

Condensed Interim Financial Information
For the Half Year Ended 31 December 2022



BEING **LIMITLESS**

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

Dr. Safdar Ali Butt

Non Executive Independent Director

Syed Asad Abbas Hussain

Non Executive Independent Director

Mr. Shafiq Ur Rehman

Non Executive Independent Director

Mr. Sanghyuk Seo (Nominee of SK Lubricants Co. Ltd.)

Non Executive 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 Shahra-e-Faisal, Karachi-74400

Phone: +92-21-111-111-500, Fax: +92-21-34326053

Toll Free: 0800 23275 (CDCPL)

Email Address: info@cdcsrsl.com

Website: www.cdcsrsl.com

LEGAL ADVISOR

Mr. Ijaz Lashari

Lashari Law Associates, 22-Munawar Chamber,

1-Mozang Road, Lahore

Phone: +92-42-37359287

Fax: 92-42-37321471

STOCK SYMBOL

HTL

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

REGIONAL OFFICES

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

OMC OFFICE:

2-K, Main Boulevard Road, Lahore

Phone: +92-42-35752213-4

HTBL LOCATION

7-Km, Sundar Raiwind Road, Bhaikot, Lahore

Phone: +92-42-38102781-5

Fax: +92-42-36311884

COMPANY WEBSITE:

www.hitechlubricants.com

www.zicoil.pk

BANKERS

ISLAMIC BANKS

Meezan Bank Limited

AL-Baraka Bank Limited

Dubai Islamic Bank Limited

CONVENTIONAL BANKS

MCB Bank Limited

Standard Chartered 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

Soneri Bank Limited



DIRECTOR'S REVIEW

Dear Shareholders,

The Directors of the Company are pleased to submit the half-year report along with the condensed interim financial information of the group for the six months' period ended December 31, 2022.

The macro-economic challenges dominated during first half of current financial year with pressures on the economy affecting growth momentum. During the period, the Company reported a revenue of PKR 7.37 billion vs PKR 7.07 billion in the same period last year due to an overall economic slowdown, uncertainty in political front and pressure on disposable income. The company reported gross profit of PKR 770.92 million vs 1,519.86 million in the previous year. The net loss for the quarter narrowed to PKR 89 million from PKR 280 million in last quarter. The decline is mainly due to higher input costs resulting from increase in commodity prices and devaluation of currency, higher energy prices and imposition of various fiscal and monetary measures.

Despite the broader macro-economic challenges and higher inflationary environment, the management remains focused on meeting the consumer expectations by offering quality and value added products and managing cost pressures through value chain optimization initiatives and tighter controls on overheads.

Position of IPO Funds

During the period ended 31 December 2022, the Company has made payments of Rupees 48.09 million out of IPO proceeds relating to OMC project. The un-utilized proceeds of Rupees 413.494 million of the public offer have been kept by the Company in the shape of bank balances, term deposit receipts and mutual funds.

Future Outlook

To secure IMF funding, the government has taken a series of austerity measures to reduce the Current Account and Fiscal Deficit including increase in income taxes, 525 bps increase in policy rate, and capital controls (restrictions on imports and increase in regulatory scrutiny). These measures have affected the economy by curtailment of demand and has particularly impacted the corporate / industrial sector of the country. It is expected that, going forward, pressure on foreign reserves of Pakistan will ease with the resumption of IMF program, expected funding from friendly countries, and other sources.

Acknowledgement

The Directors would like to express their deep appreciation to our shareholders who have consistently demonstrated their confidence in the Company. We would also like to place on record our sincere appreciation for the commitment, dedication and innovative thinking put in by each member of the HTL family and are confident that they will continue to do so in the future.

On behalf of the Board



Mr. Hassan Tahir
(Chief Executive)



Mr. Shaukat Hassan
(Chairman)

Lahore, February 24, 2023

ڈائریکٹرز کا جائزہ

محترم شیئر ہولڈرز،

کمپنی کے ڈائریکٹرز 31 دسمبر 2022 کو ختم ہونے والی چھ ماہ کی مدت کے لیے گروپ کی مختصر عبوری مالیاتی معلومات کے ساتھ ششماہی رپورٹ پیش کرنے پر خوش ہیں۔

موجودہ مالی سال کی پہلی ششماہی کے دوران معاشی چیلنجز کا غلبہ رہا اور معیشت پر دباؤ بڑھنے کی رفتار کو متاثر کر رہا ہے۔ اس مدت کے دوران، کمپنی نے مجموعی طور پر معاشی سست روی، سیاسی محاذ پر غیر یقینی صورتحال اور ڈسپوز ایبل آمدنی پر دباؤ کی وجہ سے PKR 7.37 بلین بمقابلہ گزشتہ سال اسی عرصے میں PKR 7.07 بلین کی آمدنی کی اطلاع دی۔ کمپنی نے گزشتہ سال 1,519.86 ملین کے مقابلے PKR 770.92 ملین کا مجموعی منافع رپورٹ کیا۔ سہ ماہی کے لیے خالص نقصان گزشتہ سہ ماہی میں PKR 280 ملین سے کم ہو کر PKR 89 ملین رہ گیا۔ یہ کمی بنیادی طور پر اشیاء کی قیمتوں میں اضافے اور کرنسی کی قدر میں کمی، توانائی کی بلند قیمتوں اور مختلف مالیاتی اور مالیاتی اقدامات کے نفاذ کے نتیجے میں اعلیٰ ان پٹ لاگت کی وجہ سے ہے۔

وسیع ترمیم اور اکنامک چیلنجز اور افراط زر کے بلند ماحول کے باوجود، انتظامیہ کی توجہ کوالٹی اور ویلیو ایڈڈ مصنوعات کی پیشکش اور ویلیو چین آپٹیمائزیشن کے اقدامات اور اور ہیڈز پر سخت کنٹرول کے ذریعے لاگت کے دباؤ کو سنبھال کر صارفین کی توقعات پر پورا اترنے پر مرکوز ہے۔

آئی پی او فنڈز کی پوزیشن

31 دسمبر 2022 کو ختم ہونے والی مدت کے دوران، کمپنی نے OMC پروجیکٹ سے متعلق IPO کی آمدنی میں سے 48.09 ملین روپے کی ادائیگی کی ہے۔ عوامی پیشکش کے 413.494 ملین روپے کی غیر استعمال شدہ رقم کو کمپنی نے بینک بیلنس، ٹرم ڈپازٹ رسیدوں اور میوچل فنڈز کی شکل میں رکھا ہے۔

مستقبل کا منظر نامہ

آئی ایم ایف کی فنڈنگ کو محفوظ بنانے کے لیے، حکومت نے کرنٹ اکاؤنٹ اور مالیاتی خسارے کو کم کرنے کے لیے کفایت شعاری کے اقدامات کیے ہیں جن میں اکنم ٹیکس میں اضافہ، پالیسی ریٹ میں 525 بی پی ایس اضافہ، اور کیپٹل کنٹرول (درآمدات پر پابندیاں اور ریگولیشنری جانچ میں اضافہ) شامل ہیں۔ ان اقدامات نے مانگ میں کمی سے معیشت کو متاثر کیا ہے اور خاص طور پر ملک کے کارپوریٹ/صنعتی شعبے کو متاثر کیا ہے۔ توقع ہے کہ آئی ایم ایف پروگرام کی بحالی، دوست ممالک سے متوقع فنڈنگ اور دیگر ذرائع سے پاکستان کے زرمبادلہ کے ذخائر پر دباؤ کم ہو جائے گا۔

اعتراف

ڈائریکٹرز ہمارے شیئر ہولڈرز کے لیے اپنی گہری تعریف کا اظہار کرنا چاہیں گے جنہوں نے کمپنی پر اپنے اعتماد کا مسلسل اظہار کیا ہے۔ ہم ایچ ٹی ایل فیملی کے ہر فرد کے عزم، لگن اور اختراعی سوچ کے لیے اپنی مخلصانہ تعریف بھی ریکارڈ پر رکھنا چاہیں گے اور ہمیں یقین ہے کہ وہ مستقبل میں بھی ایسا کرتے رہیں گے۔

بورڈ کی جانب سے

جناب شوکت حسن
(چیئر مین)

جناب حسن طاہر
(چیف ایگزیکٹو)

لاہور، 24 فروری 2023

HI-TECH LUBRICANTS LIMITED

Unconsolidated Condensed Interim Financial Statements (Un-audited)

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 2022 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 2022 and 31 December 2021 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 2022.

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 ANMAD & COMPANY
Chartered Accountants

Lahore

Date: 27 February 2022

UDIN: RR202210132kNtnmGX73

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

As At 31 December 2022

	Un-Audited 31 December 2022 Rupees	Audited 30 June 2022 Rupees
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized share capital 150,000,000 (30 June 2022: 150,000,000) ordinary shares of Rupees 10 each	1,500,000,000	1,500,000,000
Issued, subscribed and paid-up share capital 139,204,800 (30 June 2022: 139,204,800) ordinary shares of Rupees 10 each	1,392,048,000	1,392,048,000
Reserves	2,477,824,613	2,750,498,756
Total equity	3,869,872,613	4,142,546,756
LIABILITIES		
NON-CURRENT LIABILITIES		
Long term financing	4	-
Lease liabilities	5	471,952,022
Long term deposits	15,000,000	17,000,000
Deferred income tax liability - net	-	69,878,336
Deferred income - Government grant	-	-
	439,584,106	558,830,358
CURRENT LIABILITIES		
Trade and other payables	956,946,833	2,725,758,038
Accrued mark-up / profit	91,147,240	38,150,124
Short term borrowings	2,731,522,175	1,494,218,779
Current portion of non-current liabilities	121,546,496	172,181,700
Unclaimed dividend	5,978,633	5,755,517
Provision for taxation - net	-	-
	3,907,141,377	4,436,064,158
Total liabilities	4,346,725,483	4,994,894,516
CONTINGENCIES AND COMMITMENTS		
	6	
TOTAL EQUITY AND LIABILITIES	8,216,598,096	9,137,441,272

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



Chief Executive



Director



Chief Financial Officer

		Un-Audited 31 December 2022 Rupees	Audited 30 June 2022 Rupees
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	7	2,569,363,226	2,590,342,283
Right-of-use assets	8	515,920,966	555,744,577
Intangible assets	9	4,582,470	6,657,720
Investment property		130,000,000	130,000,000
Investment in subsidiary company	10	1,300,000,600	1,300,000,600
Long term security deposits		27,592,535	37,694,740
Long term loans to employees		2,463,874	783,329
Deferred income tax asset - net		6,717,798	-
		<u>4,556,641,469</u>	<u>4,621,223,249</u>
CURRENT ASSETS			
Stock-in-trade	11	1,099,895,013	2,868,897,798
Trade debts		98,844,114	106,218,981
Loans and advances		1,457,646,119	192,209,599
Short term deposits and prepayments		46,921,620	24,309,437
Other receivables		407,323,170	440,065,418
Accrued interest		11,470,319	570,582
Short term investments		238,052,582	226,804,412
Cash and bank balances		299,803,690	657,141,796
		<u>3,659,956,627</u>	<u>4,516,218,023</u>
TOTAL ASSETS		<u><u>8,216,598,096</u></u>	<u><u>9,137,441,272</u></u>


Chief Executive


Director


Chief Financial Officer

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

For The Half Year Ended 31 December 2022

	HALF YEAR ENDED		QUARTER ENDED	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	Rupees	Rupees	Rupees	Rupees
GROSS REVENUE FROM CONTRACTS WITH CUSTOMERS	8,174,014,201	8,691,488,396	3,847,374,408	5,016,153,045
Discounts	(149,611,391)	(381,187,458)	(66,990,051)	(263,428,303)
Sales tax	(654,047,931)	(1,244,607,533)	(352,078,482)	(767,523,815)
NET REVENUE FROM CONTRACTS WITH CUSTOMERS	7,370,354,879	7,065,693,405	3,428,305,875	3,985,200,927
COST OF SALES	(6,763,491,913)	(5,774,766,945)	(3,168,502,797)	(3,248,840,728)
GROSS PROFIT	606,862,966	1,290,926,460	259,803,078	736,360,199
DISTRIBUTION COST	(369,963,336)	(450,913,298)	(192,349,490)	(196,214,932)
ADMINISTRATIVE EXPENSES	(337,165,707)	(250,431,888)	(150,761,582)	(110,141,100)
OTHER EXPENSES	(52,017,692)	(70,861,827)	(6,756,259)	(43,467,142)
	(759,146,735)	(772,207,013)	(349,867,331)	(349,823,174)
OTHER INCOME	331,349,157	288,411,763	303,669,020	14,691,868
PROFIT FROM OPERATIONS	179,065,388	807,131,210	213,604,767	401,228,893
FINANCE COST	(224,214,686)	(69,356,998)	(132,975,484)	(43,286,926)
(LOSS) / PROFIT BEFORE TAXATION	(45,149,298)	737,774,212	80,629,283	357,941,967
TAXATION	50,884,755	(118,466,392)	25,903,718	(80,724,208)
PROFIT AFTER TAXATION	5,735,457	619,307,820	106,533,001	277,217,759
EARNINGS PER SHARE - BASIC AND DILUTED	0.04	4.45	0.99	1.99

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 2022

	HALF YEAR ENDED		QUARTER ENDED	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	Rupees	Rupees	Rupees	Rupees
PROFIT AFTER TAXATION	5,735,457	619,307,820	106,533,001	277,217,759
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 FOR THE PERIOD	5,735,457	619,307,820	106,533,001	277,217,759

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 2022

	RESERVES						TOTAL EQUITY
	CAPITAL RESERVE			REVENUE RESERVE	TOTAL RESERVES		
	SHARE CAPITAL	SHARE PREMIUM	SURPLUS ON REVALUATION OF FREEHOLD LAND	SUB TOTAL			
	(----- RUPEES -----)						
Balance as at 30 June 2021 - audited (Restated)	1,160,040,000	1,441,697,946	-	1,441,697,946	580,837,110	2,022,535,056	3,182,575,056
Transactions with owners -							
Issue of 01 bonus shares for every 05 ordinary share for the year ended 30 June 2021	232,008,000	-	-	-	(232,008,000)	(232,008,000)	-
Final dividend for the year ended 30 June 2021 @ Rupees 2.00 per share	-	-	-	-	(232,008,000)	(232,008,000)	(232,008,000)
	232,008,000	-	-	-	(464,016,000)	(464,016,000)	(232,008,000)
Profit for the half year ended 31 December 2021	-	-	-	-	619,307,820	619,307,820	619,307,820
Other comprehensive income for the half year ended 31 December 2021	-	-	-	-	-	-	-
Total comprehensive income for the half year ended 31 December 2021	-	-	-	-	619,307,820	619,307,820	619,307,820
Balance as at 31 December 2021 - un-audited	1,392,048,000	1,441,697,946	-	1,441,697,946	736,128,930	2,177,826,876	3,569,874,876
Transaction with owners - Interim dividend for the year ended 30 June 2022 @ Rupees 1.80 per share	-	-	-	-	(250,568,498)	(250,568,498)	(250,568,498)
Profit for the half year ended 30 June 2022	-	-	-	-	118,614,172	118,614,172	118,614,172
Other comprehensive income for the half year ended 30 June 2022	-	-	704,626,206	704,626,206	-	704,626,206	704,626,206
Total comprehensive income for the half year ended 30 June 2022	-	-	704,626,206	704,626,206	118,614,172	823,240,378	823,240,378
Balance as at 30 June 2022 - audited	1,392,048,000	1,441,697,946	704,626,206	2,146,324,152	604,174,604	2,750,498,756	4,142,546,756
Transaction with owners - Final dividend for the year ended 30 June 2022 @ Rupees 2.00 per share	-	-	-	-	(278,409,600)	(278,409,600)	(278,409,600)
Profit for the half year ended 31 December 2022	-	-	-	-	5,735,457	5,735,457	5,735,457
Other comprehensive income for the half year ended 31 December 2022	-	-	-	-	-	-	-
Total comprehensive income for the half year ended 31 December 2022	-	-	-	-	5,735,457	5,735,457	5,735,457
Balance as at 31 December 2022 - un-audited	1,392,048,000	1,441,697,946	704,626,206	2,146,324,152	331,500,461	2,477,824,613	3,869,872,613

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 2022

	Note	HALF YEAR ENDED	
		31 December 2022	31 December 2021
		Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	12	(1,129,625,805)	(556,315,341)
Finance cost paid		(170,855,953)	(49,563,392)
Income tax paid		(144,661,153)	(33,856,162)
Net increase in long term loans to employees		(2,372,681)	-
Net increase / (decrease) in long term security deposits		22,371,665	(7,334,761)
Net (decrease) / increase in long term deposits		(2,000,000)	5,000,000
Net cash used in operating activities		(1,427,143,927)	(642,069,656)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on operating fixed assets		(46,188,716)	(80,111,656)
Capital expenditure on intangible assets		-	(824,607)
Initial direct cost incurred on right-of-use assets		-	(1,359,746)
Proceeds from disposal of operating fixed assets		10,179,000	1,950,000
Short term investments - net		(10,666,545)	(3,719,583)
Dividend received		274,069,117	266,974,582
Profit on bank deposits and term deposit receipts received		3,671,910	10,451,264
Net cash from investing activities		231,064,766	193,360,254
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of lease liabilities		(72,524,043)	(51,651,949)
Dividend paid		(278,186,484)	(233,135,200)
Repayment of long term financing		(47,851,814)	(49,460,183)
Short term borrowings - net		1,237,303,396	686,114,033
Net cash from financing activities		838,741,055	351,866,701
Net decrease in cash and cash equivalents		(357,338,106)	(96,842,702)
Cash and cash equivalents at the beginning of the period		657,141,796	264,544,140
Cash and cash equivalents at the end of the period		299,803,690	167,701,438

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 2022

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 lubricants and 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, 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. On 9 August 2021, OGRA has acknowledged the satisfactory completion of oil storage facility at Nowshera, Khyber Pakhtunkhwa Province. On 13 January 2022, OGRA has further extended / renewed the Provisional License for setting up of an OMC upto 31 December 2023.

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 2022. 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 2022.

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 2022.

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

For The Half Year Ended 31 December 2022

	Un-Audited 31 December 2022 Rupees	Audited 30 June 2022 Rupees
4 LONG TERM FINANCING - secured		
Opening balance	47,490,196	138,452,041
Add: Interest accrued during the period / year	550,955	7,601,321
Less: Payments made during the period / year	48,041,151	98,563,166
	<u>-</u>	<u>47,490,196</u>
Less: Current portion shown under current liabilities	-	47,490,196
	<u>-</u>	<u>-</u>
5. LEASE LIABILITIES		
Total lease liabilities	546,130,602	596,281,908
Less: Current portion shown under current liabilities	121,546,496	124,329,886
	<u>424,584,106</u>	<u>471,952,022</u>

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 2022 except for the following:

- 6.1.1** On 27 June 2022, Deputy Commissioner Inland Revenue (DCIR) passed an assessment order under section 161 and section 205 of the Income Tax Ordinance, 2001 for the tax year 2016 whereby a demand of Rupees 5.467 million including default surcharge has been raised against the Company on account of non / short deduction of withholding tax in respect of certain payments. The Company filed an appeal before Commissioner Inland Revenue (Appeals) [CIR(A)] against the order of DCIR. On 17 November 2022, CIR(A) decided the appeal in favor of the Company. The tax department has not filed any appeal against the order passed by CIR(A). Therefore, no provision thereagainst has been recognized in these unconsolidated condensed interim financial statements.
- 6.1.2** On 24 March 2022, the Deputy Commissioner Inland Revenue (DCIR) has issued an amended assessment order under section 122(1) of the Income Tax Ordinance, 2001 for the tax year 2018 creating a demand of Rupees 1,115.673 million on account of various issues. Against the aforesaid order, the Company preferred an appeal before Commissioner Inland Revenue (Appeals) [CIR(A)]. On 29 August 2022, CIR(A) vacated the entire tax demand. However, in respect of various issues, the matter has been remanded back to the department for fresh consideration. Against the order of CIR(A), the Company has filed an appeal before ATIR, which is pending for hearing. The management, based on the advice of the tax advisor, is confident of favourable outcome of the matter. Therefore, no provision has been recognized in these unconsolidated condensed interim financial statements.
- 6.1.3** On 28 February 2022, Deputy Commissioner Inland Revenue (DCIR) issued an order for tax periods from July 2016 to June 2017 creating a demand of Rupees 1,353.135 million alongwith penalty and default surcharge on various issues under relevant provisions of the Sales Tax Act, 1990. Against the aforesaid order, the Company preferred an appeal before Commissioner Inland Revenue (Appeals) [CIR(A)]. On 27 May 2022, CIR(A) provided partial relief to the Company. However, sales tax default in respect of certain issues was upheld by CIR(A). Being aggrieved with the order of CIR(A), the Company filed an appeal before Appellate Tribunal Inland Revenue (ATIR). On 07 December 2022, ATIR accepted the Company's stance in respect of all matters except for imposition of penalty and default surcharge relating to late filing of sales tax returns and late payment of due sales tax liability. The tax department has not filed any appeal against the order of ATIR. The Company has made provision for matters decided against the Company as explained above in these unconsolidated condensed interim financial statements.
- 6.1.4** On 15 March 2022, Deputy Commissioner Inland Revenue (DCIR) issued an order for tax periods from July 2018 to June 2019 creating a demand of Rupees 901.257 million alongwith penalty and default surcharge on various issues under relevant provisions of the Sales Tax Act, 1990. Against the aforesaid order, the Company preferred an appeal before Commissioner Inland Revenue (Appeals) [CIR(A)]. On 31 May 2022, CIR(A) provided partial relief to the Company. However, sales tax default in respect of certain issues was upheld by CIR(A). Being aggrieved with the order of CIR(A), the Company filed appeal before Appellate Tribunal Inland Revenue (ATIR). On 07 December 2022, ATIR accepted the Company's stance in respect of all matters except for imposition of penalty and default surcharge relating to late filing of sales tax returns and late payment of due sales tax liability. The tax department has not filed any appeal against the order of ATIR. The Company has made provision for matters decided against the Company as explained above in these unconsolidated condensed interim financial statements.

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

For The Half Year Ended 31 December 2022

	Un-Audited 31 December 2022 Rupees	Audited 30 June 2022 Rupees
6.2 Commitments		
6.2.1 For capital expenditures	68,434,613	53,571,861
7. FIXED ASSETS		
Operating fixed assets (Note 7.1)	2,403,519,229	2,459,192,488
Capital work-in-progress (Note 7.2)	165,843,997	131,149,795
	<u>2,569,363,226</u>	<u>2,590,342,283</u>
7.1 Operating fixed assets – owned		
Opening book value	2,459,192,488	1,744,846,431
Add: Cost of additions during the period / year (Note 7.1.1)	11,494,513	155,930,523
Add: Revaluation surplus recognised during the period / year	-	704,626,206
Add: Book value of assets transferred from right-of-use of assets during the period / year (Note 8.2)	1,546,077	1,787,081
	<u>2,472,233,078</u>	<u>2,607,190,241</u>
Less: Book value of deletions during the period / year (Note 7.1.2)	3,033,784	2,124,282
Less: book value of assets written off during the period / year	-	3,039,221
	<u>2,469,199,294</u>	<u>2,602,026,738</u>
Less: Depreciation charged during the period / year	65,680,065	142,834,250
Closing book value	<u>2,403,519,229</u>	<u>2,459,192,488</u>
7.1.1 Cost of additions during the period / year		
Freehold land	-	623,500
Buildings on freehold land	-	20,576,645
Buildings on leasehold land	1,331,477	10,840,459
Machinery	4,000,035	-
Tanks and pipelines	-	71,740,070
Furniture and fittings	805,500	1,368,719
Vehicles	860,520	1,537,358
Office equipment	1,291,481	20,873,046
Electric installation	-	19,353,204
Computers	3,205,500	9,017,522
	<u>11,494,513</u>	<u>155,930,523</u>
7.1.2 Book value of deletions during the period / year		
Cost:		
Vehicles	10,087,693	5,155,128
Computers	547,000	2,954,542
	<u>10,634,693</u>	<u>8,109,670</u>
Less: Accumulated depreciation	7,600,909	5,985,388
	<u>3,033,784</u>	<u>2,124,282</u>
7.2 Capital work-in-progress		
Civil works	58,568,554	32,339,864
Dispensing pumps	26,452,376	20,752,020
Advance against purchase of apartment (Note 7.2.1)	25,976,750	25,976,750
Mobilization advances	1,094,102	5,281,323
Advances against purchase of vehicle	26,000,000	26,000,000
Tanks and pipelines	27,752,215	20,799,838
	<u>165,843,997</u>	<u>131,149,795</u>

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

For The Half Year Ended 31 December 2022

7.2.1 This represent advance given to BNP (Private) Limited against purchase of apartment in Grand Hayatt (the "Project") 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 and sealed the Project. 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. On 09 January 2019, Honorable Supreme Court of Pakistan has passed order whereby the Court has ordered BNP (Private) Limited to pay Rupees 17.5 billion in eight years to CDA to revive 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. CDA and BNP (Private) Limited have filed review petitions against the order of the Supreme Court of Pakistan which are still pending for review. Supreme Court of Pakistan referred the matter to the Public Accounts Committee (PAC) and asked them to submit its recommendation on the subject matter. During the year ended 30 June 2021, PAC endorsed the amount of Rupees 17.5 billion to be paid to CDA in six years for the revival of lease and de-sealing of the Project in accordance with the settlement held between CDA and BNP (Private) Limited. On 06 January 2021, on the directives of PAC and payment of first installment of settlement amount by BNP (Private) Limited, CDA has de-sealed the Project. Pursuant to the settlement of the matter as stated above and de-sealing of the Project, BNP (Private) Limited and the Company have started negotiations to finalize the terms and conditions of "Undertaking and Indemnity Agreement" to take the possession of the apartment. The Company is confident of favorable outcome of the negotiations and possession of the apartment.

Un-Audited	Audited
31 December	30 June
2022	2022
Rupees	Rupees

8. RIGHT-OF-USE ASSETS

Opening book value	555,744,577	359,293,341
Add: Additions during the period / year (Note 8.1)	22,372,740	246,594,011
Add: Impact of lease modification during the period / year	-	66,644,586
Less: Impact of lease termination during the period / year	-	7,309,513
Less: Book value of assets transferred to fixed assets - owned during the period / year (Note 8.2)	1,546,077	1,787,081
Less: Depreciation expense for the period / year	60,650,274	107,690,768
Closing book value	<u>515,920,966</u>	<u>555,744,577</u>

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

For The Half Year Ended 31 December 2022

	Un-Audited 31 December 2022 Rupees	Audited 30 June 2022 Rupees
8.1 Cost of additions during the period / year		
Land	-	142,365,608
Buildings	-	2,174,557
Vehicles	22,372,740	102,053,846
	<u>22,372,740</u>	<u>246,594,011</u>
8.2 Book value of assets transferred to fixed assets - owned during the period / year		
Vehicles	1,546,077	1,787,081
	<u>1,546,077</u>	<u>1,787,081</u>
9. INTANGIBLE ASSETS - computer software		
Opening book value	6,657,720	10,645,945
Add: Cost of additions during the period / year	-	824,607
Less: Amortization charged during the period / year	2,075,250	4,812,832
Closing book value	<u>4,582,470</u>	<u>6,657,720</u>
10. INVESTMENT IN SUBSIDIARY COMPANY - at cost		
Hi-Tech Blending (Private) Limited - unquoted 130,000,060 (30 June 2022: 130,000,060) fully paid ordinary shares of Rupees 10 each Equity held 100% (30 June 2022: 100%)	<u>1,300,000,600</u>	<u>1,300,000,600</u>
10.1. Investment in Hi-Tech Blending (Private) Limited includes 60 (30 June 2022: 60) shares in the name of nominees of the Company.		
	Un-Audited 31 December 2022 Rupees	Audited 30 June 2022 Rupees
11. STOCK-IN-TRADE		
Lubricants and parts (Note 11.1)	547,886,020	1,507,889,971
Less: Provision for slow moving and damaged inventory items	14,105,219	14,105,219
	533,780,801	1,493,784,752
Petroleum products		
- Stock in hand (Note 11.2 and Note 11.3)	71,722,739	712,760,727
- Stock in pipeline system (Note 11.4)	441,083,018	606,798,070
	512,805,757	1,319,558,797
Dispensing pumps and other installations	53,308,455	55,554,249
	<u>1,099,895,013</u>	<u>2,868,897,798</u>
11.1 This includes stock-in-transit of Rupees Nil (30 June 2022: Rupees 52.121 million) and stock amounting to Rupees 81.387 million (30 June 2022 : Rupees 80.690 million) lying at custom bonded warehouse.		
11.2 This include stock of petroleum products in transit of Rupees Nil (30 June 2022: Rupees 264.996 million).		

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

For The Half Year Ended 31 December 2022

11.3 This include stock of petroleum products in possession of third parties as follows:

	Un-Audited 31 December 2022 Rupees	Audited 30 June 2022 Rupees
Askar Oil Services (Private) Limited	2,101,094	2,122,499
Be Energy Limited	11,419,307	12,662,319
Al-Rahim Trading Company (Private) Limited	349,785	317,134,268
Gas and Oil Pakistan Limited	2,914,013	476,791
Karachi Hydrocorban Terminal Limited	3,628,345	6,672,428
	<u>20,412,544</u>	<u>339,068,305</u>

11.4 This represents the Company's share of pipeline stock of High Speed Diesel and Petroleum Motor Gasoline amounting to Rupees 85.587 million (30 June 2022: Rupees 454.427 million) and Rupees 355.496 million (30 June 2022: Rupees 152.371 million) held by Pak-Arab Pipeline Company Limited.

	(Un-Audited)	
	HALF YEAR ENDED	
	31 December 2022 Rupees	31 December 2021 Rupees
12. CASH USED IN OPERATIONS		
(Loss) / profit before taxation	(45,149,298)	737,774,212
Adjustments for non-cash charges and other items:		
Depreciation on operating fixed assets	65,680,066	67,849,357
Depreciation on right-of-use assets	60,650,272	46,215,147
Amortization on intangible assets	2,075,250	2,547,237
Amortization of deferred income - Government grant	(361,618)	(3,040,699)
Provision for workers' welfare fund	-	15,056,617
Allowance for expected credit losses	13,658,497	5,997,765
Gain on disposal of operating fixed assets	(7,145,216)	(782,730)
Dividend income	(274,069,117)	(266,974,582)
Profit on bank deposits and term deposit receipts	(14,571,647)	(10,082,939)
Unrealized loss on remeasurement of investments	11,248,768	(1,652,817)
Gain on disposal of short term investments	(581,625)	(50,996)
Exchange loss - net	25,082,103	40,676,945
Finance cost	224,214,686	69,356,998
Working capital changes (Note 12.1)	(1,190,356,926)	(1,259,204,856)
	<u>(1,129,625,805)</u>	<u>(556,315,341)</u>

	(Un-Audited)	
	HALF YEAR ENDED	
	31 December 2022 Rupees	31 December 2021 Rupees
12.1 Working capital changes		
(Increase) / decrease in current assets:		
Stock-in-trade	1,769,002,785	(228,612,093)
Trade debts	(6,283,630)	5,794,472
Loans and advances	(1,264,744,384)	(381,124,385)
Short term deposits and prepayments	(46,130,411)	(9,247,251)
Other receivables	32,742,248	(87,509,440)
	484,586,608	(700,698,697)
Decrease in trade and other payables	(1,674,943,534)	(558,506,159)
	<u>(1,190,356,926)</u>	<u>(1,259,204,856)</u>

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

For The Half Year Ended 31 December 2022

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 2022	31 December 2021	31 December 2022	31 December 2021

i. Transactions

-----Rupees-----

Subsidiary company

Hi-Tech Blending (Private) Limited	Sale of lubricants	1,158,468	-	1,108,048	-
	Purchase of lubricants	1,252,802,429	2,882,858,920	912,340,528	1,676,214,535
	Dividend received	260,000,120	260,000,120	260,000,120	260,000,120
	Lease rentals paid	1,500,000	1,500,000	750,000	750,000
	Short term loan	500,000,000	-	500,000,000	-
	Accrued mark up on short term loan	8,460,384	-	8,460,384	-

Associated company

MAS Associates (Private) Limited	Share of common expenses	637,787	493,317	323,379	254,542
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NATURE OF TRANSACTIONS	UN-AUDITED			
	HALF YEAR ENDED		QUARTER ENDED	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021

-----Rupees-----

Other related parties

SK Enmove Co., Ltd. (formerly SK Lubricants Co., Ltd.)	Purchase of lubricants	149,676,928	325,264,935	33,111,505	152,438,605
	Dividend paid	1,986,660	1,407,217	1,986,660	1,407,217
	Incentive	181,400,000	-	181,400,000	-
Provident fund trust	Contribution	12,899,397	10,404,377	6,545,357	5,305,802
Key management personnel and executives	Remuneration	228,391,324	178,603,275	98,186,024	82,179,361
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 2022

NATURE OF TRANSACTIONS	UN-AUDITED			
	HALF YEAR ENDED		QUARTER ENDED	
	31 December 2022	31 December 2021	31 December 2021	31 December 2021

-----Number of shares-----

SK Enmove Co., Ltd. Bonus shares	-	165,555	-	165,555
(formerly SK Lubricants Co., Ltd.) issued				

Un-Audited
December 31
2022
Rupees

Audited
June 30
2022
Rupees

ii. Period / year end balances

Hi-Tech Blending (Private) Limited - Subsidiary company:

Investment	1,300,000,600	1,300,000,600
Receivable against sales	688,119	-
Payable against purchases	-	1,202,327,248
Advances against purchases	616,272,813	-
Loan given	500,000,000	-
Interest receivable	8,460,384	-
Contract liabilities	-	470,351
Contract asset	688,119	-

Associated company

Receivable from MAS Associates (Private) Limited	323,379	292,753
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Other related parties:

Receivable from SK Enmove Co., Ltd (formerly SK Lubricants Co., Ltd)	181,400,000	-
Payable to SK Enmove Co., Ltd (formerly SK Lubricants Co., Ltd)	1,369,667	52,663,257
Payable to employees' provident fund trust	4,377,467	3,417,462
Remuneration payable to directors	4,459,412	2,384,000

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

For The Half Year Ended 31 December 2022

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 2022	Level 1	Level 2	Level 3	Total
----- Rupees -----				

Financial assets

Financial assets at fair value through profit or loss	238,052,582	-	-	238,052,582
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Recurring fair value measurements at 30 June 2022	Level 1	Level 2	Level 3	Total
----- Rupees -----				

Financial assets

Financial assets at fair value through profit or loss	226,804,412	-	-	226,804,412
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The above table does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the period ended 31 December 2022. 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 on Pakistan Stock Exchange and for funds, Net Assets Value (NAV) of respective Asset Management Company.

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

For The Half Year Ended 31 December 2022

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 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	(----- RUPEES -----)							
Revenue from contracts with customers - net	2,940,041,894	4,322,058,989	4,430,312,985	2,743,634,416	-	-	7,370,354,879	7,065,693,405
Cost of sales	(2,390,533,353)	(3,153,972,012)	(4,372,958,560)	(2,620,794,933)	-	-	(6,763,491,913)	(5,774,766,945)
Gross profit	549,508,541	1,168,086,977	57,354,425	122,839,483	-	-	606,862,966	1,290,926,460
Distribution cost	(222,704,149)	(336,103,520)	(147,259,187)	(114,809,778)	-	-	(369,963,336)	(450,913,298)
Administrative expenses	(324,206,142)	(240,642,647)	(12,959,565)	(9,789,241)	-	-	(337,165,707)	(250,431,888)
Other expenses	(47,784,753)	(65,032,698)	(4,232,939)	(5,829,129)	-	-	(52,017,692)	(70,861,827)
	(594,695,044)	(641,778,865)	(164,451,691)	(130,428,148)	-	-	(759,146,735)	(772,207,013)
Other income	283,061,495	272,586,909	48,287,662	15,824,854	-	-	331,349,157	288,411,763
Profit / (loss) from operations	237,874,992	798,895,021	(58,809,604)	8,236,189	-	-	179,065,388	807,131,210
Finance cost	(197,893,053)	(49,348,798)	(26,321,633)	(20,008,200)	-	-	(224,214,686)	(69,356,998)
Profit / (loss) before taxation	39,981,939	749,546,223	(85,131,237)	(11,772,011)	-	-	(45,149,298)	737,774,212
Taxation	-	-	-	-	50,884,755	(118,466,392)	50,884,755	(118,466,392)
Profit / (loss) after taxation	39,981,939	749,546,223	(85,131,237)	(11,772,011)	50,884,755	(118,466,392)	5,735,457	619,307,820

15.1 Reconciliation of reportable segment assets and liabilities:

	LUBRICANTS		PETROLEUM PRODUCTS		TOTAL - COMPANY	
	-----Rupees-----				-----Rupees-----	
	Un-Audited 31 December 2022	Audited 30 June 2022	Un-Audited 31 December 2022	Audited 30 June 2022	Un-Audited 31 December 2022	Audited 30 June 2022
Total assets for reportable segments	3,571,706,949	3,245,446,841	1,971,964,899	2,744,899,707	5,543,671,848	5,990,346,548
Unallocated assets					2,672,926,248	3,147,094,724
Total assets as per unconsolidated condensed interim statement of financial position					8,216,598,096	9,137,441,272
Total liabilities for reportable segments	174,097,147	2,279,865,705	426,258,332	986,284,130	600,355,479	3,266,149,835
Unallocated liabilities					3,746,370,004	1,728,744,681
Total liabilities as per unconsolidated condensed interim statement of financial position					4,346,725,483	4,994,894,516

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 2022

	Un-Audited December 31 2022 Rupees	Audited June 30 2022 Rupees
16. DISCLOSURES BY COMPANY LISTED ON ISLAMIC INDEX		
Description		
i) Loans / advances obtained as per Islamic mode:		
Advances	200,236,259	63,104,103
ii) Shariah complaint bank deposits / bank balances		
Bank balances	105,417,224	123,256,713
		(Un-Audited)
	HALF YEAR ENDED	
	31 December 2022	31 December 2021
	Rupees	Rupees
iii) Profit earned from shariah complaint bank deposits / bank balances	-	-
iv) Mark up paid on Islamic mode of financing	-	-
v) Revenue earned from a shariah complaint business	7,370,354,879	7,065,693,405
vi) Gain / (loss) or dividend earned from shariah complaint investments		
Dividend income	241,177	888,972
Gain / (loss) on remeasurement of investments at fair value through profit or loss	(541,565)	1,652,817
vii) Exchange loss	(25,082,103)	(40,676,945)
viii) Profits earned or interest paid on any conventional loan or advance		
Interest paid on loans	159,562,822	28,410,749
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	

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

For The Half Year Ended 31 December 2022

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

During the year ended 30 June 2016, the Company made an Initial Public Offer (IPO) through issue of 29,001,000 ordinary shares of Rupees 10 each at a price of Rupees 62.50 per share determined through book building process. Out of the total issue of 29,001,000 ordinary shares, 21,750,500 shares were subscribed through book building by High Net Worth Individuals and Institutional Investors, while the remaining 7,250,500 ordinary shares were subscribed by the General Public and the shares were duly allotted on 18 February 2016. On 01 March 2016, Pakistan Stock Exchange Limited approved the Company's application for formal listing of ordinary shares and trading of shares started on 03 March 2016.

Till 30 June 2017, the Company utilized the proceeds of the initial public offer of 29,001,000 ordinary shares for the purposes mentioned under heading 5.5 'Expansion Plan' in prospectus dated 28 December 2015, as per the following detail:

Purposes Mentioned Under Heading 5.5 'Expansion Plan' In Prospectus Dated 28 December 2015	Total amount (Rupees)	Total amount utilized till 30 June 2017 (Rupees)
Investment in HTLL		
Land	470,000,000	60,618,100
Building	128,000,000	12,486,445
Plant, machinery and equipment	139,000,000	2,719,201
Pre-operating costs	33,000,000	249,630
Working capital	842,562,500	739,126,208
	<u>1,612,562,500</u>	<u>815,199,584</u>

Investment in 100% owned subsidiary

Additional filling lines for blending plant, Hi-Tech Blending (Private) Limited	200,000,000	-
Total	<u>1,812,562,500</u>	<u>B 815,199,584</u>
IPO proceeds (A)	1,812,562,500	
Amount un-utilized (A – B)	997,362,916	

As stated in the prospectus dated 28 December 2015, the Company planned to offer state of the art retail outlets across Pakistan with multitude of unique services and also planned to install additional filling lines at the blending plant of its subsidiary. The plan of the year 2015-16 covered 37 grand outlets openings in 11 major cities of Pakistan including Lahore, Gujranwala, Sialkot, Faisalabad, Multan, Islamabad, Rawalpindi, Karachi and Hyderabad. Over a period of 5 years, the Company planned to open 75 retail outlets (including 67 rented) across 16 major cities of Pakistan. As per quarterly progress report number 06 dated 14 July 2017, the Company informed all stakeholders the progress on implementation of project: Expansion through retail outlet: 1 owned service center under regulatory approval and out of the 10 rented service centers, 1 is operational, 3 are approved and under construction, 3 are under regulatory approvals and 3 are under negotiations. Accurate, effective and timely implementation of the above plans of the Company became a big challenge for the Company due to expensive lands and properties at key locations in almost all the cities for express service centers. Hence, the Company planned for incorporation of express centers into its fuel stations to be established under the umbrella of Oil Marketing Company (OMC) Project of the Company. In this regard, the Company obtained a financial feasibility report from KPMG Taseer Hadi & Co., Chartered Accountants regarding investment in OMC Project. In view of successful fulfillment of initial mandatory requirements of Oil and Gas Regulatory Authority (OGRA) for setting up of an OMC and future prospects of OMC in current international scenario as prospected under financial feasibility report, the shareholders of the Company in their 9th Annual General Meeting held on 29 September 2017 approved diversion and utilization of un-utilized IPO funds from HTL Express Centers and wholly owned subsidiary company to OMC Project of the Company keeping in view overall growth of the Company and ultimate benefit to all shareholders and stakeholders of the Company.

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

For The Half Year Ended 31 December 2022

On 31 May 2019, Oil and Gas Regulatory Authority (OGRA) granted permission to the Company to operate new oil storage facility at Sahiwal and marketing of petroleum products in the Province of Punjab. The Company signed agreements with various dealers for setting up petrol pumps under the OMC Project and also started construction of another storage site at Nowshera, Khyber Pakhtunkhwa.

During the year ended on 30 June 2020, the Company started its OMC operations and expediently worked on completion of its Nowshera oil storage. During the year ended 30 June 2021, Company completed its oil storage at Nowshera. On 09 August 2021, OGRA acknowledged the satisfactory completion of Nowshera oil storage based on third party inspection report. During the year ended 30 June 2022, the Company has started work on new oil storage facility at Shikarpur. Currently, the Company has twelve operational HTL Express Centers, five in Lahore, three in Karachi, two in Kasur, one in Gujranwala and one in Rawalpindi. Further, the Company has twenty eight retail outlets operational for sale of petroleum products as on 31 December 2022. Detail of payments out of IPO proceeds during the half year ended 31 December 2022 is as follows:

	Rupees
Un-utilized IPO proceeds as at 01 July 2022	440,709,519
Add: Profit on term deposit receipt	10,450,788
Add: Profit on bank deposits	232,855
Add: Dividend on investment in mutual funds	2,662,693
Add: Unrealised gain on investment in mutual funds	11,248,768
Less: Payments made relating to OMC Project	(48,090,145)
Less: Withholding tax on profit	(1,602,546)
Less: Withholding tax on dividend from mutual funds	(2,086,719)
Less: Bank charges	(31,090)
	<u>413,494,123</u>
Un-utilized IPO proceeds as at 31 December 2022	<u>413,494,123</u>

The un-utilized proceeds of the public offer have been kept by the Company in the shape of bank balances, term deposit receipts and mutual funds.

According to management's assessment, there is no significant accounting impact of the effects of COVID-19 in these financial statements.

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 2022.

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 24, 2023 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 2022

		Un-Audited 31 December 2022 Rupees	Audited 30 June 2022 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
150,000,000 (2022: 150,000,000)			
ordinary shares of Rupees 10 each		1,500,000,000	1,500,000,000
Issued, subscribed and paid-up share capital			
139,204,800 (30 June 2022: 139,204,800) ordinary shares of Rupees 10 each		1,392,048,000	1,392,048,000
Reserves		4,214,573,691	4,862,359,734
Total equity		5,606,621,691	6,254,407,734
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	4	603,293,679	516,628,587
Lease liabilities	5	452,824,530	485,619,223
Long term deposits		15,000,000	17,000,000
Deferred liabilities		351,019,779	491,141,485
		1,422,137,988	1,510,389,295
CURRENT LIABILITIES			
Trade and other payables		1,827,001,743	2,732,417,755
Accrued mark-up / profit		127,347,424	57,121,494
Short term borrowings		3,355,664,299	1,897,577,032
Current portion of non-current liabilities		175,052,588	222,398,052
Unclaimed dividend		5,978,633	5,755,517
		5,491,044,687	4,915,269,850
Total liabilities		6,913,182,675	6,425,659,145
CONTINGENCIES AND COMMITMENTS			
	6		
TOTAL EQUITY AND LIABILITIES		12,519,804,366	12,680,066,879

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


Chief Executive


Director


Chief Financial Officer

		Un-Audited 31 December 2022 Rupees	Audited 30 June 2022 Rupees
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	7	6,008,009,811	5,959,670,743
Right-of-use assets	8	567,917,451	590,982,038
Intangible assets	9	17,042,277	21,760,517
Investment property		130,000,000	130,000,000
Long term security deposits		45,119,455	55,221,660
Long term Loan to employees		2,463,874	783,329
Deferred income tax assets-net		6,717,798	
		6,777,270,666	6,758,418,287
CURRENT ASSETS			
Stores		87,305,227	88,306,846
Stock-in-trade	10	3,739,631,225	3,941,260,793
Trade debts		115,072,389	109,026,521
Loans and advances		648,658,328	261,017,419
Short term deposits and prepayments		56,068,099	35,074,806
Other receivables		407,323,170	441,316,465
Advance Income tax-net of provision for taxation		143,663,378	157,841,148
Accrued Interest		3,009,935	570,582
Short term investments		238,052,582	226,804,412
Cash and bank balances		303,749,367	660,429,600
		5,742,533,700	5,921,648,592
TOTAL ASSETS		12,519,804,366	12,680,066,879


Chief Executive


Director


Chief Financial Officer

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

For The Half Year Ended 31 December 2022

	HALF YEAR ENDED		QUARTER ENDED	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	Rupees	Rupees	Rupees	Rupees
GROSS REVENUE FROM CONTRACTS WITH CUSTOMERS	8,703,433,060	9,405,418,639	3,993,101,718	5,572,708,936
Discounts	(149,611,391)	(381,187,458)	(66,990,051)	(263,428,303)
Sales tax	(1,183,466,790)	(1,958,537,776)	(497,805,792)	(1,324,079,706)
NET REVENUE FROM CONTRACTS WITH CUSTOMERS	7,370,354,879	7,065,693,405	3,428,305,875	3,985,200,927
COST OF SALES	(6,599,430,675)	(5,545,828,630)	(3,009,105,237)	(3,145,714,430)
GROSS PROFIT	770,924,204	1,519,864,775	419,200,638	839,486,497
DISTRIBUTION COST	(382,383,497)	(472,151,778)	(199,930,258)	(211,043,815)
ADMINISTRATIVE EXPENSES	(415,656,816)	(302,912,874)	(192,835,617)	(138,998,267)
OTHER EXPENSES	(203,846,930)	(168,082,757)	(19,344,469)	(83,797,620)
	(1,001,887,243)	(943,147,409)	(412,110,344)	(433,839,702)
OTHER INCOME	62,877,678	34,899,577	35,197,541	17,229,309
(LOSS) / PROFIT FROM OPERATIONS	(168,085,361)	611,616,943	42,287,835	422,876,104
FINANCE COST	(325,246,284)	(96,756,194)	(178,905,017)	(59,930,574)
(LOSS) / PROFIT BEFORE TAXATION	(493,331,645)	514,860,749	(136,617,182)	362,945,530
TAXATION	123,955,202	(118,466,392)	47,560,354	(70,933,046)
(LOSS) / PROFIT AFTER TAXATION	(369,376,443)	396,394,357	(89,056,828)	292,012,484
EARNINGS/(LOSS) PER SHARE - BASIC AND DILUTED	(2.65)	2.85	(0.64)	2.10

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 2022

	HALF YEAR ENDED		QUARTER ENDED	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	Rupees	Rupees	Rupees	Rupees
(LOSS) / PROFIT AFTER TAXATION	(369,376,443)	396,394,357	(89,056,828)	292,012,484
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified to profit or loss:				
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	(369,376,443)	396,394,357	(89,056,828)	292,012,484

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 2022

	RESERVES					TOTAL EQUITY	
	SHARE CAPITAL	CAPITAL RESERVES			REVENUE RESERVE		TOTAL RESERVES
		SHARE PREMIUM	SURPLUS ON REVALUATION OF FREEHOLD LAND	SUB-TOTAL	UN-APPROPRIATED PROFIT		
	Rupees						
Balance as at 30 June 2021 - Audited (restated)	1,160,040,000	1,441,697,946	-	1,441,697,946	1,734,698,570	3,176,396,516	4,336,436,516
Transactions with owners:							
Issue of 01 bonus shares for every 05 ordinary share for the year ended 30 June 2021	232,008,000	-	-	-	(232,008,000)	(232,008,000)	-
Final Dividend for the year ended 30 June 2021 @ Rupees 2.00 per share	-	-	-	-	(232,008,000)	(232,008,000)	(232,008,000)
Profit for the half year ended 31 December 2021	-	-	-	-	396,394,357	396,394,357	396,394,357
Other comprehensive income for the half year ended 31 December 2021	-	-	-	-	-	-	-
Total comprehensive income for the half year ended 31 December 2021	-	-	-	-	396,394,357	396,394,357	396,394,357
Balance as at 31 December 2021 - un audited (restated)	1,392,048,000	1,441,697,946	-	1,441,697,946	1,667,076,927	3,108,774,873	4,500,822,873
Transactions with owners:							
Interim Dividend for the year ended 30 June 2021 @ Rupees 1.80 per share	-	-	-	-	(250,568,498)	(250,568,498)	(250,568,498)
Profit for the half year ended 30 June 2021	-	-	-	-	221,051,361	221,051,361	221,051,361
Other comprehensive income for the half year ended 30 June 2021	-	-	1,783,101,998	1,783,101,998	-	1,783,101,998	1,783,101,998
Total comprehensive income for the half year ended 30 June 2021	-	-	1,783,101,998	1,783,101,998	221,051,361	2,004,153,359	2,004,153,359
Balance as at 30 June 2022 - audited	1,392,048,000	1,441,697,946	1,783,101,998	3,224,799,944	1,637,559,790	4,862,359,734	6,254,407,734
Transactions with owners:							
Final Dividend for the year ended 30 June 2022 @ Rupees 2.00 per share	-	-	-	-	(278,409,600)	(278,409,600)	(278,409,600)
(loss) for the half year ended 31 December 2022	-	-	-	-	(369,376,443)	(369,376,443)	(369,376,443)
Other comprehensive income for the half year ended 31 December 2022	-	-	-	-	-	-	-
Total comprehensive income / (loss) for the half year ended 31 December 2022	-	-	-	-	(369,376,443)	(369,376,443)	(369,376,443)
Balance as at 31 December 2022 - un audited	1,392,048,000	1,441,697,946	1,783,101,998	3,224,799,944	989,773,747	4,214,573,691	5,606,621,691

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 2022

	Note	HALF YEAR ENDED	
		31 December 2022	31 December 2021
		Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	11	(1,018,914,906)	(83,887,134)
Finance cost paid		(254,658,737)	(65,740,700)
Income tax paid		(89,715,172)	(102,029,845)
Net increase in long term loan to employees		(2,372,681)	-
Net increase / (decrease) in long term security deposits		22,371,665	(17,609,761)
Net (decrease) / increase in long term deposits		(2,000,000)	5,000,000
Net cash used in operating activities		(1,345,289,831)	(264,267,440)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on operating fixed assets		(170,649,046)	(587,172,083)
Capital expenditure on intangible assets		377,570	(9,808,106)
Initial direct cost incurred on right-of-use-assets		(5,313,570)	(1,359,746)
Proceeds from disposal of operating fixed assets		12,648,233	1,950,000
Short term investments - net		(10,666,545)	(3,719,583)
Dividend received		14,068,997	6,974,462
Profit on bank deposits and term deposit receipts received		3,671,910	10,451,264
Net cash from investing activities		(155,862,451)	(582,683,792)
CASH FLOWS FROM FINANCING ACTIVITIES			
Short term borrowings - net		1,458,087,267	95,864,004
Dividend paid		(278,186,484)	(233,135,200)
Proceeds from long term financing		97,417,000	428,510,000
Repayment of long term financing		(55,313,982)	(57,511,433)
Repayment of lease liabilities		(77,531,752)	681,023,369
Net cash from financing activities		1,144,472,049	914,750,740
Net (decrease) / increase in cash and cash equivalents		(356,680,233)	67,799,508
Cash and cash equivalents at beginning of the period		660,429,600	387,747,261
Cash and cash equivalents at end of the period		303,749,367	455,546,769

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


Chief Executive


Director


Chief Financial Officer

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

For The Half Year Ended 31 December 2022

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 2022.

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 2022.

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 2022.

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

For The Half Year Ended 31 December 2022

	Un-Audited 31 December 2022 Rupees	Audited 30 June 2022 Rupees
4. LONG TERM FINANCING		
From banking companies - secured		
Holding Company		
Bank Alfalah Limited - Loan under State Bank of Pakistan (SBP) Refinance Scheme	-	47,490,196
Subsidiary Company		
Bank Al-Habib Limited	616,229,231	529,564,139
	<u>616,229,231</u>	<u>577,054,335</u>
Less: Current portion shown under current liabilities	12,935,552	60,425,748
	<u>603,293,679</u>	<u>516,628,587</u>
5. LEASE LIABILITIES		
Total lease liabilities	592,228,983	624,517,326
Less: Current portion shown under current liabilities	139,404,453	138,898,103
	<u>452,824,530</u>	<u>485,619,223</u>

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 2022 except for the following:

- 6.1.1** On 27 June 2022, Deputy Commissioner Inland Revenue (DCIR) passed an assessment order under section 161 and section 205 of the Income Tax Ordinance, 2001 for the tax year 2016 whereby a demand of Rupees 5.467 million including default surcharge has been raised against the Company on account of non / short deduction of withholding tax in respect of certain payments. The Company filed an appeal before Commissioner Inland Revenue (Appeals) [CIR(A)] against the order of DCIR. On 17 November 2022, CIR(A) decided the appeal in favor of the Company. The tax department has not filed any appeal against the order passed by CIR(A). Therefore, no provision there against has been recognized in these consolidated condensed interim financial statements.
- 6.1.2** On 24 March 2022, the Deputy Commissioner Inland Revenue (DCIR) has issued an amended assessment order under section 122(1) of the Income Tax Ordinance, 2001 for the tax year 2018 creating a demand of Rupees 1,115.673 million on account of various issues. Against the aforesaid order, the Company preferred an appeal before Commissioner Inland Revenue (Appeals) [CIR(A)]. On 29 August 2022, CIR(A) vacated the entire tax demand. However, in respect of various issues, the matter has been remanded back to the department for fresh consideration. Against the order of CIR(A), the Company has filed an appeal before ATIR, which is pending for hearing. The management, based on the advice of the tax advisor, is confident of favourable outcome of the matter. Therefore, no provision has been recognized in these consolidated condensed interim financial statements.
- 6.1.3** On 28 February 2022, Deputy Commissioner Inland Revenue (DCIR) issued an order for tax periods from July 2016 to June 2017 creating a demand of Rupees 1,353.135 million alongwith penalty and default surcharge on various issues under relevant provisions of the Sales Tax Act, 1990. Against the aforesaid order, the Company preferred an appeal before Commissioner Inland Revenue (Appeals) [CIR(A)]. On 27 May 2022, CIR(A) provided partial relief to the Company. However, sales tax default in respect of certain issues was upheld by CIR(A). Being aggrieved with the order of CIR(A), the Company filed an appeal before Appellate Tribunal Inland Revenue (ATIR). On 07 December 2022, ATIR accepted the Company's stance in respect of all matters except for imposition of penalty and default surcharge relating to late filing of sales tax returns and late payment of due sales tax liability. The tax department has not filed any appeal against the order of ATIR. The Company has made provision for matters decided against the Company as explained above in these consolidated condensed interim financial statements.

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

For The Half Year Ended 31 December 2022

6.1.4 On 15 March 2022, Deputy Commissioner Inland Revenue (DCIR) issued an order for tax periods from July 2018 to June 2019 creating a demand of Rupees 901.257 million alongwith penalty and default surcharge on various issues under relevant provisions of the Sales Tax Act, 1990. Against the aforesaid order, the Company preferred an appeal before Commissioner Inland Revenue (Appeals) [CIR(A)]. On 31 May 2022, CIR(A) provided partial relief to the Company. However, sales tax default in respect of certain issues was upheld by CIR(A). Being aggrieved with the order of CIR(A), the Company filed appeal before Appellate Tribunal Inland Revenue (ATIR). On 07 December 2022, ATIR accepted the Company's stance in respect of all matters except for imposition of penalty and default surcharge relating to late filing of sales tax returns and late payment of due sales tax liability. The tax department has not filed any appeal against the order of ATIR. The Company has made provision for matters decided against the Company as explained above in these consolidated condensed interim financial statements.

	Un-Audited 31 December 2022 Rupees	Audited 30 June 2022 Rupees
6.2 Commitments		
6.2.1 For capital expenditures	<u>68,434,613</u>	<u>185,502,342</u>
7. FIXED ASSETS		
Operating fixed assets:		
Owned (Note 7.1)	5,750,457,578	5,716,441,584
Capital work-in-progress (Note 7.2)	257,552,233	243,229,159
	<u>6,008,009,811</u>	<u>5,959,670,743</u>
7.1 Operating fixed assets – owned		
Opening book value	5,716,441,584	3,180,557,592
Add: Cost of additions during the period / year (Note 7.1.1)	160,377,516	980,984,882
Add: Revaluation surplus recognised during the period / year	-	1,783,101,998
Add: Book value of assets transferred from right-of-use of assets during the period / year (Note 8.2)	1,546,077	1,787,081
	<u>5,878,365,177</u>	<u>5,946,431,553</u>
Less: Book value of deletions during the period / year (Note 7.1.2)	3,044,759	4,604,490
Less: Book value of assets written off during the period / year	-	3,147,447
	<u>5,875,320,418</u>	<u>5,938,679,616</u>
Less: Depreciation charged during the period / year	124,862,840	222,238,032
Closing book value	<u>5,750,457,578</u>	<u>5,716,441,584</u>

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

For The Half Year Ended 31 December 2022

	Un-Audited	Audited
	31 December	30 June
	2022	2022
	Rupees	Rupees
7.1.1 Cost of additions during the period / year		
Freehold land	-	623,500
Buildings on freehold land	84,344,718	45,458,644
Buildings on leasehold land	1,331,477	8,899,690
Machinery	35,238,135	701,228,474
Tanks and Pipeline	-	71,740,070
Furniture and fittings	1,168,785	2,762,563
Vehicles	7,414,419	6,628,304
Office equipment	1,661,233	22,738,699
Electric Installation	24,958,693	87,107,663
Computers	4,260,056	14,444,071
Dispensing Pumps	-	19,353,204
	160,377,516	980,984,882
7.1.2 Book value of deletions during the period / year		
Cost:		
Vehicles	10,087,693	10,871,105
Computers	622,300	3,753,442
Office Equipments	-	-
	10,709,993	14,624,547
Less: Accumulated depreciation	7,665,234	10,020,057
	3,044,759	4,604,490
7.2 Capital work-in-progress		
Civil works	58,568,554	83,539,912
Dispensing pumps	26,452,376	20,752,020
Advance for purchase of apartment (Note 7.2.1)	25,976,750	25,976,750
Mobilization advances	1,094,102	5,281,323
Advances against purchase of vehicle	26,000,000	-
Tanks and Pipelines	27,752,215	20,799,838
Plant and machinery	32,232,098	5,489,540
Electric and other installation	-	8,356,162
Advances for capital expenditure	2,088,000	73,033,614
Unallocated expenditures	57,388,138	-
	257,552,233	243,229,159

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

For The Half Year Ended 31 December 2022

7.2.1 This represent advance given to BNP (Private) Limited against purchase of apartment in Grand Hayatt (the "Project") 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 and sealed the Project. 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. On 09 January 2019, Honorable Supreme Court of Pakistan has passed order whereby the Court has ordered BNP (Private) Limited to pay Rupees 17.5 billion in eight years to CDA to revive 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. CDA and BNP (Private) Limited have filed review petitions against the order of the Supreme Court of Pakistan which are still pending for review. Supreme Court of Pakistan referred the matter to the Public Accounts Committee (PAC) and asked them to submit its recommendation on the subject matter. During the year ended 30 June 2021, PAC endorsed the amount of Rupees 17.5 billion to be paid to CDA in six years for the revival of lease and de-sealing of the Project in accordance with the settlement held between CDA and BNP (Private) Limited. On 06 January 2021, on the directives of PAC and payment of first installment of settlement amount by BNP (Private) Limited, CDA has de-sealed the Project. Pursuant to the settlement of the matter as stated above and de-sealing of the Project, BNP (Private) Limited and the Company have started negotiations to finalize the terms and conditions of "Undertaking and Indemnity Agreement" to take the possession of the apartment. The Company is confident of favorable outcome of the negotiations and possession of the apartment.

	Un-Audited 31 December 2022 Rupees	Audited 30 June 2022 Rupees
8. RIGHT-OF-USE ASSETS		
Opening book value	608,106,427	340,945,782
Add: Additions during the period / year (Note 8.1)	27,685,740	303,828,835
Add : Impact of lease modification	-	66,644,586
Less: Impact of lease termination	-	7,309,513
Less: Book value of assets transferred to fixed assets - owned during the period / year (Note 8.2)	1,546,077	1,787,081
Less: Depreciation expense for the period / year	66,328,639	111,340,571
Closing book value	<u>567,917,451</u>	<u>590,982,038</u>
8.1 Cost of additions during the period / year		
Land	-	142,365,608
Buildings	-	2,174,557
Vehicles	27,685,740	102,053,846
	<u>27,685,740</u>	<u>246,594,011</u>
8.2 Book value of assets transferred to fixed assets - owned during the period / year		
Vehicles	<u>1,546,077</u>	<u>1,787,081</u>

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

For The Half Year Ended 31 December 2022

	Un-Audited 31 December 2022 Rupees	Audited 30 June 2022 Rupees
9. INTANGIBLE ASSETS - computer software		
Opening book value	21,760,517	10,713,375
Add: Cost of additions during the period / year	-	19,703,106
Less: Amortization charged during the period / year	4,718,240	8,655,964
Closing book value	<u>17,042,277</u>	<u>21,760,517</u>
10. STOCK-IN-TRADE		
Raw materials (Note 10.1)	2,326,284,221	1,170,447,477
Work-in-process	83,004,294	49,019,068
	<u>2,409,288,515</u>	<u>1,219,466,545</u>
Lubricants and parts (Note 10.2)	779,249,824	1,361,702,527
Less: Provision for slow moving and damaged stock items	15,021,326	15,021,325
	764,228,498	1,346,681,202
Petroleum products		
- Stock in hand (Note 10.3 Note 10.4)	71,722,739	712,760,727
- Stock in pipeline system (Note 10.5)	441,083,018	606,798,070
	512,805,757	1,319,558,797
Dispensing pumps and other installations	53,308,455	55,554,249
	<u>3,739,631,225</u>	<u>3,941,260,793</u>
10.1	These include raw materials in transit amounting to Rupees 33.180 million (2022: Rupees 497.564 million) and raw materials amounting to Rupees 1,769.257 (2022: Rupees 236.161) lying at customs bonded warehouse.	
10.2	This includes stock-in-transit of Rupees Nil (30 June 2022: Rupees 52.121 million) and stock amounting to Rupees 81.387 millions (2022 : Rupee 80.690 million lying at custom bonded warehouse.	
10.3	This include stock of petroleum products in transit of Rupees Nil (2022: Rupees 264.996).	
10.4	This include stock of petroleum products in possession of third parties as follows:	
	Un-Audited 31 December 2022 Rupees	Audited 30 June 2022 Rupees
Askar Oil Services (Private) Limited	2,101,094	2,122,499
Be Energy Limited	11,419,307	12,662,319
Al-Rahim Trading Company (Private) Limited	349,785	317,134,268
Gas and Oil Pakistan Limited	2,914,013	476,791
Karachi Hydrocorban Terminal Limited	3,628,345	6,672,428
	<u>20,412,544</u>	<u>339,068,305</u>
10.5	This represents the Holding Company's share of pipeline stock of High Speed Diesel and Petroleum Motor Gasoline amounting to Rupees 85.587 million (30 June 2022: Rupees 454.427 million) and Rupees 355.495 millions (30 June 2022: Rupees 152.371 millions) held by Pak-Arab Pipeline Company Limited.	

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

For The Half Year Ended 31 December 2022

	(Un-Audited)	
	HALF YEAR ENDED	
	31 December 2022	31 December 2021
	Rupees	Rupees
11. CASH GENERATED FROM OPERATIONS		
Profit before taxation	(493,331,645)	514,860,749
Adjustments for non-cash charges and other items:		
Depreciation on operating fixed assets	122,155,825	104,571,657
Depreciation on right-of-use assets	66,329,207	46,511,347
Amortization of intangible assets	4,340,670	3,397,093
Amortization of deferred income - Government grant	(361,618)	(4,144,464)
Allowance / (reversal of allowance) for expected credit losses	13,658,497	5,997,765
Provision for slow moving and obsolete store items	-	1,577,625
Gain on disposal of operating fixed assets	(7,134,241)	(2,881,625)
Dividend income	(14,068,997)	(6,974,462)
Profit on bank deposits and short term investments	(14,571,647)	(10,082,939)
Unrealised loss / (gain) on remeasurement of investments	11,248,768	(1,652,817)
Gain on disposal of short term investments	(581,625)	(50,996)
Finance cost	333,706,668	96,756,194
Exchange (gain) / loss - net	173,131,382	133,666,626
Provision for workers' profit participation fund	-	1,547,793
Provision for workers' welfare fund	-	16,162,448
Working capital changes (Note 11.1)	(1,213,436,150)	(983,149,128)
	<u>(1,018,914,906)</u>	<u>(83,887,134)</u>
	Un-Audited	Audited
	31 December	30 June
	2022	2022
	Rupees	Rupees
11.1 Working capital changes		
Decrease / (increase) in current assets:		
Stores	1,001,619	(20,951,478)
Stock-in-trade	200,272,352	(2,189,890,137)
Trade debts	1,182,622,882	703,339,692
Loans and advances	(312,505,534)	(175,838,113)
Short term deposits and prepayments	(44,511,521)	3,515,538
Other receivables	32,742,248	(87,509,440)
	1,059,622,046	(1,767,333,938)
Increase / (decrease) in trade and other payables	(2,273,058,196)	784,184,810
	<u>(1,213,436,150)</u>	<u>(983,149,128)</u>

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

For The Half Year Ended 31 December 2022

12. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Group comprise of associated undertakings, other related parties, key management personnel and provident fund trust. The Group 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	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021

-----Rupees-----

Relationship

i Transactions

Associated companies

MAS Associates (Private) Limited	Share of common expenses	637,787	493,317	323,379	254,542
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Other related parties

SK Enmove Co., Ltd. (formerly SK Lubricants Co., Ltd.)	Purchase of lubricants	1,976,981,652	2,253,011,083	669,321,100	907,616,345
	Dividend Paid	1,986,660	1,407,217	1,986,660	1,407,217
	Incentive	181,400,000	-	181,400,000	-
Provident fund trusts	Contribution	15,394,685	12,346,150	7,802,259	6,258,292
Key management personnel and executive	Remuneration	251,674,315	197,262,308	121,469,015	197,262,308
Sabra Hamida Trust	Donations	9,000,000	9,000,000	4,500,000	4,500,000

NATURE OF TRANSACTIONS	UN-AUDITED			
	HALF YEAR ENDED		QUARTER ENDED	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021

-----Rupees-----

Relationship

SK Enmove Co., Ltd. (formerly SK Lubricants Co., Ltd.)	Bonus shares issued	-	165,555	-	165,555
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Un-Audited
31 December
2022
Rupees

Audited
30 June
2022
Rupees

ii. Period end balances

Associated company

Receivable from MAS Associates (Private) Limited	323,379	292,753
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Other related party:

Receivable from SK Enmove Co., Ltd (formerly SK Lubricants Co., Ltd)	181,400,000	-
Payable to SK Enmove Co., Ltd (formerly SK Lubricants Co., Ltd)	122,894,767	614,625,067
Payable to employees' provident fund trust	5,217,337	4,076,630
Remuneration payable to directors	5,425,936	-

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

For The Half Year Ended 31 December 2022

13. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

(i) Fair value hierarchy

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

Recurring fair value measurements at 31 December 2022	Level 1	Level 2	Level 3	Total
----- Rupees -----				
Financial assets				
Financial assets at fair value through profit or loss	238,052,582	-	-	238,052,582

Recurring fair value measurements at 30 June 2022	Level 1	Level 2	Level 3	Total
----- Rupees -----				
Financial assets				
Financial assets at fair value through profit or loss	226,804,412	-	-	226,804,412

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

There were no transfers between levels 1 and 2 for recurring fair value measurements during the period ended 31 December 2022. Further there was no transfer in and out of level 3 measurements.

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

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives and 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 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 on Pakistan Stock Exchange and for funds, Net Assets Value (NAV) of respective Asset Management Group.

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

For The Half Year Ended 31 December 2022

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.

	(Un-Audited)							
	LUBRICANTS		PETROLEUM PRODUCTS		UNALLOCATED		TOTAL - COMPANY	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	(----- RUPEES -----)							
Revenue - net	2,940,041,894	4,322,058,989	4,430,312,985	2,743,634,416	-	-	7,370,354,879	7,065,693,405
Cost of sales	(2,226,472,115)	(2,925,033,697)	(4,372,958,560)	(2,620,794,933)	-	-	(6,599,430,675)	(5,545,828,630)
Gross profit	713,569,779	1,397,025,292	57,354,425	122,839,483	-	-	770,924,204	1,519,864,775
Distribution cost	(235,124,310)	(357,342,000)	(147,259,187)	(114,809,778)	-	-	(382,383,497)	(472,151,778)
Administrative expenses	(402,697,251)	(293,123,633)	(12,959,565)	(9,789,241)	-	-	(415,656,816)	(302,912,874)
Other expenses	(199,613,991)	(162,253,628)	(4,232,939)	(5,829,129)	-	-	(203,846,930)	(168,082,757)
	(837,435,552)	(812,719,261)	(164,451,691)	(130,428,148)	-	-	(1,001,887,243)	(943,147,409)
Other income	14,590,016	19,074,723	48,287,662	15,824,854	-	-	62,877,678	34,899,577
Profit / (loss) from operations	(109,275,757)	603,380,754	(58,809,604)	8,236,189	-	-	(168,085,361)	611,616,943
Finance cost	(298,924,651)	(76,747,994)	(26,321,633)	(20,008,200)	-	-	(325,246,284)	(96,756,194)
Profit / (Loss) before taxation	(408,200,408)	526,632,760	(85,131,237)	(11,772,011)	-	-	(493,331,645)	514,860,749
Taxation	-	-	-	-	123,955,202	(118,466,392)	123,955,202	(118,466,392)
Profit / (Loss) after taxation	(408,200,408)	526,632,760	(85,131,237)	(11,772,011)	123,955,202	(118,466,392)	(369,376,443)	396,394,357

14.1 Reconciliation of reportable segment assets and liabilities:

	LUBRICANTS		PETROLEUM PRODUCTS		TOTAL - COMPANY	
	-----Rupees-----				-----Rupees-----	
	Un-Audited 31 December 2022	Audited 30 June 2022	Un-Audited 31 December 2022	Audited 30 June 2022	Un-Audited 31 December 2022	Audited 30 June 2022
Total assets for reportable segments	7,874,913,219	6,788,072,448	1,971,964,899	2,744,899,707	9,846,878,118	9,532,972,155
Unallocated assets					2,672,926,248	3,147,094,724
Total assets as per statement of financial position					12,519,804,366	12,680,066,879
Total liabilities for reportable segments	2,740,554,339	3,710,578,828	426,258,332	986,284,130	3,166,812,670	4,696,862,958
Unallocated liabilities					3,746,370,005	1,728,796,187
Total liabilities as per statement of financial position					6,913,182,675	6,425,659,145

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

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

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

For The Half Year Ended 31 December 2022

	Un-Audited 31 December 2022 Rupees	Audited 30 June 2022 Rupees
15. DISCLOSURES BY COMPANY LISTED ON ISLAMIC INDEX		
Description		
i) Loans / advances obtained as per Islamic mode:		
Loans	-	-
Advances	200,236,259	63,104,103
ii) Shariah complaint bank deposits / bank balances		
Bank balances	105,417,224	123,256,713
		(Un-Audited)
	HALF YEAR ENDED	
	31 December 2022	31 December 2021
	Rupees	Rupees
iii) Profit earned from shariah complaint bank deposits / bank balances		
Profit on bank deposits and term deposit receipts	-	-
iv) Mark up paid on Islamic mode of financing	-	-
v) Revenue earned from a shariah complaint business	7,370,354,879	7,065,693,405
vi) Gain / (loss) or dividend earned from shariah complaint investments		
Dividend income	46,339	888,972
Gain on sale of investments	-	-
Gain / (loss) on remeasurement of investments at fair value through profit or loss	(2,702)	1,652,817
vii) Exchange (loss) / gain earned	(209,131,382)	(133,666,626)
viii) Profits earned or interest paid on any conventional loan or advance		
Interest paid on loans	224,477,994	28,410,749
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	

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

For The Half Year Ended 31 December 2022

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

During the year ended 30 June 2016, the Company made an Initial Public Offer (IPO) through issue of 29,001,000 ordinary shares of Rupees 10 each at a price of Rupees 62.50 per share determined through book building process. Out of the total issue of 29,001,000 ordinary shares, 21,750,500 shares were subscribed through book building by High Net Worth Individuals and Institutional Investors, while the remaining 7,250,500 ordinary shares were subscribed by the General Public and the shares were duly allotted on 18 February 2016. On 01 March 2016, Pakistan Stock Exchange Limited approved the Company's application for formal listing of ordinary shares and trading of shares started on 03 March 2016.

Till 30 June 2017, the Company utilized the proceeds of the initial public offer of 29,001,000 ordinary shares for the purposes mentioned under heading 5.5 'Expansion Plan' in prospectus dated 28 December 2015, as per the following detail:

Purposes Mentioned Under Heading 5.5 'Expansion Plan' In Prospectus Dated 28 December 2015	Total amount (Rupees)	Total amount utilized till 30 June 2017 (Rupees)
Investment in HTLL		
Land	470,000,000	60,618,100
Building	128,000,000	12,486,445
Plant, machinery and equipment	139,000,000	2,719,201
Pre-operating costs	33,000,000	249,630
Working capital	842,562,500	739,126,208
	<u>1,612,562,500</u>	<u>815,199,584</u>
Investment in 100% owned subsidiary		
Additional filling lines for blending plant, Hi-Tech Blending (Private) Limited	200,000,000	-
Total	<u>1,812,562,500</u> B	<u>815,199,584</u>
IPO proceeds (A)	1,812,562,500	
Amount un-utilized (A - B)	997,362,916	

As stated in the prospectus dated 28 December 2015, the Holding Company planned to offer state of the art retail outlets across Pakistan with multitude of unique services and also planned to install additional filling lines at the blending plant of its subsidiary. The plan of the year 2015-16 covered 37 grand outlets openings in 11 major cities of Pakistan including Lahore, Gujranwala, Sialkot, Faisalabad, Multan, Islamabad, Rawalpindi, Karachi and Hyderabad. Over a period of 5 years, the Holding Company planned to open 75 retail outlets (including 67 rented) across 16 major cities of Pakistan. As per quarterly progress report number 06 dated 14 July 2017, the Holding Company informed all stakeholders the progress on implementation of project: Expansion through retail outlet: 1 owned service center under regulatory approval and out of the 10 rented service centers, 1 is operational, 3 are approved and under construction, 3 are under regulatory approvals and 3 are under negotiations. Accurate, effective and timely implementation of the above plans of the Holding Company became a big challenge for the Holding Company due to expensive lands and properties at key locations in almost all the cities for express service centers. Hence, the Holding Company planned for incorporation of express centers into its fuel stations to be established under the umbrella of Oil Marketing Company (OMC) Project of the Holding Company. In this regard, the Company obtained a financial feasibility report from KPMG Taseer Hadi & Co., Chartered Accountants regarding investment in OMC Project. In view of successful fulfillment of initial mandatory requirements of Oil and Gas Regulatory Authority (OGRA) for setting up of an OMC and future prospects of OMC in current international scenario as prospected under financial feasibility report, the shareholders of the Holding Company in their 9th Annual General Meeting held on 29 September 2017 approved diversion and utilization of un-utilized IPO funds from HTL Express Centers and wholly owned subsidiary company to OMC Project of the Company keeping in view overall growth of the Company and ultimate benefit to all shareholders and stakeholders of the Holding Company.

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

For The Half Year Ended 31 December 2022

The Project envisages setting up 360 retail outlets across Punjab, Sindh and Khyber Pakhtunkhwa Provinces of Pakistan. The fuel stations will offer full range of services such as general store, tyre shop and a car shop amongst others. To support sales, the Holding Company plans to invest in building storage capacities of 25,735 metric tons (Mogas and HSD) across the country over a period of 7 years.

During the year ended 30 June 2017, OGRA granted license to the Holding Company to establish an Oil Marketing Company (OMC), subject to some conditions. During the year ended 30 June 2018, with reference to OMC Project of the Holding Company, Oil and Gas Regulatory Authority (OGRA) has granted permission to proceed to apply/acquire No Objection Certificates (NOCs) from concerned departments including District Coordination Officer (DCO) for setting up of upto 26 retail outlets in Punjab Province with instructions that retail sales through petrol pumps can only be started after completion of necessary Storage Infrastructure, 3rd Party Inspector Report confirming that storage/depot meets OGRA's notified Technical Standards and OGRA's approval.

During the year ended 30 June 2018, the Company completed its oil storage site at Sahiwal. The Holding Company also purchased land in Nowshera for oil storage site under OMC Project.

On 31 May 2019, Oil and Gas Regulatory Authority (OGRA) granted permission to the Holding Company to operate new oil storage facility at Sahiwal and marketing of petroleum products in the Province of Punjab. The Holding Company signed agreements with various dealers for setting up petrol pumps under the OMC Project and also started construction of another storage site at Nowshera, Khyber Pakhtunkhwa.

During the year ended on 30 June 2020, the Holding Company started its OMC operations and expediently worked on completion of its Nowshera oil storage. During the year ended 30 June 2021, Holding Company has completed its oil storage at Nowshera. On 09 August 2021, OGRA acknowledged the satisfactory completion of Nowshera oil storage based on third party inspection report. During the year ended 30 June 2022, the Holding Company has stated work on new oil storage facility at Shikarpur. Currently, the Holding Company has eight operational HTL Express Centers, four in Lahore, three in Karachi and one in Rawalpindi. Further, the Company has twenty seven retail outlets operational for sale of petroleum products as on 30 June 2022. Detail of payments out of IPO proceeds during the half year ended 31 December 2022 is as follows:

	Rupees
Un-utilized IPO proceeds as at 01 July 2022	440,709,519
Add: Profit on term deposit receipt	10,450,788
Add: Profit on bank deposits	232,855
Add: Dividend on investment in mutual funds	2,662,693
Add: Unrealised gain on investment in mutual funds	11,248,768
Less: Payments made relating to OMC Project	(48,090,145)
Less: Withholding tax on profit	(1,602,546)
Less: Withholding tax on dividend from mutual funds	(2,086,719)
Less: Bank charges	(31,090)
Un-utilized IPO proceeds as at 31 December 2022	<u>413,494,123</u>

The un-utilized proceeds of the public offer have been kept by the Holding Company in the shape of bank balances, term deposit receipt and mutual funds.

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

For The Half Year Ended 31 December 2022

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 2022.

18. 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 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 24, 2023 by the Board of Directors of the Group.

20. GENERAL

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


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Director


Chief Financial Officer



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