

WINNING TOGETHER

HI-TECH LUBRICANTS LIMITED
Condensed Interim Financial Information
For the Nine Months Period Ended March 31, 2016 (Un-audited)



Hi-Tech Lubricants Ltd.

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Company Information

BOARD OF DIRECTORS

Shaukat Hassan
Chairman
(Non Executive Director)

Hassan Tahir
(Chief Executive Officer)

Mohammad Basit Hassan
(Executive Director)

Mohammad Ali Hassan
(Executive Director)

Muhammad Tabassum Munir
(Independent Director)

Syed Asad Abbas Hussain
(Independent Director)

Dr. Safdar Ali Butt
(Independent Director)

Tahir Azam
(Non Executive Director)

Zalmai Azam
(Non Executive Director)

Syed Mujahid Jameel Ghaznavi
(Non Executive Director)

CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

Muhammad Imran

EXTERNAL AUDITORS

Riaz Ahmad & Co.
Chartered Accountants

INTERNAL AUDITORS

EY Ford Rhodes Sidat Hyder
Chartered Accountants

AUDIT COMMITTEE

Muhammad Tabassum Munir
Chairman
(Independent Director)

Dr. Safdar Ali Butt
(Independent Director)

Shaukat Hassan
(Non Executive Director)

Tahir Azam
(Non Executive Director)

HR & REMUNERATION COMMITTEE

Tahir Azam
Chairman
(Non Executive Director)

Shaukat Hassan
(Non Executive Director)

Mohammad Ali Hassan
(Executive Director)

Zalmai Azam
(Non Executive Director)

LEGAL ADVISOR

Lashari Law Associates

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

Habib Bank Limited

The Bank of Punjab

Directors' Report

The Directors of Hi-Tech Lubricants Limited are pleased to present to its shareholders, the third quarter and nine months report along with the unaudited condensed interim financial information separate and consolidated of the Company for the nine months ended March 31, 2016.

Financial and Operational Performance

The comparison of the un-audited financial results for the third quarter ended March 31, 2016 as against March 31, 2015 are as follows:

Rs. in Millions	For the third quarter			Cumulative 9 Months		
	Jan 16 to March 16	Jan 15 to March 15	% Change	July 15 to March 16	July 14 to March 15	% Change
Net Sales	1,519	1,523	0.3%	4,952	3,919	26.4%
Gross Profit	414	370	12%	1,408	942	49.5%
% of sales	27.3%	24.3%		28.4%	24.0%	
Profit from Operations	221	142	55.5%	672	394	70.6%
% of sales	14.6%	9.3%		13.6%	10.0%	
Profit before Tax	214	133	60.2%	655	372	76.0%
% of sales	14.1%	8.7%		13.2%	9.5%	
Profit after Tax	157	72	115.3%	449	251	78.8%
% of sales	10.3%	4.7%		9.1%	6.4%	
EPS – Basic (Rs.)	1.75	0.96	82.3%	5.01	3.33	50.0%
EPS – Basic (Annualized)				6.68	4.37	53%

During the first nine months of 2016, the Company achieved net sales of PKR 4,952 million against net sales of PKR 3,919 million in the corresponding period of last year, representing a sales growth of 26.40%. The operations have generated earnings of PKR 672 million during the nine months under review against PKR 394 million of corresponding period of year 2015; resulting in an increase of PKR 278 million (70.6%) mainly due to revenue growth and improved margins arising out of reduction in applicable duties and taxes on certain products.

In the current quarter, the company reduced prices of its products ranging from 2-12% per liter in line with decreasing international product prices. Despite this price decrease, the company sustained its revenues and maintained healthy net margins with better inventory and resource management.

The current quarter witnessed a decrease of 25% in revenues as compared to quarter ended December 31, 2015. The decrease in revenue in the current quarter is consistent with the historical trends and seasonality of the business operations. Traditionally, sales volumes in the 2nd and 4th quarters of each calendar year are much larger than the other two quarters.

Our net profit after tax reached to PKR 449 million registering a growth of 79% vs same period last year.

The Company continued to improve working capital performance by taking benefits of decreasing international prices of lubricants, rationalizing its short term financing cost through effective inventory management and efficient receivables control.

Contribution in revenues

The reduction in prices led to decrease in net revenues, however this improved the volumes positively by 9% as compared to the corresponding quarter of last year.

Status of blending plant

The wholly owned subsidiary company, Hi-Tech Blending (Pvt.) Limited, is expected to be operational by end of June 2016, subject to final approval by OGRA. The process of obtaining OGRA approval is already underway.

Future Outlook

One of the many reasons behind the success of HTL is the quality of the products that it markets, developed with the latest (VHVI) technology in synthetic lube base oil. The growth in the automobile sector both via import and local manufacturing has resulted in an increase in the demand for the lubricants. Realizing the importance of industrial sector as a high potential prospect for HTL, your company has invested in establishment of Hi Tech blending and bottling plant which will be operational soon to cater to this vital segment of our market and country's economy.

With a view to diversify operations within the oil industry, the company has applied for an OMC license. This will not only help us enter the fuels market, but also assist in increasing the sales of our existing product lines (lubricants), thereby enhancing our market share. Necessary formalities for the issue of OMC are in the process of completion.

Planning and design phase of the development of HTL's state of the art retail outlets across Pakistan with multitude of unique services and technical support has already been completed. Several suitable locations have been locked in Lahore, Karachi and Islamabad. Work on these sites will start soon.

Retail outlets with the hallmark of "Innovation at its best" will expand the business opportunities. The wide range of franchise options based on area, capacity, product range and service delivery are planned to infiltrate the market and provide quality services to our customers whose trust has been behind the growth of our company

Company's Staff and Customers

We wish to reiterate our commitment to the theme of the year "Winning Together", and to record our appreciation for the efforts of our staff and distributors and to our customers for their support and continued patronage.



Mr. Hassan Tahir
(Chief Executive)



Mr. Shaukat Hassan
(Chairman)

Lahore

April 19, 2016

**UNCONSOLIDATED CONDENSED
INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2016**

Unconsolidated Condensed Interim Balance Sheet (Un-audited)

As at 31 March 2016

		(Un-audited) 31 March 2016 Rupees	(Audited) 30 June 2015 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
	Notes		
Authorised share capital 150,000,000 (30 June 2015: 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	870,030,000
Share Premium		1,451,173,278	-
Un-appropriated profit		648,998,506	367,451,433
Total equity		3,260,211,784	1,237,481,433
LIABILITIES			
NON-CURRENT LIABILITIES			
Liabilities against assets subject to finance	5	14,982,136	25,153,936
Long term deposits		2,000,000	3,000,000
Long term financing	6	523,875	-
Deferred liabilities		51,802	9,029,392
		17,557,813	37,183,328
CURRENT LIABILITIES			
Trade and other payables	7	1,079,256,642	685,294,990
Accrued mark-up		5,094,134	-
Short term borrowings	8	56,778,836	-
Current portion of non-current liabilities		26,125,534	26,454,850
Taxation - net		-	29,269,032
		1,167,255,146	741,018,872
Total liabilities		1,184,812,959	778,202,200
CONTINGENCIES AND COMMITMENTS	9		
TOTAL EQUITY AND LIABILITIES		4,445,024,743	2,015,683,633

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


Chief Executive


Director

		(Un-audited) 31 March 2016 Rupees	(Audited) 30 June 2015 Rupees
ASSETS			
NON-CURRENT ASSETS			
	Notes		
Fixed assets	10	217,816,604	221,917,657
Investment in subsidiary company	11	935,660,000	776,410,000
Long term loans to employees		4,032,725	2,597,648
Long term security deposits		21,791,485	13,628,100
		1,179,300,814	1,014,553,405
CURRENT ASSETS			
Stock-in-trade	12	1,206,084,574	508,480,910
Trade debts		102,407,313	237,843,235
Loans and advances		101,582,759	108,247,829
Short term deposits and prepayments		9,249,905	15,440,281
Other receivables		104,393,590	44,334,256
Short term investment	13	1,600,000,000	-
Cash and bank balances		142,005,787	86,783,717
		3,265,723,929	1,001,130,228
TOTAL ASSETS		4,445,024,743	2,015,683,633


Chief Executive


Director

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

For the 3rd Quarter and Nine Months Period Ended 31 March 2016

	Notes	NINE MONTHS ENDED		THREE MONTHS ENDED	
		31 March 2016	31 March 2015	31 March 2016	31 March 2015
		Rupees	Rupees	Rupees	Rupees
SALES		4,952,434,485	3,919,469,515	1,519,959,385	1,523,679,482
COST OF SALES		(3,544,271,514)	(2,976,600,614)	(1,105,473,357)	(1,153,763,385)
GROSS PROFIT		1,408,162,972	942,868,901	414,486,028	369,916,097
DISTRIBUTION COST	14	(531,507,037)	(413,380,772)	(122,533,479)	(167,076,542)
ADMINISTRATIVE EXPENSES		(185,359,655)	(137,826,573)	(72,096,439)	(55,966,125)
OTHER EXPENSES		(28,697,122)	(44,376,628)	(5,244,507)	(5,310,963)
		(745,563,813)	(595,583,973)	(199,874,425)	(228,353,630)
OTHER INCOME		9,586,204	47,320,291	6,941,566	996,084
PROFIT FROM OPERATIONS		672,185,362	394,605,219	221,553,169	142,558,551
FINANCE COST		(16,335,837)	(21,979,992)	(7,010,889)	(8,518,617)
PROFIT BEFORE TAXATION		655,849,525	372,625,227	214,542,280	134,039,934
TAXATION		(206,096,652)	(121,232,276)	(57,529,188)	(61,359,941)
PROFIT AFTER TAXATION		449,752,873	251,392,951	157,013,092	72,679,993
EARNINGS PER SHARE - BASIC AND DILUTED		5.01	3.33	1.75	0.96

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


Chief Executive


Director

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

For the 3rd Quarter and Nine Months Period Ended 31 March 2016

	NINE MONTHS ENDED		THREE MONTHS ENDED	
	31 March 2016 Rupees	31 March 2015 Rupees	31 March 2016 Rupees	31 March 2015 Rupees
PROFIT AFTER TAXATION	449,752,873	251,392,951	157,013,092	72,679,993
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified to profit or loss	-	-	-	-
Items that will be subsequently reclassified to profit or loss	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	449,752,873	251,392,951	157,013,092	72,679,993

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


Chief Executive


Director

Unconsolidated Condensed Interim Cash Flow Statement (Un-audited)

For the Nine Months Period Ended 31 March 2016

		(Un-audited) 31 March 2016 Rupees	(Audited) 31 March 2015 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	15	473,999,875	486,517,795
Finance cost paid		(11,241,703)	(20,808,335)
Income tax paid		(235,365,684)	(102,869,261)
Net (increase) / decrease in long term loans to employees		289,110	(2,269,734)
Long term security deposits - net		(2,831,785)	(2,937,100)
(Decrease) / increase in long term deposits		(1,000,000)	1,000,000
Net cash generated from operating activities		223,849,813	358,633,365
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property and equipment		(117,857,516)	(5,847,795)
Capital expenditure on intangible assets		(12,789,646)	(155,000)
Proceeds from disposal of property and equipment		1,997,800	53,950,166
Investment in subsidiary company		(159,250,000)	(312,510,000)
Short term investment		(1,600,000,000)	-
Profit on bank deposits received		7,573,296	6,601,265
Net cash used in investing activities		(1,880,326,067)	(257,961,364)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of liabilities against assets subject to finance lease		(68,863,191)	(17,682,122)
Loans from directors - net		-	(140,760,028)
Proceeds from issue of share capital		1,741,183,278	120,000,000
Dividend paid		(17,400,600)	(102,504,100)
Short term borrowing - net		56,778,836	(37,528,040)
Net cash used in financing activities		1,711,698,323	(178,474,290)
Net decrease in cash and cash equivalents		55,222,070	(77,802,289)
Cash and cash equivalents at beginning of the period		86,783,717	321,926,022
Cash and cash equivalents at end of the period		142,005,787	244,123,733

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



Chief Executive



Director

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

For the Nine Months Period Ended 31 March 2016

	SHARE CAPITAL	SHARE DEPOSIT MONEY	SHARE PREMIUM	UN-APPROPRIATED PROFIT	TOTAL EQUITY
	(----- Rupees -----)				
Balance as at 30 June 2014 - restated (Audited)	750,030,000	-	-	158,587,965	908,617,965
Transactions with owners:					
Final dividend for the year ended 30 June 2014 @ Rupee 1 per share	-	-	-	(7,500,300)	(7,500,300)
1st interim dividend for the period ended 31 March 2015 @ Rupees 4.67 per share	-	-	-	(35,001,400)	(35,001,400)
2nd interim dividend for the period ended 31 March 2015 @ Rupees 5.5 per share	-	-	-	(41,251,650)	(41,251,650)
3rd interim dividend for the period ended 31 March 2015 @ Rupees 2.5 per share	-	-	-	(18,750,750)	(18,750,750)
Share deposit money received	-	120,000,000	-	-	120,000,000
	-	120,000,000	-	(102,504,100)	17,495,900
Profit for the period ended 31 March 2015	-	-	-	251,392,951	251,392,951
Other comprehensive income for the period ended 31 March 2015	-	-	-	-	-
Total comprehensive income for the period ended 31 March 2015	-	-	-	251,392,951	251,392,951
Balance as at 31 March 2015	750,030,000	120,000,000	-	307,476,816	1,177,506,816
Balance as at 30 June 2015	870,030,000	-	-	367,451,433	1,237,481,433
Final dividend for the year ended 30 June 2015 @ Rupee 0.20 per share of Rupees 10 each	-	-	-	(17,400,600)	(17,400,600)
Shares issued during the year 29,001,000 shares of Rs. 10	290,010,000	-	-	-	290,010,000
Share Premium	-	-	1,522,552,500	-	1,522,552,500
Expenses incurred on issuance of shares	-	-	(71,379,222)	-	(71,379,222)
Interim cash dividend for six months period ended 31 December 2015 @ Rupees 1.30 per share of Rupees 10 each	-	-	-	(150,805,200)	(150,805,200)
	290,010,000	-	1,451,173,278	(168,205,800)	1,572,977,478
Profit for nine months period ended 31 March 2016	-	-	-	449,752,873	449,752,873
Other comprehensive income for nine months period ended 31 March 2016	-	-	-	-	-
Total comprehensive income for nine months period ended 31 March 2016	-	-	-	449,752,873	449,752,873
Balance as at 31 March 2016	1,160,040,000	-	1,451,173,278	648,998,506	3,260,211,784

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


Chief Executive


Director

Selected Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited)

For the Nine Months Period Ended 31 March 2016

1. THE COMPANY AND ITS OPERATIONS

Hi-Tech Lubricants Limited (“the Company”) was incorporated as a private limited company in Pakistan on 01 September 2008 under the Companies Ordinance, 1984 and subsequently converted into public limited company with effect from 31 October 2011 and its shares are quoted in Pakistan Stock Exchange (PSX). The registered office of the Company is situated at 1-A, Danepur Road, GOR-1, Lahore. The principal activity of the Company is to import and distribute petroleum products.

The company has successfully completed its issuance of 29,001,000 ordinary shares of 10 each. Book building portion and general public portion of the issue comprises of 21,750,000 and 7,250,000 ordinary shares respectively and shares were issued to successful applicants on 25 February 2016. Subsequently the listing notification issued by PSX on 01 March 2016 and trading started on 03 March 2016.

2. BASIS OF PREPARATION

This unconsolidated condensed interim financial information is un-audited and is being submitted to shareholders as required by section 245 of the Companies Ordinance, 1984. This unconsolidated condensed interim financial information of the company for the nine month ended 31 March 2016 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. This consolidated condensed interim financial information should be read in conjunction with the audited annual financial statements of the company for the year ended 30 June 2015.

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 2015.

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 2015.

Selected Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited)

For the Nine Months Period Ended 31 March 2016

	Un-audited 31 March 2016 Rupees	Audited 30 June 2015 Rupees
5. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
Future minimum lease payments	42,586,616	55,432,019
Less: Un-amortized finance charge	1,899,654	3,823,233
Present value of future minimum lease payments	40,686,962	51,608,786
Less: Current portion shown under current liabilities	25,704,826	26,454,850
	<u>14,982,136</u>	<u>25,153,936</u>
6. LONG TERM FINANCING		
Opening balance	-	-
Add: Obtained during the period / year	1,143,000	-
	1,143,000	-
Less: Current portion shown under current liabilities	619,125	-
	<u>523,875</u>	<u>-</u>
7. TRADE AND OTHER PAYABLES		
Creditors	64,960,444	26,321,641
Accrued liabilities	113,782,801	142,843,482
Advances from customers	142,038,454	147,391,831
Payable against letters of credit	372,470,643	248,295,408
Customs duty and other charges payable	173,128,863	78,913,861
Income tax deducted at source	25,187,205	2,924,735
Sales tax payable	35,270,832	37,203,282
Dividend payable	150,805,200	-
Payable to employees' provident fund trust	1,612,200	1,400,750
	<u>1,079,256,642</u>	<u>685,294,990</u>
8. SHORT TERM BORROWINGS		
From banking companies - secured		
Finance against Trust Receipts	19,686,053	-
Running finances	37,092,783	-
	<u>56,778,836</u>	<u>-</u>
9. CONTINGENCIES AND COMMITMENTS		
9.1 Contingencies		
Corporate guarantees of Rupees 860 million (2015: Rupees 583.534 million) have been given by the Company to the banks in respect of financing to Hi-Tech Blending (Private) Limited, subsidiary company.		
9.2 Commitments		
For other than capital expenditure	<u>561,868,704</u>	<u>678,183,494</u>

Selected Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited)

For Nine Months Period Ended 31 March 2016

	Un-audited 31 March 2016 Rupees	Audited 30 June 2015 Rupees
10. FIXED ASSETS		
Property and equipment:		
Operating fixed assets		
Owned	120,891,100	120,651,623
Leased	57,941,367	62,993,807
	<u>178,832,467</u>	<u>183,645,430</u>
Capital work-in-progress (Note 10.1)	26,194,491	25,226,750
	<u>205,026,958</u>	<u>208,872,180</u>
Intangible assets:		
Computer software	12,789,646	13,045,477
	<u>217,816,604</u>	<u>221,917,657</u>
10.1 Capital work-in-progress		
Advance against purchase of apartment at Islamabad	<u>26,194,491</u>	<u>25,226,750</u>
11. INVESTMENT IN SUBSIDIARY COMPANY - AT COST		
Hi-Tech Blending (Private) Limited - unquoted		
10,000,050 (2015: 10,000,050) fully paid ordinary shares of Rupees 10 each		
Equity held 100% (2015: 100%)	100,000,500	100,000,500
Advance against issuance of shares	835,659,500	676,409,500
	<u>935,660,000</u>	<u>776,410,000</u>
12. STOCK-IN-TRADE		
Non-synthetic items	831,685,777	418,147,439
Synthetic items	364,368,195	87,119,262
Stock of promotional items	10,030,602	3,214,209
	<u>1,206,084,574</u>	<u>508,480,910</u>
12.1 Stock-in-trade includes Rupees 954.63 million (2015: Rupees 282.67 million) lying at custom bonded warehouses.		
13. SHORT TERM INVESTMENT		
Bank Alfalah Limited	550,000,000	-
JS Bank Limited	450,000,000	-
Habib Metropolitan Bank Limited	600,000,000	-
	<u>1,600,000,000</u>	<u>-</u>
13.1 These term deposit receipts (TDRs) had maturity period from one months to six months. The indicative profit rate on these TDRs was ranging from 6.5% to 7.15%.		

Selected Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited)

For the 3rd Quarter and Nine Months Period Ended 31 March 2016

	Un-audited Quarter ended 31 March 2016 Rupees	Un-audited Quarter ended 31 March 2015 Rupees
14. DISTRIBUTION COST	122,533,479	167,076,542

14.1 The distribution cost of Rs 122.5 million is for the current quarter. This is lower by Rs 123 million than the previous quarter ended December 31, 2015 Rs: 245.67 million primarily due to:

- a) Receipt of incentive in shape of reimbursement against sales promotion expenses and advertisements amounting to Rs 3.14 million (2015: Rs 40.850 million) from SK Lubricants, South Korea, sole supplier of the Company.
- b) Provision amounting to Rs 122.84 Million for trade offer royalty scheme made in December 2015.

	Un-audited 31 March 2016 Rupees	Audited 31 March 2015 Rupees
15. CASH GENERATED FROM OPERATIONS		
Profit before taxation	655,849,525	372,625,227
Adjustments for non-cash charges and other items:		
Depreciation on operating fixed assets	20,883,037	22,238,139
Amortization on intangible assets	4,983,151	2,515,786
Amortization of deferred income	(204,155)	(195,818)
Provision for doubtful trade debts	-	3,005,934
Balances written off	-	421,466
Gain on disposal of property and equipment	(1,142,982)	(41,451,045)
Profit on bank deposits and short term investment	(7,573,296)	(5,255,207)
Finance cost	16,335,837	21,979,992
Cash flows from operating activities before working capital changes	689,131,117	375,884,474
(Increase) / decrease in current assets:		
Stock-in-trade	(697,603,664)	190,907,158
Trade debts	135,435,922	13,593,277
Loans and advances	6,943,807	15,787,973
Short term deposits and prepayments	6,190,376	(1,528,459)
Other receivables	(60,059,334)	(40,893,784)
	(609,092,894)	177,866,165
(Decrease) / increase in trade and other payables	393,961,652	(67,232,844)
	473,999,875	486,517,795

Selected Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited)

For the 3rd Quarter and Nine Months Period Ended 31 March 2016

16. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of subsidiary company, associated undertakings, other related parties, key management personnel and provident fund trust. The Company in the normal course of business carries out transactions with various related parties. Detail of transactions with related parties other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

	NINE MONTHS ENDED		QUARTER ENDED	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
Transactions				
Subsidiary company				
Investment in subsidiary Company	159,250,000	312,510,000	10,700,000	204,610,000
Associated company				
Share of common expenses	255,592	194,718	87,274	25,262
Other related parties				
Rent paid to directors / sponsors	13,047,307	12,389,013	4,787,959	4,787,959
Contribution to employees' provident fund trust	7,880,071	8,402,202	2,769,161	2,974,915
Remuneration of key management personnel	45,974,889	22,673,919	16,194,920	7,797,000

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 2015.

18. DATE OF AUTHORIZATION FOR ISSUE

This unconsolidated condensed interim financial information was approved by the Board of Directors and authorized for issue on 19 April 2016.

19. GENERAL

Figures have been rounded off to nearest of Rupee.


Chief Executive


Director

**CONSOLIDATED CONDENSED
INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2016**

Condensed Interim Consolidated Balance Sheet

As at 31 March 2016

		(Un-audited) 31 March 2016 Rupees	(Audited) 30 June 2015 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital 150,000,000 (30 June 2015: 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	870,030,000
Share Premium		1,451,173,278	-
Un-appropriated profit		623,689,786	350,757,450
Total equity		3,234,903,064	1,220,787,450
LIABILITIES			
NON-CURRENT LIABILITIES			
Liabilities against assets subject to finance lease	5	173,178,485	190,044,550
Long term deposits		2,000,000	3,000,000
Long term financing	6	335,389,861	158,442,399
Deferred liabilities		12,229,645	21,442,561
		522,797,991	372,929,510
CURRENT LIABILITIES			
Trade and other payables	7	1,074,883,980	695,293,525
Loans from directors		85,000,000	20,000,000
Accrued mark-up		12,437,548	4,755,676
Short term borrowings	8	56,778,836	-
Current portion of non-current liabilities		123,750,166	123,577,120
Taxation - net		-	21,761,337
Total liabilities		1,352,850,530	865,387,658
CONTINGENCIES AND COMMITMENTS			
	9		
TOTAL EQUITY AND LIABILITIES		5,110,551,585	2,459,104,618

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


Chief Executive


Director

ASSETS		(Un-audited)	(Audited)
NON-CURRENT ASSETS	Note	31 March	30 June
		2016	2015
		Rupees	Rupees
Fixed assets	10	1,638,975,522	1,313,648,718
Long term loans to employees		4,032,725	2,597,648
Long term security deposits		106,670,935	94,807,550
		<u>1,749,679,182</u>	<u>1,411,053,916</u>
CURRENT ASSETS			
Stock-in-trade	11	1,206,084,574	508,480,910
Trade debts		102,407,313	237,843,235
Loans and advances		101,585,549	109,932,775
Short term deposits and prepayments		12,072,809	16,894,121
Other receivables		116,046,507	44,334,256
Short term investment	12	1,600,000,000	-
Sales tax recoverable		57,145,120	28,132,462
Cash and bank balances		165,530,530	102,432,943
		<u>3,360,872,403</u>	<u>1,048,050,702</u>
TOTAL ASSETS		<u><u>5,110,551,585</u></u>	<u><u>2,459,104,618</u></u>


Chief Executive


Director

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

For the 3rd Quarter & Nine Months Period Ended 31st March 2016

	NINE MONTHS ENDED		THREE MONTHS ENDED	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
Notes	Rupees	Rupees	Rupees	Rupees
SALES	4,952,434,485	3,919,469,515	1,519,959,385	1,523,679,482
COST OF SALES	(3,544,271,514)	(2,976,600,614)	(1,105,473,357)	(1,153,763,385)
GROSS PROFIT	1,408,162,972	942,868,901	414,486,028	369,916,097
DISTRIBUTION COST	(531,507,037)	(413,380,772)	(122,533,479)	(167,076,542)
ADMINISTRATIVE EXPENSES	(191,115,646)	(138,404,313)	(73,347,798)	(54,377,074)
OTHER EXPENSES	(28,697,122)	(44,376,628)	(5,244,507)	(5,310,963)
	(751,319,804)	(596,161,713)	(201,125,784)	(226,764,579)
OTHER INCOME	9,821,530	47,320,291	6,975,184	996,084
PROFIT FROM OPERATIONS	666,664,697	394,027,479	220,335,428	144,147,602
FINANCE COST	(19,429,909)	(22,076,558)	(7,155,962)	(8,555,482)
PROFIT BEFORE TAXATION	647,234,788	371,950,921	213,179,466	135,592,120
TAXATION	(206,096,652)	(121,232,276)	(57,529,188)	(61,359,941)
PROFIT AFTER TAXATION	441,138,136	250,718,645	155,650,278	74,232,179
EARNING PER SHARE - BASIC AND DILUTED	4.91	3.32	1.73	0.97

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


Chief Executive


Director

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

For the 3rd Quarter & Nine Months Period Ended 31st March 2016

	NINE MONTHS ENDED		THREE MONTHS ENDED	
	31 March 2016 Rupees	31 March 2015 Rupees	31 March 2016 Rupees	31 March 2015 Rupees
PROFIT AFTER TAXATION	441,138,136	250,718,645	155,650,278	74,232,179
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified to profit or loss	-	-	-	-
Items that will subsequently reclassified to profit or loss	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	441,138,136	250,718,645	155,650,278	74,232,179

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


Chief Executive


Director

Condensed Interim Consolidated Cash Flow Statement (Un-audited)

For the Nine Months Period Ended 31st March 2016

		(Un-audited) 31 March 2016 Rupees	(Audited) 31 March 2015 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	14	422,716,359	508,571,225
Finance cost paid		(14,335,775)	(17,509,201)
Income tax paid		(239,510,906)	(104,864,911)
(Net increase) / decrease in long term loans to employees		289,110	(2,269,734)
Long term security deposits - net		(6,531,785)	(53,943,550)
(Decrease) / increase in long term deposits		(1,000,000)	1,000,000
Net cash generated from operating activities		161,627,003	330,983,829
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property and equipment		(450,944,979)	(476,394,477)
Capital expenditure on intangible assets		(12,789,646)	(913,970)
Proceeds from disposal of property and equipment		1,997,800	61,950,166
Short term investment		(1,600,000,000)	-
Profit on bank deposits received		7,573,296	6,601,265
Net cash used in investing activities		(2,054,163,530)	(408,757,016)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of liabilities against assets subject to finance lease		(64,511,138)	(17,700,111)
Loans from directors - net		65,000,000	(120,750,028)
Proceeds from issue of share capital		1,741,183,278	120,000,000
Dividend paid		(17,400,600)	(102,504,100)
Long term finance obtained		174,583,737	148,345,300
Short term borrowing - net		56,778,836	(37,528,040)
Net cash used in financing activities		1,955,634,113	(10,136,979)
Net decrease in cash and cash equivalents		63,097,587	(87,910,166)
Cash and cash equivalents at beginning of the period		102,432,943	358,749,483
Cash and cash equivalents at end of the period		165,530,530	270,839,317

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



Chief Executive



Director

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

For the Nine Months Period Ended 31st March 2016

	SHARE CAPITAL	SHARE DEPOSIT MONEY	SHARE PREMIUM	UN- APPROPRIATED PROFIT	TOTAL EQUITY
	(----- Rupees -----)				
Balance as at 30 June 2014	750,030,000	-	-	157,599,382	907,629,382
Transactions with owners:					
Final dividend for the year ended 30 June 2014 @ Rupee 1 per share	-	-	-	(7,500,300)	(7,500,300)
1st interim dividend for the period ended 31 March 2015 @ Rupees 4.67 per share	-	-	-	(35,001,400)	(35,001,400)
2nd interim dividend for the period ended 31 March 2015 @ Rupees 5.5 per share	-	-	-	(41,251,650)	(41,251,650)
3rd interim dividend for the period ended 31 March 2015 @ Rupees 2.5 per share	-	-	-	(18,750,750)	(18,750,750)
Share deposit money received	-	120,000,000	-	-	120,000,000
	-	120,000,000	-	(102,504,100)	17,495,900
Profit for the period ended 31 March 2015	-	-	-	250,718,645	250,718,645
Other comprehensive income for the period ended 31 March 2015	-	-	-	-	-
Total comprehensive income for the period ended 31 March 2015	-	-	-	250,718,645	250,718,645
Balance as at 31 March 2015	750,030,000	120,000,000	-	305,813,927	1,175,843,927
Balance as at 30 June 2015	870,030,000	-	-	350,757,450	1,220,787,450
Final dividend for the year ended 30 June 2015 @ Rupee 0.20 per share of Rupees 10 each	-	-	-	(17,400,600)	(17,400,600)
Shares issued during the year 29,001,000 shares of Rs. 10	290,010,000	-	-	-	290,010,000
Share Premium	-	-	1,522,552,500	-	1,522,552,500
Expenses incurred on issuance of shares	-	-	(71,379,222)	-	(71,379,222)
Interim cash dividend for six months period ended 31 December 2015 @ Rupees 1.30 per share of Rupees 10 each	-	-	-	(150,805,200)	(150,805,200)
	290,010,000	-	1,451,173,278	(168,205,800)	1,572,977,478
Profit for nine months period ended 31 March 2016	-	-	-	441,138,136	441,138,136
Other comprehensive income for nine months period ended 31 March 2016	-	-	-	-	-
Total comprehensive income for nine months period ended 31 March 2016	-	-	-	441,138,136	441,138,136
Balance as at 31 March 2016	1,160,040,000	-	1,451,173,278	623,689,786	3,234,903,064

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


Chief Executive


Director

Selected Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the Nine Months Period Ended 31st March 2016

1. THE GROUP AND ITS OPERATIONS

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 registered office of the Company is situated at 1-A, Danepur Road, GOR-1, Lahore. The principal activity of the Company is to import and distribute petroleum products.

The company has successfully completed its issuance of 29,001,000 ordinary shares of 10 each. Book building portion and general public portion of the issue comprises of 21,750,000 and 7,250,000 ordinary shares respectively and shares were issued to successful applicants on 25 February 2016. Subsequently the listing notification issued by PSX on 01 March 2016 and trading started on 03 March 2016.

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

2. BASIS OF PREPARATION

This consolidated condensed interim financial information is un-audited and is being submitted to shareholders as required by section 245 of the Companies Ordinance, 1984. Consolidated condensed interim financial information of the Group for the half year ended 31 December 2015 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. This consolidated condensed interim financial information should be read in conjunction with the audited annual financial statements of the Group for the year ended 30 June 2015.

3. ACCOUNTING POLICIES

The accounting policies and methods of computations adopted for the preparation of this consolidated condensed interim financial information are the same as applied in the preparation of the preceding audited annual financial statements of the Group for the year ended 30 June 2015.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of this consolidated 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 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 this consolidated condensed interim financial information, 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 financial statements of the Group for the year ended 30 June 2015.

Selected Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the Nine Months Period Ended 31st March 2016

	(Un-audited) 31 March 2016 Rupees	(Audited) 30 June 2015 Rupees
5. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
Future minimum lease payments	259,803,798	277,227,835
Less: Un-amortized finance charge	22,966,362	25,116,522
Present value of future minimum lease payments	236,837,436	252,111,313
Less: Current portion shown under current liabilities	63,658,951	62,066,763
	<u>173,178,485</u>	<u>190,044,550</u>
6. LONG TERM FINANCING		
From banking companies - secured		
Bank Al Habib Limited (Note 6.1)	384,659,493	209,607,796
Habib Metropolitan Bank Limited (Note 6.2)	11,020,000	10,344,960
	395,679,493	219,952,756
Less: Current portion shown under current liabilities	60,289,632	61,510,357
	<u>335,389,861</u>	<u>158,442,399</u>
6.1	These term finance facilities, aggregating to Rupees 291.270 million, are secured by first hypothecation charge over all present and future plant and machinery of the Company, corporate guarantee of the Holding Company and personal guarantees of directors of the Company. The finance facilities are repayable in 16 equal quarterly instalments commenced on 31 March 2015 and ending on 03 July 2019. Mark-up is payable quarterly at the rate of 3 months KIBOR plus 2.00% per annum.	
6.2	This term finance facility of Rupees 13.470 million is secured by specific charge over specific machinery of the Company to the extent of Rupees 22.450 million, corporate guarantee of the Holding Company and personal guarantees of directors of the Company. The finance is repayable in 11 equal quarterly instalments commencing on 08 November 2015 and ending on 08 May 2018. 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 was 9.26% per annum.	
7. TRADE AND OTHER PAYABLES		
Creditors	77,087,617	52,391,371
Accrued liabilities	115,630,988	146,687,143
Retention Money Payable	16,752,624	16,929,267
Advances from customers	142,038,454	147,391,831
Payable against letters of credit	372,470,643	248,295,408
Customs duty and other charges payable	173,128,863	78,913,861
Income tax deducted at source	25,219,986	3,146,489
Dividend payable	150,805,200	-
Payable to employees' provident fund trust	1,612,200	1,400,750
Other payables	137,405	137,405
	<u>1,074,883,980</u>	<u>695,293,525</u>

Selected Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the Nine Months Period Ended 31st March 2016

	(Un-audited) 31 March 2016 Rupees	(Audited) 30 June 2015 Rupees
8. SHORT TERM BORROWINGS		
From banking companies - secured		
Short term running finances (Notes 8.1 and 8.2)	19,686,053	-
Other short term running finances (Notes 8.1 and 8.3)	37,092,783	-
	<u>56,778,836</u>	<u>-</u>
8.1	These facilities amounting to Rupees 528.400 million are obtained from commercial banks under mark-up arrangements and are secured against first pari passu hypothecation charge over current assets of the Company, in over shipping documents and personal guarantees of directors.	
8.2	The rates of mark-up range from 3 months KIBOR plus 2% to 3% (30 June 2015: 3 month KIBOR plus 2% to 3%) per annum on balance outstanding.	
8.3	The rates of mark-up range from 3 months KIBOR plus 1.75% to 3% (30 June 2015: 3 month KIBOR plus 2% to 3%) per annum on balance outstanding.	
9. CONTINGENCIES AND COMMITMENTS		
9.1 Contingencies		
9.1.1	Corporate guarantees of Rupees 860 million (30 June 2015: Rupees 583.534 million) have been given by the Company to the banks in respect of financing to Hi-Tech Blending (Private) Limited, subsidiary company.	
9.1.2	There were no contingencies of the Group as on the balance sheet date other than disclosed below.	
9.1.3	The Company has recorded sales tax recoverable of Rupees 1,351,179 paid on supplies and services used in construction of plant building. Whereas, under the Sales Tax Act, 1990 the same is not claimable. The management is currently in the process of filing writ petition for allowability of the sales tax paid on supplies and services used in construction of building. However, if allowability is not accepted the carrying amount of capital work-in-process would be increased by the same amount. It has no impact on loss for the year.	
9.2 Commitments		
For capital expenditure	72,270,175	127,270,175
For other than capital expenditure	561,868,704	678,183,494
		<u>1,313,648,718</u>
10. FIXED ASSETS		
Property and equipment:		
Operating fixed assets		
- Owned	303,329,225	309,275,461
- Leased	83,059,258	71,211,682
	<u>386,388,483</u>	<u>380,487,143</u>
Capital work-in-progress	1,239,266,114	919,433,025
	<u>1,625,654,597</u>	<u>1,299,920,168</u>
Intangible assets:		
Computer software	13,320,925	13,728,550
	<u>1,638,975,522</u>	<u>1,313,648,718</u>

Selected Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the 3rd Quarter and Nine Months Period Ended 31st March 2016

	(Un-audited) 31 March 2016 Rupees	(Audited) 30 June 2015 Rupees
11. STOCK-IN-TRADE		
Non-synthetic items	831,685,777	418,147,439
Synthetic items	364,368,195	87,119,262
Stock of promotional items	10,030,602	3,214,209
	<u>1,206,084,574</u>	<u>508,480,910</u>

11.1 Stock-in-trade includes Rupees 954.63 million (2015: Rupees 282.67 million) lying at custom bonded warehouses.

12. SHORT TERM INVESTMENT

Bank Alfalah Limited	550,000,000	-
JS Bank Limited	450,000,000	-
Habib Metropolitan Bank Limited	600,000,000	-
	<u>1,600,000,000</u>	<u>-</u>

12.1 These term deposit receipts (TDRs) had maturity period from one months to six months. The indicative profit rate on these TDRs is ranging from 6.5% to 7.15%.

	Un-audited Quarter ended 31 March 2016 Rupees	Un-audited Quarter ended 31 March 2015 Rupees
13. DISTRIBUTION COST	<u>122,533,479</u>	<u>167,076,542</u>

13.1 The distribution cost of Rs 122.5 million is for the current quarter. This is lower by Rs 123 million than the previous quarter ended December 31, 2015 Rs 245.67 million primarily due to:

- a) Receipt of incentive in shape of reimbursement against sales promotion expenses and advertisements amounting to Rs 3.14 million (2015: Rs 40.850 million) from SK Lubricants, South Korea, sole supplier of the Company.
- b) Provision amounting to Rs 122.84 Million for trade offer royalty scheme made in December 2015.

Selected Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the 3rd Quarter and Nine Months Period Ended 31st March 2016

	(Un-audited) 31 March 2016 Rupees	(Audited) 30 March 2015 Rupees
14. CASH GENERATED FROM OPERATIONS		
Profit before taxation	647,234,788	371,950,921
Adjustments for non-cash charges and other items:		
Depreciation on operating fixed assets	22,419,703	22,569,992
Amortization on intangible assets	5,134,945	2,534,760
Amortization of deferred income	(439,481)	(195,818)
Provision for doubtful trade debts	-	3,005,934
Balances written off	-	421,466
Gain on disposal of property and equipment	(1,142,982)	(41,451,045)
Profit on bank deposits and short term investment	(7,573,296)	(5,255,207)
Finance cost	19,429,909	22,076,558
Cash flows from operating activities before working capital changes	685,063,586	375,657,561
(Increase) / decrease in current assets:		
Stock-in-trade	(697,603,664)	190,907,158
Trade debts	135,435,922	13,593,277
Loans and advances	4,480,741	15,785,973
Short term deposits and prepayments	4,821,312	(2,208,666)
Other receivables	(60,059,334)	(40,893,784)
Sales tax recoverable	(27,080,208)	-
	(640,005,232)	177,183,958
(Decrease) / increase in trade and other payables	377,658,005	(44,270,294)
	<u>422,716,359</u>	<u>508,571,225</u>

15. TRANSACTIONS WITH RELATED PARTIES

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

	NINE MONTHS ENDED		THREE MONTHS ENDED	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
Transactions				
Subsidiary company				
Investment in subsidiary Company	159,250,000	312,510,000	10,700,000	204,610,000
Associated company				
Share of common expenses	255,592	194,718	87,274	25,262
Other related parties				
Rent paid to directors / sponsors	13,047,307	12,389,013	4,787,959	4,787,959
Contribution to employees' provident fund trust	7,880,071	8,402,202	2,769,161	2,974,915
Remuneration of key management personnel	45,974,889	22,673,919	16,194,920	7,797,000

Selected Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the Nine Months Period Ended 31st March 2016

16. FINANCIAL RISK MANAGEMENT

The Group's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual financial statements of the Group for the year ended 30 June 2015.

17. DATE OF AUTHORIZATION FOR ISSUE

This consolidated condensed interim financial information was approved by the Board of Directors and authorized for issue on 19 April 2016.

18. GENERAL

Figures have been rounded off to nearest of Rupee.


Chief Executive


Director

hitechlubricants.com



HI-TECH LUBRICANTS LIMITED
COMPANY BEHIND **ZIC**

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