

**HI-TECH LUBRICANTS LIMITED**  
**Condensed Interim Financial Information**  
For the Quarter Ended September 30, 2016

Improving  
**ENDURENCE**



Hi-Tech Lubricants Ltd.



# Company Information

## BOARD OF DIRECTORS

Shaukat Hassan  
Chairman  
(Non Executive Director)

Hassan Tahir  
(Chief Executive Officer)

Mohammad Basit Hassan  
(Executive Director)

Mohammad Ali Hassan  
(Executive Director)

Muhammad Tabassum Munir  
(Independent Director)

Syed Asad Abbas Hussain  
(Independent Director)

Dr. Safdar Ali Butt  
(Independent Director)

Tahir Azam  
(Non Executive Director)

Zalmai Azam  
(Non Executive Director)

Ji Won Park  
(SK Lubricants' Nominee Director)

## CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

Muhammad Imran

## EXTERNAL AUDITORS

Riaz Ahmad & Co.  
Chartered Accountants

## INTERNAL AUDITORS

EY Ford Rhodes Sidat Hyder  
Chartered Accountants

## REGISTERED OFFICE

1-A, Danepur Road, GOR-1  
Lahore  
+92-42-111-645-645  
Fax: +92-42-3631-18-14  
www.zicoil.pk  
www.hitechlubricants.com

## AUDIT COMMITTEE

Muhammad Tabassum Munir  
Chairman / Member

Dr. Safdar Ali Butt  
Member

Shaukat Hassan  
Member

Tahir Azam  
Member

Zalmai Azam  
Member

## HR & REMUNERATION COMMITTEE

Tahir Azam  
Chairman / Member

Shaukat Hassan  
Member

Mohammad Ali Hassan  
Member

Zalmai Azam  
Member

## LEGAL ADVISOR

Mr. Ijaz Lashari

## BANKERS AND LENDERS

Bank Al-Habib Limited

MCB Bank Limited

Bank Alfalah Limited

Habib Metropolitan Bank Ltd

Standard Chartered Bank

JS Bank Limited

Askari Bank Limited

National Bank Limited

United Bank Limited

The Bank of Punjab

## Directors' Report

The Directors of Hi-Tech Lubricants Limited take pleasure in presenting to its shareholders, the first quarter report along with the un-audited condensed interim financial information separate and consolidated of the Company for the three months period ended September 30, 2016.

### Financial and Operational Performance

The comparison of the un-audited financial results for the first quarter ended September 30, 2016 as against September 30, 2015 is as follows:

<i>All figures in millions of Pak Rs unless specifically stated otherwise</i>	Jul- Sep 2016	Jul- Sep 2015	Jul- Sep 2016	Jul- Sep 2015
	<b>Unconsolidated</b>		<b>Consolidated</b>	
Net Sales	<b>1,569</b>	<b>1,407</b>	<b>1,569</b>	<b>1,407</b>
Gross Profit	<b>411</b>	<b>400</b>	<b>415</b>	<b>400</b>
% of sales	26.2%	28.4%	26.4%	28.4%
Profit from Operations	<b>183</b>	<b>178</b>	<b>173</b>	<b>175</b>
% of sales	11.7%	12.7%	11.0%	12.4%
Profit before Tax	<b>178</b>	<b>174</b>	<b>164</b>	<b>170</b>
% of sales	11.3%	12.4%	10.4%	12.4%
Profit after Tax	<b>114</b>	<b>119</b>	<b>99</b>	<b>115</b>
% of sales	7.3%	8.5%	6.3%	8.1%
EPS-Basic (Prs)	<b>0.98</b>	<b>1.37</b>	<b>0.85</b>	<b>1.32</b>

During the first quarter of 2016, the Company has achieved net sales of PKR 1,569 million against net sales of PKR 1,407 million of corresponding period of last year, representing sales growth of 11.50%. The net margins decreased by almost 2.2% due to increase in cost of lubricant products internationally. Operations have generated earnings of PKR 183 million during the quarter under review against PKR 178 million of corresponding period of year 2015; resulting in an increase of PKR 5 million. The profit after tax shows a decrease of PKR 5 million mainly due to increase in Income taxes where after promulgation of Finance Act 2015, the company moves to final tax regime.

The Company continued to improve working capital performance by taking initiatives to rationalize inventory levels and trade debts.

### Contribution in revenues

The volumes improved positively by 18% as compared to the corresponding quarter of last year, however prices decreased substantially.

## Directors' Report

### Future Outlook

We believe that the intensity of competitiveness in the market will continue to grow. However, the directors are confident that the company will be able to remain ahead through a focus on effective marketing, stringent cost controls, product optimization, price rationalization and efficient working capital management.

### Company's Staff and Customers

We wish to record our appreciation for the hard work and commitment of our employees to the Company's objectives and continued patronage of our customers.



**Mr. Hassan Tahir**  
**(Chief Executive)**

Lahore  
October 24, 2016



**Mr. Shaukat Hassan**  
**(Chairman)**

# ڈائریکٹران کی رپورٹ برائے حصداران

ہائی ٹیک لبریکیشنس لیمیٹڈ کے ڈائریکٹران 30 ستمبر 2016ء کو ختم ہونے والی سہ ماہی کے غیر آڈٹ شدہ حسابات کی علیحدہ اور اکٹھی رپورٹ کمپنی کے حصص داران کو پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

مالی اور عملی کارکردگی

30 ستمبر 2016ء کو کمپنی کی مجموعی آمدنی علیحدہ اور اکٹھی 1,569 ملین روپے رہی جو کہ گزشتہ اسی عرصہ کی مجموعی آمدنی سے % 11.5 کے حساب سے زائد ہے۔ مجموعی مارجن % 2.2 کے حساب سے کم رہے جس کی وجہ بین الاقوامی سطح پر تیل کی قیمتوں میں اضافہ رہا۔ حتیٰ منافع میں پانچ ملین کی کمی رہی کیونکہ فنانس ایکٹ 2015ء کے نفاذ کی وجہ سے فائننس قوانین میں تبدیلی کے تحت کمپنی حتمی ٹیکس کے دور میں چلی گئی۔

کمپنی نے اس سال بھی اپنے انونٹری اور دینداران کو بہتر کیا تاکہ سرمایہ کا بہتر استعمال کیا جاسکے۔

مجموعی آمدنی میں حصہ

کمپنی کی مصنوعات بیچنے کی تعداد میں % 18 کا اضافہ دیکھا گیا لیکن گزشتہ سال کے مقابلے میں قیمتیں قابل ذکر کم رہیں۔

مستقبل کا نقطہ نظر

ہمیں یقین ہے کہ مارکیٹ میں مقابلے کی فضا اسی طرح قائم رہے گی تاہم ڈائریکٹراس بات پر متفق ہیں کہ مصنوعات کی مارکیٹنگ، خرچوں میں قابو، مصنوعات کو بہتر انداز اور قیمتوں میں تسلسل بنا کر مقابلے سے اچھی طرح نبرد آزما ہو سکیں گے۔

ہم کمپنی کے ملازمین کی انتھک محنت اور کاوشوں اور اپنے گاہکوں کے کمپنی پر اعتماد کا شکریہ ادا کرتے ہیں۔



شوکت حسن  
(چیئرمین آف بورڈ)



حسین طاہر  
(چیف ایگزیکٹو)

لاہور،

مورخہ اکتوبر 24، 2016ء

# Unconsolidated Condensed Interim Balance Sheet (Un-audited)

As at 30 September 2016

		Un-Audited September 30, 2016 Rupees	Audited June 30, 2016 Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised share capital 150,000,000 (2016: 150,000,000) ordinary shares of Rupees 10 (2016: 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>2,284,203,477</u>	<u>2,170,608,975</u>
<b>Total equity</b>		<b>3,444,243,477</b>	<b>3,330,648,975</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Long term financing		689,250	1,030,125
Liabilities against assets subject to finance lease		12,706,415	15,174,991
Long term deposits		<u>2,000,000</u>	<u>2,000,000</u>
		<b>15,395,665</b>	<b>18,205,116</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	5	<u>687,484,625</u>	<u>583,597,337</u>
Shrot term borrowings	6	197,783,170	-
Accrued mark-up		1,473,648	542,912
Current portion of non-current liabilities		19,377,162	21,751,630
Taxation - net		<u>33,540,356</u>	<u>34,249,757</u>
		<b>939,658,961</b>	<b>640,141,636</b>
<b>Total liabilities</b>		<b>955,054,626</b>	<b>658,346,752</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	7		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>4,399,298,103</b></u>	<u><b>3,988,995,727</b></u>

The annexed notes form an integral part of these financial statements.

  
Chief Executive

  
Director

<b>ASSETS</b>		<b>Un-Audited September 30, 2016 Rupees</b>	<b>Audited June 30, 2016 Rupees</b>
<b>NON-CURRENT ASSETS</b>			
Fixed assets	8	453,653,394	336,039,321
Investment in subsidiary company		1,323,460,000	1,102,760,000
Long term loans to employees		1,909,787	3,235,345
Long term security deposits		14,269,573	13,503,685
		<b>1,793,292,754</b>	<b>1,455,538,351</b>
<b>CURRENT ASSETS</b>			
Stock-in-trade		791,384,138	663,264,775
Trade debts		165,436,555	151,782,449
Loans and advances		230,131,132	58,790,666
Short term deposits and prepayments		31,198,340	13,684,348
Other receivables		7,182,429	508,913
Short Term Investments		1,253,198,690	1,458,562,799
Cash and bank balances	9	127,474,065	186,863,426
		<b>2,606,005,349</b>	<b>2,533,457,376</b>
<b>TOTAL ASSETS</b>		<b>4,399,298,103</b>	<b>3,988,995,727</b>

  
Chief Executive

  
Director

## Unconsolidated Condensed Interim Profit and Loss Account (Un-audited)

For the Quarter Ended September 30, 2016

	September 30, 2016 RUPEES	September 30, 2015 RUPEES
SALES	1,890,752,833	1,700,347,754
SALES TAX	(322,104,314)	(293,102,965)
NET SALES	1,568,648,519	1,407,244,789
COST OF SALES	(1,157,298,873)	(1,007,366,354)
GROSS PROFIT	411,349,646	399,878,435
DISTRIBUTION COST	(180,228,910)	(163,305,966)
ADMINISTRATIVE EXPENSES	(65,305,492)	(49,880,540)
OTHER EXPENSES	(6,236,544)	(9,418,378)
	(251,770,946)	(222,604,884)
OTHER INCOME	22,969,532	775,776
PROFIT FROM OPERATIONS	182,548,232	178,049,327
FINANCE COST	(3,809,703)	(4,193,474)
PROFIT BEFORE TAXATION	178,738,529	173,855,853
TAXATION	(65,144,026)	(54,473,307)
PROFIT AFTER TAXATION	113,594,503	119,382,546
BASIC EARNINGS PER SHARE	0.98	1.37

The annexed notes form an integral part of these financial statements.

  
Chief Executive

  
Director



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

For the Quarter Ended September 30, 2016

	Un-Audited September 30, 2016 Rupees	Audited June 30, 2016 Rupees
<b>PROFIT AFTER TAXATION</b>	<b>113,594,503</b>	119,382,546
<b>OTHER COMPREHENSIVE INCOME</b>		
Items that will not be reclassified to profit or loss	-	-
Items that will subsequently be reclassified to profit or loss	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>113,594,503</b>	<b>119,382,546</b>

The annexed notes form an integral part of these financial statements.

  
Chief Executive

  
Director

# Unconsolidated Condensed Interim Cash Flow Statement (Un-audited)

For the Quarter Ended September 30, 2016

	30 SEPTEMBER 2016 RUPEES	30 SEPTEMBER 2015 RUPEES
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	178,738,529	173,205,836
<b>Adjustments for non-cash charges and other items:</b>		
Depreciation on operating fixed assets	6,227,662	4,540,810
Amortization on intangible assets	1,677,620	747,038
Amortization of deferred income	-	(12,798)
Loss / (gain) on disposal of property and equipment	8,458	-
Profit on bank deposits and short term investments	(22,575,362)	(554,167)
Finance cost	3,809,703	4,193,474
Cash flows from operating activities before working capital changes	167,886,610	182,120,193
<b>Working capital changes</b>		
(Increase) / decrease in current assets:		
Stock-in-trade	(128,119,363)	(590,289,596)
Trade debts	(13,654,106)	76,114,115
Loans and advances	(171,800,960)	13,164,437
Short term deposits and prepayments	(17,513,992)	3,869,326
Other receivables	395,909	33,425,745
	(330,692,512)	(463,715,973)
Decrease in trade and other payables	104,286,306	193,308,301
	(58,519,596)	(88,287,479)
Finance cost paid	(2,878,967)	(6,022,354)
Income tax paid	(65,853,427)	(53,842,611)
Net increase in long term loans to employees	1,786,052	(1,248,285)
Long term security deposits - net	(765,888)	(17,375,300)
<b>Net cash generated from operating activities</b>	(126,231,826)	(166,776,030)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditure on property and equipment	(123,478,803)	(7,882,968)
Capital expenditure on intangible assets	-	(6,582,346)
Proceeds from disposal of property and equipment	39,480	-
Investment in subsidiary company	(220,700,000)	(59,450,000)
Proceeds from short term investment	205,364,109	-
Profit on bank deposits received	15,505,937	554,167
<b>Net cash used in investing activities</b>	(123,269,277)	(73,361,147)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of liabilities against assets subject to finance lease	(7,164,684)	(5,495,881)
Dividend paid	(399,018)	-
Repayment of long term financing	(107,726)	-
Short term borrowing - net	197,783,170	195,213,491
<b>Net cash used in financing activities</b>	190,111,742	189,717,610
<b>Net decrease in cash and cash equivalents</b>	(59,389,361)	(50,419,567)
<b>Cash and cash equivalents at beginning of the period</b>	186,863,426	86,783,717
<b>Cash and cash equivalents at end of the period</b>	127,474,065	36,364,150

The annexed notes form an integral part of these financial statements.

  
Chief Executive

  
Director

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

For the Quarter Ended September 30, 2016

	SHARE CAPITAL	SHARE PREMIUM	UN-APPROPRIATED PROFIT	TOTAL RESERVES	TOTAL EQUITY
	(----- Rupees -----)				
<b>Balance as at 01 July 2016</b>	1,160,040,000	1,441,697,946	728,911,028	2,170,608,974	3,330,648,974
Total comprehensive income for the three months ended September 30, 2016	-	-	113,594,503	113,594,503	113,594,503
<b>Balance as at 30 September 2016</b>	<u>1,160,040,000</u>	<u>1,441,697,946</u>	<u>842,505,531</u>	<u>2,284,203,477</u>	<u>3,444,243,477</u>
<b>Balance as at 01 July 2015</b>	870,030,000	-	367,451,433	367,451,433	1,237,481,433
Total comprehensive income for the three months ended September 30, 2015	-	-	119,382,546	119,382,546	119,382,546
<b>Balance as at 30 September 2015</b>	<u>870,030,000</u>	<u>-</u>	<u>486,833,979</u>	<u>486,833,979</u>	<u>1,356,863,979</u>

The annexed notes form an integral part of these financial statements.

  
Chief Executive

  
Director

# **Selected Notes to and Forming Part of the Unconsolidated Condensed Interim Financial Information (Un-audited)**

For the Quarter Ended September 30, 2016

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

Hi-Tech Lubricants Limited (“the 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 Company are 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 import and distribute petroleum products.

## **2. BASIS OF PREPARATION**

This condensed interim financial information of Hi-Tech Lubricants Limited (the Company) for the three months September 30, 2016 has been prepared in accordance with the requirement of the international accounting standard no.34 – interim financial reporting and provisions of and directive issued under the companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

## **3. ACCOUNTING POLICIES**

The accounting policies and the method of computation adopted in the preparation of the condensed interim financial information at the same as those applies in the preparation of the financial statement for the year ended June 30, 2016.

There are certain new and amended standards and interpretations that have been published and are mandatory for the accounting periods beginning on and after July 01, 2016 but are considered not to be relevant or did not have significant effect on the Company's operations and are, therefore, not detailed in these condensed interim financial information.

## **4. ACCOUNTING ESTIMATES JUDGEMENTS AND FINANCIAL RISK MANAGEMENT**

The preparation of this condensed interim financial information in conformity with approved accounting standard requires management 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.

Judgements and estimates made by the management in the preparation of this condensed interim financial information are the same as those that were applies to financial risk management objectives and policies are consistent with those disclosed in the financial statement as at and for the year ended June 30, 2016.

The company's financial risk management objectives and policies are consistent with those disclosed in the financial statement as at and for the year ended June 30, 2016.

## Selected Notes to and Forming Part of the Unconsolidated Condensed Interim Financial Information (Un-audited)

For the Quarter Ended September 30, 2016

	Un-Audited September 30, 2016 Rupees	Audited June 30, 2016 Rupees
<b>5. TRADE AND OTHER PAYABLES</b>		
Creditors	220,755,042	158,279,683
Accrued liabilities	193,859,709	140,211,383
Advances from customers	146,603,281	130,872,499
Retention money payable	134,311	134,311
Customs duty and other charges payable	102,297,338	74,217,825
Income tax deducted at source	7,113,147	9,696,944
Sales tax payable	14,617,258	69,320,229
Unclaimed dividend	465,445	864,463
Payable to employees' provident fund trust	1,639,094	-
	<b>687,484,625</b>	<b>583,597,337</b>
<b>6. SHORT TERM BORROWINGS</b>		
<b>From banking companies - secured</b>		
Running finances	136,434,975	23,561
Finance against trust receipts	61,348,195	519,351
	<b>197,783,170</b>	<b>542,912</b>

### 7. CONTINGENCIES AND COMMITMENTS

#### 7.1 Contingencies

- 7.1.1 The Additional Commissioner Inland Revenue has issued an assessment order for the tax year 2009 under section 122 (5A) of the Income Tax Ordinance, 2001 by creating a demand of Rupees 11.004 million on various grounds. Against the alleged order, the Company has filed an appeal before the Commissioner Inland Revenue (Appeals). The Commissioner Inland Revenue (Appeals) decided the case by deleting some of the provisions of the order whereby the tax demand has been reduced to Rupees 2.911 million which is mainly on account of non-deduction of withholding tax. Being aggrieved with order of the Commissioner Inland Revenue (Appeals), the Company has filed appeal before the Appellant Tribunal Inland Revenue which has not yet been decided. The management of the Company expects a favourable outcome, therefore no provision for the same has been made in these financial statements.

## Selected Notes to and Forming Part of the Unconsolidated Condensed Interim Financial Information (Un-audited)

For the Quarter Ended September 30, 2016

7.1.2 Corporate guarantees of Rupees 855 million (2015: Rupees 583.534 million) have been given by the Company to the banks in respect of financing to Hi-Tech Blending (Private) Limited, subsidiary company.

	Un-Audited September 30, 2016 Rupees	Audited June 30, 2016 Rupees
<b>7.2 Commitments</b>		
Contracts for capital expenditure	237,165,000	3,616,368
Letters of credit other than capital expenditure	148,029,788	340,535,013
<b>8. FIXED ASSETS</b>		
Property and equipment:		
Operating fixed assets		
- Owned	236,107,361	239,293,518
- Leased	42,806,913	42,898,138
	278,914,274	282,191,656
Capital work-in-progress	163,833,003	41,263,928
	442,747,277	323,455,584
Intangible assets:		
Computer softwares	10,906,117	12,583,737
	453,653,394	336,039,321
<b>9. CASH AND BANK BALANCES</b>		
Cash in hand	617,185	603,680
Cash at banks:		
Saving accounts	86,974,313	86,009,244
Current accounts	39,882,567	100,250,502
	126,856,880	186,259,746
	127,474,065	186,863,426

## Selected Notes to and Forming Part of the Unconsolidated Condensed Interim Financial Information (Un-audited)

For the Quarter Ended September 30, 2016

### 10. 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, 2016 Rupees	Un-Audited September 30, 2015 Rupees
<b>Subsidiary company</b>			
Hi-Tech Blending (Private) Limited	Share deposit money	220,700,000	59,450,000
	Purchase of lubricants	265,458,816	-
<b>Associated companies</b>			
MAS Associates (Private) Limited	Share of common expenses	113,003	91,854
SK Lubricants Company Limited	Purchase of lubricants	819,043,071	-
<b>Other related parties</b>			
Directors	Rent expense	4,129,685	4,129,671
Provident fund trust	Contribution	2,835,254	-

  
Chief Executive

  
Director

# Condensed Interim Consolidated Balance Sheet

As at 30 September 2016

	Un-Audited September 30, 2016 Rupees	Audited June 30, 2016 Rupees
<b>EQUITY AND LIABILITIES</b>		
<b>SHARE CAPITAL AND RESERVES</b>		
Authorised share capital 150,000,000 (2016: 150,000,000) ordinary shares of Rupees 10 (2016: Rupees 10) each	<b>1,500,000,000</b>	1,500,000,000
Issued, subscribed and paid-up share capital	<b>1,160,040,000</b>	1,160,040,000
Reserves	<b>2,241,308,855</b>	2,142,371,554
<b>Total equity</b>	<b>3,401,348,855</b>	3,302,411,554
<b>LIABILITIES</b>		
<b>NON-CURRENT LIABILITIES</b>		
Long term financing	<b>215,015,156</b>	215,356,033
Liabilities against assets subject to finance lease	<b>69,928,091</b>	165,067,091
Long term deposits	<b>2,000,000</b>	2,000,000
Deferred Liabilities	<b>12,584,791</b>	12,584,791
	<b>299,528,038</b>	395,007,915
<b>CURRENT LIABILITIES</b>		
Trade and other payables	<b>768,530,190</b>	590,701,630
Loans from directors	<b>70,000,000</b>	85,000,000
Accrued mark-up	<b>14,759,698</b>	15,297,891
Short Term Borrowings	<b>319,510,135</b>	13,994,215
Current portion of non-current liabilities	<b>165,977,342</b>	232,798,149
Taxation - net	<b>33,540,357</b>	22,370,779
	<b>1,372,317,722</b>	960,162,664
<b>Total liabilities</b>	<b>1,671,845,760</b>	1,355,170,579
<b>CONTINGENCIES AND COMMITMENTS</b>	<b>7</b>	
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>5,073,194,615</b>	4,657,582,133

The annexed notes form an integral part of these financial statements.

  
Chief Executive

  
Director



<b>ASSETS</b>		<b>Un-Audited September 30, 2016 Rupees</b>	<b>Audited June 30, 2016 Rupees</b>
<b>NON-CURRENT ASSETS</b>			
Fixed assets	8	<b>1,989,846,960</b>	1,851,303,435
Long term loans to employees		<b>1,909,787</b>	3,235,345
Long term security deposits		<b>40,130,023</b>	101,487,135
		<b>2,031,886,770</b>	1,956,025,915
<b>CURRENT ASSETS</b>			
Stock-in-trade		<b>1,080,067,906</b>	752,208,413
Stores, spares and loose tools		<b>45,118,468</b>	-
Trade debts		<b>60,186,284</b>	151,144,449
Loans and advances		<b>309,186,643</b>	96,268,274
Short term deposits and prepayments		<b>35,265,721</b>	16,877,313
Other receivables		<b>7,182,429</b>	508,913
Short Term Investments		<b>1,253,198,690</b>	1,458,562,799
Sales Tax Refundable		<b>116,560,104</b>	38,492,600
Cash and bank balances	9	<b>134,541,600</b>	187,493,457
		<b>3,041,307,845</b>	2,701,556,218
<b>TOTAL ASSETS</b>		<b>5,073,194,615</b>	4,657,582,133

  
**Chief Executive**

  
**Director**

## Condensed Interim Consolidated Profit and Loss Account (Un-audited)

For the Quarter Ended September 30, 2016

	September 30, 2016 RUPEES	September 30, 2015 RUPEES
SALES	1,933,137,014	1,700,347,754
SALES TAX	(364,488,495)	(293,102,965)
NET SALES	<u>1,568,648,519</u>	<u>1,407,244,789</u>
COST OF SALES	<u>(1,153,328,095)</u>	<u>(1,007,366,354)</u>
GROSS PROFIT	415,320,424	399,878,435
DISTRIBUTION COST	(180,228,910)	(163,305,966)
ADMINISTRATIVE EXPENSES	(79,128,438)	(53,419,592)
OTHER EXPENSES	(6,236,519)	(9,418,378)
	<u>(265,593,867)</u>	<u>(226,143,936)</u>
OTHER INCOME	22,969,532	809,394
PROFIT FROM OPERATIONS	<u>172,696,089</u>	<u>174,543,893</u>
FINANCE COST	(8,614,762)	(4,963,421)
PROFIT BEFORE TAXATION	<u>164,081,327</u>	<u>169,580,472</u>
TAXATION	(65,144,026)	(54,559,537)
PROFIT AFTER TAXATION	<u><u>98,937,301</u></u>	<u><u>115,020,935</u></u>
BASIC EARNINGS PER SHARE	<u><u>0.85</u></u>	<u><u>1.32</u></u>

The annexed notes form an integral part of these financial statements.

  
Chief Executive

  
Director

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

For the Quarter Ended September 30, 2016

	30 September 2016 Rupees	30 September 2015 Rupees
<b>PROFIT AFTER TAXATION</b>	<b>98,937,301</b>	115,020,935
<b>OTHER COMPREHENSIVE INCOME</b>		
Items that will not be reclassified to profit or loss	-	-
Items that will subsequently be reclassified to profit or loss	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>98,937,301</b>	<b>115,020,935</b>

The annexed notes form an integral part of these financial statements.

  
Chief Executive

  
Director

# Condensed Interim Consolidated Cash Flow Statement (Un-audited)

For the Quarter Ended September 30, 2016

	30 SEPTEMBER 2016 RUPEES	30 SEPTEMBER 2015 RUPEES
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	164,081,327	169,580,472
Adjustments for non-cash charges and other items:		
Depreciation on operating fixed assets	15,879,244	4,585,666
Amortization on intangible assets	1,677,620	803,961
Profit on bank deposits and short term investments	-	(46,416)
Loss / (gain) on disposal of property and equipment	8,458	
Profit on bank deposits and short term investments	(22,575,362)	(554,167)
Finance cost	8,614,762	4,963,421
	<b>167,686,049</b>	<b>179,332,937</b>
Cash flows from operating activities before working capital changes		
<b>Working capital changes</b>		
(Increase) / decrease in current assets:		
Stock-in-trade	(327,859,493)	(590,289,596)
Store Spares loose tools	(45,118,468)	-
Trade debts	(13,654,106)	76,114,115
Loans and advances	(166,314,094)	7,545,006
Short term deposits and prepayments	(18,388,408)	3,936,722
Other receivables	395,909	33,425,745
Sales tax recoverable	(23,364,533)	(11,690,808)
	<b>(594,303,193)</b>	<b>(480,958,816)</b>
Decrease in trade and other payables	<b>228,136,879</b>	<b>188,684,468</b>
<b>Cash generated from operations</b>	<b>(198,480,265)</b>	<b>(112,941,411)</b>
Finance cost paid	(35,725,055)	(6,792,301)
Income tax paid	(101,039,218)	(55,922,042)
Net decrease in long term loans to employees	1,786,052	(1,248,285)
Long term security deposits - net	61,357,112	(17,375,300)
Increase in long term deposits	-	(1,840,000)
<b>Net cash generated from operating activities</b>	<b>(272,101,374)</b>	<b>(196,119,340)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditure on property and equipment	(154,059,838)	(111,011,471)
Capital expenditure on intangible assets	-	(6,582,346)
Proceeds from disposal of property and equipment	39,480	-
Proceeds from short term investment	205,364,109	-
Profit on bank deposits received	15,505,937	554,167
<b>Net cash used in investing activities</b>	<b>66,849,688</b>	<b>(117,039,650)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of liabilities against assets subject to finance lease	(95,717,927)	(9,674,376)
Loans from directors - net	-	25,000,000
Short term borrowing - net	290,515,920	195,213,491
Dividend Paid	(399,018)	-
Long Term Financing obtained/ (repaid)	(42,099,147)	43,089,137
<b>Net cash used in financing activities</b>	<b>152,299,828</b>	<b>253,628,252</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(52,951,857)</b>	<b>(59,530,738)</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>187,493,457</b>	<b>102,432,943</b>
<b>Cash and cash equivalents at end of the period</b>	<b>134,541,600</b>	<b>42,902,205</b>

The annexed notes form an integral part of these financial statements.

  
Chief Executive

  
Director

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

For the Quarter Ended September 30, 2016

	SHARE CAPITAL	SHARE PREMIUM	UN- APPROPRIATED PROFIT	TOTAL RESERVES	TOTAL EQUITY
	(----- Rupees -----)				
<b>Balance as at 01 July 2015</b>	870,030,000	-	350,757,450	350,757,450	1,220,787,450
Total comprehensive income for the three months ended September 30, 2015	-	-	115,020,935	115,020,935	115,020,935
<b>Balance as at 30 September 2015</b>	<u>870,030,000</u>	<u>-</u>	<u>465,778,385</u>	<u>465,778,385</u>	<u>1,335,808,385</u>
<b>Balance as at 01 July 2016</b>	1,160,040,000	1,441,697,946	700,673,608	2,142,371,554	3,302,411,554
Total comprehensive income for the three months ended September 30, 2016	-	-	98,937,301	98,937,301	98,937,301
<b>Balance as at 30 September 2016</b>	<u>1,160,040,000</u>	<u>1,441,697,946</u>	<u>799,610,909</u>	<u>2,241,308,855</u>	<u>3,401,348,855</u>

The annexed notes form an integral part of these financial statements.

  
Chief Executive

  
Director

# Selected Notes to and Forming Part of the Consolidated Condensed Interim Financial Information (Un-audited)

For the Quarter Ended September 30, 2016

## 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.

### **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

This consolidated condensed interim financial information of the Company for the three months September 30, 2016 has been prepared in accordance with the requirement of the international accounting standard no.34 – interim financial reporting and provisions of and directive issued under the companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

# **Selected Notes to and Forming Part of the Consolidated Condensed Interim Financial Information (Un-audited)**

For the Quarter Ended September 30, 2016

## **3. ACCOUNTING POLICIES**

The accounting policies and the method of computation adopted in the preparation of the consolidated condensed interim financial information at the same as those applies in the preparation of the financial statement for the year ended June 30, 2016.

There are certain new and amended standards and interpretations that have been published and are mandatory for the accounting periods beginning on and after July 01, 2016 but are considered not to be relevant or did not have significant effect on the Company's operations and are, therefore, not detailed in these condensed interim financial information.

## **4. ACCOUNTING ESTIMATES JUDGEMENTS AND FINANCIAL RISK MANAGEMENT**

The preparation of this consolidated condensed interim financial information in conformity with approved accounting standard requires management 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.

Judgements and estimates made by the management in the preparation of this consolidated condensed interim financial information are the same as those that were applies to financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statement as at and for the year ended June 30, 2016.

The company's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statement as at and for the year ended June 30, 2016.

## Selected Notes to and Forming Part of the Consolidated Condensed Interim Financial Information (Un-audited)

For the Quarter Ended September 30, 2016

	September 30, 2016 Rupees	June 30, 2016 Rupees
<b>5. TRADE AND OTHER PAYABLES</b>		
Creditors	221,908,668	158,279,683
Accrued liabilities	196,556,652	140,211,383
Advances from customers	146,603,281	130,872,499
Retention money payable	14,773,320	134,311
Customs duty and other charges payable	102,297,338	74,217,825
Income tax deducted at source	8,164,554	9,696,944
Sales tax payable	-	69,320,229
Maturities payable	76,121,838	-
Unclaimed dividend	465,445	864,463
Payable to employees' provident fund trust	1,639,094	-
	<b>768,530,190</b>	<b>583,597,337</b>
<b>6. SHORT TERM BORROWINGS</b>		
<b>From banking companies - secured</b>		
Running finances	258,161,940	13,994,215
Finance against trust receipts	61,348,195	-
	<b>319,510,135</b>	<b>13,994,215</b>

## 7. CONTINGENCIES AND COMMITMENTS

### 7.1 Contingencies

**7.1.1** The Additional Commissioner Inland Revenue has issued an assessment order for the tax year 2009 under section 122 (5A) of the Income Tax Ordinance, 2001 by creating a demand of Rupees 11.004 million on various grounds. Against the alleged order, the Company has filed an appeal before the Commissioner Inland Revenue (Appeals). The Commissioner Inland Revenue (Appeals) decided the case by deleting some of the provisions of the order whereby the tax demand has been reduced to Rupees 2.911 million which is mainly on account of non-deduction of withholding tax. Being aggrieved with order of the Commissioner Inland Revenue (Appeals), the Company has filed appeal before the Appellant Tribunal Inland Revenue which has not yet been decided. The management of the Company expects a favourable outcome, therefore no provision for the same has been made in these financial statements.



## Selected Notes to and Forming Part of the Consolidated Condensed Interim Financial Information (Un-audited)

For the Quarter Ended September 30, 2016

**7.1.2** Corporate guarantees of Rupees 855 million (2015: Rupees 583.534 million) have been given by the Company to the banks in respect of financing to Hi-Tech Blending (Private) Limited, subsidiary company.

	<b>September 30, 2016 Rupees</b>	<b>June 30, 2016 Rupees</b>
<b>7.2 Commitments</b>		
Contracts for capital expenditure	<b>237,165,000</b>	3,616,368
Letters of credit other than capital expenditure	<b>148,029,788</b>	340,535,013
<b>8. FIXED ASSETS</b>		
Property and equipment:		
Operating fixed assets		
- Owned	<b>1,557,719,430</b>	427,789,593
- Leased	<b>136,497,998</b>	65,200,771
	<b>1,694,217,428</b>	492,990,364
Capital work-in-progress	<b>284,280,237</b>	1,345,251,183
	<b>1,978,497,665</b>	1,838,241,547
Intangible assets:		
Computer softwares	<b>11,349,295</b>	13,061,888
	<b>1,989,846,960</b>	1,851,303,435
<b>9. CASH AND BANK BALANCES</b>		
Cash in hand	<b>831,703</b>	687,138
Cash at banks:		
Saving accounts	<b>86,974,313</b>	86,009,244
Current accounts	<b>46,735,584</b>	100,797,075
	<b>133,709,897</b>	186,806,319
	<b>134,541,600</b>	187,493,457

## Selected Notes to and Forming Part of the Consolidated Condensed Interim Financial Information (Un-audited)

For the Quarter Ended September 30, 2016

### 10. 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, 2016 Rupees	Un-Audited September 30, 2015 Rupees
<b>Subsidiary company</b>			
Hi-Tech Blending (Private) Limited	Share deposit money	220,700,000	59,450,000
	Sale of lubricants	265,458,816	-
<b>Associated companies</b>			
MAS Associates (Private) Limited	Share of common expenses	113,003	91,854
SK Lubricants Company Limited	Purchase of lubricants	819,043,071	-
<b>Other related parties</b>			
Directors	Rent expense	4,129,685	4,129,671
Provident fund trust	Contribution	2,835,254	-

  
**Chief Executive**

  
**Director**

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