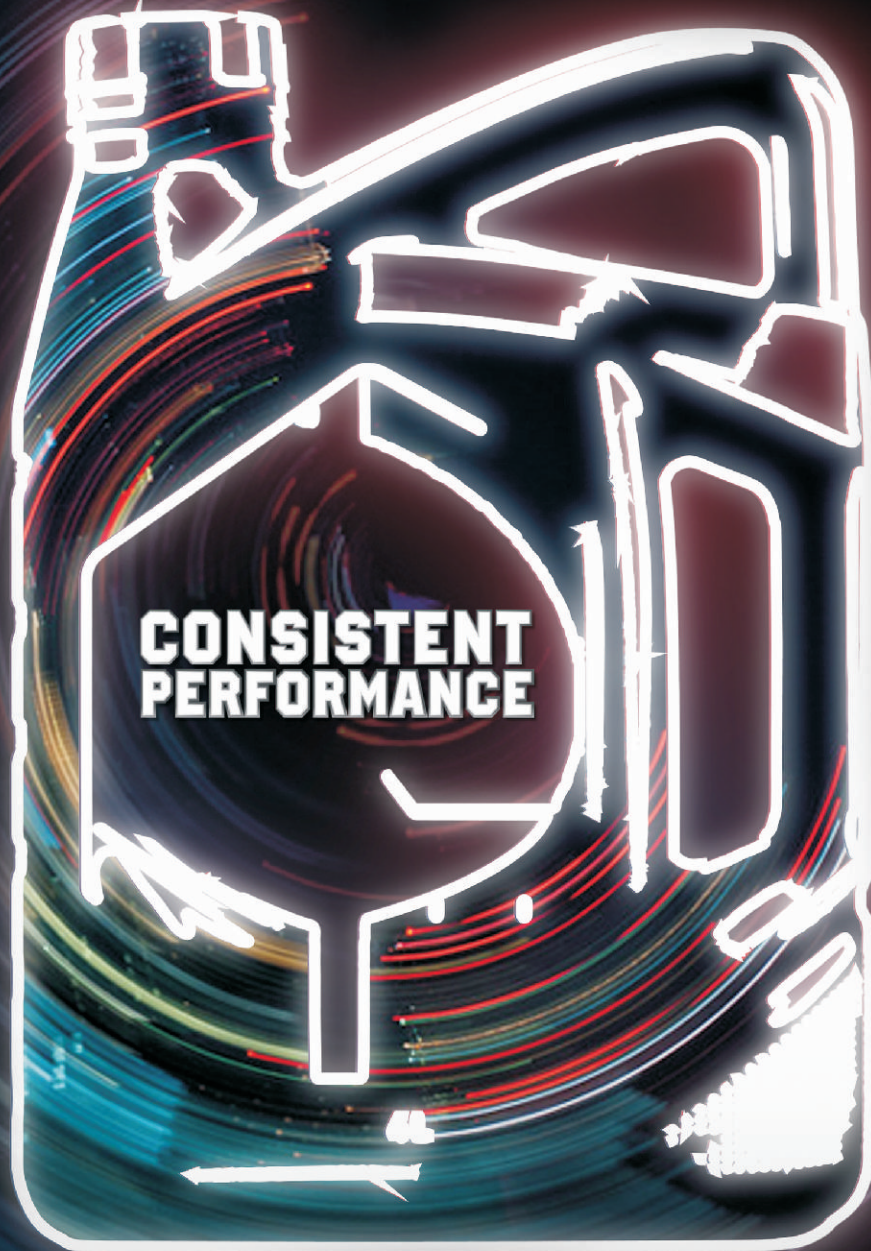


Condensed Interim Financial Statements
For the Half Year Ended 31 December 2020

Hi-Tech Lubricants Ltd



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. Jung-Woo LEE
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

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

WEBSITE:

www.hitechlubricants.com
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

DIRECTOR'S REVIEW

IN THE NAME OF ALLAH, THE MOST BENEVOLENT, THE MOST GRACIOUS

The Directors of Hi-Tech Lubricants Limited (the Company) take pleasure in presenting you the financial results of your Company which include both, **unconsolidated** (duly reviewed by the auditors) and **consolidated (unaudited) financial statements** for the half year ended 31 December 2020.

OVERVIEW

FINANCIAL PERFORMANCE – CONSOLIDATED

Despite the relentless continuation of the COVID 19 pandemic, the country's economy stayed on course to recovery in the period under review. Although, the Government of Pakistan has not announced a complete lock down during the period, imposition of smart lock downs in various areas coupled with the requirement to work minimum staff at offices posed a test for the business environment, albeit at a much more manageable level compared with the first half of 2020.

Despite the challenges, on a **consolidated** basis, your Group (Hi-Tech Lubricants Limited and Hi-Tech Blending (Private) Limited, its wholly owned subsidiary) attained profit after tax of PKR 305 million, up by 328%, compared to a loss after tax of PKR 134 million during the corresponding period. The consolidated earnings per share increased to PKR 2.63 as compared to a loss per share of PKR 1.16 during the corresponding period. The Company's balance sheet showed an impressive improvement with our running finance levels reduced to PKR 157 million compared to PKR 1.0 billion on June 2020, whilst carrying stocks of over PKR 1.2 billion. The current ratio has also improved significantly to stand at 1.6 against 1.2 at the end of previous financial year. This continued improvement in working capital position reiterates our ongoing commitment to financial strength while creating shareholders' value.

Detailed **consolidated** financial performance of your Group for the half year ended 31 December 2020 as compared to 31 December 2019 & 2018 is presented below:

PKR in millions except EPS

| PARTICULARS | HALF YEAR ENDED | HALF YEAR ENDED | HALF YEAR ENDED | CHANGE 2020 vs 2019 | CHANGE 2020 vs 2018 |
|---|------------------|------------------|------------------|-----------------------|-----------------------|
| | 31 December 2020 | 31 December 2019 | 31 December 2018 | % positive (Increase) | % Positive (Increase) |
| Gross Revenue | 6,862 | 2,805 | 5,902 | 145 | 16 |
| Net Revenue | 4,618 | 2,078 | 4,235 | 122 | 9 |
| Gross Profit | 1,061 | 570 | 766 | 86 | 39 |
| Profit from operations | 417 | 32 | 25 | 1203 | 1668 |
| Profit / (loss) after taxation | 305 | (134) | (272) | 328 | 212 |
| Earnings / (loss) per share: PKR | 2.63 | (1.16) | (2.34) | 327 | 212 |

OPERATIONAL PERFORMANCE

LUBRICANTS SEGMENT

During the period under review, net revenue of lubricants segment has reached PKR 3,762 million, up by 81% as compared to PKR 2,077 million during the corresponding period; while the overall volumetric growth stood at 70% over the same period. Gross Profit rose by 79% in comparison to the corresponding period.

Hi-Tech Blending (Private) Limited, our wholly owned subsidiary company, through its state of the art blending facilities, played an important role in the growth of lubricant segment of the Group. The plant started local blending of products in January 2019 and during the period under review saw a 47% volumetric growth over the same period last year. We expect the blending plant to continue its strong volumetric and profitability growth in the future. Therefore, the Group is expanding its blending facilities with the establishment of new LCs for blow moulding, storage tanks and filling lines.

Pakistan's automobile industry witnessed a significant growth as new entrants came to market. This will eventually lead to growth in the lubricants market in the future, particularly for premium grades. HTL has signed a 3 year contract with Hyundai Nishat Motors (Private) Limited for use of ZIC lubricants in their after sales services in all variants of cars sold by them. We are currently pursuing other OEMs and car assemblers for similar arrangements. Your directors see considerable potential for growth in our lubricant sales volumes.

PETROLEUM SEGMENT

During the period under review, the marketing and sale of petroleum products through HTL Fuel stations reached PKR 856 million with gross profit of PKR 38.5 million and a loss from operations of PKR 36.4 million. The loss is mainly on account of fixed costs, including depreciation, which will be better absorbed with the expansion of this segment's operations through increase in number of fuel stations.

Currently, the Company has twenty fuel stations operational in Punjab Province and is expediently working to increase this number. Plans are in hand to extend our Sahiwal Oil storage depot; which will allow us substantial increase in overall limit on number of HTL Fuel stations in Punjab Province, in addition to the twenty six we are already permitted. In order to safeguard continuous uninterrupted supply of petroleum products the Company also plans to build its own storage near the oil pipeline terminal.

The Nowshera Oil storage depot is complete in all respects and third party inspection has already been carried out. The Company expects to start marketing and sale of petroleum products in Khyber Pakhtunkhwa Province soon after receiving formal approvals from Oil and Gas Regulatory Authority (OGRA) in near future. It will allow the Company to operate thirty-five HTL Fuel Stations in Khyber Pakhtunkhwa Province.

POSITION OF IPO FUNDS

At 31 December 2020, the un-utilized proceeds of PKR 588.377 million of the initial public offer have been kept by the Company in the form of bank balances, term deposit receipts and mutual funds. These can only be utilized for the purposes of expansions related to OMC project (petroleum segment) of the Company.

FUTURE OUTLOOK

As the COVID-19 pandemic continues to challenge the global economic environment, measures to counter the resulting economic challenges such as vaccination campaigns, collaborative health policies and Government's financial support are expected to lift the national economic activity. The recovery will be stronger if vaccines are rolled out quickly with financial support measures in place, boosting confidence and lowering uncertainty.

Despite the second wave of COVID-19 in Pakistan, the economic impact of pandemic gradually subsided as domestic demand recovered. The structural reforms along with support in the form of subsidized loans extended by the Government and State Bank of Pakistan, have partially softened the pandemic's impact, with the economy back on track for revival and expected to rebound in financial year 2020-2021.

The record activities in construction and allied industries, strong performance of large scale manufacturing, stable exchange rate and improved exports along with rising remittances have restored the investors' confidence, paving way for unprecedented economic growth in the country. However, despite signs of economic resilience and recovery, the challenges of rising debt, high inflation, increased cost of living, unstable political conditions and geopolitical tensions cloud the outlook.

The Company remains confident in its strategy and is committed to delivering enduring value for all its stakeholders by strengthening and building relationships and proactively exploring opportunities for organic growth.

ACKNOWLEDGMENT

Directors of your Company take pleasure in expressing their sincere gratitude and appreciation for the outstanding commitment and contribution of all the employees and continued trust and reliance placed in the Company by all the stakeholders.



Mr. Hassan Tahir
(Chief Executive)



Mr. Shaukat Hassan
(Chairman)

Lahore, February 19, 2021

ڈائریکٹران کا جائزہ اللہ کے بابرکت نام سے جو نہایت ہی مہربان اور فضل والا ہے

ہائی ٹیک لبریکیشنس لیمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے دوسری سہ ماہی اور ششماہی ختمہ ۳۱ دسمبر ۲۰۲۰ء کی غیر منظم اور غیر آڈٹ شدہ (جس کا کینی کے آڈیٹرز کی جانب سے باقاعدگی سے جائزہ لیا گیا) اور منظم شدہ مالیاتی نتائج پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

جائزہ:

مالیاتی کارکردگی استحکام کی بنیاد پر:

کوڈ-۱۹ کی وبا کے پھیلاؤ کے باوجود معیشت دوسری سہ ماہی ختمہ ۳۱ دسمبر ۲۰۲۰ء میں بحالی کی طرف گامزن رہی۔ باوجود اس کے، کہ حکومت پاکستان نے مکمل لاک ڈاؤن کی پابندیاں اس مدت کے دوران نہیں لگائیں، پھر بھی کم درجے کے ہوشیار لاک ڈاؤن اور ضرورت کے تحت کم سے کم ملازمین کے ساتھ دفاتر میں کام کاروباری ماحول میں ایک امتحان کے مترادف رہا۔ تاہم پچھلے سال کے مقابلے میں یہ کافی حد تک قابل انتظام تھا۔

باوجود ان چیلنجز کے مستحکم طور پر گروپ، جو ہائی ٹیک لبریکیشنس لیمیٹڈ اور اس کی مکمل ملکیتی کینی ہائی ٹیک بلینڈنگ (پرائیویٹ) لیمیٹڈ پر مشتمل ہے، نے خالص بعد از ٹیکس ۳۰۵ ملین روپے کا منافع حاصل کیا جو کہ گزشتہ سال کی اسی ششماہی کے مقابلے میں، جہاں ۱۳۳ ملین کا نقصان ہوا تھا، ۳۲۰ فیصد زیادہ رہا۔ مستحکم بنیادوں پر فی حصص آمدنی دو روپے تریسٹھ پیسے تک بڑھ گئی جو کہ پچھلے سال اسی مدت میں منفی ایک روپیہ سولہ پیسے تھی۔ کینی کی بیلیٹس شیٹ بھی شاندار طور پر سامنے آئی جہاں قلیل مدتی قرضے کم ہو کر ۱۵ ملین روپے کی سطح پر آگئے جو کہ جون میں تقریباً ایک ارب روپے تھے، حالانکہ کینی کے پاس ایک ارب نہیں کروڑ روپے سے زائد کے سٹاک کے ذخائر موجود ہیں جو کہ ہماری مالیاتی مضبوطی اور حصہ داران کی قدر میں اضافے اور ہمارے عزم کا عکاس ہے۔

تفصیلی مستحکم اور منظم گروپ کی کارکردگی درج ذیل دی گئی ہے جو ششماہی ختمہ ۳۱ دسمبر ۲۰۲۰ء، ۲۰۱۹ء اور ۲۰۱۸ء پر مشتمل ہے۔

| تفصیلات | پاکستانی روپے ملین میں ماسوائے فی حصص آمدنی | | | تبدیلی | تبدیلی |
|----------------------------------|---|----------------------------|----------------------------|--------|--------|
| | ششماہی ختمہ ۳۱ دسمبر ۲۰۲۰ء | ششماہی ختمہ ۳۱ دسمبر ۲۰۱۹ء | ششماہی ختمہ ۳۱ دسمبر ۲۰۱۸ء | | |
| مجموعی فروخت | ۶۸۶۲ | ۲۸۰۵ | ۵۹۰۲ | ۱۲۵ | ۱۶ |
| خالص محصول | ۲۶۱۸ | ۲۰۷۸ | ۳۲۳۵ | ۱۲۲ | ۹ |
| کل منافع | ۱۰۶۱ | ۵۷۰ | ۷۶۶ | ۸۶ | ۳۹ |
| آپریٹنگ منافع | ۳۱۷ | ۳۲ | ۲۵ | ۱۲۰۳ | ۱۶۶۸ |
| بعد از ٹیکس منافع (خسارہ) | ۳۰۵ | (۱۳۳) | (۲۷۲) | ۳۲۸ | ۲۱۲ |
| فی حصص آمدنی (خسارہ) (روپوں میں) | ۲۰۶۳ | (۱۰۱۶) | (۲۰۳۳) | ۳۲۷ | ۲۱۲ |

آپریٹنگ کارکردگی:

لبریکیشن سیکمیٹ:

لبریکیشن سیکمیٹ کا خالص محصول ۶۲ ملین روپے تک پہنچ گیا جو کہ پچھلے سال کے محصول ۷۰ ملین روپے کے مقابلے میں ۸۱ فیصد زیادہ ہے، مجموعی طور پر مقدار میں ۷۰ فیصد اضافہ دیکھنے میں آیا جبکہ کل منافع بھی پچھلے سال کی نسبت ۹ فیصد بڑھ گیا۔

ہماری مکمل ملکیتی کینی ہائی ٹیک بلینڈنگ (پرائیویٹ) لیمیٹڈ کی متنوع سہولیات نے گروپ کی بڑھوتری میں اہم کردار ادا کیا ہے۔ کینی کے پلانٹ نے جنوری ۲۰۱۹ء میں مقامی مصنوعات کی بلینڈنگ کے کام کا آغاز کیا تھا۔ اور اسی مدت کے دوران پچھلی مدت کے مقابلے میں ۴۷ فیصد مقدار کا اضافہ دیکھنے میں آیا۔ ہمیں امید ہے کہ پلانٹ مستقبل میں بھی بڑھوتری اور منافع میں اضافہ میں اپنا کردار ادا کرتا رہے گا۔ اسی وجہ سے گروپ اپنی بلینڈنگ کی سہولیات میں اضافہ کر رہا ہے، اور بوتل بنانے، ٹینک اور فلنگ لائن کی تعداد بڑھانے کے لئے ایل سی کھولی جا رہی ہیں۔

پاکستان میں گاڑی سازی کی صنعت میں نئے آنے والوں کی وجہ سے خاطر خواہ اضافہ دیکھا گیا یہی مستقبل میں پرییم گریڈ کی لبریکیشن مارکیٹ میں اضافہ کی وجہ بنے گا۔ ایچ ٹی ایل نے ہنڈائی نٹا موٹرز (پرائیویٹ) لیمیٹڈ کے ساتھ تین سال کا معاہدہ کیا ہے جس کے تحت زک (ZIC) لبریکیشنس اس کینی کی تمام آنے والی گاڑیوں کی دیکھ بھال میں استعمال کیا جائے گا۔ جبکہ اس کے علاوہ کئی گاڑیاں بنانے والوں سے رابطے میں ہے۔

پٹرولیم سیکمیٹ:

اسی مدت کے دوران کمپنی کی پٹرولیم مصنوعات کی فروخت ۸۵۶ ملین روپے جبکہ کل منافع ۳۸-۵ ملین روپے اور آپریشنز سے نقصانات ۳۶-۴ ملین روپے رہے، یہ نقصانات بنیادی طور پر فرسودگی اور مقرر شدہ اخراجات کی وجہ سے سامنے آئے، جو کہ اس سیکمیٹ کے پھیلاؤ کے بعد بہتر طور پر جذب ہو جائیں گے۔

فی الحال کمپنی ۲۰ پٹرول اسٹیشنز کے ساتھ صوبہ پنجاب میں کام کر رہی ہے اور اس کی تعداد کو بڑھانے میں پوری روانی سے کوشاں ہے، کمپنی انتہائی مستعدی سے فعال منصوبہ بندی کے ساتھ اپنے ساہیوال ڈپو کو توسیع دے رہی ہے جس کے بعد پنجاب میں ایچ ٹی ایل نیول اسٹیشنز کی تعداد میں کافی اضافہ ہو جائے گا جو کہ ۲۶ پٹرول اسٹیشنز، جن کی اجازت مل چکی ہے، کے علاوہ ہو گئے۔ کمپنی اپنی پٹرولیم مصنوعات کی مسلسل اور بلا تعطل فراہمی برقرار رکھنے کے لئے اپنے ذاتی ذخیرے پائپ لائن کے نظام کے قریب بنانے پر متوجہ ہے۔

نوشہرہ کے قریب آئل ذخیرہ مکمل طور پر تیار ہے اور تیسری پارٹی کا معائنہ مکمل ہو چکا ہے۔ مستقبل قریب میں اوگرا کی منظوری کے ساتھ ہی کمپنی اپنی پٹرولیم مصنوعات کی صوبہ خیبر پختونخواہ میں فروخت اور مارکیٹنگ کی توقع کر رہی ہے، اس منظوری کے بعد کمپنی کو صوبہ خیبر پختونخواہ میں ۳۵ ایچ ٹی ایل نیول اسٹیشنز چلانے کا اختیار حاصل ہو جائے گا۔

آئی پی او فنڈز کی پوزیشن:

۳۱ دسمبر ۲۰۲۰ء کو ۳۷۷-۵۸۸ ملین روپے کا بینک بیلینس ابتدائی بیلک آفر سے حاصل غیر استعمال شدہ آمدنی کو ظاہر کرتی ہے، جو کہ بینک بیلینس چھوٹی مدت کی رسیدوں اور باہمی چندہ کی صورت میں رکھی گئی ہے اور یہ رقم صرف کمپنی کے آئل مارکیٹنگ پراجیکٹ (پٹرولیم سیکمیٹ) کے لیے ہی مختص ہے۔

مستقبل کا نقطہ نظر:

جیسے کہ کووڈ-۱۹ کی وبا عالمی معاشی ماحول کے لئے چیلنجز جاری رکھے ہوئے ہے، تو حکومتوں کی طرف سے ویکسین لگانے کی مہمات اور باہمی تعاون کے ساتھ صحت کی پالیسیاں اور مالی ادارے قابل ذکر حد تک معیشت کو سہارہ دینے میں مددگار ثابت ہو سکتی ہیں، مضبوط بحالی تب ہی ممکن ہو سکے گی جب ویکسین کو تیزی کے ساتھ نافذ کیا جائے اور ساتھ ہی ساتھ مالی امداد کے اقدامات کو جاری رکھا جائے تاکہ غیر یقینی کے بادل چھٹیں اور اعتماد میں اضافہ ہو۔

اگرچہ پاکستان کووڈ-۱۹ کی دوسری لہر کی زد میں ہے تاہم وبا کے معاشی اثرات آہستہ آہستہ خاتمے کی طرف گامزن اور ضروریات کی بحالی جاری ہے، حکومت کی جانب سے ساختی اصلاحات اور اسٹیٹ بینک آف پاکستان کی جانب سے قرض پردی گئی سبسڈی سے وبا کے سخت اثرات کو نرم کرنے اور معیشت کو بحالی کی طرف گامزن کرنے میں تیزوی طور پر مدد ملی، مالیاتی سال ۲۰۲۰-۲۱ء میں مکمل بحالی متوقع ہے۔

تعمیراتی اور متعلقہ صنعتوں میں ریکارڈ سرگرمی، بڑے پیمانے کی مینوفیکچرنگ کی مضبوط کارکردگی، مستحکم زرمبادلہ کی شرح، بہتر برآمدات اور بڑھتی ہوئی ترسیلات زر نے سرمایہ کار کے اعتماد کی بحالی میں اہم کردار ادا کرتے ہوئے معیشت کی بڑھوتری میں ہموار راستہ فراہم کیا ہے، تاہم معاشی چلک اور بحالی کے باوجود بڑھتے ہوئے قرض، مہنگائی، رہائشی قیمتوں میں اضافے، غیر سیاسی حالات اور جغرافیائی و سیاسی تناؤ جیسے چیلنجز نے نقطہ نظر کو بادلوں میں ڈھانپ رکھا ہے۔

کمپنی اپنی حکمت عملی میں پراعتماد ہے اور تمام متعلقین کے لئے مضبوط و پائیدار قیمت کی فراہمی بذریعہ مضبوط و پائیدار تعلقات اور نامیاتی نمونے کے امکانات کی تلاش میں پرعزم ہے۔

اعتراف:

آپ کی کمپنی کے ڈائریکٹران تمام ملازمین کے عزم و شرکت اور تمام متعلقین کے اعتماد اور بھروسہ کے تبادلے سے مشکور ہیں۔

جناب شوکت حسن

(چیرمین)

جناب حسن طاہر

(چیف ایگزیکٹو)

لاہور، ۱۹ فروری، ۲۰۲۱ء

Independent Auditor's Review Report

To the members of Hi-Tech Lubricants Limited

Report on review of Unconsolidated Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of HI-TECH LUBRICANTS LIMITED as at 31 December 2020 and the related unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of changes in equity, and unconsolidated condensed interim statement of cash flows, and notes to the unconsolidated condensed interim financial statements for the half year then ended (here-in-after referred to as the "unconsolidated condensed interim financial statements"). Management is responsible for the preparation and presentation of these unconsolidated condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these unconsolidated condensed interim financial statements based on our review. The figures of the unconsolidated condensed interim statement of profit or loss and unconsolidated condensed interim statement of comprehensive income for the quarters ended 31 December 2020 and 31 December 2019 have not been reviewed and we do not express a conclusion on them as we are required to review only the cumulative figures for the half year ended 31 December 2020.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of unconsolidated condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unconsolidated condensed interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditor's review report is Atif Anjum.



RIAZ AHMAD & COMPANY
Chartered Accountants

Lahore

Date: February 19, 2021

HI-TECH LUBRICANTS LIMITED

Unconsolidated Condensed Interim Financial Statements (Un-audited)

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

As At 31 December 2020

| | Note | Un-Audited 31 December 2020 Rupees | Audited 30 June 2020 Rupees |
|--|------|---|--------------------------------------|
| EQUITY AND LIABILITIES | | | |
| SHARE CAPITAL AND RESERVES | | | |
| Authorized share capital 150,000,000 (30 June 2020: 150,000,000) ordinary shares of Rupees 10 each | | 1,500,000,000 | 1,500,000,000 |
| Issued, subscribed and paid-up share capital | | 1,160,040,000 | 1,160,040,000 |
| Reserves | | 2,068,084,447 | 1,997,625,503 |
| Total equity | | 3,228,124,447 | 3,157,665,503 |
| LIABILITIES | | | |
| NON-CURRENT LIABILITIES | | | |
| Long term financing | 4 | 87,759,747 | 42,267,650 |
| Lease liabilities | 5 | 291,897,065 | 204,637,134 |
| Long term deposits | | 11,000,000 | 500,000 |
| Deferred income - government grant | | 2,054,366 | 5,285,365 |
| | | 392,711,178 | 252,690,149 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | | 1,351,062,012 | 704,278,864 |
| Accrued mark-up / profit | | 2,572,711 | 22,102,743 |
| Short term borrowings | | 2,939,998 | 766,262,927 |
| Current portion of non-current liabilities | | 145,120,517 | 86,778,970 |
| Unclaimed dividend | | 3,914,403 | 3,438,436 |
| Taxation - net | | 2,795,436 | - |
| | | 1,508,405,077 | 1,582,861,940 |
| Total liabilities | | 1,901,116,255 | 1,835,552,089 |
| CONTINGENCIES AND COMMITMENTS | | | |
| | 6 | | |
| TOTAL EQUITY AND LIABILITIES | | 5,129,240,702 | 4,993,217,592 |

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



Chief Executive



Director



Chief Financial Officer

| | | Un-Audited 31 December 2020 Rupees | Audited 30 June 2020 Rupees |
|-------------------------------------|----|---|--------------------------------------|
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Fixed assets | 7 | 1,830,506,380 | 1,693,745,762 |
| Right-of-use assets | 8 | 320,501,896 | 270,942,898 |
| Intangible assets | 9 | 9,136,506 | 7,596,802 |
| Investment in subsidiary company | 10 | 1,300,000,600 | 1,300,000,600 |
| Long term security deposits | | 15,864,145 | 11,744,718 |
| Deferred income tax asset - net | | 69,456,543 | 107,956,234 |
| | | 3,545,466,070 | 3,391,987,014 |
| CURRENT ASSETS | | | |
| Stock-in-trade | 11 | 501,281,728 | 447,345,239 |
| Trade debts | | 68,527,006 | 76,104,012 |
| Loans and advances | | 282,666,870 | 149,156,999 |
| Short term deposits and prepayments | | 27,895,270 | 31,144,473 |
| Other receivables | | 21,829,755 | 50,014,789 |
| Accrued interest | | 411 | 2,236 |
| Short term investments | | 586,966,056 | 723,285,160 |
| Cash and bank balances | | 94,607,536 | 124,177,670 |
| | | 1,583,774,632 | 1,601,230,578 |
| TOTAL ASSETS | | 5,129,240,702 | 4,993,217,592 |


Chief Executive


Director


Chief Financial Officer

Unconsolidated Condensed Interim Statement of Profit or Loss (Un-audited)

For The Half Year Ended 31 December 2020

| | HALF YEAR ENDED | | QUARTER ENDED | |
|---|---------------------|---------------------|---------------------|---------------------|
| | 31 December 2020 | 31 December 2019 | 31 December 2020 | 31 December 2019 |
| | Rupees | Rupees | Rupees | Rupees |
| GROSS REVENUE | 6,037,170,443 | 2,628,532,944 | 3,695,612,581 | 2,022,478,242 |
| Discounts | (342,010,199) | (24,452,600) | (263,145,629) | (9,205,234) |
| Sales tax | (1,077,213,754) | (527,467,964) | (653,416,012) | (399,892,501) |
| NET REVENUE | 4,617,946,490 | 2,076,612,380 | 2,779,050,940 | 1,613,380,507 |
| COST OF SALES | (3,727,152,452) | (1,642,772,946) | (2,284,029,473) | (1,244,982,967) |
| GROSS PROFIT | 890,794,038 | 433,839,434 | 495,021,467 | 368,397,540 |
| DISTRIBUTION COST | (409,043,335) | (368,655,340) | (218,717,657) | (163,408,860) |
| ADMINISTRATIVE EXPENSES | (215,440,850) | (197,068,205) | (110,633,771) | (98,113,346) |
| OTHER EXPENSES | (15,588,372) | (9,531,768) | (10,583,179) | (4,859,322) |
| | (640,072,557) | (575,255,313) | (339,934,607) | (266,381,528) |
| OTHER INCOME | 44,812,404 | 74,767,182 | 30,978,392 | 33,732,398 |
| PROFIT / (LOSS) FROM OPERATIONS | 295,533,885 | (66,648,697) | 186,065,252 | 135,748,410 |
| FINANCE COST | (38,534,678) | (96,406,024) | (18,145,917) | (58,487,405) |
| PROFIT / (LOSS) BEFORE TAXATION | 256,999,207 | (163,054,721) | 167,919,335 | 77,261,005 |
| TAXATION | (82,136,663) | (22,068,345) | (68,344,946) | (8,794,548) |
| PROFIT / (LOSS) AFTER TAXATION | 174,862,544 | (185,123,066) | 99,574,389 | 68,466,457 |
| EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED | 1.51 | (1.60) | 0.86 | 0.59 |

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



Chief Executive



Director



Chief Financial Officer

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

For The Half Year Ended 31 December 2020

| | HALF YEAR ENDED | | QUARTER ENDED | |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | 31 December 2020 Rupees | 31 December 2019 Rupees | 31 December 2020 Rupees | 31 December 2019 Rupees |
| PROFIT / (LOSS) AFTER TAXATION | 174,862,544 | (185,123,066) | 99,574,389 | 68,466,457 |
| OTHER COMPREHENSIVE INCOME | | | | |
| Items that will not be reclassified to profit or loss | - | - | - | - |
| Items that may be reclassified subsequently to profit or loss | - | - | - | - |
| Other comprehensive income for the period | - | - | - | - |
| TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD | 174,862,544 | (185,123,066) | 99,574,389 | 68,466,457 |

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


Chief Executive


Director


Chief Financial Officer

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

For The Half Year Ended 31 December 2020

| | RESERVES | | | | TOTAL EQUITY |
|---|----------------------|-----------------|------------------------|----------------|---------------|
| | SHARE CAPITAL | CAPITAL RESERVE | REVENUE RESERVE | TOTAL RESERVES | |
| | | SHARE PREMIUM | UN-APPROPRIATED PROFIT | | |
| | (----- RUPEES -----) | | | | |
| Balance as at 30 June 2019 - 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 @ Rupee 0.25 per share | - | - | (29,001,000) | (29,001,000) | (29,001,000) |
| Loss for the half year ended 31 December 2019 | - | - | (185,123,066) | (185,123,066) | (185,123,066) |
| Other comprehensive income for the half year ended 31 December 2019 | - | - | - | - | - |
| Total comprehensive loss for the half year ended 31 December 2019 | - | - | (185,123,066) | (185,123,066) | (185,123,066) |
| Balance as at 31 December 2019 - un-audited | 1,160,040,000 | 1,441,697,946 | 410,922,467 | 1,852,620,413 | 3,012,660,413 |
| Profit for the half year ended 30 June 2020 | - | - | 145,005,090 | 145,005,090 | 145,005,090 |
| Other comprehensive income for the half year ended 30 June 2020 | - | - | - | - | - |
| Total comprehensive income for the half year ended 30 June 2020 | - | - | 145,005,090 | 145,005,090 | 145,005,090 |
| Balance as at 30 June 2020 - audited | 1,160,040,000 | 1,441,697,946 | 555,927,557 | 1,997,625,503 | 3,157,665,503 |
| Transaction with owners: | | | | | |
| Final dividend for the year ended 30 June 2020 @ Rupee 0.90 per share | - | - | (104,403,600) | (104,403,600) | (104,403,600) |
| Profit for the half year ended 31 December 2020 | - | - | 174,862,544 | 174,862,544 | 174,862,544 |
| Other comprehensive income for the half year ended 31 December 2020 | - | - | - | - | - |
| Total comprehensive income for the half year ended 31 December 2020 | - | - | 174,862,544 | 174,862,544 | 174,862,544 |
| Balance as at 31 December 2020 - un-audited | 1,160,040,000 | 1,441,697,946 | 626,386,501 | 2,068,084,447 | 3,228,124,447 |

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



Chief Executive



Director



Chief Financial Officer

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

For The Half Year Ended 31 December 2020

| | Note | HALF YEAR ENDED | |
|---|------|--------------------------|--------------------------|
| | | 31 December 2020 | 31 December 2019 |
| | | Rupees | Rupees |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash generated from operations | 12 | 819,570,545 | 668,819,658 |
| Finance cost paid | | (36,870,810) | (106,838,774) |
| Income tax paid | | (24,575,371) | (43,549,505) |
| Net decrease in long term loans to employees | | - | 210,084 |
| Net (increase) / decrease in long term security deposits | | (1,703,427) | 2,540,472 |
| Net increase / (decrease) in long term deposits | | 10,500,000 | (500,000) |
| Net cash generated from operating activities | | <u>766,920,937</u> | <u>520,681,935</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Capital expenditure on operating fixed assets | | (172,400,440) | (139,145,666) |
| Capital expenditure on intangible assets | | (3,260,000) | - |
| Proceeds from disposal of operating fixed assets | | 8,169,649 | 15,095,072 |
| Short term investments - net | | 136,831,255 | 46,910,293 |
| Dividend received | | 9,794,975 | 3,634,385 |
| Interest received on loans to subsidiary company | | - | 7,741,006 |
| Profit on bank deposits and term deposit receipts received | | 13,495,523 | 46,651,128 |
| Net cash used in investing activities | | <u>(7,369,038)</u> | <u>(19,113,782)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Repayment of lease liabilities | | (48,453,691) | (58,210,304) |
| Dividend paid | | (103,927,633) | (29,135,532) |
| Proceeds from long term financing | | 126,582,220 | - |
| Repayment of long term financing | | - | (14,894,159) |
| Short term borrowings - net | | (763,322,929) | (510,938,541) |
| Net cash used in financing activities | | <u>(789,122,033)</u> | <u>(613,178,536)</u> |
| Net decrease in cash and cash equivalents | | <u>(29,570,134)</u> | <u>(111,610,383)</u> |
| Cash and cash equivalents at the beginning of the period | | <u>124,177,670</u> | <u>158,925,453</u> |
| Cash and cash equivalents at the end of the period | | <u><u>94,607,536</u></u> | <u><u>47,315,070</u></u> |

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


Chief Executive


Director


Chief Financial Officer

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

For The Half Year Ended 31 December 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. On 20 January 2020, the Company has started marketing and sale of petroleum products. On 21 February 2020, OGRA has granted permission to the Company to apply for No Objection Certificates (NOCs) from concerned departments to setup petrol pumps in Khyber Pakhtunkhwa Province.

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 2020. 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 2020

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 2020.

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

For The Half Year Ended 31 December 2020

| | Un-Audited | Audited |
|---|--------------------|-------------------|
| | 31 December | 30 June |
| | 2020 | 2020 |
| | Rupees | Rupees |
| 4 LONG TERM FINANCING | | |
| From banking companies - secured | | |
| Bank Alfalah Limited - Loan under SBP Refinance Scheme (Note 4.1) | 180,698,505 | 58,118,654 |
| Less: Current portion shown under current liabilities | 92,938,758 | 15,851,004 |
| | <u>87,759,747</u> | <u>42,267,650</u> |

- 4.1** These term finance facilities, aggregating to Rupees 189.968 million (30 June 2020: Rupees 63.40 million) are obtained by the Company under SBP Refinance Scheme for payment of wages and salaries to workers and employees of business concerns. These are secured against first hypothecation charge of Rupees 254.000 million and personal guarantees of all sponsor directors. These finance facilities are payable in 8 equal quarterly installments commencing from 01 January 2021 and ending on 01 October 2022. Mark-up is payable quarterly at the rate of SBP refinance rate plus 3.00% per annum. These finance facilities are recognized and measured in accordance with IFRS 9 'Financial Instruments'. Fair value adjustments are recognized at discount rates are 8.67% and 10.04% per annum.

| | Un-Audited | Audited |
|---|--------------------|--------------------|
| | 31 December | 30 June |
| | 2020 | 2020 |
| | Rupees | Rupees |
| 5. LEASE LIABILITIES | | |
| Total lease liabilities | 336,845,456 | 275,565,100 |
| Less: Current portion shown under current liabilities | 44,948,391 | 70,927,966 |
| | <u>291,897,065</u> | <u>204,637,134</u> |

- 5.1** The interest expense on lease liabilities for the period is Rupees 17.478 million (30 June 2020: Rupees 35.756 million). The total cash outflow for leases for the period ended 31 December 2020 amounted to Rupees 48.454 million (30 June 2020: Rupees 48.576 million).
- 5.2** Implicit rates against lease liabilities range from 7.00% to 13.97% (30 June 2020: 8.76% to 14.99%) per annum.
- 5.3** Leases from banking companies are secured against charge on the leased assets, personal guarantees of directors and security deposits of Rupees 9.462 million (30 June 2020: Rupees 9.732 million) .

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

For The Half Year Ended 31 December 2020

6. CONTINGENCIES AND COMMITMENTS

6.1 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 2020 except for the following:

- 6.1.1** On 05 June 2018, the Competition Commission of Pakistan ("CCP") initiated a formal enquiry under the provisions of the Competition Act, 2010 ("the Act") on complaint against the Company and its subsidiary company, Hi-Tech Blending (Private) Limited by Chevron Pakistan Lubricants (Private) Limited ("Chevron") for adopting deceptive marketing practices in contravention of section 10 of the Act. It was also been prayed by Chevron to CCP to impose a penalty of 10% of the annual turnover of the Company and its subsidiary company and / or Rupees 75 million, as CCP may deem appropriate. CCP has concluded its enquiry on the complaint lodged by Chevron on 07 February 2019. On 20 August 2019, CCP issued show cause notices to the Company and its subsidiary company regarding deceptive marketing practices by distributing false and misleading information about its brand "ZIC" under section 10 of the Act. The Company and its subsidiary company appeared before the CCP through their advocates, rejecting the contents of the enquiry report concluded by CCP. On 15 September 2020, in a detailed order, CCP has set aside the findings of enquiry report and disposed of the show cause notices issued against the Company and its subsidiary company.

| | Un-Audited | Audited |
|---|----------------------|----------------------|
| | 31 December | 30 June |
| | 2020 | 2020 |
| | Rupees | Rupees |
| 6.2 Commitments | | |
| 6.2.1 For capital expenditures | <u>106,871,317</u> | <u>107,622,214</u> |
| 6.2.2 The amount of future ijara rentals and the period in which these payments will become due are as follow: | | |
| Not later than one year | - | 3,130,124 |
| Later than one year but not later than five years | - | - |
| | <u>-</u> | <u>3,130,124</u> |
| 7. FIXED ASSETS | | |
| Operating fixed assets (Note 7.1) | 1,399,249,374 | 1,394,602,141 |
| Capital work-in-progress (Note 7.2) | <u>431,257,006</u> | <u>299,143,621</u> |
| | <u>1,830,506,380</u> | <u>1,693,745,762</u> |
| 7.1 Operating fixed assets – owned | | |
| Opening book value | 1,394,602,141 | 1,375,599,503 |
| Add: Cost of additions during the period / year (Note 7.1.1) | 40,287,055 | 76,310,414 |
| Add: Book value of assets transferred from right-of-use of assets | <u>14,979,969</u> | <u>43,241,714</u> |
| | 1,449,869,165 | 1,495,151,631 |
| Less: Book value of assets written off during the period / year | - | 724,166 |
| Less: Book value of deletions during the period / year (Note 7.1.2) | <u>3,802,106</u> | <u>9,407,853</u> |
| | 1,446,067,059 | 1,485,019,612 |
| Less: Depreciation charged during the period / year | 46,817,685 | 90,417,471 |
| Closing book value | <u>1,399,249,374</u> | <u>1,394,602,141</u> |

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

For The Half Year Ended 31 December 2020

| | Un-Audited 31 December 2020 Rupees | Audited 30 June 2020 Rupees |
|---|---|--------------------------------------|
| 7.1.1 Cost of additions during the period / year | | |
| Buildings on freehold land | - | 7,150,643 |
| Buildings on leasehold land | 19,032,549 | 41,519,296 |
| Machinery | - | 4,419,000 |
| Tanks and pipelines | 813,690 | 4,411,150 |
| Dispensing pumps | 7,638,404 | 9,120,343 |
| Furniture and fittings | 538,500 | 900,206 |
| Vehicles | 3,256,544 | - |
| Office equipment | 4,088,328 | 5,841,091 |
| Computers | 4,919,040 | 2,948,685 |
| | <u>40,287,055</u> | <u>76,310,414</u> |
| 7.1.2 Book value of deletions during the period / year | | |
| Cost: | | |
| Vehicles | 8,373,959 | 18,912,133 |
| Computers | 1,322,025 | 1,169,500 |
| Office equipment | 67,397 | - |
| | 9,763,381 | 20,081,633 |
| Less: Accumulated depreciation | 5,961,275 | 10,673,780 |
| | <u>3,802,106</u> | <u>9,407,853</u> |
| 7.2 Capital work-in-progress | | |
| Advance against purchase of apartment (Note 7.2.1) | 25,226,750 | 25,226,750 |
| Advances to suppliers | 13,606,281 | 24,895,701 |
| Civil works | 301,524,204 | 194,227,385 |
| Dispensing pumps | 17,572,100 | 9,082,648 |
| Mobilization and other advances | 10,343,530 | 11,626,452 |
| Unallocated expenditures | 62,698,441 | 34,084,685 |
| Advance for purchase of vehicles | 285,700 | - |
| | <u>431,257,006</u> | <u>299,143,621</u> |

7.2.1 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. Subsequent to the reporting period, BNP (Private) Limited has given performance bank guarantee to CDA on account of first installment and CDA has de-sealed the tower accordingly. 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 interim financial statements.

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

For The Half Year Ended 31 December 2020

8. RIGHT-OF-USE ASSETS

| | Land | Buildings | Vehicles | Total |
|--|-------------------------|------------|------------|-------------|
| | ----- R u p e e s ----- | | | |
| Net carrying amount | | | | |
| 30 June 2020 | 212,827,264 | 3,064,790 | 55,050,844 | 270,942,898 |
| 31 December 2020 | 242,237,472 | 27,521,802 | 50,742,622 | 320,501,896 |
| Depreciation expense for the period ended 31 December 2020 | 22,386,298 | 3,588,037 | 5,183,253 | 31,157,588 |
| Addition during the period ended 31 December 2020 | 51,796,506 | 28,045,049 | 15,855,000 | 95,696,555 |
| Book value of assets transferred to operating fixed assets | - | - | 14,979,969 | 14,979,969 |

8.1 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.

8.2 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 five years.

8.3 Lease of vehicles

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

8.4 There is no impairment against right-of-use assets.

| | Un-Audited 31 December 2020 Rupees | Audited 30 June 2020 Rupees |
|---|---|--------------------------------------|
| 9. INTANGIBLE ASSETS | | |
| Computer softwares (Note 9.1) | 9,136,506 | 7,596,802 |
| 9.1 Computer softwares | | |
| Opening book value | 7,596,802 | 4,732,856 |
| Add: Cost of additions during the period / year | 3,260,000 | 5,362,625 |
| Less: Amortization charged during the period / year | 1,720,296 | 2,498,679 |
| Closing book value | 9,136,506 | 7,596,802 |
| 9.2 Cost as at reporting date | 41,340,272 | 38,080,272 |
| Accumulated amortization | (32,203,766) | (30,483,470) |
| Net book value as at reporting date | 9,136,506 | 7,596,802 |

9.3 Intangible assets - computer softwares have been amortized at the rate of 30% (30 June 2020: 30%) per annum.

10. INVESTMENT IN SUBSIDIARY COMPANY - at cost

| | | |
|--|---------------|---------------|
| Hi-Tech Blending (Private) Limited - unquoted 130,000,060 (30 June 2020: 130,000,060) fully paid ordinary shares of Rupees 10 each Equity held 100% (30 June 2020: 100%) | 1,300,000,600 | 1,300,000,600 |
|--|---------------|---------------|

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

For The Half Year Ended 31 December 2020

- 10.1** Investment in Hi-Tech Blending (Private) Limited includes 60 (30 June 2020: 60) shares in the name of nominees of the Company.

| | Un-Audited 31 December 2020 Rupees | Audited 30 June 2020 Rupees |
|---|---|--|
| 11. STOCK-IN-TRADE | | |
| Lubricants and parts (Note 11.1) | 302,399,399 | 378,075,086 |
| Less: Provision for slow moving and damaged inventory items | 2,137,403 | 6,488,123 |
| | <u>300,261,996</u> | <u>371,586,963</u> |
| Petroleum products | | |
| - Stock in hand (Note 11.2, 11.3 and 11.4) | 132,241,600 | 6,766,970 |
| - Stock in pipeline system (Note 11.5) | 22,295,353 | 28,457,092 |
| | 154,536,953 | 35,224,062 |
| Dispensing pumps and other installations | 46,290,625 | 40,324,810 |
| Stock of promotional items | 192,154 | 209,404 |
| | <u>501,281,728</u> | <u>447,345,239</u> |

- 11.1** This includes stock-in-transit of Rupees 108.348 million (30 June 2020: Rupees Nil) and stock amounting to Rupees Nil (30 June 2020: Rupees 105.921 million) lying at customs bonded warehouse.

- 11.2** This includes stock of petroleum products in transit of Rupees Nil (30 June 2020: Rupees 2.592 million).

- 11.3** This includes the Company's share of stock of High Speed Diesel amounting to Rupees 2.718 million (30 June 2020: Rupees 1.630 million) held by Askar Oil Services (Private) Limited.

- 11.4** This includes stock of Rupees 115.060 million (30 June 2020: Rupees Nil) lying at Vitol Tank Terminal.

- 11.5** This represents the Company's share of pipeline stock of High Speed Diesel amounting to Rupees 2.579 million (30 June 2020: Rupees 28.457 million) held by Pak-Arab Pipeline Company Limited.

| | (Un-Audited) | |
|--|--|--|
| | HALF YEAR ENDED | |
| | 31 December 2020 Rupees | 31 December 2019 Rupees |
| 12. CASH GENERATED FROM OPERATIONS | | |
| Profit / (loss) before taxation | 256,999,207 | (163,054,721) |
| Adjustments for non-cash charges and other items: | | |
| Depreciation on operating fixed assets | 46,817,685 | 42,483,130 |
| Depreciation on right-of-use assets | 31,157,588 | 32,762,654 |
| Amortization on intangible assets | 1,720,296 | 1,194,346 |
| Amortization of deferred income - Government grant | (3,715,508) | - |
| Debit balance written off | 87,815 | - |
| Credit balances written back | (374,735) | - |
| Allowance for / (reversal of) expected credit losses | 2,793,574 | (4,620,180) |
| Gain on disposal of operating fixed assets | (4,367,543) | (6,548,003) |
| Dividend income | (9,794,975) | (3,634,385) |
| Profit on bank deposits and term deposit receipts | (13,493,698) | (47,099,979) |
| Unrealized gain on remeasurement of investments | (512,151) | (2,387,531) |
| Exchange gain - net | (2,502,202) | (10,477,104) |
| Finance cost | 38,534,678 | 96,406,024 |
| Working capital changes (Note 12.1) | 476,220,514 | 733,795,407 |
| | <u>819,570,545</u> | <u>668,819,658</u> |

Notes To The Unconsolidated Condensed Interim Financial Statements

For The Quarter Ended 30 September 2020

(Un-Audited)

| HALF YEAR ENDED | |
|------------------|------------------|
| 31 December 2020 | 31 December 2019 |
| Rupees | Rupees |

12.1 Working capital changes

Decrease / (increase) in current assets:

| | | |
|---|---------------|---------------|
| Stock-in-trade | (53,936,489) | 69,888,769 |
| Trade debts | 5,158,167 | 1,098,142,078 |
| Loans and advances | (133,509,871) | (174,927,813) |
| Short term deposits and prepayments | (2,607,697) | 1,446,591 |
| Other receivables | 12,477,086 | 12,273,210 |
| | (172,418,804) | 1,006,822,835 |
| Increase / (decrease) in trade and other payables | 648,639,318 | (273,027,428) |
| | 476,220,514 | 733,795,407 |

13. 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 unconsolidated condensed interim financial statements, are as follows:

| NATURE OF TRANSACTIONS | UN-AUDITED | | | |
|------------------------|------------------|------------------|------------------|------------------|
| | HALF YEAR ENDED | | QUARTER ENDED | |
| | 31 December 2020 | 31 December 2019 | 31 December 2020 | 31 December 2019 |
| | Rupees | Rupees | Rupees | Rupees |

i. Transactions

Subsidiary company

| | | | | | |
|------------------------------------|---------------------------------------|---------------|-------------|---------------|-------------|
| Hi-Tech Blending (Private) Limited | Sale of lubricants | 694,784 | 454,200 | 694,784 | 382,000 |
| | Purchase of lubricants | 2,600,128,137 | 874,775,479 | 1,647,782,886 | 660,110,727 |
| | Interest received on short term loans | - | 7,741,006 | - | - |
| | Lease rentals paid | 1,500,000 | 1,500,000 | 750,000 | 750,000 |

Associated company

| | | | | | |
|----------------------------------|--------------------------|---------|---------|--------|---------|
| MAS Associates (Private) Limited | Share of common expenses | 333,932 | 314,351 | 22,679 | 162,926 |
|----------------------------------|--------------------------|---------|---------|--------|---------|

Other related parties

| | | | | | |
|--|------------------------|-------------|-------------|-------------|-------------|
| SK Lubricants Co., Ltd. | Purchase of lubricants | 172,618,634 | 667,938,440 | 132,048,495 | 185,283,447 |
| SK Lubricants Co., Ltd. | Dividend paid | 633,247 | 206,944 | 633,247 | 206,944 |
| Provident fund trust | Contribution | 16,059,325 | 7,917,232 | 12,044,727 | 3,778,125 |
| Key management personnel and executive | Remuneration | 124,522,012 | 97,932,243 | 62,114,973 | 44,283,422 |
| Sabra Hamida Trust | Donations | 9,000,000 | 9,000,000 | 4,500,000 | 4,500,000 |

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

For The Half Year Ended 31 December 2020

| | Un-Audited December 31 2020 Rupees | Audited June 30 2020 Rupees |
|---|---|--------------------------------------|
| ii. Period end balances | | |
| Hi-Tech Blending (Private) Limited - Subsidiary company: | | |
| Investment | 1,300,000,600 | 1,300,000,600 |
| Receivable against sales | - | 89,201 |
| Payable against purchases | 744,226,895 | 301,579,747 |
| Associated company | | |
| Receivable from MAS Associates (Private) Limited | 167,753 | 151,425 |
| Other related parties: | | |
| Receivable from SK Lubricants Co., Ltd. | - | 28,501,777 |
| Payable to SK Lubricants Co., Ltd. | 101,365,116 | 201,763,028 |
| Payable to employees' provident fund trust | 2,702,230 | 2,742,114 |

14. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

(i) Fair value hierarchy

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

| Recurring fair value measurements at 31 December 2020 | Level 1 | Level 2 | Level 3 | Total |
|--|-------------|---------|---------|-------------|
| ----- Rupees ----- | | | | |
| Financial assets | | | | |
| Financial assets at fair value through profit or loss | 334,657,662 | - | - | 334,657,662 |
| <hr/> <hr/> | | | | |
| Recurring fair value measurements at 30 June 2020 | Level 1 | Level 2 | Level 3 | Total |
| ----- Rupees ----- | | | | |
| Financial assets | | | | |
| Financial assets at fair value through profit or loss | 250,864,373 | - | - | 250,864,373 |
| <hr/> <hr/> | | | | |

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

For The Half Year Ended 31 December 2020

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 year. Further there was no transfer in and out of level 3 measurements.

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

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

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which 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 technique used to value financial instruments is the use of quoted market prices.

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

For The Half Year Ended 31 December 2020

15. SEGMENT INFORMATION

The Company has two reportable segments. The following summary describes the operation in each of the Company's reportable segments:

| | |
|--------------------|---|
| Lubricants | Purchase and sale of lubricants, parts and rendering of services. |
| Petroleum products | Marketing and sale of petroleum products. |

(Un-Audited)

| | LUBRICANTS | | PETROLEUM PRODUCTS | | UNALLOCATED | | TOTAL - COMPANY | |
|---------------------------------|----------------------|------------------|--------------------|------------------|------------------|------------------|------------------|------------------|
| | 31 December 2020 | 31 December 2019 | 31 December 2020 | 31 December 2019 | 31 December 2020 | 31 December 2019 | 31 December 2020 | 31 December 2019 |
| | (----- RUPEES -----) | | | | | | | |
| Revenue - net | 3,761,888,555 | 2,076,612,380 | 856,057,935 | - | - | - | 4,617,946,490 | 2,076,612,380 |
| Cost of sales | (2,909,643,188) | (1,642,772,946) | (817,509,264) | - | - | - | (3,727,152,452) | (1,642,772,946) |
| Gross profit | 852,245,367 | 433,839,434 | 38,548,671 | - | - | - | 890,794,038 | 433,839,434 |
| Distribution cost | (333,870,939.46) | (336,945,644) | (75,172,396) | (31,709,696) | - | - | (409,043,335) | (368,655,340) |
| Administrative expenses | (197,788,067) | (197,068,205) | (17,652,783) | - | - | - | (215,440,850) | (197,068,205) |
| Other expenses | (11,352,169) | (9,531,768) | (4,236,203) | - | - | - | (15,588,372) | (9,531,768) |
| | (543,011,175) | (543,545,617) | (97,061,382) | (31,709,696) | - | - | (640,072,557) | (575,255,313) |
| Other income | 22,699,921 | 23,215,127 | 22,112,483 | 51,552,055 | - | - | 44,812,404 | 74,767,182 |
| Profit / (loss) from operations | 331,934,113 | (86,491,056) | (36,400,228) | 19,842,358 | - | - | 295,533,885 | (66,648,697) |
| Finance cost | - | - | - | - | (38,534,678) | (96,406,024) | (38,534,678) | (96,406,024) |
| Profit / (loss) before taxation | 331,934,113 | (86,491,056) | (36,400,228) | 19,842,358 | (38,534,678) | (96,406,024) | 256,999,207 | (163,054,721) |
| Taxation | - | - | - | - | (82,136,663) | (22,068,345) | (82,136,663) | (22,068,345) |
| Profit / (loss) after taxation | 331,934,113 | (86,491,056) | (36,400,228) | 19,842,358 | (120,671,341) | (118,474,369) | 174,862,544 | (185,123,066) |

15.1 Reconciliation of reportable segment assets and liabilities:

| | LUBRICANTS | | PETROLEUM PRODUCTS | | TOTAL - COMPANY | |
|---|------------------|---------------|--------------------|---------------|------------------|---------------|
| | Un-Audited | Audited | Un-Audited | Audited | Un-Audited | Audited |
| | -----Rupees----- | | | | | |
| | 31 December 2020 | 30 June 2020 | 31 December 2020 | 30 June 2020 | 31 December 2020 | 30 June 2020 |
| Total assets for reportable segments | 1,496,426,006 | 1,631,222,555 | 1,986,369,704 | 1,716,788,872 | 3,482,795,710 | 3,348,011,427 |
| Unallocated assets | | | | | 1,646,444,992 | 1,645,206,165 |
| Total assets as per unconsolidated condensed interim statement of financial position | | | | | 5,129,240,702 | 4,993,217,592 |
| Total liabilities for reportable segments | 875,831,997 | 617,441,705 | 196,282,918 | 148,390,643 | 1,072,114,915 | 765,832,348 |
| Unallocated liabilities | | | | | 829,001,340 | 1,069,719,741 |
| Total liabilities as per unconsolidated condensed interim statement of financial position | | | | | 1,901,116,255 | 1,835,552,089 |

15.2 All of the sales of the Company relates to customers in Pakistan.

15.3 All non-current assets of the Company as at the reporting dates are located in Pakistan.

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

For The Half Year Ended 31 December 2020

| | Un-Audited December 31 2020 Rupees | Un-Audited 30 June 2020 Rupees |
|--|---|---|
| 16. DISCLOSURES BY COMPANY LISTED ON ISLAMIC INDEX | | |
| Description | | |
| i) Loans / advances obtained as per Islamic mode: | | |
| Loans | - | 50,000,000 |
| Advances | 77,548,361 | 48,465,976 |
| ii) Shariah complaint bank deposits / bank balances | | |
| Bank balances | 6,265,556 | 8,543,511 |
| | Un-Audited December 31 2020 Rupees | Un-Audited December 31 2019 Rupees |
| iii) Profit earned from shariah complaint bank deposits / bank balances | | |
| Profit on bank deposits and term deposit receipts | - | - |
| iv) Revenue earned from a shariah complaint business | 4,617,946,490 | 2,076,612,380 |
| v) Gain / (loss) or dividend earned from shariah complaint investments | | |
| Dividend income | 3,913,354 | 345,666 |
| Gain on sale of investments | 440,993 | 6,824 |
| Gain / (loss) on remeasurement of investments at fair value through profit or loss | (5,661) | 136,428 |
| vi) Exchange gain earned | 2,502,202 | 10,625,719 |
| vii) Mark up paid on Islamic mode of financing | 2,238,976 | 23,897,966 |
| viii) Profits earned or interest paid on any conventional loan or advance | | |
| Interest paid on loans | 33,033,560 | 77,337,275 |
| ix) Relationship with shariah compliant banks | | |
| Name | Relationship as at reporting date | |
| Al-Baraka Bank (Pakistan) Limited | Bank balance | |
| Meezan Bank Limited | Bank balance | |
| Dubai Islamic Bank Pakistan Limited | Bank balance | |

17. UTILIZATION OF THE PROCEEDS OF THE INITIAL PUBLIC OFFER (IPO)

During the period ended 31 December 2020, the Company has made payments of Rupees 169.860 million out of IPO proceeds relating to OMC project. The un-utilized proceeds of Rupees 588.377 million of the public offer have been kept by the Company in the shape of bank balances, term deposit receipts and mutual funds.

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

For The Half Year Ended 31 December 2020

18. 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 2020.

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.

20. DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorized for issue on February 19, 2021 by the Board of Directors of the Company.

21. GENERAL

Figures have been rounded off to nearest of Rupee, unless otherwise stated.



Chief Executive



Director



Chief Financial Officer

HI-TECH LUBRICANTS LIMITED

Consolidated Condensed Interim Financial Statements (Un-audited)

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

As At 31 December 2020

| | Note | Un-Audited 31 December 2020 Rupees | Audited June 30, 2020 Rupees |
|--|------|---|---------------------------------------|
| EQUITY AND LIABILITIES | | | |
| SHARE CAPITAL AND RESERVES | | | |
| 150,000,000 (30 June 2020: 150,000,000) ordinary shares of Rupees 10 each | | 1,500,000,000 | 1,500,000,000 |
| Issued, subscribed and paid-up share capital | | 1,160,040,000 | 1,160,040,000 |
| Reserves | | 3,029,669,419 | 2,829,226,721 |
| Total equity | | 4,189,709,419 | 3,989,266,721 |
| LIABILITIES | | | |
| NON-CURRENT LIABILITIES | | | |
| Long term financing | 4 | 119,142,765 | 48,791,918 |
| Lease liabilities | 5 | 291,897,065 | 184,195,982 |
| Long term deposits | | 11,000,000 | 500,000 |
| Deferred liabilities | | 72,287,049 | 6,107,347 |
| | | 494,326,879 | 239,595,247 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | | 1,315,948,774 | 1,108,298,946 |
| Accrued mark-up / profit | | 6,487,511 | 31,928,575 |
| Short term borrowings | | 157,111,907 | 1,013,995,774 |
| Current portion of non-current liabilities | | 145,928,190 | 90,607,376 |
| Unclaimed dividend | | 3,914,403 | 3,438,436 |
| | | 1,629,390,785 | 2,248,269,107 |
| Total liabilities | | 2,123,717,664 | 2,487,864,354 |
| CONTINGENCIES AND COMMITMENTS | | | |
| | 6 | | |
| TOTAL EQUITY AND LIABILITIES | | 6,313,427,083 | 6,477,131,075 |

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


Chief Executive


Director


Chief Financial Officer

| | Note | Un-Audited 31 December 2020 Rupees | Audited June 30, 2020 Rupees |
|-------------------------------------|------|---|---------------------------------------|
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Fixed assets | 7 | 3,298,689,569 | 3,184,059,176 |
| Right-of-use assets | 8 | 322,043,741 | 253,085,332 |
| Intangible assets | 9 | 9,372,520 | 7,866,531 |
| Long term security deposits | | 18,242,845 | 13,700,318 |
| Deferred income tax asset | | 69,456,543 | 17,050,536 |
| | | <u>3,717,805,218</u> | <u>3,475,761,893</u> |
| CURRENT ASSETS | | | |
| Stores | | 74,218,094 | 70,578,853 |
| Stock-in-trade | 10 | 1,187,615,476 | 1,459,281,663 |
| Trade debts | | 69,221,191 | 76,104,012 |
| Loans and advances | | 314,983,403 | 174,362,842 |
| Short term deposits and prepayments | | 40,815,957 | 41,259,119 |
| Other receivables | | 21,830,166 | 34,309,077 |
| Short term investments | | 586,966,056 | 723,285,160 |
| Taxation - net | | 196,729,477 | 235,446,961 |
| Cash and bank balances | | 103,242,045 | 186,741,495 |
| | | <u>2,595,621,865</u> | <u>3,001,369,182</u> |
| TOTAL ASSETS | | <u><u>6,313,427,083</u></u> | <u><u>6,477,131,075</u></u> |



Chief Executive



Director



Chief Financial Officer

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

For The Half Year Ended 31 December 2020

| | HALF YEAR ENDED | | QUARTER ENDED | |
|--|---------------------|---------------------|---------------------|---------------------|
| | 31 December 2020 | 31 December 2019 | 31 December 2020 | 31 December 2019 |
| | Rupees | Rupees | Rupees | Rupees |
| GROSS REVENUE | 6,861,897,848 | 2,805,446,925 | 4,219,362,416 | 2,136,937,182 |
| Discounts | (342,010,199) | (24,452,600) | (263,145,629) | (9,205,234) |
| Sales tax | (1,901,941,159) | (704,381,945) | (1,177,165,847) | (514,351,441) |
| NET REVENUE | 4,617,946,490 | 2,076,612,380 | 2,779,050,940 | 1,613,380,507 |
| COST OF SALES | (3,556,903,615) | (1,506,340,351) | (2,177,867,938) | (1,150,913,872) |
| GROSS PROFIT | 1,061,042,875 | 570,272,029 | 601,183,002 | 462,466,635 |
| DISTRIBUTION COST | (430,383,071) | (383,632,266) | (226,583,904) | (172,748,197) |
| ADMINISTRATIVE EXPENSES | (245,878,757) | (223,430,839) | (126,329,100) | (111,684,637) |
| OTHER EXPENSES | (22,366,357) | (12,498,979) | (8,336,416) | (7,611,135) |
| | (698,628,185) | (619,562,084) | (361,249,420) | (292,043,969) |
| OTHER INCOME | 54,928,931 | 81,086,505 | 41,025,448 | 36,610,348 |
| PROFIT/(LOSS) FROM OPERATIONS | 417,343,621 | 31,796,450 | 280,959,030 | 207,033,014 |
| FINANCE COST | (51,763,030) | (127,565,239) | (22,114,809) | (75,052,919) |
| PROFIT/(LOSS) BEFORE TAXATION | 365,580,591 | (95,768,789) | 258,844,221 | 131,980,095 |
| TAXATION | (60,734,293) | (38,596,528) | (43,256,967) | (24,272,995) |
| PROFIT/(LOSS) AFTER TAXATION | 304,846,298 | (134,365,317) | 215,587,254 | 107,707,100 |
| PROFIT/(LOSS) PER SHARE - BASIC AND DILUTED | 2.63 | (1.16) | 1.86 | 0.93 |

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


Chief Executive


Director


Chief Financial Officer

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

For The Half Year Ended 31 December 2020

| | HALF YEAR ENDED | | QUARTER ENDED | |
|---|---------------------|----------------------|---------------------|---------------------|
| | 31 December 2020 | 31 December 2019 | 31 December 2020 | 31 December 2019 |
| | Rupees | Rupees | Rupees | Rupees |
| PROFIT/(LOSS) AFTER TAXATION | 304,846,298 | (134,365,317) | 215,587,254 | 107,707,100 |
| OTHER COMPREHENSIVE INCOME | | | | |
| Items that will not be reclassified to profit or loss | - | - | - | - |
| Items that may be reclassified subsequently to profit or loss | - | - | - | - |
| Other comprehensive income for the period | - | - | - | - |
| TOTAL COMPREHENSIVE PROFIT/(LOSS) FOR THE PERIOD | <u>304,846,298</u> | <u>(134,365,317)</u> | <u>215,587,254</u> | <u>107,707,100</u> |

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



Chief Executive



Director



Chief Financial Officer

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

For The Half Year Ended 31 December 2020

| | RESERVES | | | | TOTAL EQUITY |
|--|-----------------|-----------------|------------------------|----------------|---------------|
| | CAPITAL RESERVE | REVENUE RESERVE | UN-APPROPRIATED PROFIT | TOTAL RESERVES | |
| | SHARE PREMIUM | | | | |
| SHARE CAPITAL | | | | | |
| (----- Rupees -----) | | | | | |
| Balance as at 30 June 2019 - audited | 1,160,040,000 | 1,441,697,946 | 1,294,913,098 | 2,736,611,044 | 3,896,651,044 |
| Transaction with owners: | | | | | |
| Final dividend for the year ended 30 June 2019 @ Rupees 0.25 per share | - | - | (29,001,000) | (29,001,000) | (29,001,000) |
| Loss for the half year ended 31 December 2019 | - | - | (134,365,317) | (134,365,317) | (134,365,317) |
| Other comprehensive Loss for the half year ended 31 December 2019 | - | - | - | - | - |
| Total comprehensive Loss for the half year ended 31 December 2019 | - | - | (134,365,317) | (134,365,317) | (134,365,317) |
| Balance as at 31 December 2019 - un-audited | 1,160,040,000 | 1,441,697,946 | 1,160,547,781 | 2,602,245,727 | 3,762,285,727 |
| Profit for the half year ended 30 June 2020 | - | - | 255,981,994 | 255,981,994 | 255,981,994 |
| Other comprehensive income for the half year ended 30 June 2020 | - | - | - | - | - |
| Total comprehensive income for the half year ended 30 June 2020 | - | - | 255,981,994 | 255,981,994 | 255,981,994 |
| Balance as at 30 June 2020 - audited | 1,160,040,000 | 1,441,697,946 | 1,387,528,775 | 2,829,226,721 | 3,989,266,721 |
| Transaction with owners: | | | | | |
| Final dividend for the year ended 30 June 2020 @ Rupees 0.90 per share | - | - | (104,403,600) | (104,403,600) | (104,403,600) |
| Profit for the half year ended 31 December 2020 | - | - | 304,846,298 | 304,846,298 | 304,846,298 |
| Other comprehensive Loss for the half year ended 31 December 2020 | - | - | - | - | - |
| Total comprehensive Loss for the half year ended 31 December 2020 | - | - | 304,846,298 | 304,846,298 | 304,846,298 |
| Balance as at 31 December 2020 - Un-audited | 1,160,040,000 | 1,441,697,946 | 1,587,971,473 | 3,029,669,419 | 4,189,709,419 |

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


Chief Executive


Director


Chief Financial Officer

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

For The Half Year Ended 31 December 2020

| | Note | HALF YEAR ENDED | |
|---|------|----------------------|----------------------|
| | | 31 December 2020 | 31 December 2019 |
| | | Rupees | Rupees |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash generated from operations | 11 | 845,487,091 | 741,982,213 |
| Finance cost paid | | (55,917,566) | (141,946,506) |
| Income tax paid | | (4,361,271) | (51,176,045) |
| Net decrease in long term loans to employees | | - | 210,084 |
| Net decrease / (increase) in long term security deposits | | (1,703,427) | 2,540,472 |
| Increase in long term deposits | | 10,500,000 | (500,000) |
| Net cash generated from / (used in) operating activities | | 794,004,827 | 551,110,218 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Capital expenditure on operating fixed assets | | (183,477,982) | (147,215,583) |
| Capital expenditure on intangible assets | | (3,260,000) | - |
| Proceeds from disposal of operating fixed assets | | 8,169,649 | 16,045,072 |
| Short term investments - net | | 136,831,255 | 46,910,293 |
| Dividend received | | 9,794,975 | 3,634,385 |
| Interest received on loan to subsidiary company | | - | 7,741,006 |
| Profit on bank deposits and term deposit receipts received | | 13,495,523 | 46,651,128 |
| Net cash used in investing activities | | (18,446,580) | (26,233,699) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Short term borrowings - net | | (856,883,867) | (451,604,967) |
| Dividend paid | | (103,927,633) | (29,135,532) |
| Proceeds from long term financing | | 151,440,970 | - |
| Repayment of long term financing | | (2,448,750) | (19,211,338) |
| Repayment of lease liabilities | | (47,238,417) | (58,572,560) |
| Net cash (used in) / from financing activities | | (859,057,697) | (558,524,397) |
| Net decrease in cash and cash equivalents | | (83,499,450) | (33,647,878) |
| Cash and cash equivalents at beginning of the period | | 186,741,495 | 308,935,747 |
| Cash and cash equivalents at end of the period | | 103,242,045 | 275,287,869 |

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



Chief Executive



Director



Chief Financial Officer

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

For The Half Year Ended 31 December 2020

1. THE GROUP AND ITS OPERATIONS

The Group consists of:

Holding Company

- Hi-Tech Lubricants Limited

Subsidiary Company

- Hi-Tech Blending (Private) Limited

1.1 Hi-Tech Lubricants Limited

Hi-Tech Lubricants Limited ("the Holding 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 Holding Company is situated at 1-A, Danepur Road, GOR-1, Lahore. The principal activity of the Holding Company is to procure and distribute lubricants and petroleum products. During the year ended 30 June 2017, Oil and Gas Regulatory Authority (OGRA) 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 Holding Company to operate new storage facility at Sahiwal and marketing of petroleum products in the Province of Punjab. On 20 January 2020, the Holding Company has started marketing and sale of petroleum products. On 21 February 2020, OGRA has granted permission to the Holding Company to apply for No Objection Certificates (NOCs) from concerned departments to setup petrol pumps in Khyber Pakhtunkhwa Province.

1.2 Hi-Tech Blending (Private) Limited

Hi-Tech Blending (Private) Limited ("the Subsidiary Company") was incorporated in Pakistan as a private company limited by shares on 13 March 2014 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). 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 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 2020.

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 2020.

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

For The Half Year Ended 31 December 2020

| | Un-Audited December 31, 2020 Rupees | Audited June 30, 2020 Rupees |
|---|--|---------------------------------------|
| 4. LONG TERM FINANCING | | |
| From banking companies - secured | | |
| Holding Company | | |
| Bank Alfalah Limited - Loan under SBP Refinance Scheme (Note 4.1) | 180,698,505 | 58,118,654 |
| Subsidiary Company | | |
| Bank Al-Habib Limited - Loan under SBP Refinance Scheme (Note 4.2 and Note 4.3) | 31,383,018 | 8,973,018 |
| | <u>212,081,523</u> | <u>67,091,672</u> |
| Less: Current portion shown under current liabilities | 92,938,758 | 18,299,754 |
| | <u>119,142,765</u> | <u>48,791,918</u> |

- 4.1** These term finance facilities, aggregating to Rupees 189.968 million (30 June 2020: Rupees 63.40 million) are obtained by the Holding Company under SBP Refinance Scheme for payment of wages and salaries to workers and employees of business concerns. These are secured against first hypothecation charge of Rupees 254.000 million and personal guarantees of all sponsor directors. These finance facilities are payable in 8 equal quarterly installments commencing from 01 January 2021 and ending on 01 October 2022. Mark-up is payable quarterly at the rate of SBP refinance rate plus 3.00% per annum. These financing facilities are recognized and measured in accordance with IFRS 9 'Financial Instruments'. Fair value adjustments are recognized at discount rates range from 8.67% and 10.04% per annum.
- 4.2** This term finance facility, aggregating to Rupees 32.205 million is obtained by the Company under SBP Refinance Scheme for payment of wages and salaries to workers and employees of business concerns. This finance facility is repayable in 8 equal quarterly instalments commencing from 23 January 2021 and ending on 23 October 2022. Mark-up is payable quarterly at the rate of SBP refinance rate plus 3.00% per annum. This loan is recognized and measured in accordance with IFRS 9 'Financial Instruments'. Fair value adjustment has been recognized at discount rate of 9.68% per annum.
- 4.3** These finance facilities are secured by first pari passu hypothecation charge over current assets of the subsidiary Company of Rupees 1,067 million, hypothecation charge over plant and machinery of Rupees 610 million, mortgage charge over land and building of the subsidiary Company of Rupees 400 million, corporate guarantee of the holding company of Rupees 1.3 billion and personal guarantees of directors of the Company.

| | Un-Audited December 31, 2020 Rupees | Audited June 30, 2020 Rupees |
|---|--|---------------------------------------|
| 5. LEASE LIABILITIES | | |
| Total lease liabilities | 337,653,130 | 256,503,604 |
| Less: Current portion shown under current liabilities | 45,756,064 | 72,307,622 |
| | <u>291,897,065</u> | <u>184,195,982</u> |

- 5.1** The interest expense on lease liabilities for the period is Rupees 17.478 million (30 June 2020: Rupees 35.756 million). The total cash outflow for leases for the period ended 31 December 2020 amounted to Rupees 48.454 million (30 June 2020: Rupees 48.576 million).
- 5.2** Implicit rates against lease liabilities range from 7.00% to 13.97% (30 June 2020: from 8.76% to 14.99%) per annum.

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

For The Half Year Ended 31 December 2020

- 5.3** Leases from banking companies are secured against charge on the leased assets, personal guarantees of directors and security deposits of Rupees 9.462 million (30 June 2020: Rupees 9.732 million) .

6. CONTINGENCIES AND COMMITMENTS

6.1 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 2020 except for the following:

- 6.1.1** On 05 June 2018, the Competition Commission of Pakistan ("CCP") has initiated a formal enquiry under the provisions of the Competition Act, 2010 ("the Act") on complaint against the Holding Company and its subsidiary company, Hi-Tech Blending (Private) Limited by Chevron Pakistan Lubricants (Private) Limited ("Chevron") for adopting deceptive marketing practices in contravention of section 10 of the Act. It has also been prayed by Chevron to CCP to impose a penalty of 10% of the annual turnover of the Holding Company and its subsidiary company and / or Rupees 75 million, as CCP may deem appropriate. CCP has concluded its enquiry on the complaint lodged by Chevron on 07 February 2019. On 20 August 2019, CCP has issued a show cause notices to the Holding Company and its subsidiary company regarding deceptive marketing practices by distributing false and misleading information about its brand "ZIC" under section 10 of the Act. The Holding Company and its subsidiary company have appeared before the CCP through their advocates, rejecting the contents of the enquiry report concluded by CCP. On 15 September 2020, in a detailed order, CCP has set aside the findings of enquiry report and disposed of the show cause notices issued against the Holding Company and its subsidiary company.

| | Un-Audited December 31, 2020 Rupees | Audited June 30, 2020 Rupees |
|--|--|---|
| 6.2 Commitments | | |
| 6.2.1 Contracts for capital expenditures | <u>148,599,856</u> | <u>107,622,214</u> |
| 6.2.2 The amount of future ijara rentals for ijara financing and the period in which these payments will become due are as follows: | | |
| Not later than one year | - | 3,130,124 |
| Later than one year but not later than five years | - | - |
| | <u>-</u> | <u>3,130,124</u> |
| 7. FIXED ASSETS | | |
| Operating fixed assets: | | |
| Owned (Note 7.1) | 2,831,436,697 | 2,852,230,682 |
| Capital work-in-progress (Note 7.2) | 467,252,872 | 331,828,494 |
| | <u>3,298,689,569</u> | <u>3,184,059,176</u> |
| 7.1 Operating fixed assets – owned | | |
| Opening book value | 2,852,230,682 | 2,880,461,259 |
| Add: Cost of additions during the period / year (Note 7.1.1) | 46,173,718 | 100,689,040 |
| Add: Book value of assets transferred from right-of-use of assets | 14,979,969 | 45,110,595 |
| | <u>2,913,384,369</u> | <u>3,026,260,894</u> |
| Less: Book value of assets written off during the period / year | - | 724,166 |
| Less: Book value of deletions during the period / year (Note 7.1.2) | 3,802,106 | 9,620,173 |
| | <u>2,909,582,263</u> | <u>3,015,916,555</u> |
| Less: Depreciation charged during the period / year | 78,145,566 | 163,685,873 |
| Closing book value | <u>2,831,436,697</u> | <u>2,852,230,682</u> |

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

For The Half Year Ended 31 December 2020

| | Un-Audited December 31, 2020 Rupees | Audited June 30, 2020 Rupees |
|---|--|---------------------------------------|
| 7.1.1 Cost of additions during the period / year | | |
| Buildings on freehold land | - | 30,299,232 |
| Buildings on leasehold land | 19,032,549 | 41,519,296 |
| Machinery | 677,600 | 5,575,151 |
| Tanks and Pipeline | 813,690 | 4,411,150 |
| Dispensing Pumps | 7,638,404 | 9,120,343 |
| Electric Installation | 4,432,100 | - |
| Furniture and fittings | 538,500 | 974,092 |
| Vehicles | 3,256,544 | - |
| Office equipment | 4,374,191 | 5,841,091 |
| Computers | 5,410,140 | 2,948,685 |
| | <u>46,173,718</u> | <u>100,689,040</u> |
| 7.1.2 Book value of deletions during the period / year | | |
| Cost: | | |
| Vehicles | 8,373,959 | 19,439,278 |
| Computers | 1,322,025 | 1,169,500 |
| Office Equipments | 67,397 | - |
| Less: Accumulated depreciation | 5,961,275 | 10,988,605 |
| | <u>3,802,106</u> | <u>9,620,173</u> |
| 7.2. Capital work-in-progress | | |
| Advance for purchase of apartment (Note 7.2.1) | 25,226,750 | 25,226,750 |
| Advances to suppliers | 13,606,281 | - |
| Civil works | 323,073,615 | 213,465,802 |
| Dispensing pumps | 17,572,100 | 9,082,648 |
| Mobilization and other advances | 23,789,988 | 25,072,908 |
| Plant and machinery | 999,997 | 24,895,701 |
| Vehicles | 285,700 | - |
| Unallocated expenditures | 62,698,441 | 34,084,685 |
| | <u>467,252,872</u> | <u>331,828,494</u> |

7.2.1 This represent advance given to BNP (Private) Limited against purchase of apartment in Grand Hayatt at 1-Constitution Avenue, Islamabad. On 29 July 2016, Capital Development Authority (CDA) cancelled the leased deed of BNP (Private) Limited on the grounds of violating the terms and conditions of the said lease. Against the alleged order, BNP (Private) Limited filed a writ petition before the Honorable Islamabad High Court ("IHC") challenging the cancellation of said lease. IHC dismissed the writ petition of BNP (Private) Limited. However, the honorable judge of IHC ruled that it is a duty of the Federal Government to ensure that the purchasers do not suffer due to Government's own wrongful actions and omissions, particularly when the regulatory failure of the CDA stands admitted. The Holding Company and others filed appeals against the aforesaid judgment of IHC before Honorable Supreme Court of Pakistan. Honorable Supreme Court of Pakistan has passed order on 09 January 2019 whereby the Court has revived the original lease together with all approvals and permissions already granted. The Court has further ordered that BNP (Private) Limited shall complete the entire project within a reasonable time. On 15 March 2019, CDA has filed a review petition before the Honorable Supreme Court of Pakistan urging to cancel the lease deed and to allow the federal cabinet to review the matter as per the directions of IHC. Honorable Supreme Court of Pakistan has passed order to pay Rupees 17.5 billion in six installments to CDA to de-scale the Tower. Subsequent to the reporting period, BNP (Private) Limited has given performance bank guarantee to CDA on account of first installment and CDA has de-scaled the Tower accordingly. In view of the aforesaid, advice of the legal counsel of the Holding Company and the fact that the Holding Company's apartment is one of the duly built apartments on 6th Floor of the Tower, no provision against advance for purchase of apartment has been recognized in these consolidated interim financial statements.

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

For The Half Year Ended 31 December 2020

8. RIGHT-OF-USE ASSETS

| | Land | Buildings | Vehicles | Total |
|--|-------------|------------|------------|-------------|
| Net carrying amount | | | | |
| 01 July 2020 | 212,827,264 | 3,064,790 | 56,764,008 | 272,656,062 |
| 31 December 2020 | 242,237,472 | 27,521,802 | 52,284,467 | 322,043,741 |
| Depreciation expense for the period ended 31 December 2020 | 22,386,298 | 3,588,037 | 5,354,572 | 31,328,907 |
| Addition during the period ended 31 December 2020 | 51,796,506 | 28,045,049 | 15,855,000 | 95,696,555 |
| Book value of assets transferred to operating fixed assets | - | - | 14,979,969 | 14,979,969 |

8.1 Lease of land

The Holding 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.

8.2 Lease of buildings

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 five years.

8.3 Lease of vehicles

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

8.4 There is no impairment against right-of-use assets.

| | Un-Audited December 31, 2020 Rupees | Audited June 30, 2020 Rupees |
|---------------------------------------|--|---------------------------------------|
| 9. INTANGIBLE ASSETS | | |
| Computer softwares (Note 9.1) | 9,372,519 | 7,866,531 |
| 9.1 Computer Softwares | | |
| Opening book value | 7,866,531 | 5,204,882 |
| Additions during the period/year | 3,260,000 | 5,362,625 |
| Amortization during the period/year | (1,754,012) | (2,700,976) |
| Closing book value | 9,372,519 | 7,866,531 |
| 9.2 Cost as at 30 June 2020 | 41,610,001 | 39,513,565 |
| Accumulated amortization | (32,237,482) | (31,647,034) |
| Net book value as at 31 December 2020 | 9,372,519 | 7,866,531 |

9.3 Intangible assets - computer softwares have been amortized at the rate of 30% (2020: 30%) per annum.

9.4 This includes intangible asset having cost of Rupees 0.787 million which is fully amortized.

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

For The Half Year Ended 31 December 2020

| | Un-Audited December 31, 2020 Rupees | Audited June 30, 2020 Rupees |
|---|--|---------------------------------------|
| 10. STOCK-IN-TRADE | | |
| Raw Material (Note 10.1) | 445,121,138 | 633,749,692 |
| Work-in-process | 30,440,122 | 35,955,890 |
| | <u>475,561,260</u> | <u>669,705,582</u> |
| Lubricants and parts (Note 10.2) | 513,171,887 | 720,305,928 |
| Less: Provision for slow moving and damaged stock items | 2,137,403 | 6,488,123 |
| | 511,034,484 | 713,817,805 |
| Petroleum products | | |
| - Stock in hand (Note 10.3, 10.4 and 10.5) | 132,241,600 | 6,766,970 |
| - Stock in pipeline system (Note 10.6) | 22,295,353 | 28,457,092 |
| | 154,536,953 | 35,224,062 |
| Stock of promotional items | 192,154 | 209,404 |
| Dispensing pumps and other installations | 46,290,625 | 40,324,810 |
| | <u>1,187,615,476</u> | <u>1,459,281,663</u> |

10.1 These include raw materials in transit amounting to Rupees 35.823 million (30 June 2020: Rupees 171.349) and raw materials amounting to Rupees 39.289 million (30 June 2020: Rupees 55.375 million) lying at customs bonded warehouse.

10.2 This includes stock-in-transit of Rupees 108.348 million (30 June 2020: Rupees Nil) and stock amounting to Rupees Nil (30 June 2020: Rupees 105.921 million) lying at customs bonded warehouse.

10.3 This includes stock of petroleum products in transit of Rupees Nil (30 June 2020: Rupees 2.592 million).

10.4 This includes the Holding Company's share of stock of High Speed Diesel amounting to Rupees 2.718 million (30 June 2020: Rupees 1.630 million) held by Askar Oil Services (Private) Limited.

10.5 This includes stock of Rupees 115.060 million (30 June 2020: Rupees Nil) lying at Vitol Tank Terminal.

10.6 This represents the Holding Company's share of pipeline stock of High Speed Diesel amounting to Rupees 2.579 million (30 June 2020: Rupees 28.457 million) held by Pak-Arab Pipeline Company Limited.

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

For The Half Year Ended 31 December 2020

| | Un-Audited December 31, 2020 Rupees | Un-Audited December 31, 2019 Rupees |
|--|--|--|
| 11. CASH GENERATED FROM OPERATIONS | | |
| Profit before taxation | 365,580,591 | (95,768,789) |
| Adjustments for non-cash charges and other items: | | |
| Depreciation on operating fixed assets | 81,959,320 | 79,362,992 |
| Amortization on right-of-use assets | 31,328,906 | 33,101,726 |
| Amortization on intangible assets | 1,754,011 | 1,295,494 |
| Amortization of deferred income | (3,808,136) | - |
| Debit balance written off | 87,815 | - |
| Allowance for expected credit losses | 2,793,574 | - |
| Reversal of allowance for expected credit losses | - | (4,620,180) |
| Credit balances written back | (374,735) | - |
| Gain on disposal of operating fixed assets | (4,367,543) | (7,285,683) |
| Dividend income | (9,794,975) | (3,634,385) |
| Profit on bank deposits and short term investments | (13,493,698) | (47,099,979) |
| Unrealised (gain) / loss on remeasurement of investments | (512,151) | (2,387,531) |
| (Gain) / loss on disposal of investment | - | - |
| Finance cost | 51,763,030 | 127,565,239 |
| Exchange loss - net | (12,486,101) | (16,044,747) |
| Provision for workers' profit participation fund | 5,279,388 | 2,967,211 |
| Provision for workers' welfare fund | 498,597 | - |
| Working capital changes (Note 11.1) | 349,279,198 | 674,530,845 |
| | <u>845,487,091</u> | <u>741,982,213</u> |

11.1 Working capital changes

Decrease / (increase) in current assets:

| | | |
|---|--------------------|--------------------|
| Stores | 332,430,957 | (20,046,404) |
| Stock-in-trade | (67,347,347) | (914,779,102) |
| Trade debts | 331,514,740 | 1,255,585,031 |
| Loans and advances | (140,620,561) | (322,956,815) |
| Short term deposits and prepayments | (5,836,838) | 1,527,969 |
| Other receivables | 12,477,086 | 20,138,972 |
| | 462,618,038 | 19,469,651 |
| Increase / (decrease) in trade and other payables | (113,338,840) | 655,061,194 |
| | <u>349,279,198</u> | <u>674,530,845</u> |

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

For The Half Year Ended 31 December 2020

12. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Group comprise of subsidiary company, associated undertakings, other related parties, key management personnel and provident fund trust. The Holding 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 consolidated condensed interim financial statements, are as follows:

| NATURE OF TRANSACTIONS | UN-AUDITED | | | |
|------------------------|-------------------|-------------------|-------------------|-------------------|
| | HALF YEAR ENDED | | QUARTER ENDED | |
| | December 31, 2020 | December 31, 2019 | December 31, 2020 | December 31, 2019 |

-----Rupees-----

Relationship

i. Transactions

Associated companies

| | | | | | |
|----------------------------------|--------------------------|---------|---------|--------|---------|
| MAS Associates (Private) Limited | Share of common expenses | 333,932 | 314,351 | 22,679 | 162,926 |
|----------------------------------|--------------------------|---------|---------|--------|---------|

Other related parties

| | | | | | |
|--------------------------|------------------------|---------------|---------------|---------------|-------------|
| SK Lubricants Co., Ltd. | Purchase of lubricants | 1,546,761,698 | 1,371,463,036 | 1,189,632,696 | 792,918,225 |
| SK Lubricants Co., Ltd. | Dividend Paid | 633,427 | 206,944 | 633,427 | 206,944 |
| Provident fund trusts | Contribution | 17,495,580 | 9,168,259 | 12,749,031 | 4,389,341 |
| Key management personnel | Remuneration | 130,715,560 | 103,252,203 | 55,390,756 | 103,252,203 |
| Sabra Hamida Trust | Donations | 9,000,000 | 9,000,000 | 4,500,000 | 4,500,000 |

Un-Audited
December 31,
2020
Rupees

Un-Audited
June 30,
2020
Rupees

ii. Period end balances

Associated company

| | | |
|--|---------|---------|
| Receivable from MAS Associates (Private) Limited | 167,753 | 151,425 |
|--|---------|---------|

Other related party:

| | | |
|---|-------------|-------------|
| Receivable from SK Lubricants Company Limited | - | 28,501,777 |
| Payable to SK Lubricants Company Limited | 563,729,633 | 201,763,028 |
| Payable to employees' provident fund trust | 3,171,766 | - |

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

For The Half Year Ended 31 December 2020

13 RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

(i) Fair value hierarchy

Judgments and estimates are made in determining the fair values of the financial instruments that are recognized 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 at 31 December 2020 | Level 1 | Level 2 | Level 3 | Total |
|---|---------|---------|---------|-------|
|---|---------|---------|---------|-------|

----- Rupees -----

Financial assets

Financial assets at fair value through profit or loss

| | | | |
|-------------|---|---|-------------|
| 334,657,662 | - | - | 334,657,662 |
|-------------|---|---|-------------|

| Recurring fair value measurements at 30 June 2020 | Level 1 | Level 2 | Level 3 | Total |
|---|---------|---------|---------|-------|
|---|---------|---------|---------|-------|

----- Rupees -----

Financial assets

Financial assets at fair value through profit or loss

| | | | |
|-------------|---|---|-------------|
| 250,864,373 | - | - | 250,864,373 |
|-------------|---|---|-------------|

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 year. Further there was no transfer in and out of level 3 measurements.

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

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

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

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

(ii) Valuation techniques used to determine fair values

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

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

For The Half Year Ended 31 December 2020

14 SEGMENT INFORMATION

The Group has two reportable segments. The following summary describes the operation in each of the Group's reportable segments:

Lubricants Purchase and sale of lubricants, parts and rendering of services.
Petroleum products Marketing and sale of petroleum products.

| | LUBRICANTS | | PETROLEUM PRODUCTS | | UNALLOCATED | | TOTAL - COMPANY | |
|---------------------------------------|----------------------|-----------------|--------------------|--------------|---------------|---------------|-----------------|-----------------|
| | 31 December | 31 December | 31 December | 31 December | 31 December | 31 December | 31 December | 31 December |
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| | (----- RUPEES -----) | | | | | | | |
| Revenue - net | 3,761,888,555 | 2,076,612,380 | 856,057,935 | - | - | - | 4,617,946,490 | 2,076,612,380 |
| Cost of sales | (2,739,394,351) | (1,506,340,351) | (817,509,264) | - | - | - | (3,556,903,615) | (1,506,340,351) |
| Gross Profit / (loss) | 1,022,494,204 | 570,272,029 | 38,548,671 | - | - | - | 1,061,042,875 | 570,272,029 |
| Distribution cost | (355,210,676) | (351,922,570) | (75,172,396) | (31,709,696) | - | - | (430,383,071) | (383,632,266) |
| Administrative expenses | (228,225,974) | (223,430,839) | (17,652,783) | - | - | - | (245,878,757) | (223,430,839) |
| Other expenses | (18,130,154) | (12,498,979) | (4,236,203) | - | - | - | (22,366,357) | (12,498,979) |
| | (601,566,803) | (587,852,388) | (97,061,382) | (31,709,696) | - | - | (698,628,185) | (619,562,084) |
| Other income | 32,816,448 | 29,534,450 | 22,112,483 | 51,552,055 | - | - | 54,928,931 | 81,086,505 |
| Profit / (loss) from operations | 453,743,849 | 11,954,092 | (36,400,228) | 19,842,358 | - | - | 417,343,621 | 31,796,450 |
| Finance cost | - | - | - | - | (51,763,030) | (127,565,239) | (51,763,030) | (127,565,239) |
| Profit / (Loss) before taxation | 453,743,849 | 11,954,092 | (36,400,228) | 19,842,358 | (51,763,030) | (127,565,239) | 365,580,591 | (95,768,789) |
| Taxation | - | - | - | - | (60,734,293) | (38,596,528) | (60,734,293) | (38,596,528) |
| Profit / (Loss) profit after taxation | 453,743,849 | 11,954,092 | (36,400,228) | 19,842,358 | (112,497,323) | (166,161,767) | 304,846,298 | (134,365,317) |

14.1 Reconciliation of reportable segment assets and liabilities:

| | LUBRICANTS | | PETROLEUM PRODUCTS | | TOTAL - COMPANY | |
|---|------------------|---------------|--------------------|---------------|------------------|---------------|
| | -----Rupees----- | | | | -----Rupees----- | |
| | Un-Audited | Audited | Un-Audited | Audited | Un-Audited | Audited |
| | 31 December | 30 June | 31 December | 30 June | 31 December | 30 June |
| | 2020 | 2020 | 2020 | 2020 | 2020 | 2020 |
| Total assets for reportable segments | 2,680,612,387 | 3,115,136,038 | 1,986,369,704 | 1,716,788,872 | 4,666,982,091 | 4,831,924,910 |
| Unallocated assets | | | | | 1,646,444,992 | 1,645,206,165 |
| Total assets as per consolidated statement of financial position | | | | | 6,313,427,083 | 6,477,131,075 |
| Total liabilities for reportable segments | 1,098,433,406 | 1,269,753,970 | 196,282,918 | 148,390,643 | 1,294,716,324 | 1,418,144,613 |
| Unallocated liabilities | | | | | 829,001,340 | 1,069,719,741 |
| Total liabilities as per consolidated statement of financial position | | | | | 2,123,717,664 | 2,487,864,354 |

14.2 All of the sales of the Group relates to customers in Pakistan.

14.3 All non-current assets of the Group as at the reporting dates are located in Pakistan.

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

For The Half Year Ended 31 December 2020

| | Un-Audited December 31 2020 Rupees | Un-Audited 30 June 2020 Rupees |
|--|---|---|
| 15. DISCLOSURES BY COMPANY LISTED ON ISLAMIC INDEX | | |
| Description | | |
| i) Loans / advances obtained as per Islamic mode: | | |
| Loans | - | 50,000,000 |
| Advances | 77,548,361 | 48,465,976 |
| ii) Shariah complaint bank deposits / bank balances | | |
| Bank balances | 6,265,556 | 8,543,511 |
| | Un-Audited December 31 2020 Rupees | Un-Audited December 31 2019 Rupees |
| iii) Profit earned from shariah complaint bank deposits / bank balances | | |
| Profit on bank deposits and term deposit receipts | - | - |
| iv) Revenue earned from a shariah complaint business | 4,617,946,490 | 2,076,612,380 |
| v) Gain / (loss) or dividend earned from shariah complaint investments | | |
| Dividend income | 3,913,354 | 345,666 |
| Gain on sale of investments | 440,993 | 6,824 |
| Gain / (loss) on remeasurement of investments at fair value through profit or loss | (5,661) | 136,428 |
| vi) Exchange gain earned | 12,486,101 | 10,625,719 |
| vii) Mark up paid on Islamic mode of financing | 2,238,976 | 23,897,966 |
| viii) Profits earned or interest paid on any conventional loan or advance | | |
| Interest paid on loans | 33,033,560 | 77,337,275 |
| ix) Relationship with shariah compliant banks | | |
| Name | Relationship as at reporting date | |
| Al-Baraka Bank (Pakistan) Limited | Bank balance | |
| Meezan Bank Limited | Bank balance | |
| Dubai Islamic Bank Pakistan Limited | Bank balance | |

16. UTILIZATION OF THE PROCEEDS OF THE INITIAL PUBLIC OFFER (IPO)

During the period ended 31 December 2020, the Group has made payments of Rupees 169.860 million out of IPO proceeds relating to the project of OMC. The un-utilized proceeds of Rupees 588.377 million of Public offer have been kept by the company in the shape of bank balances, term deposits and mutual funds.

17. FINANCIAL RISK MANAGEMENT

The Group's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual financial statements of the Group for the year ended 30 June 2020.

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

For The Half Year Ended 31 December 2020

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.

19. DATE OF AUTHORIZATION FOR ISSUE

These consolidated condensed interim financial statements were authorized for issue on February 19, 2021 by the Board of Directors of the Holding Company.

20. GENERAL

Figures have been rounded off to nearest of Rupee, unless otherwise stated.



Chief Executive



Director



Chief Financial Officer

www.jamapunji.pk



Jama Punji
سرمایہ کاری سمجھداری کے ساتھ



**Be aware, Be alert,
Be safe**

Learn about investing at
www.jamapunji.pk

Key features:

| | |
|--|--|
| <ul style="list-style-type: none">  Licensed Entities Verification  Scam meter*  Jamapunji games*  Tax credit calculator*  Company Verification  Insurance & Investment Checklist  FAQs Answered | <ul style="list-style-type: none">  Stock trading simulator (based on live feed from KSE)  Knowledge center  Risk profiler*  Financial calculator  Subscription to Alerts (event notifications, corporate and regulatory actions)  Jamapunji application for mobile device  Online Quizzes |
|--|--|



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

jamapunji.pk [@jamapunji_pk](https://twitter.com/jamapunji_pk)

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



Corporate Office:

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

UAN: +92 42 111 645 942

Phone: +92 42 36311881-3

Fax: +92 42 36311884

Karachi Office:

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

Clifton Karachi

Phone: +92-21-35290674-5

Islamabad Office:

Suite No. 1402, 14th Floor,

Green Trust Tower,

Jinnah Avenue, Blue Area Islamabad.

Phone: +92-51-2813054-6

Multan Office:

House No. 95, Block C,

Phase III, Model Town, Multan.

Phone: +92-61-6521101-3

Peshawar Office:

Office No.280, 3rd Floor,

Deans Trade Centre,

Islamia Road, Peshawar Cantt.

Phone: +92-91-5253186-7