

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

WEBSITE:

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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)



Mr. Shaukat Hassan
(Chairman)

Lahore, April 28, 2020

ڈائریکٹرز کا جائزہ

عزیز ہمداران!

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 پچھلے نصف سال کے ۱.۱۶ 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 ۲۳۱۹ 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 غالب رہی اور یہ توقع کی جاتی ہے کہ لبریکینٹ 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 پی او فنڈز کی پوزیشن

۳۱ مارچ ۲۰۲۰ء کو ۲۳.۶۸۲ ملین روپے بینک بیلنس (۳۱ دسمبر ۲۰۱۹ء کو ۲۰.۵۸۲ ملین روپے کی سرمایہ کاری (۳۱ دسمبر ۲۰۱۹ء کو ۲۰.۳۰۸ ملین روپے) ابتدائی بیلک آفر سے حاصل غیر استعمال شدہ آمدنی کو ظاہر کرتی ہے اور صرف کمپنی کے آئل مارکیٹنگ پروجیکٹ 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 حدف ہے۔ اوگرا نے ایچ ٹی ایل کوپنٹیس ایچ ٹی ایل نیول 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 جبہ، صوبہ خیبر پختونخواہ، میں سٹوریج 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 لیکوڈیٹری کو دیکھنا اور بڑے اخراجات میں غفلندی ہماری حکمت عملی میں شامل ہیں۔ ہمارا آئل مارکیٹنگ پراجیکٹ، جو کہ قدامت پسند ہے اور جس کی اعانت ایکویٹی 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 سے سب سے پہلے اپنی جگہ بحال ہوں گی۔

کمپنی اپنے ہمداران، 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

(چیئرمین)

Captn

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 31 March, 2020 Rupees	Audited 30 June 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		<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>1,862,118,275</u>	<u>2,066,744,479</u>
Total equity		3,022,158,275	3,226,784,479
LIABILITIES			
NON-CURRENT LIABILITIES			
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
CURRENT LIABILITIES			
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
		<u>1,718,277,188</u>	<u>2,859,735,961</u>
Total liabilities		1,873,664,990	2,889,182,633
CONTINGENCIES AND COMMITMENTS			
	8		
TOTAL EQUITY AND LIABILITIES		<u><u>4,895,823,265</u></u>	<u><u>6,115,967,112</u></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 Financial Position (Un-audited)

As At March 31, 2020

	Note	Un-Audited 31 March, 2020 Rupees	Audited 30 June 2019 Rupees
ASSETS			
NON-CURRENT ASSETS			
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>
CURRENT ASSETS			
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>
TOTAL ASSETS		<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 2020	31 March 2019	31 March 2020	31 March 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	<u>3,712,427,287</u>	<u>5,821,932,250</u>	<u>1,635,814,907</u>	<u>1,587,102,717</u>
COST OF SALES	<u>(2,944,090,666)</u>	<u>(5,128,808,229)</u>	<u>(1,301,317,720)</u>	<u>(1,305,087,683)</u>
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	<u>(175,625,204)</u>	<u>(472,670,041)</u>	<u>9,497,862</u>	<u>(48,359,674)</u>
(LOSS) / PROFIT PER SHARE - BASIC AND DILUTED	<u>(1.51)</u>	<u>(4.07)</u>	<u>0.08</u>	<u>(0.41)</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 Comprehensive Income (Un-audited)

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

	NINE MONTHS ENDED		QUARTER ENDED	
	31 March 2020 Rupees	31 March 2019 Rupees	31 March 2020 Rupees	31 March 2019 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
	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	<u>1,160,040,000</u>	<u>1,441,697,946</u>	<u>1,271,192,781</u>	<u>2,712,890,727</u>	<u>3,872,930,727</u>
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	<u>1,160,040,000</u>	<u>1,441,697,946</u>	<u>595,515,740</u>	<u>2,037,213,686</u>	<u>3,197,253,686</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
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	<u>1,160,040,000</u>	<u>1,441,697,946</u>	<u>420,420,329</u>	<u>1,862,118,275</u>	<u>3,022,158,275</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 Cash Flows (Un-audited)

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

	Note	Un-audited 31 March , 2020 Rupees	Un-audited 31 March , 2019 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (utilized in) / generated from operations	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)
Net cash (used in) / generated from operating activities		<u>779,554,759</u>	<u>(1,151,067,982)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
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
Net cash (used in) / from investing activities		<u>(31,610,483)</u>	<u>(702,758,472)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
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
Net cash from / (used in) financing activities		<u>(852,356,287)</u>	<u>1,412,390,191</u>
Net (decrease) / increase in cash and cash equivalents		(104,412,011)	(441,436,263)
Cash and cash equivalents at the beginning of the period		158,925,453	471,604,750
Cash and cash equivalents at the end of the period		<u>54,513,442</u>	<u>30,168,487</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:

	Rupees
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 31 March 2020 Rupees	Audited 30 June 2019 Rupees
4. LONG TERM FINANCING		
From banking company - secured		
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
 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 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.		
 5. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
Future minimum lease payments	-	90,562,395
Less: Un-amortized finance charge	-	6,071,320
	-	84,491,075
Present value of future minimum lease payments	-	57,866,481
Less: Current portion shown under current liabilities	-	26,624,594
	-	26,624,594
 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 in Note 6 to these unconsolidated condensed interim financial statements.		
 6. LEASE LIABILITIES		
Total lease liabilities	179,797,562	-
Less: Current portion shown under current liabilities	24,909,760	-
	154,887,802	-
 6.1 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.		
6.2 Implicit rates against lease liabilities range from 8.36% to 15.23% per annum.		
 7. SHORT TERM BORROWINGS		
From banking companies - secured		
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
 7.1 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.		
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.		

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 31 March 2020 Rupees	Audited 30 June 2019 Rupees
8.2 Commitments		
8.2.1 Contract for capital expenditures	<u>92,363,476</u>	<u>206,035,941</u>
8.2.2 Letters of credit other than capital expenditure	<u>48,300,353</u>	<u>-</u>
8.2.3 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
	<u>3,448,223</u>	<u>8,404,404</u>

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
	<u>1,371,282,690</u>	<u>1,490,551,504</u>
Capital work-in-progress (Note 9.3)	<u>299,369,114</u>	<u>93,337,819</u>
	<u>1,670,651,804</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)	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	-
	<u>1,445,261,455</u>	<u>1,430,023,631</u>
Less: Book value of deletions during the period / year (Note 9.1.2)	<u>8,681,497</u>	<u>3,887,865</u>
	1,436,579,958	1,426,135,766
Less: Depreciation charged during the period / year	65,297,267	50,536,263
Closing book value	<u>1,371,282,691</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	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
	<u>62,580,117</u>	<u>590,586,466</u>

Selected Notes To The Unconsolidated Condensed
Interim Financial Statements (Un-audited)
For The Quarter and Nine Months Period Ended March 31, 2020

	Un-audited 31 March 2020 Rupees	Audited 30 June 2019 Rupees
9.1.2 Book value of deletions during the period / year		
Vehicles	8,561,195	3,860,540
Computer	120,302	27,325
	<u>8,681,497</u>	<u>3,887,865</u>
9.2 Operating fixed assets – leased		
Opening book value	114,952,001	94,226,431
Less: Transferred to right-of-use assets on adoption of IFRS 16	114,952,001	-
	-	94,226,431
Add: Cost of additions during the period / year	-	52,386,047
	-	146,612,478
Less: Book value of assets transferred to owned assets during the period / year	-	3,127,903
	-	143,484,575
Less: Book value of deletions during the period / year - vehicles	-	1,174,275
	-	142,310,300
Less: Depreciation charged during the period / year	-	27,358,299
Closing book value	-	<u>114,952,001</u>
9.3 Capital work-in-progress		
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	28,115,163	1,514,028
	<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
Net carrying amount	----- R u p e e s -----				
01 July 2019	172,223,344	7,436,287	113,656,577	1,295,424	294,611,632
31 March 2020	142,677,431	4,157,650	93,976,140	1,198,267	242,009,488
Depreciation expense for the period ended 31 March 2020	29,545,913	3,278,637	16,461,022	97,157	49,382,728

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 31 March 2020 Rupees	Audited 30 June 2019 Rupees
11. INTANGIBLE ASSETS		
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>
11.1 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>
12. INVESTMENT IN SUBSIDIARY COMPANY - at cost		
Hi-Tech Blending (Private) Limited - unquoted 130,000,060 (30 June 2019: 130,000,060) fully paid ordinary shares of Rupees 10 each Equity held: 100% (30 June 2019: 100%)	<u>1,300,000,600</u>	<u>1,300,000,600</u>
13. STOCK-IN-TRADE		
Lubricants (Note 13.1)	527,069,593	798,874,972
Less: Provision for slow moving and damaged inventory items	7,532,393	7,532,393
	<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	209,404	240,602
	<u>523,681,523</u>	<u>801,994,295</u>
13.1 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.		
13.2 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.		

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 2020 Rupees	31 March 2019 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)
	1,313,333,260	(956,693,786)
(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	
----- Rupees -----					
i. Transactions					
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	Audited
				31 March	30 June
				2020	2019
				Rupees	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.

	31 March 2020			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
Financial assets				
Financial assets at fair value through profit or loss	60,404,099	-	-	60,404,099
Total financial assets	60,404,099	-	-	60,404,099
Recurring fair value measurements				
Financial assets				
Financial assets at fair value through profit or loss	104,083,471	-	-	104,083,471
Total financial assets	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 March 31, 2020 Rupees	Audited June 30, 2019 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
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>
Total equity		<u>3,775,220,264</u>	<u>3,896,651,044</u>
LIABILITIES			
NON-CURRENT LIABILITIES			
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>
CURRENT LIABILITIES			
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>
Total liabilities		<u>2,706,173,646</u>	<u>3,213,494,558</u>
CONTINGENCIES AND COMMITMENTS			
	8		
TOTAL EQUITY AND LIABILITIES		<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 Financial Position

As At March 31, 2020

	Note	Un-Audited March 31, 2020 Rupees	Audited June 30, 2019 Rupees
ASSETS			
NON-CURRENT ASSETS			
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>
CURRENT ASSETS			
Stores		56,603,500	24,186,433
Stock-in-trade	12	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>
TOTAL ASSETS		<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 2020 Rupees	31 March 2019 Rupees	31 March 2020 Rupees	31 March 2019 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 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 2020	31 March 2019	31 March 2020	31 March 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

	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	<u>1,160,040,000</u>	<u>1,441,697,946</u>	<u>992,793,470</u>	<u>2,434,491,416</u>	<u>3,594,531,416</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:					
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	<u>1,160,040,000</u>	<u>1,441,697,946</u>	<u>1,173,482,318</u>	<u>2,615,180,264</u>	<u>3,775,220,264</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 and Nine Months Period Ended March 31, 2020

	Note	Un-audited 31 March 2020 Rupees	Un-audited 31 March 2019 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	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)
Net cash (used in) / generated from operating activities		664,994,094	(2,223,696,469)
CASH FLOWS FROM INVESTING ACTIVITIES			
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
Net cash used in investing activities		(45,047,096)	(201,850,414)
CASH FLOWS FROM FINANCING ACTIVITIES			
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
Net cash from / (used in) from financing activities		(863,372,926)	1,939,530,857
Net (decrease) / increase in cash and cash equivalents		(243,425,928)	(486,016,027)
Cash and cash equivalents at beginning of the period		308,935,747	566,946,678
Cash and cash equivalents at end of the period		65,509,819	80,930,651

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 31 March 2020 Rupees	Audited 30 June 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 (Note4.1)	1,822,078	9,110,417
	1,822,078	14,894,159
Subsidiary Company		
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.

	Un-audited 31 March 2020 Rupees	Audited 30 June 2019 Rupees
5. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
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
	<u>-</u>	<u>27,928,496</u>

- 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	-
	<u>155,396,033</u>	<u>-</u>

- 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)

Running musharakah / musawamah finance (Note 7.1 and Note 7.3)

- Subsidiary Company

1,205,222,163	1,535,873,239
50,000,000	439,042,515
1,255,222,163	1,974,915,754

Short term finance (Note 7.4 and Note 7.5)

Murabaha / Musawamah finance (Note 7.4 and Note 7.6)

261,555,594	233,566,400
-	34,688,654
261,555,594	268,255,054
<u>1,516,777,757</u>	<u>2,243,170,808</u>

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 31 March 2020 Rupees	Audited 30 June 2019 Rupees
8.2 Commitments		
8.2.1 Capital expenditures:		
Contracts	106,759,202	220,431,667
Letters of credit	-	-
	<u>106,759,202</u>	<u>220,431,667</u>
8.2.2 Letters of credit other than capital expenditures	<u>48,300,353</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	3,377,507	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)	<u>343,999,930</u>	<u>121,874,132</u>
	<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 31 March 2020 Rupees	Audited 30 June 2019 Rupees
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)	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	-
	2,951,320,097	3,004,526,707
Less: Book value of deletions during the period / year (Note 9.1.2)	8,893,817	4,075,590
	2,942,426,280	3,000,451,117
Less: Depreciation charged during the period / year	116,013,363	119,989,858
Closing book value	2,826,412,917	2,880,461,259
 9.1.1 Cost of additions during the period / year		
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
	63,777,003	646,744,318
 9.1.2 Book value of deletions during the period / year		
Cost:		
Vehicles	23,468,484	12,324,051
Less: Accumulated depreciation	14,694,969	8,275,786
	8,773,515	4,048,265
Computers	173,450	77,249
Less: Accumulated depreciation	53,148	49,924
	120,302	27,325
	8,893,817	4,075,590

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

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

	Un-audited 31 March 2020 Rupees	Audited 30 June 2019 Rupees
9.2 Operating fixed assets – leased		
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
9.3 Capital work-in-progress		
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 31 March 2020 Rupees	Audited 30 June 2019 Rupees
11. INTANGIBLE ASSETS		
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>
11.1. Opening book value	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>
12. STOCK-IN-TRADE		
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 2020	31 March 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 TRANSACTIONS	UN-AUDITED			
	NINE MONTHS ENDED		QUARTER ENDED	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019

----- Rupees -----

i. Transactions

Associated company

MAS Associates (Private) Limited	Share of common expenses	480,497	492,210	166,146	139,705
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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	Audited
31 March	30 June
2020	2019
Rupees	Rupees

ii. Period end balances

Associated company

Receivable from MAS Associates (Private) Limited	343,827	136,670
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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			Total
	Level 1	Level 2	Level 3	
Financial assets				
Financial assets at fair value through profit or loss	60,404,099	-	-	60,404,099
Total financial assets	60,404,099	-	-	60,404,099
----- Rupees -----				
Recurring fair value measurements	30 June 2019			Total
	Level 1	Level 2	Level 3	
Financial assets				
Financial assets at fair value through profit or loss	104,083,471	-	-	104,083,471
Total financial assets	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 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.

Valuation techniques used to determine fair values

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

(ii)

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.



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Director



Chief Financial Officer



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