

Condensed Interim Financial Statements  
For the Half Year Ended December 31, 2019 (Un-audited)

Hi-Tech Lubricants Ltd

Positive **Energy**  
a Pathway to Peak Performance



# Company Information

## BOARD OF DIRECTORS

Mr. Shaukat Hassan  
Chairman of the Board / Non Executive Director

Mr. Hassan Tahir  
Chief Executive Officer / Executive Director

Mr. Muhammad Ali Hassan  
Executive Director

Mr. Tahir Azam  
Non Executive Director

Ms. Mavira Tahir  
Non Executive Director

Mr. Faraz Akhtar Zaidi  
Non Executive Director

Mr. Ji Won Park  
Non Executive Director (a nominee of SK Lubricants Co. Ltd.)

Mr. Muhammad Tabassum Munir  
Independent Director

Dr. Safdar Ali Butt  
Independent Director

Syed Asad Abbas Hussain  
Independent Director

## CHIEF FINANCIAL OFFICER

Mr. Muhammad Imran  
Phone: +92-42-111-645-645  
Fax: +92-42-3631-18-14

## COMPANY SECRETARY & CHIEF COMPLIANCE OFFICER

Mr. Fraz Amjad Khawaja  
Phone: +92-42-111-645-645  
Fax: +92-42-3631-18-14

## EXTERNAL AUDITORS

M/S Riaz Ahmed & Company, Chartered Accountants  
10-B, Saint Marry Park, Main Boulevard Gulberg, Lahore  
Phone: +92-42-35718137  
Fax: +92-42-35714340

## SHARE REGISTRAR

M/S CDC Share Registrar Services Limited  
CDC House, 99-B, Block "B", S.M.C.H.S.,  
Main Shahr-e-Faisal, Karachi, 74400.  
Telephone: +92 21 111-111-500,  
Fax: +92 21 34326053, Toll Free: 0800 23275 (CDCPL),  
Email address: info@cdcsrsl.com,  
Website: <https://www.cdcsrsl.com>

## REGISTERED / HEAD OFFICE

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

## WEBSITE:

[www.hitechlubricants.com](http://www.hitechlubricants.com)  
[www.zicoil.pk](http://www.zicoil.pk)

## LEGAL ADVISOR

Mr. Ijaz Lashari  
Lashari Law Associates, 22-Munawar Chamber  
1-Mozang Road, Lahore  
Phone: +92-42-37359287  
Fax: 92-42-37321471

## BANKERS

ISLAMIC BANKS  
Meezan Bank Limited  
AL-Baraka Bank Limited  
Dubai Islamic Bank Limited

## CONVENTIONAL BANKS

MCB Bank Limited  
Habib Metropolitan Bank Limited  
The Bank of Punjab  
Bank AL-Habib Limited  
National Bank of Pakistan  
Askari Bank Limited  
JS Bank Limited  
Habib Bank Limited  
United Bank Limited  
Summit Bank Limited  
Samba Bank  
Faysal Bank  
Bank Alfalah Limited

## Directors' Review

Dear Shareholders,

On behalf of the Board of Directors, we are pleased to present the unaudited financial statements for the Second Quarter and Half Year ended December 31, 2019. During the quarter, company made a profit of PKR 107.7 million reducing the loss of PKR 2.14 per share in last quarter to PKR 1.16 per share on half year basis.

The Company managed gross sales of PKR 2,137 million, down by 41% as compared to same quarter last year but up significantly from the last quarter. The lubricants market remains weak. We believe, the volume declines caused by changes in consumer behavior and inventory liquidation within the supply chain appear to have run their course. We are more optimistic on the petrol lubricants markets, our traditional forte. However, the diesel market is likely to remain challenging in the near future.

In this macro environment, the Company remains focused on cost controls and efficient use of assets, while maintaining market share. The long term strategy remains to increase utilization of the blending plant through increased market penetration of mid-tier products and to scale up the Oil Marketing Company operations.

### Position of IPO Funds

Bank balances of PKR Nil (30 June 2019: Rupees 12.053 million) and short term investments of PKR 838.408 million (30 June 2019: PKR871.949 million) at 31 December 2019 represent un-utilized proceeds of the initial public offer and can only be utilized for the purposes of expansions through OMC Project of the Company.

### Going forward

*Oil Marketing Company (OMC)*

Subsequent to the quarter end, the Company opened its first franchised petrol station. The rollout of HTL Fuel Stations is underway, with nine currently operational and a target of twenty in Punjab by June 2020. The company will expand into KPK once its storage unit there is complete and all regulatory requirements have been met.

The Company thanks its shareholders, employees and customers for their continued support.



Mr. Hassan Tahir  
(Chief Executive)

Lahore  
February 21, 2020



Mr. Shaukat Hassan  
(Chairman)



## ڈائریکٹرز کا جائزہ

عزیز ہمداران!

بورڈ آف ڈائریکٹرز کی جانب سے ہم دوسری سہ ماہی اور پہلے نصف سال ختمہ ۳۱ دسمبر ۲۰۱۹ء کے غیر آڈٹ شدہ مالیاتی حسابات پیش کرنے پر مسرت ہیں۔ کمپنی نے اس سہ ماہی میں ۷.۷۱ ملین روپے کا منافع کم کر بچھلی سہ ماہی کے ۱۲.۱۲ روپے فی حصص کے نقصان کو کم کر کے نصف سال کی بنیاد پر ۱.۱۶ روپے فی حصص کا نقصان اٹھایا۔

کمپنی اپنی فروخت کو ۲۱۳ ملین روپے کی سطح پر رکھ سکی جو کہ گزشتہ سال کی اسی سہ ماہی سے ۲۱ فیصد کم رہی، مگر بچھلی سہ ماہی کی نسبت کافی حد تک بہتر رہی۔ لبریکنٹس مارکیٹ میں سست روی رہی، ہمیں یقین ہے کہ صارف کے رویہ میں تبدیلی اور فراہمی کے سلسلوں میں جمع شدہ انویٹری کے اثرات حجم میں کمی ظاہر کر چکے۔ اسی لئے ہم اپنی روایتی پٹرول لبریکنٹس مارکیٹ کے بارے میں زیادہ پرامید ہیں۔ جبکہ ڈیزل مارکیٹ مستقبل قریب میں بھی مشکلات کا شکار نظر آتی ہے۔

اس طرح کے وسیع ماحول میں کمپنی کی توجہ اپنے مارکیٹ کے حصے کو محفوظ بناتے ہوئے لاگت پر قابو پانے اور اثاثہ جات کے موثر استعمال پر مرکوز ہے۔ ہماری طویل مدتی حکمت عملی میں بلینڈنگ پلانٹ کو بہتر طور پر استعمال کرنا اور درمیانی درجے کی مارکیٹ میں داخل ہوتے ہوئے ریفائننگ آئل مارکیٹنگ کمپنی کے آپریشنز کو آگے بڑھانا ہے۔

### آئی پی او فنڈز کی پوزیشن

۳۱ دسمبر ۲۰۱۹ء کو صفربینک بیلنس (۳۰ جون ۲۰۱۹ء کو ۱۲.۰۵ ملین روپے) اور مختصر میعاد کی ۸۳۸.۴۰۸ ملین روپے کی سرمایہ کاری (۳۰ جون ۲۰۱۹ء کو ۸۷۱.۹۴۹ ملین روپے) ابتدائی پبلک آفر سے حاصل غیر استعمال شدہ آمدنی کو ظاہر کرتی ہے اور صرف کمپنی کے آئل مارکیٹنگ پراجیکٹ کے لیے ہی مختص ہے۔

### آئندہ کالانچ عمل

### آئل مارکیٹنگ کمپنی (OMC)

سہ ماہی کے ختم ہوتے ہی کمپنی نے اپنا پہلا فرنچائز ڈپٹرول پمپ کھولا۔ نو عدد ایچ ٹی ایل پٹرول اسٹیشن آپریشنل ہیں جبکہ جون ۲۰۲۰ء تک پنجاب میں ۲۰ کا حدف ہے۔ خیبر پختونخواہ میں سٹورج یونٹ کے مکمل ہونے اور تمام انتظامی منظوریاں ملنے سے کمپنی پٹرول پمپس کو خیبر پختونخواہ تک پھیلائے گی۔

کمپنی اپنے ہمداران، ملازمین اور صارفین کے مسلسل تعاون کی بے حد شکر گزار ہے۔



جناب شوکت حسن

(چیئرمین)



جناب حسن طاہر

چیف ایگزیکٹو

لاہور

21 فروری 2020ء



# 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 2019 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 2019 and 31 December 2018 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 2019.

## **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 Mubashar Mehmood.

**RIAZ AHMAD & COMPANY**  
**Chartered Accountants**

**Lahore**

**Date: February 21, 2020**

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

AS AT 31 DECEMBER 2019

	Note	Un-audited 31 December 2019 Rupees	Audited 30 June 2019 Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised share capital			
150,000,000 (30 June 2019: 150,000,000) ordinary shares of Rupees 10 each		1,500,000,000	1,500,000,000
Issued, subscribed and paid-up share capital			
116,004,000 (30 June 2019: 116,004,000) ordinary shares of Rupees 10 each		1,160,040,000	1,160,040,000
Reserves		1,852,620,413	2,066,744,479
<b>Total equity</b>		<b>3,012,660,413</b>	<b>3,226,784,479</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Long term financing	4	-	1,822,078
Liabilities against assets subject to finance lease	5	-	26,624,594
Lease liabilities	6	141,726,748	-
Long term deposits		500,000	1,000,000
		142,226,748	29,446,672
<b>CURRENT LIABILITIES</b>			
Trade and other payables		455,550,833	739,055,365
Accrued mark-up / profit		49,638,850	69,576,268
Short term borrowings	7	1,463,977,213	1,974,915,754
Current portion of non-current liabilities		68,210,962	70,938,562
Unclaimed dividend		3,891,677	4,026,209
Taxation - net		-	1,223,803
		2,041,269,535	2,859,735,961
<b>Total liabilities</b>		<b>2,183,496,283</b>	<b>2,889,182,633</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	8		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>5,196,156,696</b>	<b>6,115,967,112</b>

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 Financial Position (Un-audited)

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

	Note	Un-audited 31 December 2019 Rupees	Audited 30 June 2019 Rupees
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed assets	9	1,561,734,181	1,583,889,323
Right-of-use assets	10	260,900,586	-
Intangible assets	11	6,844,135	8,038,481
Investment in subsidiary company	12	1,300,000,600	1,300,000,600
Long term security deposits		22,122,750	26,154,150
Deferred income tax asset - net		59,183,233	39,183,233
		<u>3,210,785,485</u>	<u>2,957,265,787</u>
<b>CURRENT ASSETS</b>			
Stock-in-trade	13	732,105,526	801,994,295
Trade debts		86,620,989	1,189,383,247
Loans and advances		211,465,754	36,748,025
Short term deposits and prepayments		48,938,276	48,893,939
Other receivables		20,499,338	32,515,191
Accrued interest		18,029	7,772,338
Short term investments		838,408,229	882,468,837
Cash and bank balances		47,315,070	158,925,453
		<u>1,985,371,211</u>	<u>3,158,701,325</u>
<b>TOTAL ASSETS</b>		<u><u>5,196,156,696</u></u>	<u><u>6,115,967,112</u></u>



Chief Executive



Director



Chief Financial Officer



# Unconsolidated Condensed Interim Statement Of Profit Or Loss (Un-audited)

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

	HALF YEAR ENDED		QUARTER ENDED	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	Rupees	Rupees	Rupees	Rupees
SALES	2,628,532,944	5,530,825,649	2,022,478,242	3,360,805,334
Discounts	(24,452,600)	(386,628,265)	(9,205,234)	(320,712,147)
Sales tax	(527,467,964)	(909,367,851)	(399,892,501)	(553,981,022)
NET SALES	2,076,612,380	4,234,829,533	1,613,380,507	2,486,112,165
COST OF SALES	(1,642,772,946)	(3,823,720,546)	(1,244,982,967)	(2,376,353,502)
GROSS PROFIT	433,839,434	411,108,987	368,397,540	109,758,663
DISTRIBUTION COST	(368,655,340)	(369,063,439)	(163,408,860)	(78,630,737)
ADMINISTRATIVE EXPENSES	(197,068,205)	(255,696,570)	(98,113,346)	(123,019,645)
OTHER EXPENSES	(9,531,768)	(66,772,362)	(4,859,322)	(44,520,379)
	(575,255,313)	(691,532,371)	(266,381,528)	(246,170,761)
OTHER INCOME	74,767,182	45,171,025	33,732,398	27,552,593
(LOSS) / PROFIT FROM OPERATIONS	(66,648,697)	(235,252,359)	135,748,410	(108,859,505)
FINANCE COST	(96,406,024)	(82,860,293)	(58,487,405)	(59,302,897)
(LOSS) / PROFIT BEFORE TAXATION	(163,054,721)	(318,112,652)	77,261,005	(168,162,402)
TAXATION	(22,068,345)	(106,197,725)	(8,794,548)	(52,136,150)
(LOSS) / PROFIT AFTER TAXATION	(185,123,066)	(424,310,377)	68,466,457	(220,298,552)
(LOSS) / EARNINGS PER SHARE - BASIC AND DILUTED	(1.60)	(3.66)	0.59	(1.90)

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 2019

	HALF YEAR ENDED		QUARTER ENDED	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	Rupees	Rupees	Rupees	Rupees
(LOSS) / PROFIT AFTER TAXATION	(185,123,066)	(424,310,377)	68,466,457	(220,298,552)
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 (LOSS) / INCOME FOR THE PERIOD	<u>(185,123,066)</u>	<u>(424,310,377)</u>	<u>68,466,457</u>	<u>(220,298,552)</u>

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 2019

	RESERVES				TOTAL EQUITY
	SHARE CAPITAL	CAPITAL RESERVE	REVENUE RESERVE	TOTAL RESERVES	
		SHARE PREMIUM	UN-APPROPRIATED PROFIT		
(- ..... Rupees ..... -)					
Balance as at 30 June 2018 - audited	1,160,040,000	1,441,697,946	1,290,983,072	2,732,681,018	3,892,721,018
Adjustment on adoption of IFRS 9	-	-	(28,112,601)	(28,112,601)	(28,112,601)
Adjusted total equity as at 01 July 2018	1,160,040,000	1,441,697,946	1,262,870,471	2,704,568,417	3,864,608,417
Transaction with owners:					
Final dividend for the year ended 30 June 2018 @ Rupee 1.75 per share	-	-	(203,007,000)	(203,007,000)	(203,007,000)
Loss for the half year ended 31 December 2018	-	-	(424,310,377)	(424,310,377)	(424,310,377)
Other comprehensive income for the half year ended 31 December 2018	-	-	-	-	-
Total comprehensive loss for the half year ended 31 December 2018	-	-	(424,310,377)	(424,310,377)	(424,310,377)
Balance as at 31 December 2018 - un-audited	1,160,040,000	1,441,697,946	635,553,094	2,077,251,040	3,237,291,040
Loss for the half year ended 30 June 2019	-	-	(10,506,561)	(10,506,561)	(10,506,561)
Other comprehensive income for the half year ended 30 June 2019	-	-	-	-	-
Total comprehensive loss for the half year ended 30 June 2019	-	-	(10,506,561)	(10,506,561)	(10,506,561)
Balance as at 30 June 2019 - audited	1,160,040,000	1,441,697,946	625,046,533	2,066,744,479	3,226,784,479
Transaction with owners:					
Final dividend for the year ended 30 June 2019 @ Rupee 0.25 per share	-	-	(29,001,000)	(29,001,000)	(29,001,000)
Loss for the half year ended 31 December 2019	-	-	(185,123,066)	(185,123,066)	(185,123,066)
Other comprehensive income for the half year ended 31 December 2019	-	-	-	-	-
Total comprehensive loss for the half year ended 31 December 2019	-	-	(185,123,066)	(185,123,066)	(185,123,066)
Balance as at 31 December 2019 - un-audited	1,160,040,000	1,441,697,946	410,922,467	1,852,620,413	3,012,660,413

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 2019

		HALF YEAR ENDED	
		31 December 2019	31 December 2018
	Note	Rupees	Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash generated from / (used in) operations</b>	14	668,819,658	(1,872,047,224)
Finance cost paid		(106,838,774)	(46,482,360)
Income tax paid		(43,549,505)	(167,548,840)
Net decrease in long term loans to employees		210,084	558,895
Net decrease / (increase) in long term security deposits		2,540,472	(1,615,400)
Net decrease in long term deposits		(500,000)	(500,000)
<b>Net cash generated from / (used in) operating activities</b>		520,681,935	(2,087,634,929)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure on property and equipment		(139,145,666)	(174,785,624)
Capital expenditure on intangible assets		-	(3,372,575)
Proceeds from disposal of property and equipment		15,095,072	4,884,225
Loan to subsidiary company		-	(587,350,000)
Repayment of loan from subsidiary company		-	37,550,000
Short term investments - net		46,910,293	51,705,425
Dividend income		3,634,385	148,500
Interest received on loans to subsidiary company		7,741,006	15,320,519
Profit received on bank deposits and short term investments		46,651,128	27,107,312
<b>Net cash used in investing activities</b>		(19,113,782)	(628,792,218)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of liabilities against assets subject to finance lease		-	(22,128,532)
Repayment of lease liabilities		(58,210,304)	-
Repayment of long term financing		(14,894,159)	(7,499,999)
Dividend paid		(29,135,532)	(200,954,182)
Short term borrowings - net		(510,938,541)	2,588,847,503
<b>Net cash (used in) / from financing activities</b>		(613,178,536)	2,358,264,790
<b>Net decrease in cash and cash equivalents</b>		(111,610,383)	(358,162,357)
<b>Cash and cash equivalents at the beginning of the period</b>		158,925,453	471,604,750
<b>Cash and cash equivalents at the end of the period</b>		47,315,070	113,442,393

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 2019

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

Hi-Tech Lubricants Limited ("the Company") was incorporated under the repealed Companies Ordinance, 1984 (Now Companies Act, 2017) and listed on Pakistan Stock Exchange Limited. The registered office of the Company is situated at 1-A, Danepur Road, GOR-1, Lahore. The principal activity of the Company is to procure and distribute petroleum products. During the year ended 30 June 2017, Oil and Gas Regulatory Authority (OGRA) has granted license to the Company to establish an Oil Marketing Company (OMC), subject to some conditions. On 31 May 2019, Oil and Gas Regulatory Authority (OGRA) has granted permission to the Company to operate new storage facility at Sahiwal and marketing of petroleum products in province of Punjab.

### **2. BASIS OF PREPARATION**

**2.1** These unconsolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, 'Interim Financial Reporting' issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

**2.2** These unconsolidated condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended 30 June 2019. These unconsolidated condensed interim financial statements are un-audited, however, have been subjected to limited scope review by the auditors and are being submitted to the shareholders as required by the Listed Companies (Code of Corporate Governance) Regulations, 2019 and Section 237 of the Companies Act, 2017.

### **3. ACCOUNTING POLICIES**

The accounting policies and methods of computations adopted for the preparation of these unconsolidated condensed interim financial statements are the same as applied in the preparation of the preceding audited annual published financial statements of the Company for the year ended 30 June 2019 except for the changes in accounting policies as stated in note 3.2 to these unconsolidated condensed interim financial statements.

#### **3.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

The preparation of these unconsolidated condensed interim financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

During preparation of these unconsolidated condensed interim financial statements, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the Company for the year ended 30 June 2019.

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

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

### 3.2 CHANGES IN ACCOUNTING POLICIES DUE TO APPLICABILITY OF INTERNATIONAL FINANCIAL REPORTING STANDARD (IFRS) 16 'LEASES'

The Company has adopted IFRS 16 from 01 July 2019. The standard replaces IAS 17 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognized in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognized lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under IFRS 16 will be higher when compared to lease expenses under IAS 17, as the operating expense is now replaced by interest expense and depreciation in the statement of profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

#### **Impact of adoption**

IFRS 16 has been adopted using the modified retrospective approach and as such the comparatives have not been restated. The impacts of adoption as at 01 July 2019 are as follows:

	Rupees
Operating fixed assets (leased) decreased by	114,952,001
Right-of-use assets increased by	294,611,632
Short term deposits and prepayments decreased by	9,319,590
Liabilities against assets subject to finance lease decreased by	84,491,075
Lease liabilities increased by	254,831,116

#### **Right-of-use assets**

A right-of-use asset is recognized at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is shorter. Where the Company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is charged over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any re-measurement of lease liabilities.

The Company has elected not to recognize a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are charged to income as incurred.

#### **Lease liabilities**

A lease liability is recognized at the commencement date of a lease. The lease liability is initially recognized at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are re-measured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is re-measured, an adjustment is made to the corresponding right-of use asset, or to statement of profit or loss if the carrying amount of the right-of-use asset is fully written down.



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

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

	Un-audited 31 December 2019 Rupees	Audited 30 June 2019 Rupees
<b>4. LONG TERM FINANCING</b>		
<b>From banking company - secured</b>		
Bank Al-Habib Limited (Note 4.1)	-	5,783,742
Bank Al-Habib Limited (Note 4.1)	-	9,110,417
	-	14,894,159
Less: Current portion shown under current liabilities	-	13,072,081
	-	1,822,078
<b>4.1</b>	These facilities were obtained to build warehouse at the property of Hi-Tech Blending (Private) Limited - subsidiary company at Sundar Raiwind Road. Facilities from Bank Al-Habib Limited were secured against hypothecation charge over current assets of the Company of Rupees 1,067 million and personal guarantee of directors of the Company. These carried mark-up at the rate of 3 months KIBOR plus 1.75% per annum. These were repayable in 12 equal quarterly installments. Effective rate of mark-up charged during the period / year was 14.70% (30 June 2019: 8.67% to 12.67%) per annum.	
	Un-audited 31 December 2019 Rupees	Audited 30 June 2019 Rupees
<b>5. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE</b>		
Future minimum lease payments	-	90,562,395
Less: Un-amortized finance charge	-	6,071,320
Present value of future minimum lease payments	-	84,491,075
Less: Current portion shown under current liabilities	-	57,866,481
	-	26,624,594
<b>5.1</b>	As on 01 July 2019, the Company has adopted IFRS 16, hence, liabilities against assets subject to finance lease have been classified as lease liabilities in Note 6 to these unconsolidated condensed interim financial statements.	
	Un-audited 31 December 2019 Rupees	Audited 30 June 2019 Rupees
<b>6. LEASE LIABILITIES</b>		
Total lease liabilities	209,937,710	-
Less: Current portion shown under current liabilities	68,210,962	-
	141,726,748	-
<b>6.1</b>	The interest expense on lease liabilities for the period is Rupees 12.959 million. The total cash outflow for leases for the half year ended 31 December 2019 amounted to Rupees 58.210 million.	
<b>6.2</b>	Implicit rates against lease liabilities range from 8.36% to 15.23% per annum.	
	Un-audited 31 December 2019 Rupees	Audited 30 June 2019 Rupees
<b>7. SHORT TERM BORROWINGS</b>		
<b>From banking companies - secured</b>		
Short term finances (Note 7.1 and 7.2)	1,392,936,712	1,535,873,239
Running musharakah / musawamah finance (Note 7.1 and 7.3)	71,040,501	439,042,515
	1,463,977,213	1,974,915,754
<b>7.1</b>	These finances are obtained from banking companies under mark-up arrangements and are secured against trust receipts, first joint pari passu hypothecation charge over current assets, lien over term deposit receipts and personal guarantee of sponsor directors.	

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

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

7.2 The rates of markup range from 11.76% to 15.31% (30 June 2019: 7.00% to 14.30%) per annum.

7.3 The rates of markup range from 13.97% to 14.86% (30 June 2019: 7.42% to 14.80%) per annum.

### 8. CONTINGENCIES AND COMMITMENTS

#### 8.1 Contingencies

There is no significant change in the status of contingencies as disclosed in the preceding audited annual published financial statements of the Company for the year ended 30 June 2019.

	Un-audited 31 December 2019 Rupees	Audited 30 June 2019 Rupees
<b>8.2 Commitments</b>		
<b>8.2.1</b> Contract for capital expenditures	105,635,989	206,035,941
<b>8.2.2</b> Letters of credit other than capital expenditure	50,791,381	-
<b>8.2.3</b> The amount of future ijara rentals for ijarah financing and the period in which these payments will become due are as follow:		
Not later than one year	5,182,015	5,269,381
Later than one year but not later than five years	653,786	3,135,023
	5,835,801	8,404,404

	Un-audited 31 December 2019 Rupees	Audited 30 June 2019 Rupees
<b>9. FIXED ASSETS</b>		
Operating fixed assets		
- Owned (Note 9.1)	1,334,935,566	1,375,599,503
- Leased (Note 9.2)	-	114,952,001
	1,334,935,566	1,490,551,504
Capital work-in-progress (Note 9.3)	226,798,615	93,337,819
	1,561,734,181	1,583,889,323

	Un-audited 31 December 2019 Rupees	Audited 30 June 2019 Rupees
<b>9.1 Operating fixed assets – owned</b>		
Opening book value	1,375,599,503	836,309,262
Add: Cost of additions during the period / year (Note 9.1.1)	5,684,870	590,586,466
Add: Book value of assets transferred from assets subject to finance lease during the period / year (Note 9.2)	-	3,127,903
Add: Book value of assets transferred from right-of-use assets during the period / year	4,681,392	-
	1,385,965,765	1,430,023,631
Less: Book value of deletions during the period / year (Note 9.1.2)	8,547,069	3,887,865
	1,377,418,696	1,426,135,766
Less: Depreciation charged during the period / year	42,483,130	50,536,263
Closing book value	1,334,935,566	1,375,599,503

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

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

	Un-audited 31 December 2019 Rupees	Audited 30 June 2019 Rupees
<b>9.1.1 Cost of additions during the period / year</b>		
Freehold land	-	12,276,632
Buildings on freehold land	-	153,895,968
Buildings on leasehold land	-	145,204,269
Machinery	-	60,412,469
Tanks and pipelines	-	112,915,635
Furniture and fittings	511,641	6,462,383
Vehicles	-	6,282,637
Office equipment	3,430,519	89,181,486
Computers	1,742,710	3,954,987
	<u>5,684,870</u>	<u>590,586,466</u>
<b>9.1.2 Book value of deletions during the period / year</b>		
Vehicles	8,492,957	3,860,540
Computer	54,112	27,325
	<u>8,547,069</u>	<u>3,887,865</u>
<b>9.2 Operating fixed assets – leased</b>		
Opening book value	114,952,001	94,226,431
Less: Transferred to right-of-use assets on adoption of IFRS 16	<u>114,952,001</u>	<u>-</u>
	-	94,226,431
Add: Cost of additions during the period / year	<u>-</u>	<u>52,386,047</u>
	-	146,612,478
Less: Book value of assets transferred to owned assets during the period / year	<u>-</u>	<u>3,127,903</u>
	-	143,484,575
Less: Book value of deletions during the period / year - vehicles	<u>-</u>	<u>1,174,275</u>
	-	142,310,300
Less: Depreciation charged during the period / year	<u>-</u>	<u>27,358,299</u>
Closing book value	<u>-</u>	<u>114,952,001</u>
<b>9.3 Capital work-in-progress</b>		
Advance against purchase of apartment (Note 9.3.1)	25,226,750	25,226,750
Civil works	124,766,787	8,596,431
Dispensing pumps	23,984,539	23,984,539
Mobilization and other advances	18,512,397	34,016,071
Unallocated expenditures	<u>34,308,142</u>	<u>1,514,028</u>
	<u>226,798,615</u>	<u>93,337,819</u>



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

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

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

### 10. RIGHT-OF-USE ASSETS

	Land	Buildings	Vehicles	Machinery	Total
	----- Rupees -----				
Net carrying amount					
01 July 2019	172,223,344	7,436,287	113,656,577	1,295,424	294,611,632
31 December 2019	152,688,086	5,250,525	101,731,322	1,230,653	260,900,586
Depreciation expense for the period ended 31 December 2019	19,535,258	2,185,762	10,976,863	64,771	32,762,654
Addition during the period ended 31 December 2019	-	-	3,733,000	-	3,733,000

#### 10.1 Lease of land

The Company obtained land on lease for construction and operation of its service centers and storage warehouse. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Lease periods range from four to ten years.

#### 10.2 Lease of buildings

The Company obtained buildings on lease for its offices. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Lease periods range from two to three years.

#### 10.3 Lease of vehicles

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

#### 10.4 Lease of machinery

The Company obtained generator on lease for use at its warehouse.

#### 10.5 There is no impairment against right-of-use assets.

### 11. INTANGIBLE ASSETS

	Un-audited 31 December 2019 Rupees	Audited 30 June 2019 Rupees
Computer softwares (Note 11.1)	3,538,510	4,732,856
Intangible asset in progress - computer software	3,305,625	3,305,625
	<u>6,844,135</u>	<u>8,038,481</u>
11.1 Opening book value	4,732,856	2,894,585
Add: Cost of addition during the period / year	-	4,720,367
Less: Amortization charged during the period / year	1,194,346	2,882,096
Closing book value	<u>3,538,510</u>	<u>4,732,856</u>

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

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

	Un-audited 31 December 2019 Rupees	Audited 30 June 2019 Rupees
<b>12. INVESTMENT IN SUBSIDIARY COMPANY - at cost</b>		
Hi-Tech Blending (Private) Limited - unquoted		
130,000,060 (30 June 2019: 130,000,060) fully paid		
ordinary shares of Rupees 10 each		
Equity held: 100% (30 June 2019: 100%)	1,300,000,600	1,300,000,600
<b>13. STOCK-IN-TRADE</b>		
Lubricants (Note 13.1)	729,017,401	798,874,972
Less: Provision for slow moving and damaged inventory items	7,532,393	7,532,393
	721,485,008	791,342,579
Dispensing pumps and other installations (Note 13.2)	10,411,114	10,411,114
Stock of promotional items	209,404	240,602
	732,105,526	801,994,295

**13.1** This includes stock-in-transit of Rupees Nil (30 June 2019: Rupees 26.503 million) and stock amounting to Rupees 207.075 million (30 June 2019: Rupees Nil) lying at customs bonded warehouses.

**13.2** These dispensing pumps and other installations have been purchased by the Company for resale to service and filling station dealers as part of OMC operations.

	UN-AUDITED HALF YEAR ENDED	
	31 December 2019	31 December 2018
	Rupees	Rupees
<b>14. CASH GENERATED FROM / (USED IN) OPERATIONS</b>		
Loss before taxation	(163,054,721)	(318,112,652)
Adjustments for non-cash charges and other items:		
Depreciation on operating fixed assets	42,483,130	34,071,185
Amortization on intangible assets	1,194,346	1,557,750
Depreciation on right-of-use assets	32,762,654	-
Provision for slow moving and damaged inventory items	-	193,841
Reversal of provision of slow moving and damaged inventory	-	(318,121)
(Reversal) / allowance for expected credit loss	(4,620,180)	4,419,907
Gain on disposal of operating fixed assets	(6,548,003)	(2,046,706)
Dividend income	(3,634,385)	(148,500)
Unrealized (gain) / loss on remeasurement of investment at fair value through profit or loss	(2,387,531)	290,070
Loss on disposal of investment	-	5,106,286
Interest income on loans to subsidiary company	-	(10,047,660)
Profit on bank deposits and short term investments	(47,099,979)	(32,610,038)
Exchange (gain) / loss - net	(10,477,104)	47,309,346
Finance cost	96,406,024	82,860,293
Working capital changes (Note 14.1)	733,795,407	(1,684,572,225)
	668,819,658	(1,872,047,224)
<b>14.1 Working capital changes</b>		
(Increase) / decrease in current assets:		
Stock-in-trade	69,888,769	(1,459,953,875)
Trade debts	1,098,142,078	(23,266,879)
Loans and advances	(174,927,813)	(326,718,257)
Short term deposits and prepayments	1,446,591	(6,833,511)
Other receivables	12,273,210	(150,840,530)
	1,006,822,835	(1,967,613,052)
(Decrease) / increase in trade and other payables	(273,027,428)	283,040,827
	733,795,407	(1,684,572,225)

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

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

### 15. TRANSACTIONS WITH RELATED PARTIES

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

NATURE OF TRANSACTIONS	UN-AUDITED			
	HALF YEAR ENDED		QUARTER ENDED	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018

Rupees

#### i. Transactions

##### Subsidiary company

Hi-Tech Blending (Private) Limited	Sale of lubricants	454,200	137,600	382,000	66,200
	Purchase of lubricants	874,775,479	2,180,915,056	660,110,727	1,449,818,267
	Loans disbursed	-	587,350,000	-	400,850,000
	Repayment of loans	-	37,550,000	-	-
	Interest charged on short term loans	-	10,097,945	-	6,835,304
	Interest received on short terms loans	7,741,006	15,356,819	-	-
	Lease rentals paid	1,500,000	1,500,000	750,000	750,000

##### Associated company

MAS Associates (Private) Limited	Share of common expenses	314,351	352,505	162,926	129,777
----------------------------------	--------------------------	---------	---------	---------	---------

##### Other related parties

SK Lubricants Co., Ltd.	Purchase of lubricants	667,938,440	2,335,855,073	185,283,447	1,053,794,403
SK Lubricants Co., Ltd.	Dividend paid	206,944	1,448,606	206,944	1,448,606
Employees' provident fund trust	Contribution	7,917,232	8,059,436	3,778,125	3,706,147
Key management personnel and executives	Remuneration	97,932,243	110,859,858	44,283,422	55,973,755
Sabra Hamida Trust	Donations	9,000,000	8,000,000	4,500,000	4,500,000

Un-audited  
31 December 2019  
Audited  
30 June 2019

Rupees

Rupees

#### ii. Period end balances

##### Hi-Tech Blending (Private) Limited - subsidiary company

Investment	1,300,000,600	1,300,000,600
Advances	140,989,898	-
Accrued interest on short term loans	-	7,741,006
Payable against purchases	-	157,468,493

##### Associated company

Receivable from MAS Associates (Private) Limited	177,681	136,670
--	---------	---------

##### Other related parties:

Receivable from SK Lubricants Co., Ltd.	-	28,501,777
Payable to SK Lubricants Co., Ltd.	33,403,404	22,017,553
Payable to employees' provident fund trust	2,491,016	2,747,073

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

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

### 16. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

#### (i) Fair value hierarchy

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

31 December 2019				
Recurring fair value measurements	Level 1	Level 2	Level 3	Total
----- Rupees -----				
<b>Financial assets</b>				
Financial assets at fair value through profit or loss	59,560,230	-	-	59,560,230
<b>Total financial assets</b>	<b>59,560,230</b>	<b>-</b>	<b>-</b>	<b>59,560,230</b>
30 June 2019				
Recurring fair value measurements	Level 1	Level 2	Level 3	Total
----- Rupees -----				
<b>Financial assets</b>				
Financial assets at fair value through profit or loss	104,083,471	-	-	104,083,471
<b>Total financial assets</b>	<b>104,083,471</b>	<b>-</b>	<b>-</b>	<b>104,083,471</b>

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 half year ended 31 December 2019. Further there was no transfer in and out of level 3 measurements. The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

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

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

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

#### (ii) Valuation techniques used to determine fair values

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

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

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

### **17. FINANCIAL RISK MANAGEMENT**

The Company's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual financial statements of the Company for the year ended 30 June 2019.

### **18. CORRESPONDING FIGURES**

In order to comply with the requirements of International Accounting Standard (IAS) 34 'Interim Financial Reporting', the unconsolidated condensed interim statement of financial position and unconsolidated condensed interim statement of changes in equity have been compared with the balances of annual audited financial statements of preceding financial year, whereas, the unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of comprehensive income and unconsolidated condensed interim statement of cash flows have been compared with the balances of comparable period of immediately preceding financial year.

Corresponding figures have been rearranged, wherever necessary, for the purpose of comparison, however, no significant rearrangements have been made.

### **19. DATE OF AUTHORIZATION FOR ISSUE**

These unconsolidated condensed interim financial statements were approved by the Board of Directors and authorized for issue on February 21, 2020.

### **20. GENERAL**

Figures have been rounded off to nearest of Rupee.



**Chief Executive**



**Director**



**Chief Financial Officer**

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

AS AT 31 DECEMBER 2019

	Note	Un-audited 31 December 2019 Rupees	Audited 30 June 2019 Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital 150,000,000 (30 June 2019: 150,000,000) ordinary shares of Rupees 10 each		1,500,000,000	1,500,000,000
Issued, subscribed and paid-up share capital		1,160,040,000	1,160,040,000
Reserves		2,573,244,727	2,736,611,044
<b>Total equity</b>		<b>3,733,284,727</b>	<b>3,896,651,044</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Long term financing	4	-	1,822,078
Liabilities against assets subject to finance lease	5	-	27,928,496
Lease Liability	6	143,362,724	-
Long term deposits		500,000	1,000,000
Deferred income tax liability - net		84,223,492	87,695,308
		228,086,216	118,445,882
<b>CURRENT LIABILITIES</b>			
Trade and other payables		1,234,067,644	688,493,701
Accrued mark-up / profit		64,288,560	81,921,213
Short term borrowings	7	1,791,565,841	2,243,170,808
Current portion of non-current liabilities		70,064,959	77,436,745
Unclaimed dividend		3,891,677	4,026,209
		3,163,878,681	3,095,048,676
<b>Total liabilities</b>		<b>3,391,964,897</b>	<b>3,213,494,558</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	8		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>7,125,249,624</b>	<b>7,110,145,602</b>

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



Chief Executive



Director



Chief Financial Officer

		Un-audited 31 December 2019 Rupees	Audited 30 June 2019 Rupees
	Note		
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed assets	9	3,077,423,756	3,121,595,388
Right-of-use assets	10	262,018,268	-
Intangible assets	11	7,215,013	8,510,507
Long term security deposits		24,428,950	28,460,350
		<u>3,371,085,987</u>	<u>3,158,566,245</u>

#### CURRENT ASSETS

Stores		44,232,837	24,186,433
Stock-in-trade	12	2,092,865,579	1,181,900,227
Trade debts		86,149,788	1,189,383,247
Loans and advances		90,264,291	53,856,012
Short term deposits and prepayments		60,989,568	61,026,609
Other receivables		39,839,411	32,546,523
Short term investments		838,408,229	882,468,837
Taxation - net		226,126,065	217,275,722
Cash and bank balances		275,287,869	308,935,747
		<u>3,754,163,637</u>	<u>3,951,579,357</u>

<b>TOTAL ASSETS</b>	<u><u>7,125,249,624</u></u>	<u><u>7,110,145,602</u></u>
---------------------	-----------------------------	-----------------------------



Chief Executive



Director



Chief Financial Officer



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

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

	HALF YEAR ENDED		QUARTER ENDED	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	Rupees	Rupees	Rupees	Rupees
GROSS SALES	2,805,446,925	5,901,581,209	2,136,937,182	3,629,852,508
Discounts	(24,452,600)	(386,628,265)	(9,205,234)	(343,290,216)
Sales tax	(704,381,945)	(1,280,123,411)	(514,351,441)	(800,450,128)
NET SALES	2,076,612,380	4,234,829,533	1,613,380,507	2,486,112,164
COST OF SALES	(1,506,340,351)	(3,468,863,143)	(1,150,913,872)	(2,135,099,687)
GROSS PROFIT	570,272,029	765,966,390	462,466,635	351,012,477
DISTRIBUTION COST	(383,632,266)	(367,563,439)	(172,748,197)	(77,880,737)
ADMINISTRATIVE EXPENSES	(223,430,839)	(288,233,743)	(111,684,637)	(138,360,874)
OTHER EXPENSES	(12,498,979)	(120,216,037)	(7,611,135)	(100,039,183)
	(619,562,084)	(776,013,219)	(292,043,969)	(316,280,795)
OTHER INCOME	81,086,505	35,292,873	36,610,348	20,836,246
PROFIT FROM OPERATIONS	31,796,450	25,246,044	207,033,014	55,567,928
FINANCE COST	(127,565,239)	(133,356,527)	(75,052,919)	(90,555,977)
(LOSS) / PROFIT BEFORE TAXATION	(95,768,789)	(108,110,483)	131,980,095	(34,988,049)
TAXATION	(38,596,528)	(163,787,865)	(24,272,995)	(93,578,754)
(LOSS) / PROFIT AFTER TAXATION	(134,365,317)	(271,898,348)	107,707,100	(128,566,803)
(LOSS) / PROFIT PER SHARE - BASIC AND DILUTED	(1.16)	(2.34)	0.93	(1.11)

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 2019

	HALF YEAR ENDED		QUARTER ENDED	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	Rupees	Rupees	Rupees	Rupees
(LOSS) / PROFIT AFTER TAXATION	(134,365,317)	(271,898,348)	107,707,100	(128,566,803)
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified to profit or loss	-	-	-	-
Items that may be reclassified subsequently to profit or loss	-	-	-	-
TOTAL COMPREHENSIVE (LOSS) / PROFIT FOR THE PERIOD	<u>(134,365,317)</u>	<u>(271,898,348)</u>	<u>107,707,100</u>	<u>(128,566,803)</u>

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



Chief Executive



Director



Chief Financial Officer

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

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

	RESERVES				TOTAL EQUITY
	SHARE CAPITAL	CAPITAL	REVENUE	TOTAL RESERVES	
		SHARE PREMIUM	UN-APPROPRIATED PROFIT		
(----- Rupees -----)					
Balance as at 30 June 2018 - audited	1,160,040,000	1,441,697,946	1,484,963,024	2,926,660,970	4,086,700,970
Adjustment on adoption of IFRS -9	-	-	(28,112,601)	(28,112,601)	(28,112,601)
Adjusted total equity as at 01 July 2018	1,160,040,000	1,441,697,946	1,456,850,423	2,898,548,369	4,058,588,369
Transaction with owners:					
Final dividend for the year ended 30 June 2018 @ Rupee 1.75 per share	-	-	(203,007,000)	(203,007,000)	(203,007,000)
Loss for the half year ended 31 December 2018	-	-	(271,898,348)	(271,898,348)	(271,898,348)
Other comprehensive income for the half year ended 31 December 2018	-	-	-	-	-
Total comprehensive loss for the half year ended 31 December 2018	-	-	(271,898,348)	(271,898,348)	(271,898,348)
Balance as at 31 December 2018 - un-audited	1,160,040,000	1,441,697,946	981,945,075	2,423,643,021	3,583,683,021
Transaction with owners:					
Profit for the half year ended 30 June 2019	-	-	312,968,023	312,968,023	312,968,023
Other comprehensive income for the half year ended 30 June 2019	-	-	-	-	-
Total comprehensive loss for the half year ended 30 June 2019	-	-	312,968,023	312,968,023	312,968,023
Balance as at 30 June 2019 - Audited	1,160,040,000	1,441,697,946	1,294,913,098	2,736,611,044	3,896,651,044
Transaction with owners:					
Final dividend for the year ended 30 June 2019 @ Rupee 0.25 per share	-	-	(29,001,000)	(29,001,000)	(29,001,000)
Loss for the half year ended 31 December 2019	-	-	(134,365,317)	(134,365,317)	(134,365,317)
Other comprehensive income for the half year ended 31 December 2019	-	-	-	-	-
Total comprehensive loss for the half year ended 31 December 2019	-	-	(134,365,317)	(134,365,317)	(134,365,317)
Balance as at 31 December 2019 - un-audited	1,160,040,000	1,441,697,946	1,131,546,781	2,573,244,727	3,733,284,727

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

  
Chief Executive

  
Director

  
Chief Financial Officer

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

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

		HALF YEAR ENDED	
		31 December 2019	31 December 2018
	Note	Rupees	Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash generated from operations</b>	13	741,982,213	(2,407,858,330)
Finance cost paid		(141,946,506)	(101,540,366)
Income tax paid		(51,176,045)	(186,423,451)
Net decrease in long term loans to employees		210,084	558,895
Net decrease in long term security deposits		2,540,472	4,873,635
Net decrease in long term deposits		(500,000)	(500,000)
<b>Net cash generated from / (used in) operating activities</b>		<u>551,110,218</u>	<u>(2,690,889,617)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure on property and equipment		(147,215,583)	(187,637,450)
Capital expenditure on intangible assets		-	(3,372,575)
Proceeds from disposal of property and equipment		16,045,072	4,884,225
Short term investments - net		46,910,293	51,705,425
Dividend income		3,634,385	148,500
Interest received on loan to subsidiary company		7,741,006	5,272,859
Profit received on bank deposits and short term investments		46,651,128	27,107,312
<b>Net cash used in investing activities</b>		<u>(26,233,699)</u>	<u>(101,891,704)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of liabilities against assets subject to finance lease		-	(50,186,155)
Repayment of lease liabilities		(58,572,560)	-
Long term financing - repaid		(19,211,338)	(68,796,636)
Dividend paid		(29,135,532)	(200,954,182)
Short term borrowings - net		(451,604,967)	3,016,819,497
<b>Net cash (used in) / from financing activities</b>		<u>(558,524,397)</u>	<u>2,696,882,524</u>
<b>Net decrease in cash and cash equivalents</b>		<u>(33,647,878)</u>	<u>(95,898,797)</u>
<b>Cash and cash equivalents at beginning of the period</b>		<u>308,935,747</u>	<u>566,946,678</u>
<b>Cash and cash equivalents at end of the period</b>		<u>275,287,869</u>	<u>471,047,881</u>

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 2019

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

The Group consists of:

### **• Holding Company**

- Hi-Tech Lubricants Limited

### **Subsidiary Company**

- Hi-Tech Blending (Private) Limited

#### **Hi-Tech Lubricants Limited**

Hi-Tech Lubricants Limited ("the Holding Company") was incorporated as a private limited company in Pakistan on 01 September 2008 under the Companies Ordinance, 1984 and subsequently converted into public limited company with effect from 31 October 2011. The shares of the Holding Company are listed on Pakistan Stock Exchange Limited. The registered office of the Holding Company is situated at 1-A, Danepur Road, GOR-1, Lahore. The principal activity of the Holding Company is to import and distribute petroleum products. Oil and Gas Regulatory Authority (OGRA) has granted license to the Holding Company to establish an Oil Marketing Company (OMC), subject to some conditions. On 31 May 2019, Oil and Gas Regulatory Authority (OGRA) has granted permission to the Company to operate new storage facility at Sahiwal and marketing of petroleum products in province of Punjab.

#### **Hi-Tech Blending (Private) Limited**

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

## **2. BASIS OF PREPARATION**

**2.1** These consolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard 34: 'Interim Financial Reporting' (IAS 34), issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

**2.2** These consolidated condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the annual audited financial statements of the Group for the year ended 30 June 2019.

## **3. ACCOUNTING POLICIES**

The accounting policies and methods of computations adopted for the preparation of these consolidated condensed interim financial statements are the same as applied in the preparation of the preceding audited annual published financial statements of the Group for the year ended 30 June 2019 except for the changes in accounting policies as stated in note 3.2 to these consolidated condensed interim financial statements.

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

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

### 3.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these consolidated condensed interim financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Group's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

During preparation of these consolidated condensed interim financial statements, the significant judgments made by the management in applying the Group's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the Group for the year ended 30 June 2019.

### 3.2 CHANGES IN ACCOUNTING POLICIES DUE TO APPLICABILITY OF INTERNATIONAL FINANCIAL REPORTING STANDARD 16 'LEASES' (IFRS 16)

The Group has adopted IFRS 16 from 01 July 2019. The standard replaces IAS 17 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognized in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognized lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under IFRS 16 will be higher when compared to lease expenses under IAS 17, as the operating expense is now replaced by interest expense and depreciation in the statement of income and expenditure statement. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

#### Impact of adoption

IFRS 16 has been adopted using the modified retrospective approach and as such the comparatives have not been restated. The impacts of adoption as at 01 July 2019 are as follows:

	Rupees
Operating fixed assets (leased) decreased by	119,259,997
Right-of-use assets increased by	296,024,432
Short term deposits and prepayments decreased by	9,319,590
Liabilities against assets subject to finance lease decreased by	92,293,160
Lease liabilities increased by	256,243,916

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

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

### Right-of-use assets

A right-of-use asset is recognized at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any re-measurement of lease liabilities.

The Group has elected not to recognize a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are charged to income as incurred.

### Lease liabilities

A lease liability is recognized at the commencement date of a lease. The lease liability is initially recognized at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are re-measured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is re-measured, an adjustment is made to the corresponding right-of use asset, or to income and expenditure statement if the carrying amount of the right-of-use asset is fully written down.

#### 4. LONG TERM FINANCING

##### From banking company - secured

##### Holding Company

Bank Al-Habib Limited-1 (Note 4.1)

Bank Al-Habib Limited-2 (Note 4.1)

##### Subsidiary Company

Bank Al-Habib Limited (Note 4.2)

Less: Current portion shown under current liabilities

	Un-audited 31 December 2019 Rupees	Audited 30 June 2019 Rupees
	-	5,783,742
	-	9,110,417
	-	14,894,159
	-	4,317,179
	-	19,211,338
	-	17,389,260
	-	1,822,078



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

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

**4.1** These facilities were obtained to build ware house at the property of Hi-Tech Blending (Private) Limited subsidiary company at Sundar Raiwind Road. Facilities from Bank Al-Habib Limited are secured against hypothecation charge over current assets of the Company of Rupees 1,067 million and personal guarantee of directors of the Company. These carried mark-up at the rate of 3 months KIBOR plus 1.75% per annum. These were repayable in 12 equal quarterly installments. Effective rate of mark-up charged during the period / year was 14.70% (30 June 2019: 8.67% to 12.67%) per annum.

**4.2** These term finance facilities, aggregating to Rupees 250.939 million (30 June 2019: Rupees 250.939 million), are secured by first pari passu hypothecation charge over current assets of the Subsidiary Company to the extent of Rupees 667 million, corporate guarantee of the Holding Company of Rupees 1.3 billion and personal guarantees of directors of the Subsidiary Company. The finance facilities are repayable in 6, 12 and 16 equal quarterly installments commenced on 31 March 2015 and ending on 25 November 2019. Mark-up is payable quarterly at the rate of 3 month KIBOR plus 2.00% per annum. Effective rate of mark-up charged during the year ranged from 13.13% to 13.47% (30 June 2019: 8.47% to 13.13%) per annum.

	Un-audited 31 December 2019 Rupees	Audited 30 June 2019 Rupees
<b>5. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE</b>		
Future minimum lease payments	-	94,390,621
Less: Un-amortized finance charge	-	6,414,640
Present value of future minimum lease payments	-	87,975,981
Less: Current portion	-	60,047,485
	-	27,928,496

**5.1** As on 01 July 2019, the Company has adopted IFRS 16, hence, liabilities against assets subject to finance lease have been classified as lease liabilities Note 6 to these financial statements.

### 6. LEASE LIABILITIES

Total lease liabilities	213,427,683	-
Less: Current portion shown under current liabilities	70,064,959	-
	143,362,724	-

**6.1** The interest expense on lease liabilities for the period is Rupees 13.100million. The total cash outflow for leases for the period ended 31 December 2019 amounted to Rupees 59.804 million.

**6.2** Implicit rates against lease liabilities range from 8.36% to 15.23% per annum.

### 7. SHORT TERM BORROWINGS

#### From banking companies - secured

##### - Holding Company

Running finances (Note 7.1 and Note 7.2)	1,392,936,712	1,535,873,239
Running musharakah / musawamah finance (Note 7.1 and Note 7.3)	71,040,501	439,042,515
	1,463,977,213	1,974,915,754

##### - Subsidiary Company

Short term finance (Note 7.4 and Note 7.5)	327,588,628	233,566,400
Murabaha / Musawamah finance (Note 7.4 and Note 7.6)	-	34,688,654
	327,588,628	268,255,054
	1,791,565,841	2,243,170,808

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

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

- 7.1** These finances are obtained from banking companies under mark up arrangements and are secured against first joint pari passu hypothecation charge over current assets, lien over term deposit receipts and personal guarantee of sponsor directors.
- 7.2** The rates of mark-up ranged from 11.76% to 14.81% (2019: 7.00% to 14.30%) per annum.
- 7.3** The rates of profit ranged from 13.97% to 14.84% (2019: 7.42% to 14.80%) per annum.
- 7.4** These finances are obtained from banking companies under mark-up / profit arrangements and are secured against trust receipts, first pari passu hypothecation charge over present and future current assets, hypothecation charge over present and future plant and machinery, personal guarantees of directors of the Subsidiary Company and corporate guarantee of the Holding Company.
- 7.5** The rates of mark-up range from 12.13% to 18.81% (2019: 7.47% to 13.92%) per annum.
- 7.6** Profit is payable at respective KIBOR plus 1% per annum. Effective rate of profit charged during the period ranged from Nil (2019: 7.92 to 11.77%) per annum.

## 8. CONTINGENCIES AND COMMITMENTS

### 8.1 Contingencies

There is no significant change in the status of contingencies as disclosed in the preceding audited annual published financial statements of the Company for the year ended 30 June 2019.

	Un-Audited 31 December 2019 Rupees	Audited 30 June 2019 Rupees
<b>8.2 Commitments</b>		
<b>8.2.1 Capital expenditures:</b>		
Contracts	185,833,880	220,431,667
Letters of credit	-	-
	<u>120,031,715</u>	<u>220,431,667</u>
<b>8.2.2 Letters of credit other than capital expenditures</b>	<u>50,791,381</u>	<u>-</u>
<b>8.2.3 The amount of future ijara rentals for ijara financing and the period in which these payments will become due are as follow:</b>		
Not later than one year	3,439,841	5,269,381
Later than one year but not later than five years	1,440,551	3,135,023
	<u>4,880,392</u>	<u>8,404,404</u>

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

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

	Un-Audited 31 December 2019 Rupees	Audited 30 June 2019 Rupees
<b>9. FIXED ASSETS</b>		
<b>Operating fixed assets:</b>		
- Owned (Note 9.1)	2,808,051,820	2,880,461,259
- Leased (Note 9.2)	-	119,259,997
	<u>2,808,051,820</u>	<u>2,999,721,256</u>
Capital work-in-progress (Note 9.3)	269,371,936	121,874,132
	<u>3,077,423,756</u>	<u>3,121,595,388</u>
<b>9.1 Operating fixed assets – owned</b>		
Opening book value	2,880,461,259	2,274,075,216
Add: Cost of additions during the period / year (Note 9.1.1)	6,686,756	646,744,318
Add: Book value of assets transferred from assets subject to finance lease during the period / year	-	83,707,173
Add: Book value of assets transferred from right-of-use assets during the period / year	4,681,392	-
	<u>2,891,829,407</u>	<u>3,004,526,707</u>
Less: Book value of deletions during the period / year (Note 9.1.2)	8,759,389	4,075,590
	<u>2,883,070,018</u>	<u>3,000,451,117</u>
Less: Depreciation charged during the period / year	75,018,198	119,989,858
Closing book value	<u>2,808,051,820</u>	<u>2,880,461,259</u>
<b>9.1.1 Cost of additions during the period / year</b>		
Freehold land	-	12,276,632
Buildings on freehold land	-	242,964,918
Buildings on leasehold land	-	56,135,319
Machinery	928,000	110,572,649
Tanks and Pipelines	-	112,915,635
Electric Installations	-	4,034,140
Furniture and fittings	585,527	6,594,133
Vehicles	-	6,282,637
Office equipment	3,430,519	90,569,793
Computers	1,742,710	4,398,462
	<u>6,686,756</u>	<u>646,744,318</u>

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

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

	Un-Audited 31 December 2019 Rupees	Audited 30 June 2019 Rupees
<b>9.1.2 Book value of deletions during the period / year</b>		
Cost:		
Vehicles	23,285,614	12,324,051
Less: Accumulated depreciation	14,580,337	8,275,786
	8,705,277	4,048,265
Computers	74,000	77,249
Less: Accumulated depreciation	19,888	49,924
	54,112	27,325
	<u>8,759,389</u>	<u>4,075,590</u>
<b>9.2 Operating fixed assets – leased</b>		
Opening book value	119,259,997	183,496,576
Less: Transferred to right-of-use assets on adoption of IFRS 16	119,259,997	-
	-	183,496,576
Add: Cost of additions during the period / year	-	54,870,357
	-	238,366,933
Less: Book value of assets transferred to owned assets during the period / year	-	83,707,173
	-	154,659,760
Less: Book value of deletions during the period / year - vehicles	-	1,174,275
	-	153,485,485
Less: Depreciation charged during the period / year	-	34,225,488
Closing book value	-	<u>119,259,997</u>
<b>9.3 Capital work-in-progress</b>		
Advance against purchase of apartment (Note 9.3.1)	25,226,750	25,226,750
Vehicle under lease arrangement (vehicle not yet received)	3,733,000	-
Civil works	149,317,584	22,843,220
Dispensing Pumps	23,984,539	23,984,539
Mobilization and other advances	32,801,921	48,305,595
Unallocated expenditures	34,308,142	1,514,028
	<u>269,371,936</u>	<u>121,874,132</u>

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

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

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

### 10. RIGHT-OF-USE ASSETS

	Land	Buildings	Vehicles	Machinery	Total
	----- Rupees -----				
Net carrying amount					
01 July 2019	172,223,344	7,436,287	113,656,577	1,295,424	294,611,632
31 December 2019	152,688,086	6,324,253	101,775,276	1,230,653	262,018,268
Depreciation expense for the period ended 31 December 2019	19,535,258	2,524,834	11,507,904	64,771	33,632,767
Addition during the period ended 31 December 2019	-	-	3,733,000	-	3,733,000

#### 10.1 Lease of land

The Holding Company obtained land on lease for construction and operation of its service centers and storage ware house. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Lease periods range from four to ten years.

#### 10.2 Lease of building

The Holding company obtained buildings on lease for its offices. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Lease periods range from two to three years.

#### 10.3 Lease of vehicle

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

#### 10.4 Lease of machinery

The Holding Company obtained generator on lease for use at its warehouse.

#### 10.5 There is no impairment against right-of-use assets.

	Un-Audited 31 December 2019 Rupees	Audited 30 June 2019 Rupees
11. INTANGIBLE ASSETS		
Computer Software's (Notes 11.1)	3,909,388	5,204,882
Intangible asset in progress - computer software	3,305,625	-
	<u>7,215,013</u>	<u>5,204,882</u>

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

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

	Un-Audited 31 December 2019 Rupees	Audited 30 June 2019 Rupees
11.1. Opening book value	5,204,882	2,917,354
Add: Cost of addition during the period / year	-	5,394,690
Less: Amortization charged during the period / year	1,295,494	3,107,162
Closing Book Value	3,909,388	5,204,882
<b>12. STOCK-IN-TRADE</b>		
Raw materials (Note 12.1)	781,551,364	377,929,673
Work-in-process	38,764,374	20,877,744
	820,315,738	398,807,417
Finished goods (Note 12.1.2)	1,269,461,716	779,973,487
Less: Provision for slow moving and damaged stock items	7,532,393	7,532,393
	1,261,929,323	772,441,094
Dispensing pumps and other installations(Note 12.1.3)	10,411,114	10,411,114
Stock of promotional items	209,404	240,602
	2,092,865,579	1,181,900,227

12.1. These include raw materials in transit amounting to Rupees 70.436 (2019: Rupees Nil) and raw materials amounting to Rupees 15.513 million (2019: Rupees Nil) lying at customs bonded warehouse.

12.1.2 These include stock-in-transit of Rupees Nil (2019: Rupees 26.503 million) and stock amounting to Rupees 207.075 million (2019: Rupees Nil million) lying at customs bonded warehouses.

12.1.3 These dispensing pumps and other installations have been purchased by the Holding Company for resale to Service and filling station dealers as part of OMC operations.

	HALF YEAR ENDED	
	31 December 2019 Rupees	31 December 2018 Rupees

### 13. CASH GENERATED FROM OPERATIONS

Loss before taxation	(95,768,789)	(108,110,483)
----------------------	--------------	---------------

#### Adjustments for non-cash charges and other items:

Depreciation on operating fixed assets	79,362,992	71,923,791
Amortization on intangible assets	1,295,494	1,683,719
Depreciation on right-of-use assets	33,101,726	-
Amortization of deferred income	-	(169,508)
Provision for slow moving and damaged stock items	-	193,841
Provision for slow moving and obsolete store items	-	(318,121)
(Reversal)/allowance for expected credit loss	(4,620,180)	4,419,907

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

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

	HALF YEAR ENDED	
	31 December 2019	31 December 2018
	Rupees	Rupees
Gain on disposal of operating fixed assets	(7,285,683)	(2,046,706)
Dividend income	(3,634,385)	(148,500)
Profit on bank deposits and short term investments	(47,099,979)	(32,610,038)
Unrealised gain on remeasurement of investments at fair value through profit or loss	(2,387,531)	290,070
Loss on disposal of investment	-	5,106,286
Finance cost	127,565,239	143,454,472
Exchange gain - net	(16,044,747)	88,478,488
Provision for workers' profit participation fund	2,967,211	12,194,248
Provision for workers' welfare fund	-	30,000
Working capital changes (Note 13.1)	674,530,845	(2,592,229,796)
	<u>741,982,213</u>	<u>(2,407,858,330)</u>

### 13.1 Working capital changes

Decrease / (increase) in current assets:

Stores	(20,046,404)	(4,262,031)
Stock-in-trade	(914,779,102)	(2,057,623,158)
Trade debts	1,255,585,031	(23,266,879)
Loans and advances	(322,956,815)	(377,638,258)
Short term deposits and prepayments	1,527,969	(7,426,564)
Other receivables	20,138,972	(163,603,011)
	19,469,651	(2,633,819,901)
(Decrease) / increase in trade and other payables	655,061,194	41,590,105
	<u>674,530,845</u>	<u>(2,592,229,796)</u>

### 14. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of associated undertakings, other related parties, key management personnel and provident fund trusts. The Group in the normal course of business carries out transactions with various related parties. Detail of significant transactions with related parties, other than those which have been disclosed elsewhere in these consolidated condensed interim financial statements, are as follows:



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

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

NATURE OF TRANSACTIONS	UN-AUDITED			
	HALF YEAR ENDED		QUARTER ENDED	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018

----- Rupees -----

### i. Transactions

#### Associated company

MAS Associates (Private) Limited	Share of common expenses	314,351	352,505	162,926	129,777
----------------------------------	--------------------------	---------	---------	---------	---------

#### Other related parties

SK Lubricants Co., Ltd.	Purchase of lubricants	1,371,463,036	2,335,855,073	792,918,225	1,754,385,198
SK Lubricants Co., Ltd.	Dividend Paid	206,944	1,448,606	206,944	1,448,606
Directors	Mark up on loan	-	3,495,243	-	1,919,648
Employees' provident fund trust	Contribution	9,168,259	9,132,781	4,389,341	4,244,506
Key management personnel	Remuneration	103,252,203	119,909,749	103,252,203	59,435,388
Sabra Hamida Trust	Donations	9,000,000	8,000,000	4,500,000	4,500,000

Un-audited  
31 December  
2019  
Rupees

Audited  
30 June  
2019  
Rupees

### ii. Period end balances

#### Associated company

Receivable from MAS Associates (Private) Limited	177,681	136,670
--	---------	---------

#### Other related party:

Receivable from SK Lubricants Co., Ltd.	-	28,501,777
Payable to SK Lubricants Co., Ltd.	625,751,751	22,017,553
Payable to employees' provident fund trust	3,015,372	2,747,073

## 15. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

### (i) Fair value hierarchy

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

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

----- Rupees -----

Financial assets at fair value through profit or loss	59,560,230	-	-	59,560,230
---	------------	---	---	------------

----- Rupees -----

Financial assets at fair value through profit or loss	104,083,471	-	-	104,083,471
---	-------------	---	---	-------------

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

There were no transfers between levels 1 and 2 for recurring fair value measurements during the half year ended 31 December 2019. Further there was no transfer in and out of level 3 measurements.

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

**Level 1 :** The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale 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 techniques used to value financial instruments include the use of quoted market prices.

## **Selected Notes To The consolidated Condensed Interim Financial Statements (Un-audited)**

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

### **16. FINANCIAL RISK MANAGEMENT**

The Group financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual financial statements of the Group for the year ended 30 June 2019.

### **17. EVENT AFTER THE REPORTING PERIOD**

The Board of Directors of the Holding Company have declared an interim dividend of Rupees Nil per ordinary share at their meeting held on February 21, 2020. These consolidated condensed interim financial statements do not include the effect of the above interim dividend which will be accounted for in the period in which it is declared.

### **18. CORRESPONDING FIGURES**

In order to comply with the requirements of International Accounting Standard (IAS) 34 'Interim Financial Reporting', the consolidated condensed interim statement of financial position and consolidated condensed interim statement of changes in equity have been compared with the balances of annual audited financial statements of preceding financial year, whereas, the consolidated condensed interim statement of profit or loss, consolidated condensed interim statement of comprehensive income and consolidated condensed interim statement of cash flows have been compared with the balances of comparable period of immediately preceding financial year.

Corresponding figures have been rearranged, wherever necessary, for the purpose of comparison, however, no significant re-arrangements have been made.

### **19. DATE OF AUTHORIZATION FOR ISSUE**

These consolidated condensed interim financial statements were approved by the Board of Directors and authorized for issue on February 21, 2020.

### **20. GENERAL**

Figures have been rounded off to nearest of Rupee.



**Chief Executive**



**Director**



**Chief Financial Officer**

www.jamapunji.pk



سرمایہ کاری سمجھداری کے ساتھ



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

Learn about investing at  
[www.jamapunji.pk](http://www.jamapunji.pk)

**Key features:**

- Licensed Entities Verification
- Scam meter\*
- Jamapunji games\*
- Tax credit calculator\*
- Company Verification
- Insurance & Investment Checklist
- FAQs Answered

- Stock trading simulator (based on live feed from KSE)
- Knowledge center
- Risk profiler\*
- Financial calculator
- Subscription to Alerts (event notifications, corporate and regulatory actions)
- Jamapunji application for mobile device
- Online Quizzes



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

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

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



**Corporate Office:**

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

UAN: +92 42 111 645 942

Phone: +92 42 36311881-3

Fax: +92 42 36311884

**Karachi Office:**

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

Phone: +92-21-35290674-5

**Islamabad Office:**

Suite No. 1402, 14th Floor,  
Green Trust Tower,  
Jinnah Avenue, Blue Area Islamabad.

Phone: +92-51-2813054-6

**Multan Office:**

House No. 95, Block C,  
Phase III, Model Town, Multan.

Phone: +92-61-6521101-3

**Peshawar Office:**

Office No.280, 3rd Floor,  
Deans Trade Centre,  
Islamia Road, Peshawar Cantt.

Phone: +92-91-5253186-7

[www.hitechlubricants.com](http://www.hitechlubricants.com)