

CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2018 (Un-audited)

REDEFINING  
BUSINESS  
EXPANSION

# Company Information

## BOARD OF DIRECTORS

Mr. Shaukat Hassan  
Chairman  
(Non Executive Director)

Mr. Hassan Tahir  
Chief Executive Officer  
(Executive Director)

Mr. Muhammad Ali Hassan  
(Executive Director)

Mr. Tahir Azam  
(Non Executive Director)

Mr. Muhammad Tabassum Munir  
(Independent Director)

Dr. Safdar Ali Butt  
(Independent Director)

Mr. Faraz Akhtar Zaidi  
(Non Executive Director)

Ms. Mavira Tahir  
(Non Executive Director)

Syed Asad Abbas Hussain  
(Independent Director)

Mr. Moon Seek Park  
(SK Lubricants' Nominee Director)

## CHIEF FINANCIAL OFFICER

Mr. Muhammad Imran

## COMPANY SECRETARY/ CHIEF COMPLIANCE OFFICER

Mr. Fraz Amjad Khawaja

## EXTERNAL AUDITORS

Riaz Ahmad & Co.  
Chartered Accountants

## INTERNAL AUDITORS

EY Ford Rhodes Sidat Hyder  
Chartered Accountants

## REGISTERED OFFICE

1-A, Danepur Road, GOR-I Lahore.  
Tel: +92-42-111-645-942  
Fax: 92-42-36311884  
www.zicoil.com  
www.hitechlubricants.com

## AUDIT COMMITTEE

Mr. Muhammad Tabassum Munir  
Chairman / Member

Dr. Safdar Ali Butt  
Member

Mr. Shaukat Hassan  
Member

Mr. Tahir Azam  
Member

Mr. Faraz Akhtar Zaidi  
Member

## HR & REMUNERATION COMMITTEE

Dr. Safdar Ali Butt  
Chairman / Member

Mr. Tahir Azam  
Member

Mr. Shaukat Hassan  
Member

Mr. Muhammad Ali Hassan  
Member

Ms. Mavira Tahir  
Member

## LEGAL ADVISOR

Mr. Ijaz Lashari

## BANKERS AND LENDERS

Bank Al-Habib Limited

MCB Bank Limited

Bank Alfalah Limited

Habib Metropolitan Bank Ltd

Standard Chartered Bank

JS Bank Limited

Askari Bank Limited

National Bank Limited

United Bank Limited

The Bank of Punjab

Meezan Bank Limited

Habib Bank Limited

Summit Bank Limited

Al-Baraka Bank Limited

Dubai Islamic Bank Limited

Samba Bank Limited



## Directors' Review

The Directors of the Company are pleased to submit the Third Quarter and Nine Months report along with the Condensed Interim Financial Information Separate and Consolidated of the Company for the period ended March 31, 2018.

### Financial and Operational Performance

The comparison of the Un-Audited Financial Results for the Third quarter and Nine Months ended March 31, 2018 with March 31, 2017 is as follows:

<i>All figures in millions of Pak Rs unless specifically stated otherwise</i>	Jul 17- Mar 18	Jul- 17Mar 17	% Change	Jan- Mar 2018	Jan- Mar 2017	% Change	Jul 17- Mar 18	Jul- 17Mar 17	% Change	Jan- Mar 2018	Jan- Mar 2017	% Change
	Un-consolidated						Consolidated					
	For the Nine Months			For the Third Quarter			For the Nine Months			For the Third Quarter		
Net Sales	6,726	5,657	18.9%	1,328	1,876	(29.2%)	6,726	5,657	18.9%	1,328	1,876	(29%)
Gross Profit % of sales	1,500 22.3%	<b>1,448</b> 25.6%	3.6%	316 23.8%	481 25.7%	(34.3%)	1,868 27.8%	1,563 27.6%	19.5%	440 33.1%	539 28.7%	(18.4%)
Profit from Operations % of sales	710 10.6%	776 13.7%	(8.5%)	114 8.6%	295 15.7%	(61.0%)	965 14.3%	882 15.5%	9.5%	192 14.4%	351 18.7%	(45.3%)
Profit before Tax % of sales	649 9.6%	752 13.3%	(13.7%)	92 6.9%	282 15.0%	(67.4%)	866 12.9%	827 14.6%	4.7%	155 11.7%	326 17.4%	(52.5%)
Profit after Tax % of sales	442 6.6%	556 9.8%	(20.5%)	61 4.6%	215 11.5%	(71.6%)	632 9.4%	627 11.1%	0.9%	120 9.0%	255 13.6%	(53%)
EPS – Basic (PRs)	3.81	4.80	(20.6%)	0.52	1.85	(71.6%)	5.45	5.40	0.9%	1.03	2.20	(53%)

### Sales

Our consolidated sales revenue for the Nine Months ended March 31, 2018 grew by PKR 1,070 million yielded a growth of + 19% versus the same period last year. Consolidated sales revenue for the quarter was down substantially year-over-year primarily because of sales realized in the second quarter where distributors had increased orders to benefit from anticipated price increases and sales incentives. HTL's focus remains on sales volumes growth on a yearly basis, though there can be volatility within anyone quarter.

### Gross profits

We delivered a consolidated margin of 33% (consolidated) for Third Quarter. The increase in gross margins was the result of an increase in prices and continued improvement in HTBL's operations.

### Operating and Net profits

We delivered an operating profit of 12.9% as a percentage of sales. Our net profit after tax stood at PKR 632 million for the Nine Months.

## Directors' Review

### Position of IPO Funds

Bank balances of PKR 34.2 million (31<sup>st</sup> Dec 2017: PKR 72 million) and short term investments of PKR 938 million (31<sup>st</sup> Dec 2017: PKR 962 million) at March 31, 2018 represent un-utilized proceeds of the Initial Public Offer and can only be utilized for the purposes of OMC and HTL Express Centers of the Company.

### Balance Sheet

The total assets of the Company decreased PKR 100 million from June 30<sup>th</sup>, 2017 as the Company successfully sold stocks it had invested in prior quarters.

### HTL Express

During the quarter we opened another HTL Express Center in Gulshan-e-Ravi, Lahore and a lease was entered in to for a proposed center in Gulistan-e-Johar in Karachi. Currently three centers are operational and another five are in the pipeline of which two are expected online in the next quarter. We expect these stations to provide an additional source of profitability to the company. In the future we envisage the majority of our express centers to be incorporated in our fuel station sites.

### BLENDING PLANT

Additional machinery is expected to arrive next month. HTBL continues to improve its profitability and we anticipate increase profits at our subsidiary over the next few years (Inshallah).

### OIL MARKETING COMPANY

On February 9<sup>th</sup>, 2018 the Company received permission from the Oil & Gas Regulatory Authority to begin applying for NOCs for up to 26 fuel stations in Punjab (based on current storage). Fuel sales can commence only after final OGRA inspections and approvals. We also completed purchase of a six acre site at TaruJabba for our storage infrastructure in KPK province.

### Future Outlook

By the grace of Allah, we are confident in the future of HTL and its strategy. We will grow our core lubricants business through the introduction of new products, further improve margins by increasing the utilization of our blending plant and diversify the company's profit streams through development of the Express Centers and OMC business.

### Company's Staff and Customers

We wish to record our appreciation for the dedication, hardwork and commitment of our employees to the Company's strategy, structure and culture and continued patronage of our customers.



Mr. Hassan Tahir  
(Chief Executive)

Lahore  
April 21, 2018



Mr. Shaukat Hassan  
(Chairman)

## ڈائریکٹرز کا جائزہ

کمپنی کے ڈائریکٹرز کو مدت تختہ مورخہ 31 مارچ 2018 کی کمپنی کی تیسری سہ ماہی اور نو ماہی رپورٹ مع محدود عبوری مالی معلومات علیحدہ اور مجموعی پیش کرنے پر بہت خوش محسوس ہو رہی ہے

### مالی اور آپریشنل کارکردگی

31 مارچ 2018 کی تیسری سہ ماہی اور نو ماہی کے غیر آڈٹ شدہ مالی نتائج کا مدت تختہ 31 مارچ 2017 سے موازنہ درج ذیل ہے

All figures in millions of Pak Rs unless specifically stated otherwise	Jul 17-Mar 18	Jul-17Mar 17	% Change	Jan-Mar 2018	Jan-Mar 2017	% Change	Jul 17-Mar 18	Jul-17Mar 17	% Change	Jan-Mar 2018	Jan-Mar 2017	% Change
	Un-consolidated						Consolidated					
	For the Nine Months For the Third Quarter						For the Nine Months For the Third Quarter					
Net Sales	6,726	5,657	18.9%	1,328	1,876	(29.2%)	6,726	5,657	18.9%	1,328	1,876	(29%)
Gross Profit	1,500	<b>1,448</b>	3.6%	316	481	(34.3%)	1,868	1,563	19.5%	440	539	(18.4%)
% of sales	22.3%	25.6%		23.8%	25.7%		27.8%	27.6%		33.1%	28.7%	
Profit from Operations	710	776	(8.5%)	114	295	(61.0%)	965	882	9.5%	192	351	(45.3%)
% of sales	10.6%	13.7%		8.6%	15.7%		14.3%	15.5%		14.4%	18.7%	
Profit before Tax	649	752	(13.7%)	92	282	(67.4%)	866	827	4.7%	155	326	(52.5%)
% of sales	9.6%	13.3%		6.9%	15.0%		12.9%	14.6%		11.7%	17.4%	
Profit after Tax	442	556	(20.5%)	61	215	(71.6%)	632	627	0.9%	120	255	(53%)
% of sales	6.6%	9.8%		4.6%	11.5%		9.4%	11.1%		9.0%	13.6%	
EPS – Basic (PRs)	3.81	4.80	(20.6%)	0.52	1.85	(71.6%)	5.45	5.40	0.9%	1.03	2.20	(53%)

### سیلز

30 مارچ 2018 کو ختم ہونے والے نو ماہ میں ہماری مجموعی سیلز کی آمدنی 1,070 ملین پاکستانی روپے تک بڑھی جو گزشتہ سال کی اسی مدت سے 19% زیادہ ہے۔ تاہم سہ ماہی میں مجموعی سیلز کی آمدنی میں ابتدائی طور پر نمایاں کمی ہوئی اس کی وجہ دوسری سہ ماہی میں ہوئی سیلز ہیں جس میں ڈسٹری بیوٹرز نے قیمتوں میں متوقع اضافہ اور سیلز کیلئے اضافی فوائد کے پیش نظر آرڈرز میں اضافہ کر دیا تھا۔ HTL کی توجہ سالانہ بنیاد پر سیلز کے حجم کے بڑھنے پر مرکوز رہی، اگرچہ کسی ایک سہ ماہی میں volatility کا امکان ہوتا ہے۔

### مجموعی منافع

ہم نے تیسری سہ ماہی کیلئے 33% کا مجموعی (consolidated) مارجن مہیا کیا ہے۔ اس مجموعی (gross) مارجن میں اضافہ کی وجہ قیمتوں میں اضافہ اور HTBL کے آپریشنز میں مسلسل بہتری آنا تھی۔

## ڈائریکٹرز کا جائزہ

### آپریٹنگ اور خالص منافع

ہم نے میلز کے فی صد تناسب کے لحاظ سے 12.9% کا آپریٹنگ منافع فراہم کیا۔ نو ماہ کی مدت کیلئے ہمارا بعد از ٹیکس خالص منافع 632 ملین پاکستانی روپے رہا۔

### آئی پی او فنڈز کی پوزیشن

34.2 ملین پاکستانی روپے کا بینک بیلنس (31 دسمبر 2017: 72 ملین پاکستانی روپے) اور 31 مارچ 2018 کو مختصر میعاد کیلئے 938 ملین پاکستانی روپے کی سرمایہ کاری (31 دسمبر 2017: 962 ملین پاکستانی روپے) ابتدائی پبلک آفر سے حاصل کردہ غیر استعمال شدہ آمدنی کی نمائندگی کرتی ہے اور صرف کمپنی کے OMC اور HTL ایکسپریس سینٹرز کے مقاصد کے لئے استعمال کی جاسکتی ہے۔

### بیلنس شیٹ

کمپنی کے کل اثاثہ جات 30 جون 2017 سے کم ہو کر 100 ملین پاکستانی روپے ہو گئے کیونکہ کمپنی نے گزشتہ سہ ماہیوں میں جن اسٹاک میں سرمایہ کاری کی تھی وہ کامیابی کے ساتھ فروخت کر دیئے۔

### ایچ ٹی ایل ایکسپریس

مذکورہ سہ ماہی میں ہم نے گلشن راوی لاہور میں ایک اور ایچ ٹی ایل ایکسپریس سینٹر کھولا اور گلستان جوہر کراچی میں ایک اور مجوزہ سینٹر کیلئے لیز داخل کر دی گئی ہے۔ اس وقت ہمارے تین سینٹر کام کر رہے ہیں اور مزید پانچ تیاری کے مراحل میں ہیں، توقع ہے کہ ان میں سے دو اگلی سہ ماہی میں کام شروع کر دیں گے۔

ہمیں امید ہے کہ یہ اسٹیشن کمپنی کے منافع کا اضافی ذریعہ ثابت ہوں گے۔ مستقبل میں ہمارے اکثر ایکسپریس سینٹرز ہمارے فیول اسٹیشنز کی سائٹ میں شامل ہو جائیں گے۔

### بیلنڈنگ پلانٹ

توقع ہے کہ اضافی مشینری اگلے ماہ پہنچ جائے گی۔ HTBL اپنی منفعت میں بہتری کی مسلسل کوششوں میں مصروف ہے اور ہمیں امید ہے کہ آئندہ چند سالوں میں ہمارے ذیلی اداروں سے منافع میں خاطر خواہ اضافہ ہو جائے گا۔ (ان شاء اللہ)۔

### آئل مارکیٹنگ کمپنی

9 فروری 2018 کو آئل اینڈ ریگولیٹری اتھارٹی کی جانب سے کمپنی کو پنجاب میں زیادہ سے زیادہ 26 فیول اسٹیشنز کیلئے NOC کی درخواستیں دینے کی منظوری موصول ہو گئی ہے (جو موجودہ اسٹوریج پمپنی ہے)۔ تاہم فیول کی فروخت کا آغاز اگر اے کے فائنل معائنہ اور منظوری کے بعد ہوگا۔ ہم نے KPK کے صوبہ میں تارو جبہ کے مقام پر اپنے اسٹوریج کے انفراسٹرکچر کے لئے چھ ایکڑ سائٹ کی خریداری کا عمل مکمل کر لیا ہے۔

## ڈائریکٹرز کا جائزہ

### مستقبل کا منظر نامہ

اللہ کے فضل و کرم سے ہم HTL اور اس کی حکمت عملی کے اچھے مستقبل کے بارے میں پراعتماد ہیں۔ ہم اپنی نئی پروڈکٹس متعارف کروا کر اپنے لبریکنٹس کے بنیادی کاروبار کو فروغ دیں گے اور اپنے بلینڈنگ پلانٹ کے استعمال میں اضافہ کے ذریعہ مارجن کو مزید بہتر کریں گے۔ اس کے علاوہ ایکسپریس سینٹرز اور OMC کے کاروبار کی ڈیولپمنٹ سے کمپنی کے لئے مختلف نوع کا منافع حاصل کریں گے۔

### کمپنی کا عملہ اور صارفین

آخر میں کمپنی کی حکمت عملی اسٹرکچر اور کلچر سے اپنے ملازمین کی وابستگی، سخت محنت اور کٹمنٹ کا اعتراف کرتے ہیں اور اپنے صارفین کی مسلسل سرپرستی پر ان کو خراج تحسین پیش کرتے ہیں۔



جناب شوکت حسن

(چیئرمین)



جناب حسن طاہر

چیف ایگزیکٹو

لاہور

21 اپریل 2018

## Unconsolidated Condensed Interim Financial Information

For The Nine Months Period Ended March 31, 2018 (Un-audited)



# Unconsolidated Condensed Interim Balance Sheet (Un-audited)

As at 31 March 2018

	Note	Un-Audited March 31, 2018 Rupees	Audited June 30, 2017 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital 150,000,000 (2017: 150,000,000) ordinary shares of Rupees 10 (2017: Rupees 10) each		<u>1,500,000,000</u>	<u>1,500,000,000</u>
Issued, subscribed and paid-up share capital		1,160,040,000	1,160,040,000
Reserves		<u>2,620,351,838</u>	<u>2,584,265,837</u>
Total equity		<u>3,780,391,838</u>	<u>3,744,305,837</u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing - secured	5	22,932,197	13,912,535
Liabilities against assets subject to finance lease	6	64,738,418	65,810,301
Long term deposits		1,500,000	2,000,000
Deferred income tax liability		<u>8,638,935</u>	<u>3,207,194</u>
		<u>97,809,550</u>	<u>84,930,030</u>
CURRENT LIABILITIES			
Deposits, accrued liabilities and advances	7	754,043,682	801,947,629
Unclaimed Dividend		16,199,767	1,526,469
Provident fund payable		2,610,093	1,611,679
Accrued mark-up		15,593,557	9,100,107
Short Term Borrowings from banking companies - secured	8	1,115,115,506	1,118,969,226
Current portion of non-current liabilities		48,791,942	43,488,959
Taxation - net		<u>86,350,071</u>	<u>75,222,610</u>
		<u>2,038,704,617</u>	<u>2,051,866,679</u>
Total liabilities		<u>2,136,514,168</u>	<u>2,136,796,709</u>
CONTINGENCIES AND COMMITMENTS			
TOTAL EQUITY AND LIABILITIES	9	<u>5,916,906,005</u>	<u>5,881,102,546</u>

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



Chief Executive



Chief Financial Officer



Director

	Note	Un-Audited March 31, 2018 Rupees	Audited June 30, 2017 Rupees
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	10	1,192,860,593	948,121,502
Investment in subsidiary company	11	1,300,000,600	1,300,000,600
Long term loans to employees		385,182	1,049,136
Long term security deposits		35,997,536	32,737,456
		<u>2,529,243,911</u>	<u>2,281,908,694</u>
Stock-in-trade	12	1,337,192,683	1,505,337,836
Trade debts		254,490,388	179,385,219
Loans and advances		708,941,553	663,618,225
Short term deposits and prepayments		27,050,444	14,611,449
Other receivables		23,244,905	79,647,997
Accrued interest		10,659,346	351,106
Short Term Investments		953,413,419	1,081,129,245
Cash and bank balances		72,669,356	75,112,775
		<u>3,387,662,094</u>	<u>3,599,193,852</u>
TOTAL ASSETS		<u><u>5,916,906,005</u></u>	<u><u>5,881,102,546</u></u>



Chief Executive



Chief Financial Officer



Director

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

For the quarter and nine months period ended 31 March 2018

	NINE MONTHS ENDED		QUARTER ENDED	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	Rupees	Rupees	Rupees	Rupees
SALES	7,700,888,382	6,492,162,474	1,592,001,412	2,058,999,390
DISCOUNTS	(209,522,356)	(78,586,540)	(74,444,566)	(27,878,187)
	7,491,366,026	6,413,575,934	1,517,556,846	2,031,121,203
SALES TAX	(764,611,564)	(757,015,320)	(189,708,459)	(155,345,603)
NET SALES	6,726,754,462	5,656,560,614	1,327,848,387	1,875,775,600
COST OF SALES	(5,226,869,749)	(4,208,542,126)	(1,011,585,685)	(1,394,365,511)
GROSS PROFIT	1,499,884,713	1,448,018,488	316,262,702	481,410,089
DISTRIBUTION COST	(547,218,783)	(529,666,831)	(124,504,918)	(138,578,799)
ADMINISTRATIVE EXPENSES	(266,274,121)	(195,626,291)	(98,061,643)	(64,985,191)
OTHER EXPENSES	(54,279,368)	(18,681,526)	(4,752,918)	(3,661,232)
	(867,772,271)	(743,974,648)	(227,319,478)	(207,225,222)
OTHER INCOME	77,613,279	71,903,143	24,736,830	20,558,401
PROFIT FROM OPERATIONS	709,725,721	775,946,983	113,680,054	294,743,268
FINANCE COST	(60,928,920)	(23,490,439)	(22,108,913)	(12,977,175)
PROFIT BEFORE TAXATION	648,796,801	752,456,543	91,571,141	281,766,093
TAXATION	(206,696,800)	(196,059,346)	(31,068,334)	(66,720,863)
PROFIT AFTER TAXATION	442,100,001	556,397,197	60,502,807	215,045,230
BASIC EARNINGS PER SHARE	3.81	4.80	0.52	1.85

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



Chief Executive



Chief Financial Officer



Director

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

For the quarter and nine months period ended 31 March 2018

	NINE MONTHS ENDED		QUARTER ENDED	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	Rupees		Rupees	
PROFIT AFTER TAXATION	442,100,001	556,397,197	60,502,807	215,045,230
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified to profit or loss	-			-
Items that will subsequently be reclassified to profit or loss	-			-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>442,100,001</u>	<u>556,397,197</u>	<u>60,502,807</u>	<u>215,045,230</u>

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



Chief Executive



Chief Financial Officer



Director

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

For the quarter and nine months period ended 31 March 2018

	Note	31 March 2018 RUPEES	31 March 2017 RUPEES
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	13	1,018,125,079	1,049,078,453
Finance cost paid		(54,314,557)	(13,976,606)
Income tax paid		(190,137,598)	(195,265,097)
Net decrease in long term loans to employees		1,076,108	2,645,408
Net increase in long term security deposits		(4,022,880)	(17,492,771)
Decrease in long term deposits		(500,000)	-
Net cash generated from operating activities		770,226,152	824,989,387
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure on property and equipment		(242,546,265)	(494,690,244)
Capital expenditure on intangible assets		(649,834)	(1,317,849)
Proceeds from disposal of property and equipment		7,903,818	67,490,908
Investment in subsidiary company		-	(770,550,000)
Loan to subsidiary company		(296,500,000)	-
Short term investments - net		122,667,027	192,135,320
Dividend income		272,260	-
Profit received on bank deposits and short term investments		64,030,899	61,493,153
Net cash used in investing activities		(344,822,105)	(945,438,712)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of liabilities against assets subject to finance lease		(45,090,126)	(134,478,806)
Dividend paid		(391,340,702)	(156,481,749)
Long term financing - net		12,437,082	22,104,875
Short term borrowing - net		(3,853,720)	388,928,851
Net cash used in financing activities		(427,847,466)	120,073,171
Net decrease in cash and cash equivalents		(2,443,419)	(376,154)
Cash and cash equivalents at beginning of the period		75,112,775	186,863,426
Cash and cash equivalents at end of the period		72,669,356	186,487,272

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



Chief Executive



Chief Financial Officer



Director

**Unconsolidated Condensed Interim  
Statement of Changes in Equity (Un-audited)**  
For the quarter and nine months period ended 31 March 2018

SHARE CAPITAL	RESERVES			TOTAL EQUITY
	CAPITAL RESERVE	REVENUE RESERVE	TOTAL RESERVES	
	SHARE PREMIUM	UN-APPROPRIATED PROFIT		

(----- Rupees -----)

Balance as at 30 June 2016 - audited	1,160,040,000	1,441,697,946	728,911,029	2,170,608,975	3,330,648,975
Transactions with owners:					
Profit for nine months period ended 31 March 2017	-	-	556,397,197	556,397,197	556,397,197
Other comprehensive income for nine months period ended 31 March 2017	-	-	-	-	-
Final dividend for the year ended 30 June 2016 @ Rupees 1.35 per share of Rupees 10 each	-	-	(156,605,400)	(156,605,400)	(156,605,400)
Interim dividend for the half year ended 31 December 2016 @ Rupees 1.35 per share of Rupees 10 each	-	-	(156,605,400)	(156,605,400)	(156,605,400)
Net addition in reserves for nine months period ended 31 March 2017	-	-	243,186,397	243,186,397	243,186,397
Balance as at 31 March 2017 - un-audited	<u>1,160,040,000</u>	<u>1,441,697,946</u>	<u>972,097,426</u>	<u>2,413,795,372</u>	<u>3,573,835,372</u>
Balance as at 30 June 2017 - audited	1,160,040,000	1,441,697,946	1,142,567,891	2,584,265,837	3,744,305,837
Transactions with owners:					
Profit for nine months period ended 31 March 2018	-	-	442,100,001	442,100,001	442,100,001
Other comprehensive income for nine months period ended 31 March 2018	-	-	-	-	-
Final dividend for the year ended 30 June 2017 @ Rupees 1.35 per share of Rupees 10 each	-	-	(203,007,000)	(203,007,000)	(203,007,000)
Interim dividend for the half year ended 31 December 2017 @ Rupee 1.75 per share of Rupees 10 each	-	-	(203,007,000)	(203,007,000)	(203,007,000)
Net addition in reserves for nine months period ended 31 March 2018	-	-	36,086,001	36,086,001	36,086,001
Balance as at 31 March 2018 - un-audited	<u>1,160,040,000</u>	<u>1,441,697,946</u>	<u>1,178,653,892</u>	<u>2,620,351,838</u>	<u>3,780,391,838</u>

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



Chief Executive



Chief Financial Officer



Director

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

For the nine months period ended 31 March 2018

### 1. THE COMPANY AND ITS OPERATIONS

Hi-Tech Lubricants Limited ("the Company") was incorporated under the repealed Companies Ordinance, 1984 (Now Companies Act, 2017) and listed on Pakistan Stock Exchange Limited. The registered office of the Company is situated at 1-A, Danepur Road, GOR-1, Lahore. The principal activity of the Company is to procure and distribute petroleum products. Oil & Gas Regulatory Authority (OGRA) has granted license to the Company to establish an Oil Marketing Company (OMC), subject to some conditions.

### 2. BASIS OF PREPARATION

Basis of preparation: "These condensed consolidated 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."

### 3. ACCOUNTING POLICIES

The accounting policies and methods of computations adopted for the preparation of this unconsolidated condensed interim financial information are the same as applied in the preparation of the preceding audited annual financial statements of the Company for the year ended 30 June 2017.

### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of this unconsolidated condensed interim financial information 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 this unconsolidated condensed interim financial information, 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 financial statements of the Company for the year ended 30 June 2017.

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

For the nine months period ended 31 March 2018

	Un-Audited 31 March 2018 Rupees	Audited 30 June 2017 Rupees
5 LONG TERM FINANCING		
From banking company - secured		
Bank Al-Habib Limited (Note 5.1)	34,720,233	22,041,324
Less:		
Current portion shown under current liabilities	11,250,003	7,711,669
Accrued Markup	538,033	417,120
	11,788,036	8,128,789
	<u>22,932,197</u>	<u>13,912,535</u>
5.1 This facility has been obtained to build warehouse at the property of Hi-Tech Blending (Private) Limited - subsidiary company at Sundar Raiwind Road and is secured against personal guarantee of directors of the Company. This carries mark-up at the rate of 3 months KIBOR plus 1.75% per annum. It is repayable in 12 equal quarterly installments. Effective rate of mark-up charged during the period / year ranged from 7.89% to 7.92% (30 June 2017: 7.84% to 7.89%) per annum.		
6. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
Future minimum lease payments	110,246,269	110,085,050
Less: Un-amortized finance charge	7,965,912	8,497,459
Present value of future minimum lease payments	102,280,357	101,587,591
Less: Current portion shown under current liabilities	37,541,939	35,777,290
	<u>64,738,418</u>	<u>65,810,301</u>
7. TRADE AND OTHER PAYABLES		
Creditors	173,188,175	330,221,891
Accrued liabilities	256,866,230	93,794,222
Advances from customers	194,587,464	191,257,137
Customs duty and other charges payable	112,060,694	176,933,600
Income tax deducted at source	17,341,119	9,740,779
	<u>754,043,682</u>	<u>801,947,629</u>
8. SHORT TERM BORROWINGS		
From banking companies - secured		
Running finances	949,236,630	976,593,109
Running Musharika	165,878,876	142,376,117
	<u>1,115,115,506</u>	<u>1,118,969,226</u>



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

For the nine months period ended 31 March 2018

### 9. CONTINGENCIES AND COMMITMENTS

#### 9.1 Contingencies

9.1.1 The Additional Commissioner Inland Revenue has issued an assessment order for the tax year 2009 under section 122 (5A) of the Income Tax Ordinance, 2001 by creating a demand of Rupees 11.004 million on various grounds. Against the alleged order, the Company has filed an appeal before the Commissioner Inland Revenue (Appeals). The Commissioner Inland Revenue (Appeals) decided the case by deleting some of the provisions of the order whereby the tax demand has been reduced to Rupees 2.911 million which is mainly on account of non-deduction of withholding tax. Being aggrieved with the order of the Commissioner Inland Revenue (Appeals), the Company has filed appeal before the Appellant Tribunal Inland Revenue which has remanded back all the issues assailed in appeal to the department for adjudication afresh. The management of the Company expects a favorable outcome, therefore, no provision for the same has been made in this unconsolidated interim financial information.

9.1.2 Guarantees of Rupees 28 million (30 June 2017: Rupees 10 million) are given by the bank of the Company to Director Excise and Taxation, Karachi against disputed amount of infrastructure cess.

9.1.3 Guarantees of Rupees 12 million (30 June 2017: Rupees 2.314 million) are given by the bank of the Company to Chairman, Punjab Revenue Authority, Lahore against disputed amount of infrastructure cess.

9.1.4 Corporate guarantees of Rupees 1,300 million (30 June 2017: Rupees 1,383.57 million) have been given by the Company to the banks in respect of financing to Hi-Tech Blending (Private) Limited - subsidiary company.

	Un-Audited 31 March 2018 Rupees	Audited 30 June 2017 Rupees
9.2 Commitments		
Contracts for capital expenditure	67,652,656	3,616,368
Letters of credit other than capital expenditure	84,007,858	340,535,013
10. FIXED ASSETS		
Property and equipment:		
Operating fixed assets		
- Owned (Note 10.1)	783,178,613	622,505,331
- Leased (Note 10.2)	109,328,547	92,080,840
	892,507,160	714,586,171
Capital work-in-progress (Note 10.3)	296,751,620	225,981,488
	1,189,258,780	940,567,659
Intangible assets:		
Computer softwares (Note 10.4)	3,601,813	7,553,843
	1,192,860,593	948,121,502

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

For the nine months period ended 31 March 2018

	Un-Audited 31 March 2018 Rupees	Audited 30 June 2017 Rupees
10.1 Operating fixed assets – owned		
Opening book value	622,505,331	239,293,518
Add: Cost of additions during the period / year (Note 10.1.1)	171,776,133	463,423,047
Add: Book value of assets transferred from assets subject to finance lease during the period / year (Note 10.2.2)	12,378,144	12,028,841
	806,659,608	714,745,406
Less: Book value of disposals during the period / year (Note 10.1.2)	3,279,391	70,627,099
	803,380,217	644,118,307
Less: Depreciation charged during the period / year	20,201,603	21,612,976
Closing book value	783,178,613	622,505,331
10.1.1 Cost of additions during the period / year		
Freehold land	-	355,881,500
Buildings on leasehold land	132,089,679	27,571,142
Plant & Machinery	10,399,525	3,197,442
Furniture and fittings	1,803,856	1,722,462
Vehicles	10,687,752	69,646,779
Office equipment	10,726,910	1,612,021
Computers	6,068,411	3,791,701
	171,776,133	463,423,047
10.1.2 Book value of disposals during the period / year		
Cost:		
Vehicles	10,413,599	83,929,173
Office equipment	-	896,343
Computers	-	209,500
	10,413,599	85,035,016
Less: Accumulated depreciation	7,134,208	14,407,917
	3,279,391	70,627,099
10.2 Operating fixed assets – leased		
Opening book value	92,080,840	42,898,138
Add: Cost of additions during the period / year (Note 10.2.1)	50,040,692	79,765,881
	142,121,532	122,664,019
Less: Book value of assets transferred to owned assets during the period / year (Note 10.2.2)	12,378,144	12,028,841
	129,743,388	110,635,178
Less: Book value of disposals during the period / year - vehicles (Note 10.2.3)	1,740,409	2,314,175
	128,002,979	108,321,003
Less: Depreciation charged during the period / year	18,674,433	16,240,163
Closing book value	109,328,547	92,080,840
10.2.1 Cost of additions during the period / year		
Generator	-	1,698,360
Vehicles	50,040,692	78,067,521
	50,040,692	79,765,881

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

For the nine months period ended 31 March 2018

	Un-Audited 31 March 2018 Rupees	Audited 30 June 2017 Rupees
10.2.2 Book value of assets transferred to owned assets during the period / year		
Cost:		
Vehicles	25,237,186	20,679,900
Less: Accumulated depreciation	12,859,042	8,651,059
	<u>12,378,144</u>	<u>12,028,841</u>
10.2.3 Book value of disposals during the period / year		
Cost:		
Vehicles	2,088,490	3,314,130
Less: Accumulated depreciation	348,081	999,955
	<u>1,740,409</u>	<u>2,314,175</u>
10.3 Capital work-in-progress		
Advance against purchase of apartment	25,226,750	25,226,750
Advance for purchase of vehicle	-	16,468,000
Civil works	168,645,378	111,548,093
Mobilization and other advances	8,493,772	20,224,164
Unallocated expenditures	94,385,720	52,514,481
	<u>296,751,620</u>	<u>225,981,488</u>
10.4 Computer software		
Opening book value	7,553,843	12,583,737
Add: Cost of addition during the period / year	649,834	1,865,420
Less: Amortization charged during the period / year	4,601,864	6,895,314
Closing book value	<u>3,601,813</u>	<u>7,553,843</u>
11. INVESTMENT IN SUBSIDIARY COMPANY - AT COST		
Hi-Tech Blending (Private) Limited - unquoted		
130,000,060 (30 June 2017: 130,000,060) fully paid ordinary shares of Rupees 10 each		
Equity held: 100% (30 June 2017: 100%)	<u>1,300,000,600</u>	<u>1,300,000,600</u>

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

For the nine months period ended 31 March 2018

	Un-Audited 31 March 2018 Rupees	Audited 30 June 2017 Rupees
12. STOCK-IN-TRADE		
Lubricants (Note 12.1)	1,339,093,032	1,507,238,185
Less: Provision for slow moving and damaged inventory items	2,215,187	2,215,187
	<u>1,336,877,845</u>	<u>1,505,022,998</u>
Stock of promotional items	314,838	314,838
	<u>1,337,192,683</u>	<u>1,505,337,836</u>

12.1 This includes stock-in-transit of Rupees 665.305 million (30 June 2017: Rupees 1,067.471 million) lying at custom bonded warehouses.

	Un-Audited 31 March 2018 Rupees	Un-Audited 31 March 2017 Rupees
13. CASH GENERATED FROM OPERATIONS		
Profit before taxation	648,796,801	752,456,543
Adjustments for non-cash charges and other items:		
Depreciation on operating fixed assets	38,876,035	24,342,368
Amortization on intangible assets	4,601,865	5,075,536
Gain on disposal of property and equipment	(2,884,018)	(3,293,821)
Dividend income	(272,250)	-
Profit on bank deposits and short term investments	(74,404,681)	(61,493,153)
Exchange loss	38,522,103	-
Finance cost	60,928,920	(23,490,440)
Unrealised income on remeasurement of investments at fair value	5,048,799	(6,429,424)
Cash flows from operating activities before working capital changes	<u>719,213,574</u>	<u>687,167,609</u>
Working capital changes		
(Increase) / decrease in current assets:		
Stock-in-trade	168,145,153	(38,621,360)
Trade debts	(75,105,169)	(46,981,644)
Loans and advances	250,764,518	(171,929,476)
Short term deposits and prepayments	(15,933,995)	(8,953,232)
Other receivables	56,468,635	(9,843,594)
	<u>384,339,142</u>	<u>(276,329,306)</u>
Decrease in trade and other payables	(85,427,636)	638,240,150
	<u>1,018,125,079</u>	<u>1,049,078,453</u>

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

For the nine months period ended 31 March 2018

### 14. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise of subsidiary company, associated undertakings, other related parties, key management personnel and provident fund trust. The Company in the normal course of business carries out transactions with various related parties. Detail of significant transactions with various related parties are as follows:

	NINE MONTHS ENDED		QUARTER ENDED	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Transactions				
Subsidiary company				
Share deposit money	-	770,550,000	-	-
Purchase of lubricants	3,118,543,074	1,483,008,085	955,298,714	672,810,912
Short Term Loan paid	296,500,000	-	-	-
Interest on Short Term Loan	29,479,050	-	9,842,547	-
Associated companies				
MAS Associates (Private) Limited				
Share of common expenses	473,848	527,035	116,917	90,936
Other related parties				
Purchase of lubricants - S.K Lubricants Company Limited	1,633,444,293	2,509,958,103	117,824,456	321,234,386
Rent paid to directors	2,314,266	12,389,022	-	4,129,674
Brother of director	1,389,000	-	833,400	-
Contribution to employees provident fund trust	22,310,284	8,575,787	17,581,064	3,005,558
Donation to Sabra, Hamida Trust	9,000,000	9,000,000	3,000,000	6,000,000
Remuneration to Directors	33,866,113	42,626,429	11,788,703	14,447,857
Remuneration to Chief Executive	25,977,683	19,889,287	9,921,317	6,596,430
Remuneration to Executives	69,375,048	65,147,251	28,203,298	10,169,979

### 15. 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 2017.

### 16. CORRESPONDING FIGURES

Corresponding figures have been rearranged, wherever necessary in view of Fourth Schedule to the Companies Act, 2017.

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

For the nine months period ended 31 March 2018

17. DATE OF AUTHORIZATION FOR ISSUE

This unconsolidated condensed interim financial information was approved by the Board of Directors and authorized for issue on April 21, 2018.

18. GENERAL

Figures have been rounded off to nearest of Rupee.



Chief Executive



Chief Financial Officer



Director

# Consolidated Condensed Interim Balance Sheet (Un-audited)

As at 31 March 2018

	Note	Un-Audited March 31, 2018 Rupees	Audited June 30, 2017 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital			
150,000,000 (2017: 150,000,000)			
ordinary shares of Rupees 10 (2017: Rupees 10) each			
		<u>1,500,000,000</u>	<u>1,500,000,000</u>
Issued, subscribed and paid-up share capital			
		1,160,040,000	1,160,040,000
Reserves			
		<u>2,799,340,204</u>	<u>2,573,140,599</u>
Total equity			
		<u>3,959,380,204</u>	<u>3,733,180,599</u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing - secured			
	5	59,902,316	103,783,417
Liabilities against assets subject to finance lease			
	6	92,686,185	103,119,783
Long term deposits			
		1,500,000	2,000,000
Deferred income tax liability			
		<u>71,092,888</u>	<u>40,603,480</u>
		<u>225,181,389</u>	<u>249,506,680</u>
CURRENT LIABILITIES			
Deposits, accrued liabilities and advances			
	7	783,783,973	1,166,258,579
Unclaimed dividend			
		16,199,767	1,526,469
Provident fund payable			
		2,943,189	3,056,993
Accrued mark-up			
		35,598,735	22,665,463
Short Term Borrowings from banking companies-secured			
	8	1,283,492,382	1,165,959,909
Loan from directors-unsecured			
		70,000,000	70,000,000
Current portion of non-current liabilities			
		143,488,423	207,401,109
Taxation - net			
		-	-
		<u>2,335,506,468</u>	<u>2,636,868,522</u>
Total liabilities			
		<u>2,560,687,857</u>	<u>2,886,375,202</u>
CONTINGENCIES AND COMMITMENTS			
	9		
TOTAL EQUITY AND LIABILITIES			
		<u>6,520,068,061</u>	<u>6,619,555,801</u>

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



Chief Executive



Chief Financial Officer



Director

	Note	Un-Audited March 31, 2018 Rupees	Audited June 30, 2017 Rupees
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	10	2,666,644,112	2,465,200,699
Investment property		35,813,717	35,813,717
Long term loans to employees		385,182	1,049,136
Long term security deposits		41,389,676	59,083,196
		<u>2,744,232,687</u>	<u>2,561,146,748</u>
CURRENT ASSETS			
Stores		30,544,106	50,156,870
Stock-in-trade	11	1,950,389,908	2,070,841,515
Trade debts		274,085,236	179,584,299
Loans and advances		181,335,171	125,795,530
Short term deposits and prepayments		52,960,443	24,413,272
Other receivables		127,600,586	243,692,558
Accrued interest		-	175,736
Short Term Investments		953,413,419	1,081,129,245
Taxation - net		96,915,752	61,716,183
Cash and bank balances		108,590,753	220,903,845
		<u>3,775,835,374</u>	<u>4,058,409,053</u>
TOTAL ASSETS		<u><u>6,520,068,061</u></u>	<u><u>6,619,555,801</u></u>



Chief Executive



Chief Financial Officer



Director



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

For the quarter and nine months period ended 31 March 2018

	NINE MONTHS ENDED		QUARTER ENDED	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	Rupees	Rupees	Rupees	Rupees
SALES	8,168,655,617	6,492,162,474	1,714,224,198	2,058,999,390
DISCOUNTS	(209,522,356)	(78,586,540)	(74,444,566)	(27,878,187)
	7,959,133,261	6,413,575,934	1,639,779,632	2,031,121,203
SALES TAX	(1,232,378,799)	(757,015,320)	(311,931,245)	(155,345,603)
NET SALES	6,726,754,462	5,656,560,613	1,327,848,387	1,875,775,600
COST OF SALES	(4,858,126,336)	(4,093,575,298)	(887,801,185)	(1,336,499,530)
GROSS PROFIT	1,868,628,126	1,562,985,315	440,047,202	539,276,070
DISTRIBUTION COST	(544,968,783)	(529,666,831)	(122,254,918)	(138,578,799)
ADMINISTRATIVE EXPENSES	(327,972,853)	(207,322,933)	(121,785,647)	(69,066,905)
OTHER EXPENSES	(79,123,222)	(18,681,526)	(18,406,662)	(3,661,232)
	(952,064,857)	(755,671,290)	(262,447,226)	(211,306,936)
OTHER INCOME	48,610,411	74,398,033	14,111,870	23,053,291
PROFIT FROM OPERATIONS	965,173,680	881,712,058	191,711,846	351,022,425
FINANCE COST	(99,049,990)	(55,016,349)	(36,343,734)	(25,083,735)
PROFIT BEFORE TAXATION	866,123,690	826,695,709	155,368,112	325,938,690
TAXATION	(233,910,085)	(200,075,210)	(35,351,434)	(70,736,727)
PROFIT AFTER TAXATION	632,213,605	626,620,499	120,016,678	255,201,963
BASIC EARNINGS PER SHARE	5.45	5.40	1.03	2.20

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



Chief Executive



Chief Financial Officer



Director

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

For the quarter and nine months period ended 31 March 2018

	NINE MONTHS ENDED		QUARTER ENDED	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	Rupees		Rupees	
PROFIT AFTER TAXATION	632,213,605	626,620,499	120,016,678	255,201,963
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified to profit or loss	-			-
Items that will subsequently be reclassified to profit or loss	-			-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>632,213,605</u>	<u>626,620,499</u>	<u>120,016,678</u>	<u>255,201,963</u>

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



Chief Executive



Chief Financial Officer



Director

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

For the quarter and nine months period ended 31 March 2018

	Note	31 March 2018 RUPEES	31 March 2017 RUPEES
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	12	710,229,670	591,604,575
Finance cost paid		(78,479,096)	(41,053,765)
Income tax paid		(206,448,504)	(285,212,372)
Net decrease in long term loans to employees		1,076,108	2,645,408
Net increase in long term security deposits		(16,930,720)	44,056,329
Decrease in long term deposits		(500,000)	-
Net cash generated from operating activities		408,947,458	312,040,175
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure on property and equipment		(259,917,570)	(539,174,953)
Capital expenditure on intangible assets		(649,834)	(1,317,849)
Proceeds from disposal of property and equipment		8,131,122	67,490,908
Short term investments - net		122,667,027	192,135,320
Dividend income		272,250	-
Profit received on bank deposits and short term investments		45,521,214	61,493,153
Net cash used in investing activities		(83,975,791)	(219,373,421)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of liabilities against assets subject to finance lease		(66,806,225)	(217,637,381)
Dividend paid		(391,340,702)	(156,481,749)
Proceeds from Long term loans		12,437,083	23,135,000
Repayment of long term loan		(109,107,388)	(169,734,119)
Short term borrowing - net		117,532,473	430,456,414
Net cash used in financing activities		(437,284,759)	(90,261,835)
Net decrease in cash and cash equivalents		(112,313,092)	2,404,919
Cash and cash equivalents at beginning of the period		220,903,845	187,493,457
Cash and cash equivalents at end of the period		108,590,753	189,898,376

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



Chief Executive



Chief Financial Officer



Director

**Consolidated Condensed Interim  
Statement of Changes in Equity (Un-audited)**  
For the quarter and nine months period ended 31 March 2018

SHARE CAPITAL	RESERVES			TOTAL EQUITY
	CAPITAL RESERVE	REVENUE RESERVE	TOTAL RESERVES	
	SHARE PREMIUM	UN-APPROPRIATED PROFIT		

( - ..... Rupees - ..... )

Balance as at 30 June 2016 - audited	1,160,040,000	1,441,697,946	728,911,029	2,170,608,975	3,330,648,975
Transactions with owners:					
Profit for nine months period ended 31 March 2017	-	-	626,620,499	626,620,499	626,620,499
Other comprehensive income for nine months period ended 31 March 2017	-	-	-	-	-
Final dividend for the year ended 30 June 2016 @ Rupees 1.35 per share of Rupees 10 each	-	-	(156,605,400)	(156,605,400)	(156,605,400)
Interim dividend for the half year ended 31 December 2016 @ Rupees 1.35 per share of Rupees 10 each	-	-	(156,605,400)	(156,605,400)	(156,605,400)
Net addition in reserves for nine months period ended 31 March 2017	-	-	313,409,699	313,409,699	313,409,699
Balance as at 31 March 2017 - un-audited	<u>1,160,040,000</u>	<u>1,441,697,946</u>	<u>1,042,320,728</u>	<u>2,484,018,674</u>	<u>3,644,058,674</u>
Balance as at 30 June 2017 - audited	1,160,040,000	1,441,697,946	1,131,442,653	2,573,140,599	3,733,180,599
Transactions with owners:					
Profit for nine months period ended 31 March 2018	-	-	632,213,605	632,213,605	632,213,605
Other comprehensive income for nine months period ended 31 March 2018	-	-	-	-	-
Final dividend for the year ended 30 June 2017 @ Rupees 1.35 per share of Rupees 10 each	-	-	(203,007,000)	(203,007,000)	(203,007,000)
Interim dividend for the half year ended 31 December 2017 @ Rupee 1.75 per share of Rupees 10 each	-	-	(203,007,000)	(203,007,000)	(203,007,000)
Net addition in reserves for nine months period ended 31 March 2018	-	-	226,199,605	226,199,605	226,199,605
Balance as at 31 March 2018 - un-audited	<u>1,160,040,000</u>	<u>1,441,697,946</u>	<u>1,357,642,258</u>	<u>2,799,340,204</u>	<u>3,959,380,204</u>

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



Chief Executive



Chief Financial Officer



Director

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

For the nine months period ended 31 March 2018

### 1. THE GROUP AND ITS OPERATIONS

The Group consists of:

Holding Company

- Hi-Tech Lubricants Limited

Subsidiary Company

- Hi-Tech Blending (Private) Limited

Hi-Tech Lubricants Limited

Hi-Tech Lubricants Limited ("the Company") was incorporated as a private limited company in Pakistan on 01 September 2008 under the Companies Ordinance, 1984. On 31 October 2011, the Company was converted into public limited company and on 01 March 2016, the Company was formally listed on Pakistan Stock Exchange Limited. The registered office of the Company is situated at 1-A, Danepur Road, GOR-1, Lahore. The principal activity of the Company is to procure and distribute petroleum products.

During the Nine months period ended 31 March 2018, Oil & Gas Regulatory Authority (OGRA) has granted license to the Company to establish an Oil Marketing Company (OMC), subject to some conditions.

Hi-Tech Blending (Private) Limited

Hi-Tech Blending (Private) Limited ("the Subsidiary Company") was incorporated in Pakistan as a private limited company by shares under the Companies Ordinance, 1984 on 13 March 2014. The principal activity of the Subsidiary Company is to construct, own and operate lubricating oil blending plant. The registered office of the Subsidiary Company is situated at 1-A, Danepur Road, GOR-1, Lahore. The Subsidiary Company is a wholly owned subsidiary of Hi-Tech Lubricants Limited.

### 2. BASIS OF PREPARATION

Basis of preparation: "These condensed consolidated 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."

### 3. ACCOUNTING POLICES

The accounting policies and the method of computation adopted in the preparation of the consolidated condensed interim financial information at the same as those applies in the preparation of the financial statement for the year ended June 30, 2017.

There are certain new and amended standards and interpretations that have been published and are mandatory for the accounting periods beginning on and after July 01, 2017 but are considered not to be relevant or did not have significant effect on the Group's operations and are, therefore, not detailed in these condensed interim financial information.

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

The preparation of this consolidated condensed interim financial information in conformity with approved accounting standard requires management the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the 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.

Judgements and estimates made by the management in the preparation of this consolidated condensed interim financial information are the same as those that were applies to financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statement as at and for the year ended June 30, 2017.

The company's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statement as at and for the year ended June 30, 2017.

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

For the nine months period ended 31 March 2018

	Un-Audited 2018 Rupees	Audited 2017 Rupees
<b>5 LONG TERM FINANCING</b>		
From banking companies - secured		
Holding Company		
Bank Al-Habib Limited (Note 5.1)	34,720,234	21,207,084
Subsidiary Company		
Bank Al-Habib Limited (Note 5.2)	114,240,243	225,861,193
Habib Metropolitan Bank Limited (Note 5.3)	2,445,000	4,895,000
	<u>116,685,243</u>	<u>230,756,193</u>
Total long term financing	151,405,477	251,963,277
Less:		
Current portion shown under current liabilities	88,221,354	142,954,305
Accrued Markup	3,281,807	5,225,555
	<u>91,503,161</u>	<u>148,179,860</u>
	<u>59,902,316</u>	<u>103,783,417</u>
<b>5.1</b>	This facility has been obtained to build warehouse at the property of Hi-Tech Blending (Private) Limited - subsidiary company at Sundar Raiwind Road and is secured against personal guarantee of directors of the Company. This carries mark-up at the rate of 3 months KIBOR plus 1.75% per annum. It is repayable in 12 equal quarterly installments. Effective rate of mark-up charged during the period / year ranged from 7.89% to 7.90% (30 June 2017: 7.84% to 7.89%) per annum.	
<b>5.2</b>	These term finance facilities has been obtained for plant & machinery and tanks, aggregating to Rupees 250.939 million (2017: Rupees 250.939 million), are secured by pari passu hypothecation charge over current assets of the Subsidiary Company to the extent of Rupees 667.000 million (2017: Rupees 667.000 million), registered first hypothecation charge over plant and machinery, land and building of the Subsidiary Company to the extent of Rupees 1,312 million, corporate guarantee of the Holding Company and personal guarantees of directors of the Subsidiary Company. The finance facilities are repayable in 6, 12 and 16 equal quarterly installments commenced on 31 March 2015 and ending on 25 November 2019. Mark-up is payable quarterly at the rate of 3 months KIBOR plus 2.00% per annum. Effective rate of mark-up charged during the year ranged from 8.10% to 8.15% (2017: 8.04% to 8.35%) per annum.	
<b>5.3</b>	This finance facility of Rupees 8.570 million is secured by specific charge over specific machinery of the Subsidiary Company to the extent of Rupees 22.450 million, personal guarantees of directors of the Subsidiary Company. The finance is repayable in 11 equal quarterly installments commenced on 08 November 2015 and ending on 08 May 2018. Mark-up is payable quarterly at the rate of 3 month KIBOR plus 2.00% per annum. Effective rate of mark-up charged during the year ranged from 8.14% to 8.15% (2017: 8.04 to 8.12%) per annum.	
<b>6. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE</b>		
Future minimum lease payments	158,044,366	179,972,282
Less: Un-amortized finance charge	10,091,112	12,405,695
Present value of future minimum lease payments	147,953,254	167,566,587
Less: Current portion shown under current liabilities	55,267,069	64,446,804
	<u>92,686,185</u>	<u>103,119,783</u>

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

For the nine months period ended 31 March 2018

	Un-Audited 31 March 2018 Rupees	Audited 30 June 2017 Rupees
7. TRADE AND OTHER PAYABLES		
Creditors	166,885,734	630,421,850
Accrued liabilities	263,517,829	99,938,485
Advances from customers	194,587,464	191,257,137
Retention money payable	10,838,003	13,797,442
Workers' profit participation fund	10,306,786	3,779,284
Customs duty and other charges payable	112,060,694	217,053,922
Income tax deducted at source	25,587,463	10,010,459
	<u>783,783,973</u>	<u>1,166,258,579</u>
8. SHORT TERM BORROWINGS		
From banking companies - secured		
Running finances (Note 8.1)	949,236,630	976,593,109
Running musharakah (Note 8.2)	165,878,876	142,376,117
	1,115,115,506	1,118,969,226
- Subsidiary Company		
Short term finance (Note 8.3)	64,891,000	46,792,133
Temporary overdraft	103,485,876	198,550
	168,376,876	46,990,683
	<u>1,283,492,382</u>	<u>1,165,959,909</u>
8.1. These facilities amounting to Rupees 4,375.86 million are secured against first pari passu hypothecation charge over current assets of the Company, lien over term deposit receipts and personal guarantees of directors. The rates of mark-up range from 3 months KIBOR plus 1.00% to 1.50% per annum		
8.2. This facility amounting to Rupees 350 million is secured against first pari passu hypothecation charge over current assets of the Company with 25% margin. The mark-up is payable at 3 months KIBOR plus 1.00% per annum.		
8.3. This represents finance against trust receipts from Bank Al-Habib Limited and repayable within 60 to 90 days. Mark-up is payable quarterly at the rate of 3 month KIBOR plus 1.25% per annum. Effective rate of mark-up charged during the period range from 8.14% to 8.15% (2017: 7.51% to 7.84%) per annum. This is secured against trust receipts and ranking charge over assets of the Subsidiary Company.		

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

For the nine months period ended 31 March 2018

### 9. CONTINGENCIES AND COMMITMENTS

#### 9.1 Contingencies

- 9.1.1 The Additional Commissioner Inland Revenue has issued an assessment order for the tax year 2009 under section 122 (5A) of the Income Tax Ordinance, 2001 by creating a demand of Rupees 11.004 million on various grounds. Against the alleged order, the Company has filed an appeal before the Commissioner Inland Revenue (Appeals). The Commissioner Inland Revenue (Appeals) decided the case by deleting some of the provisions of the order whereby the tax demand has been reduced to Rupees 2.911 million which is mainly on account of non-deduction of withholding tax. Being aggrieved with the order of the Commissioner Inland Revenue (Appeals), the Company has filed appeal before the Appellant Tribunal Inland Revenue which has remanded back all the issues assailed in appeal to the department for adjudication afresh. The management of the Company expects a favorable outcome, therefore, no provision for the same has been made in this unconsolidated interim financial information.
- 9.1.2 Guarantees of Rupees 43 million (30 June 2017: Rupees 14 million) are given by the bank of the Company to Director Excise and Taxation, Karachi against disputed amount of infrastructure cess.
- 9.1.3 Guarantees of Rupees 27 million (30 June 2017: Rupees 5.314 million) are given by the bank of the Company to Chairman, Punjab Revenue Authority, Lahore against disputed amount of infrastructure cess.
- 9.1.4 Corporate guarantees of Rupees 1,300 million (30 June 2017: Rupees 1,383.57 million) have been given by the Company to the banks in respect of financing to Hi-Tech Blending (Private) Limited - subsidiary company.

#### 9.2 Commitments

Contracts for capital expenditure

Un-Audited 31 March 2018 Rupees	Audited 30 June 2017 Rupees
--	--------------------------------------

67,652,656 173,427,561

Letters of credit other than capital expenditure

84,007,858 87,340,703

### 10. FIXED ASSETS

Property and equipment:

Operating fixed assets

- Owned (Note 10.1)

2,164,834,595 2,037,142,342

- Leased (Note 10.2)

201,228,228 189,346,068

2,366,062,823 2,226,488,410

Capital work-in-progress (Note 10.3)

296,899,784 230,907,986

2,662,962,607 2,457,396,396

Intangible assets:

Computer softwares (Note 10.4)

3,681,505 7,804,303

2,666,644,112 2,465,200,699



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

For the nine months period ended 31 March 2018

	Un-Audited 31 March 2018 Rupees	Audited 30 June 2017 Rupees
10.1 Operating fixed assets – owned		
Opening book value	2,037,142,342	427,789,593
Add: Cost of additions during the period / year (Note 10.1.1)	190,032,622	1,789,962,056
Add: Book value of assets transferred from assets subject to finance lease during the period / year (Note 10.2.2)	12,378,144	12,028,841
	2,239,553,108	2,229,780,490
Less: Book value of disposals during the period / year (Note 10.1.2)	3,279,391	70,708,225
	2,236,273,717	2,159,072,265
Less: Free hold land transferred to investment property period/year	-	35,813,717
	2,236,273,717	2,123,258,548
Less: Depreciation charged during the period / year	71,439,122	86,116,206
Closing book value	2,164,834,595	2,037,142,342
10.1.1 Cost of additions during the period / year		
Freehold land	-	357,291,500
Buildings on leasehold land	145,070,590	359,203,612
Buildings on free hold land	-	27,571,142
Plant & Machinery	14,607,205	900,334,050
Electric Installation	-	58,754,269
Furniture and fittings	2,215,857	8,870,385
Vehicles	10,687,752	69,646,779
Office equipment	10,780,878	3,979,304
Computers	6,670,340	4,311,015
	190,032,622	1,789,962,056
10.1.2 Book value of deletions during the period / year		
Cost:		
Vehicles	10,413,599	84,048,164
Office equipment	-	896,343
Computers	-	209,500
	10,413,599	85,154,007
Less: Accumulated depreciation	7,134,208	14,445,782
	3,279,391	70,708,225

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

For the nine months period ended 31 March 2018

	Un-Audited 31 March 2018 Rupees	Audited 30 June 2017 Rupees
10.2 Operating fixed assets – leased		
Opening book value	189,346,068	65,200,771
Add: Cost of additions during the period / year (Note 10.2.1)	51,267,735	163,994,200
	240,613,803	229,194,971
Less: Book value of assets transferred to owned assets during the period / year (Note 10.2.2)	12,378,144	12,028,841
	228,235,659	217,166,130
Less: Book value of disposals during the period / year - vehicles (Note 10.2.3)	1,740,409	2,314,175
	226,495,250	214,851,955
Less: Depreciation charged during the period / year	25,267,022	25,505,887
Closing book value	201,228,228	189,346,068
10.2.1 Cost of additions during the period / year		
Generator	-	76,513,796
Vehicles	51,267,735	87,480,404
	51,267,735	163,994,200
10.2.2 Book value of assets transferred to owned assets during the period / year		
Cost:		
Vehicles	25,237,186	20,679,900
Less: Accumulated depreciation	12,859,042	8,651,059
	12,378,144	12,028,841
10.2.3 Book value of disposals during the period / year		
Cost:		
Vehicles	2,088,490	3,314,130
Less: Accumulated depreciation	348,081	999,955
	1,740,409	2,314,175
10.3 Capital work-in-progress		
Advance against purchase of apartment	25,226,750	25,226,750
Advance for capital expenditure	-	24,394,498
Civil works	168,645,378	111,548,093
Mobilization and other advances	8,641,936	20,224,164
Unallocated expenditures	94,385,720	49,514,481
	296,899,784	230,907,986

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

For the nine months period ended 31 March 2018

	Un-Audited 31 March 2018 Rupees	Audited 30 June 2017 Rupees
10.4 Computer software		
Opening book value	7,804,303	13,061,888
Add: Cost of addition during the period / year	649,834	1,865,420
Less: Amortization charged during the period / year	4,772,632	7,123,005
Closing book value	<u>3,681,505</u>	<u>7,804,303</u>
11. STOCK-IN-TRADE		
Lubricants (Note 11.1)	419,594,552	482,262,231
Less: Provision for slow moving and damaged inventory items	10,630,682	8,555,976
	<u>430,225,234</u>	<u>490,818,207</u>
Finished goods (Note 11.2)	1,522,065,023	1,581,923,657
Less: Provision for slow moving and damaged inventory items	2,215,187	2,215,187
	<u>1,519,849,836</u>	<u>1,579,708,470</u>
Stock of promotional items	314,838	314,838
	<u>1,950,389,908</u>	<u>2,070,841,515</u>
11.1 Raw and packing materials include stock in transit of Rupees 306.098 million (2017: Rupees 243.913 million).		
11.2 This includes stock-in-transit of Rupees 665.305 million (30 June 2017: Rupees 1,067.471 million) lying at custom bonded warehouses.		
12. CASH GENERATED FROM OPERATIONS		
Profit before taxation	866,123,690	826,695,709
Adjustments for non-cash charges and other items:		
Depreciation on operating fixed assets	96,706,135	49,349,975
Amortization on intangible assets	4,772,633	5,147,259
Amortization of unallocated capital expenditure	-	12,518,080
Amortization of Deferred income	(216,308)	
Gain on disposal of property and equipment	(3,030,197)	(3,293,821)
Dividend income	(272,250)	-
Profit on bank deposits and short term investments	(45,039,326)	(61,493,153)
Exchange loss	53,155,330	-
Provision for workers profit participation fund	10,210,627	
Finance cost	99,049,990	8,035,470
Unrealised income on remeasurement of investments at fair value	5,048,799	(6,429,424)
	<u>1,086,509,123</u>	<u>830,530,094</u>

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

For the nine months period ended 31 March 2018

	Un-Audited 31 March 2018 Rupees	Audited 30 June 2017 Rupees
Cash flows from operating activities before working capital changes		
Working capital changes		
(Increase) / decrease in current assets:		
Store & Spares	19,612,764	(37,740,262)
Stock-in-trade	118,244,021	(167,952,264)
Trade debts	(94,500,937)	(47,465,504)
Loans and advances	(68,117,098)	(222,561,476)
Short term deposits and prepayments	(32,042,171)	(10,624,050)
Other receivables	116,267,708	(9,843,594)
Sales tax refundable	-	(23,231,088)
	59,464,287	(519,418,238)
Decrease in trade and other payables	(435,743,740)	280,492,719
	<u>710,229,670</u>	<u>591,604,575</u>

### 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 significant transactions with various related parties are as follows:

	NINE MONTHS ENDED		QUARTER ENDED	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Transactions				
Subsidiary company				
Share deposit money	-	770,550,000	-	-
Purchase of lubricants	3,118,543,074	1,483,008,085	955,298,714	672,810,912
Short Term Loan paid	296,500,000	-	-	-
Interest on Short Term Loan	29,479,050	-	9,842,547	-
Associated companies				
MAS Associates (Private) Limited				
Share of common expenses	473,848	527,035	116,917	90,936
Other related parties				
Purchase of lubricants - S.K Lubricants Limited	1,633,444,293	2,509,958,103	117,824,456	321,234,386
Rent paid to directors	2,314,266	12,389,022	-	4,129,674
Markup on loan from directors	4,282,621	-	-	-
Brother of Director	8,341,069	-	-	-
Contribution to employees provident fund trust	23,581,437	8,575,787	18,088,187	3,005,558
Donation to Sabra, Hamida Trust	9,000,000	9,000,000	3,000,000	6,000,000
Remuneration to Directors	38,366,113	44,126,429	11,788,703	14,447,857
Remuneration to Chief Executive	25,977,683	19,889,287	9,921,317	6,596,430
Remuneration to Executives	73,986,734	67,589,601	34,314,983	11,484,096

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

For the nine months period ended 31 March 2018

14. 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 2017.

15. CORRESPONDING FIGURES

Corresponding figures have been rearranged, wherever necessary in view of Fourth Schedule to the Companies Act, 2017.

16. DATE OF AUTHORIZATION FOR ISSUE

This consolidated condensed interim financial information was approved by the Board of Directors and authorized for issue on April 21, 2108.

17. GENERAL

Figures have been rounded off to nearest of Rupee.



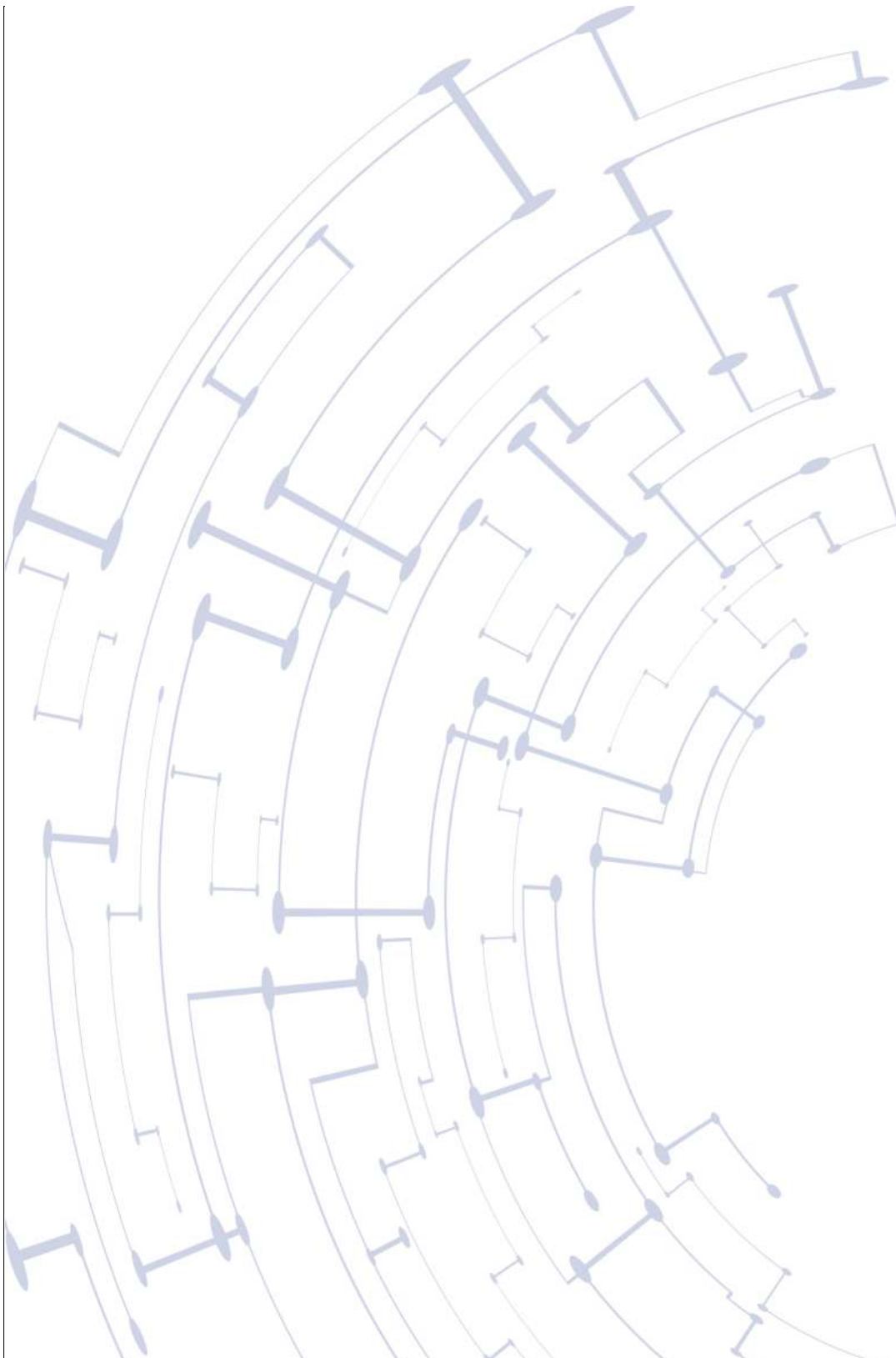
Chief Executive



Chief Financial Officer



Director



## HI-TECH LUBRICANTS LIMITED

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