974,915,754
- Subsidiary Company		
Short term finance (Note 7.4 and Note 7.5)	427,851,432	233,566,400
Murabaha / Musawamah finance (Note 7.4 and Note 7.6)	-	34,688,654
	427,851,432	268,255,054
	1,658,605,470	2,243,170,808

7.1 These finances are obtained from banking companies under markup / profit arrangements and are secured against trust receipts, first joint pari passu hypothecation charge over current assets, lien over term deposit receipts and personal guarantees of sponsor directors of the Holding Company.

7.2 The rates of mark-up ranged from 11.76% to 14.81% (2019: 7.00% to 14.30%) per annum.

7.3 The rates of profit ranged from 13.97% to 14.84% (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 year ranged from Nil (2019: 7.92 to 11.77%) per annum.

8. CONTINGENCIES AND COMMITMENTS

8.1 Contingencies

8.1.1 Corporate guarantees of Rupees 2,102.50 million (2019: Rupees 1,425.52 million) have been given by the Holding Company to the banks in respect of financing to Hi-Tech Blending (Private) Limited - Subsidiary Company.

8.1.2 Guarantees of Rupees 93 million (2019: Rupees 93 million) are given by the bank of the Group to Director Excise and Taxation, Karachi against disputed amount of infrastructure cess.

8.1.3 Guarantees of Rupees 46.49 million (2019: Rupees 46.49 million) are given by the bank of the Group to Chairman, Punjab Revenue Authority, Lahore against disputed amount of infrastructure cess.

8.1.4 Guarantee of Rupees 6 million (2019: Rupees 6 million) and Rupees 2.25 million (2019: Rupees 2.25 million) are given by the banks of the Holding Company to Total Parco Pakistan Limited and Pakistan State Oil Company Limited respectively against fuel cards obtained by the Holding Company for its employees.

Selected Notes To and Forming Part Of The Consolidated Condensed Interim Financial Information (Un-audited)

For The Quarter Ended September 30, 2019

- 8.1.5** On 05 June 2018, the Competition Commission of Pakistan ("CCP") has initiated a formal enquiry under the provisions of the Competition Act, 2010 ("the Act") on complaint against the Holding Company and its wholly-owned Subsidiary Company, Hi-Tech Blending (Private) Limited by Chevron Pakistan Lubricants (Private) Limited ("Chevron") for adopting deceptive marketing practices in contravention of section 10 of the Act. It has also been prayed by Chevron to CCP to impose a penalty of 10% of the annual turnover of the Holding Company and its wholly-owned Subsidiary Company and / or Rupees 75 million, as CCP may deem appropriate. CCP has concluded its enquiry on the complaint lodged by Chevron on 07 February 2019. On 20 August 2019, subsequent to the reporting period, CCP has issued a show cause notice to the Holding Company and its wholly-owned Subsidiary Company regarding deceptive marketing practices by distributing false and misleading information about its brand "ZIC" under section 10 of the Act. The Holding Company and its wholly-owned Subsidiary Company have appeared before the CCP through their advocates, rejecting the contents of the enquiry report concluded by CCP, and expects a favorable outcome of the matter. Therefore, no provision for penalty has been recognized in these consolidated financial statements.
- 8.1.6** On 13 September 2018, Commissioner Inland Revenue ordered to initiate sales tax enquiry for the sales tax period from July 2015 to June 2018 alleging the 'evasion of sales tax' on various grounds against the Subsidiary Company through officers of Inland Revenue under section 38 and section 25(2) of the Sales Tax Act, 1990 ("the Act") and required the Subsidiary Company to submit various records in this regard. Based on the enquiry report, Assistant Commissioner Inland Revenue has issued a show cause notice to the Subsidiary Company mainly on account of short payment of sales tax and extra tax of Rupees 39.808 million and Rupees 29.739 million respectively. On 07 February 2019, the Subsidiary Company through its tax advisor submitted the reply of show cause notice along with supporting documents. Based on the reply submitted by the Subsidiary Company, Deputy Commissioner Inland Revenue has passed an assessment order on 29 April 2019 under section 11 of the Act, where tax demand on account of sales tax has been reduced to Rupees 41.023 million including penalty and default surcharge of Rupees 1.619 million and Rupees 8.745 million on non-payment of sales tax respectively. On 23 May 2019, the Subsidiary Company being aggrieved from the decision of Deputy Commissioner Inland Revenue has filled appeal before Commissioner Inland Revenue (Appeals). On 29 August 2019 Commissioner Inland Revenue (Appeals) decided the case by reducing the demand to Rupees 0.966 Million including penalty and default surcharge of Rupees 0.643 million. On 11 October 2019, the Commissioner Inland Revenue being aggrieved from the decision of Commissioner Inland Revenue (Appeals) has filled appeal before Appellate Tribunal which is still pending for adjudication.
- 8.1.7** During the year ended 30 June 2018, assessment under sections 161 and 205 of the Income Tax Ordinance, 2001 for the tax year 2014 was finalized by the Deputy Commissioner Inland Revenue creating a demand of Rupees 18.207 million against the Holding Company. The Holding Company, being aggrieved filed an appeal before the Commissioner Inland Revenue (Appeals) [CIR(A)], who decided the case in favor of the Holding Company reducing the total demand to Rupees 0.191 million. However, Income Tax Department has filed an appeal against the order of the CIR(A) before the Appellate Tribunal Inland Revenue and the same is pending adjudication. No provision against the original tax demand has been recognized in these consolidated financial statements, as the Holding Company, based on advice of the tax advisor, is confident of favorable outcome of litigation.
- 8.1.8** On 19 December 2018, the Holding Company has filed an appeal before Commissioner Inland Revenue Appeals [CIR(A)] against the order of Deputy Commissioner Inland Revenue (DCIR). DCIR passed an order under sections 122(1) and 122(5A) of the Income Tax Ordinance, 2001 for tax year 2013 whereby a demand of Rupees 83.595 million has been raised. CIR(A) vide order dated 18 December 2018 has upheld some of the additions made by DCIR and also directed the DCIR to give opportunity of hearing to the Holding Company in one of the said matters. Being aggrieved by the order of CIR(A), the Holding Company filed appeal before the Appellate Tribunal Inland Revenue (ATIR) which is pending adjudication. No provision against this demand has been recognized in these consolidated financial statements, as the Holding Company, based on advice of the tax advisor, is confident of favorable outcome of litigation.
- 8.1.9** Deputy Commissioner Inland Revenue (DCIR) has passed an assessment order on 28 November 2018 under sections 161 and 205 of the Income Tax Ordinance, 2001 for the tax year 2015 whereby a demand of Rupees 22.358 million has been raised. On 21 December 2018, the Holding Company has filed an appeal before the Commissioner Inland Revenue (Appeals) [CIR(A)] against the order of DCIR. CIR(A) accepted the Holding Company's stance on certain issues assailed in appeal and reduced the aggregate demand to Rupees 10.735 million. Being aggrieved by the order of CIR(A), the Holding Company has filed appeal before the Appellate Tribunal Inland Revenue (ATIR) which is pending adjudication. No provision against this demand has been recognized in these consolidated financial statements, as the Holding Company, based on advice of the tax advisor, is confident of favorable outcome of litigation.

Selected Notes To and Forming Part Of The Consolidated Condensed Interim Financial Information (Un-audited)

For The Quarter Ended September 30, 2019

	Un-Audited September 30, 2019 Rupees	Audited June 30, 2019 Rupees
8.2 Commitments		
8.2.1 Capital expenditures:		
Contracts	185,833,880	220,431,667
Letters of credit	-	-
	<u>185,833,880</u>	<u>220,431,667</u>
8.2.2 Letters of credit other than capital expenditures	<u>163,126,806</u>	<u>-</u>
8.2.3 The amount of future ijara rentals for ijara financing and the period in which these payments will become due		
Not later than one year	3,439,841	5,269,381
Later than one year but not later than five years	1,440,551	3,135,023
	<u>4,880,392</u>	<u>8,404,404</u>
9. FIXED ASSETS		
Operating fixed assets:		
- Owned (Note 9.1)	2,846,488,574	2,880,461,259
- Leased (Note 9.2)	108,568,644	119,259,997
	<u>2,955,057,218</u>	<u>2,999,721,256</u>
Capital work-in-progress (Note 9.3)	174,739,417	121,874,132
	<u>3,129,796,635</u>	<u>3,121,595,388</u>
9.1 Operating fixed assets – owned		
Opening book value	2,880,461,259	2,274,075,216
Add: Cost of additions during the period / year (Note 9.1.1)	5,143,772	646,744,318
Add: Book value of assets transferred from assets subject to finance lease during the period / year (Note 9.2.1)	4,681,392	83,707,173
	<u>2,890,286,423</u>	<u>3,004,526,707</u>
Less: Book value of assets written off during the period / year		-
Less: Book value of deletions during the period / year (Note 9.1.2)	7,789,082	4,075,590
	<u>2,882,497,342</u>	<u>3,000,451,117</u>
Less: Depreciation charged during the period / year	36,008,767	119,989,858
Closing book value	<u>2,846,488,574</u>	<u>2,880,461,259</u>
9.1.1 Cost of additions during the period / year		
Freehold land	-	12,276,632
Buildings on freehold land	-	242,964,918
Buildings on leasehold land	827,586	56,135,319
Machinery	928,000	110,572,649
Pipes and Tanks	-	112,915,635
Electric Installation	-	4,034,140
Furniture and fittings	73,886	6,594,133
Vehicles	-	6,282,637
Office equipment	1,753,525	90,569,793
Computers	1,560,775	4,398,462
	<u>5,143,772</u>	<u>646,744,318</u>
9.1.2 Book value of deletions during the period / year		
Cost:		
Vehicles	20,224,748	12,324,051
Computers	74,000	77,249
Less: Accumulated depreciation	12,509,667	8,325,710
	<u>7,789,082</u>	<u>4,075,590</u>

Selected Notes To and Forming Part Of The Consolidated Condensed Interim Financial Information (Un-audited)

For The Quarter Ended September 30, 2019

	Un-Audited September 30, 2019 Rupees	Audited June 30, 2019 Rupees
9.2 Operating fixed assets – leased		
Opening book value	119,259,997	183,496,576
Add: Cost of additions during the period / year	-	54,870,357
	119,259,997	238,366,933
Less: Book value of assets transferred to owned assets during the period / year (Note 9.2.1)	4,681,392	83,707,173
	114,578,605	154,659,760
Less: Book value of deletions during the period / year (Note 9.2.2)	-	1,174,275
	114,578,605	153,485,485
Less: Depreciation charged during the period / year	6,009,960	34,225,488
Closing book value	108,568,645	119,259,997
9.2.1 Book value of assets transferred to owned assets during the period / year		
Cost:		
Vehicles	7,240,568	38,020,583
Plant & Machinery	-	74,815,436
Less: Accumulated depreciation	2,559,176	29,128,846
	4,681,392	83,707,173
9.2.2 Book value of assets written off during the period / year		
Cost:		
Vehicles	-	1,304,750
Less: Accumulated depreciation	-	130,475
	-	1,174,275
9.3 Capital work-in-progress		
Advance against purchase of apartment (Note 9.3.1)	25,226,750	25,226,750
Civil works	68,920,161	22,843,220
Dispensing Pumps	23,984,539	23,984,539
Mobilization and other advances	39,490,138	48,305,595
Unallocated expenditures	17,117,829	1,514,028
	174,739,417	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 Holding 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 Holding Company and the fact that the Holding 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 financial statements.		
10. INTANGIBLE ASSETS		
Computer softwares (Note 10.1)	5,345,968	5,204,882
Intangible asset under development - computer software	3,305,625	3,305,625
	8,651,593	8,510,507
10.1 Intangible assets - computer softwares have been amortized at the rate of 30% (2019: 30%) per annum.		

Selected Notes To and Forming Part Of The Consolidated Condensed Interim Financial Information (Un-audited)

For The Quarter Ended September 30, 2019

	Un-Audited September 30, 2019 Rupees	Audited June 30, 2019 Rupees
11. STOCK-IN-TRADE		
Raw materials (Note 11.1)	267,767,575	377,929,673
Work-in-process	42,660,743	20,877,744
	310,428,318	398,807,417
Finished goods (Note 11.1.2)	1,547,955,627	779,973,487
Less: Provision for slow moving and damaged stock items	7,532,393	7,532,393
	1,540,423,234	772,441,094
Stock of promotional items	240,602	240,602
Dispensing pumps and other installations	10,411,114	10,411,114
	1,861,503,268	1,181,900,227

11.1 These include raw materials in transit amounting to Rupees Nil (2019: Rupees Nil) and raw materials amounting to Rupees 15.513 million(2019: Rupees Nil) lying at customs bonded warehouse.

11.1.2 These include stock-in-transit of Rupees Nil (2019: Rupees 26.503 million) and stock amounting to Rupees 4,996.488 million (2019: Rupees Nil million) lying at customs bonded warehouses.

	Un-Audited September 30, 2019 Rupees	Audited June 30, 2019 Rupees
12. CASH AND BANK BALANCES		
Cash in hand	1,672,249	971,200
Cash at banks:		
Saving accounts	117,332,582	31,499,739
Current accounts	73,672,735	276,464,808
	191,005,317	307,964,547
	192,677,566	308,935,747

	Un-Audited September 30, 2019 Rupees	Un-Audited September 30, 2018 Rupees
13. CASH GENERATED FROM OPERATIONS		
Profit/(Loss) before taxation	(227,748,884)	(73,122,434)
Adjustments for non-cash charges and other items:		
Depreciation on operating fixed assets	45,623,698	33,881,197
Amortization on intangible assets	686,414	735,827
Amortization of deferred income	-	(100,836)
Gain on disposal of operating fixed assets	(5,626,675)	(460,686)
Dividend income	(2,297,617)	(148,500)
Profit on bank deposits and short term investments	(23,016,220)	(13,746,605)
Unrealised loss on remeasurement of investments	(1,114,550)	869,899
Finance cost	52,512,320	42,800,550
Exchange (gain)/ loss - net	(9,404,682)	11,231,524
Provision for workers' profit participation fund	215,398	3,322,931
Working capital changes (Note 13.1)	697,356,104	(1,346,779,359)
	527,185,306	(1,341,516,493)

	Un-Audited September 30, 2019 Rupees	Un-Audited September 30, 2018 Rupees
13.1 Working capital changes		
Decrease / (increase) in current assets:		-
Stores	(7,248,788)	21,884,096
Stock-in-trade	(683,416,791)	(1,892,237,099)
Trade debts	664,691,738	65,611,650
Loans and advances	(50,262,208)	(7,525,544)
Short term deposits and prepayments	(3,146,515)	(8,345,302)
Other receivables	(21,083,559)	(65,722,030)
	(100,466,123)	(1,886,334,229)
(Decrease) / increase in trade and other payables	797,822,227	539,554,870
	697,356,104	(1,346,779,359)

Selected Notes To and Forming Part Of The Consolidated Condensed Interim Financial Information (Un-audited)

For The Quarter Ended September 30, 2019

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:

Relationship	Nature of transaction	Un-Audited September 30, 2019 Rupees	Un-Audited September 30, 2018 Rupees
i. Transactions			
Associated companies			
MAS Associates (Private) Limited	Share of common expenses	151,425	132,549
Other related parties			
SK Lubricants Co., Ltd.	Purchase of lubricants	578,544,811	1,018,363,581
Directors	Mark-up on loans from directors	-	1,436,208
Directors	Rent expense	-	2,314,266
Provident fund trusts	Contribution	4,778,918	3,092,673
Sabra Hamida Trust	Donations	4,500,000	3,000,000
ii. Period end balances			
Associated company			
Receivable from MAS Associates (Private) Limited		151,425	79,042
Other related party:			
Receivable from SK Lubricants Company Limited		28,501,777	17,024,000
Payable to SK Lubricants Company Limited		201,763,028	135,990,834
Payable to employees' provident fund trust		3,283,124	2,614,251

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 recognized and measured at fair value in these consolidated 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 at 30 September 2019	Level 1	Level 2	Level 3	Total
----- Rupees -----				
Financial assets				
Financial assets at fair value through profit or loss	107,150,996	-	-	107,150,996
----- Rupees -----				
Recurring fair value measurements at 30 June 2019	Level 1	Level 2	Level 3	Total
----- Rupees -----				
Financial assets				
Financial assets at fair value through profit or loss	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 period. Further there was no transfer in and out of level 3 measurements.

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

Selected Notes To and Forming Part Of The Consolidated Condensed Interim Financial Information (Un-audited)

For The Quarter Ended September 30, 2019

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is 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 maximize 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.

Valuation techniques used to determine fair values

- (ii) Specific valuation technique used to value financial instruments is the use of quoted market prices.

16. FINANCIAL RISK MANAGEMENT

The Group's 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. GENERAL

Figures have been rounded off to nearest of Rupee.



Chief Executive



Director



Chief Financial Officer

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