

HI-TECH LUBRICANTS LIMITED
Condensed Interim Financial Information
For the Half Year Ended December 31, 2016

Improving
ENDURENCE



Hi-Tech Lubricants Ltd.



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)

Ji Won Park
(SK Lubricants' Nominee Director)

CHIEF FINANCIAL OFFICER

Muhammad Imran

COMPANY SECRETARY

Fraz Amjad Khawaja

EXTERNAL AUDITORS

Riaz Ahmad & Co.
Chartered Accountants

INTERNAL AUDITORS

EY Ford Rhodes Sidat Hyder
Chartered Accountants

REGISTERED OFFICE

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Lahore
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Fax: +92-42-3631-18-14
www.zicoil.pk
www.hitechlubricants.com

AUDIT COMMITTEE

Muhammad Tabassum Munir
Chairman / Member

Dr. Safdar Ali Butt
Member

Shaukat Hassan
Member

Tahir Azam
Member

Zalmai Azam
Member

HR & REMUNERATION COMMITTEE

Tahir Azam
Chairman / Member

Shaukat Hassan
Member

Mohammad Ali Hassan
Member

Zalmai Azam
Member

LEGAL ADVISOR

Mr. Ijaz Lashari

BANKERS AND LENDERS

Bank Al-Habib Limited

MCB Bank Limited

Bank Alfalah Limited

Habib Metropolitan Bank Ltd

Standard Chartered Bank

JS Bank Limited

Askari Bank Limited

National Bank Limited

United Bank Limited

The Bank of Punjab

Meezan Bank Limited

Directors' Report

The Directors of Hi-Tech Lubricants Limited take pleasure in presenting to its shareholders, the 2nd quarter and half year report along with the reviewed condensed interim financial information separate and consolidated of the Company for the half year ended December 31, 2016.

FINANCIAL AND OPERATIONAL PERFORMANCE

The comparison of the un-audited financial results for the second quarter and half year ended December 31, 2016 as against December 31, 2015 is as follows:

Un-Consolidated									
All figures in millions of Pak Rs unless specifically stated otherwise	For the second quarter			Quarter on Quarter			For the Half Year		
	Oct- Dec 2016 (Post IPO)	Oct-Dec 2015 (Pre- IPO)	% Change	Oct-Dec 2016	Jul-Sep 2016	% Change	Jul-Dec 2016 (Post IPO)	Jul-Dec 2015 (Pre- IPO)	% Change
Net Sales	2,212	2,025	9.2%	2,212	1,569	41%	3,781	3,432	10.2%
Gross Profit % of sales	555 25.1%	594 29.3%	-6.6%	555 25.1%	411 26.2%	35%	967 25.6%	994 29.0%	-2.7%
Profit from Operations % of sales	299 13.5%	273 13.5%	9.5%	299 13.5%	183 11.7%	63.4%	481 12.7%	451 13.1%	6.6%
Profit before Tax % of sales	292 13.2%	267 13.2%	9.4%	292 13.2%	178 11.3%	64%	471 12.5%	441 12.8%	6.8%
Profit after Tax % of sales	228 10.3%	173 8.5%	31.8%	228 10.3%	114 7.3%	100%	341 9.0%	293 8.5%	16.4%
EPS-Basic (PRs)	1.96	1.99	-1.5%	1.96	0.98	100%	2.94	3.36	-12.5%

Consolidated									
All figures in millions of Pak Rs unless specifically stated otherwise	For the second quarter			Quarter on Quarter			For the Half Year		
	Oct- Dec 2016 (Post IPO)	Oct-Dec 2015 (Pre- IPO)	% Change	Oct-Dec 2016	Jul-Sep 2016	% Change	Jul-Dec 2016 (Post IPO)	Jul-Dec 2015 (Pre- IPO)	% Change
Net Sales	2,212	2,025	9.2%	2,212	1,569	41%	3,781	3,432	10.2%
Gross Profit % of sales	608 27.5%	594 29.3%	2.4%	608 27.5%	415 26.4%	46.5%	1024 27.1%	994 29%	3%
Profit from Operations % of sales	358 16.2%	272 13.4%	31.6%	358 16.2%	173 11.0%	106.9%	531 14%	446 13.0%	19%
Profit before Tax % of sales	337 15.3%	264 13.0%	27.7%	337 15.3%	164 10.4%	105.5%	501 13.3%	434 12.6%	15.4%
Profit after Tax % of sales	272 12.3%	169 8.3%	60.9%	272 12.3%	99 6.3%	174.7%	371 9.8%	284 8.3%	30.6%
EPS-Basic (Prs)	2.35	1.94	21.1%	2.35	0.85	176%	3.20	3.27	-2.1%

Directors' Report

On consolidated basis, during the 1st half of 2016-17, the Company has achieved net sales of PKR 3,781 million against net sales of PKR 3,432 million of corresponding period of last year, representing sales growth of 10.20%. The operations have generated earnings of PKR 531 million during the half year under review against PKR 446 million of corresponding period of year 2015, resulting in an increase of PKR 85 million mainly due to revenue growth and price stability. The gross margin decreased by 0.7% due to increase in international product prices and Government levies and provincial infrastructure cess. These increases have not been passed on to the consumers due to market conditions. However, compared with second quarter of the previous financial year, the company has shown an improvement of 175% in the bottom line.

The un-consolidated net profit after tax reached PKR 341 million registering a growth of 16.4% vs same period last year. The profit after tax has registered a growth of 31.8% due to rationalization of taxation regime on account of local purchases from a wholly owned subsidiary company. Compared to the performance of the last quarter (July to Sept 2016), the company registered a growth of 41% on top line and 100% on bottom line. During 1st half of operations, the wholly owned subsidiary company Hi-Tech Blending (Pvt.) Limited, contributed a net profit of Rs. 30 million. The plant is currently operating at its 40% capacity.

Based on satisfactory performance and keeping in mind the company's operational expansion needs, the Board approved an Interim Cash Dividend for the Half Year ended 31 December, 2016 at Rs. 1.35 per share i.e. @13.5%.

The Company continued to improve operational efficiency through effective budgeting and cost controls.

Contribution in revenues

The volumes improved positively by 10% as compared to the corresponding half year of last year. Prices remained stable throughout the period under review.

Review of Business Divisions

A brief review of the operations of the Company's business divisions is as follows:

- *Zic Top-Tier marketing division*

ZIC Top Tier products division has registered sales of PKR 2,880 million during the first half of 2016 as compared to PKR 2,699 million of corresponding period of 2015, representing sales growth of 6.7%.

- *Zic Mid-Tier marketing division*

The results of ZIC Mid-Tier division have also improved by 28% during first half of 2016 over corresponding values of 2015 resulting from revenue growth contributed mainly by increased volumes.

Future Outlook

The growth in the automobile sector both via import and local manufacturing has resulted in an increase demand for the lubricant. With industrial sector being a high potential prospect for HTL, Hi-Tech blending and bottling plant has become operational to cater to this demand and take advantage of this opportunity. With state of the art fully automated bottling and cap manufacturing promising high level of quality products, the plant is currently operating at 40% capacity but is expected to grow steadily in capacity utilization steadily over the few years.

Directors' Report

To widen the scope of our operations and to balance them through diversification, we are venturing into the OMC business with storage licenses already received. We have plans to open 300 fuel stations nationwide by the end of 2020. This will enhance the capability of HTL to improve its presence in the retail segment and increase its market share. The first station is expected to become operational at the end of calendar year 2017.

HTL Express centers, our proposed state of the art retail outlets across Pakistan with multitude of specialized services and technical support, will be operational by the end of first quarter of 2017 in Lahore, while work on Karachi and Islamabad is well underway.

HTL Express centers with the hall mark of "Innovation at its best" will significantly expand the business opportunities. The wide range of franchise options based on area, capacity, product range and service delivery are planned to penetrate 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 record our appreciation for the hard work and commitment of our employees to the Company's objectives and continued patronage of our customers.

Mr. Hassan Tahir
(Chief Executive)

Lahore, February 18, 2017

Mr. Shaukat Hassan
(Chairman)

ڈائریکٹران کی رپورٹ برائے حصداران

ہائی ٹیک لمیٹڈ کے ڈائریکٹران اپنے مخصوص داران کے سامنے برائے ششماہی پختہ 31 دسمبر 2016 کمپنی کی انفرادی اور اجتماعی منہدم عبوری مالیاتی معلومات کے ساتھ ساتھ دوسری سرمایہ اور ششماہی رپورٹ کو انتہائی مسرت کے ساتھ پیش کر رہے ہیں۔

فناصل اور آپریشنل کارکردگی

مجموعی بنیادوں پر، سال 2016-2017 کے پہلے نصف کے دوران، گزشتہ سال کی مدت کی نقد فروخت 3,432 ملین پاکستانی روپے کے مقابلے میں کمپنی رواں سال 10.20% پیداواری فروخت کی نمائندگی کرتے ہوئے 3,781 ملین پاکستانی روپے کی نقد فروخت حاصل کرنے میں کامیاب رہی۔ آپریشنز کی بدولت حاصل شدہ منافع گزشتہ سال 2015 میں 446 ملین پاکستانی روپے تھا جبکہ رواں ششماہی 531 ملین پاکستانی روپے ہے۔ قیمتوں میں استحکام اور آمدنی میں اضافے کے نتیجے میں 85 ملین پاکستانی روپے کا اضافہ ہوا۔ بین الاقوامی مصنوعات کی قیمتوں اور حکومتی محصولات اور صوبائی انفراسٹرکچر میں اضافے کے سبب مجموعی مارجن میں 0.7% تک کمی آئی۔ مارکیٹ صورتحال کی وجہ سے مذکورہ اضافے صارفین کو متاثر نہیں کر سکے۔ اگرچہ گزشتہ مالی سال کی دوسری سرمایہ کے مقابلے میں کمپنی نے چھٹی سطر پر 175% تک کی بہتری دکھائی ہے۔

محصول کے بعد گزشتہ سال کی اسی مدت کے مقابلے میں 16.4% اضافے کو رجسٹرڈ کرتے ہوئے غیر مجموعی منافع 341 ملین پاکستانی روپے تک پہنچ گیا ہے۔ مکمل ملکیتی سسڈ بری کمپنی سے خرید و فروخت کی مد میں کاؤٹی محصولات پر نظر ثانی کے سبب بعد مجموعی منافع میں 31.8% تک اضافہ رجسٹرڈ ہوا۔ گزشتہ سرمایہ (جولائی تا ستمبر 2016) کی کارکردگی کے مقابلے میں، کمپنی نے اوپری سطر پر 41% اور چھٹی سطر پر 100% تک کا اضافہ رجسٹرڈ کیا۔ آپریشنز کے ابتدائی نصف کے دوران مکمل ملکیتی سسڈ بری کمپنی ہائی ٹیک لینڈنگ (پرائیویٹ) لمیٹڈ نے 30 ملین نقد منافع کی شراکت کی۔ پلانٹ تاحال اپنی 40% گنجائش پر کام کر رہا ہے۔

تسلی بخش کارکردگی کی بنیاد پر اوپریشنل کمپنی کی آپریشنل ضروریات کو ذہن میں رکھتے ہوئے، بورڈ نے عبوری نقد ڈیویڈنڈ برائے ششماہی پختہ 31 دسمبر 2016 فی حصص 1.35 بحساب 13.5% کی منظوری دی ہے۔

کمپنی نے موثر بجٹ کا سٹ کنٹرول کے ذریعے آپریشنل کارکردگی کو بہتر بنایا۔

ریونیو میں شراکت

گزشتہ ششماہی کے مقابلے میں حجم میں 10% تک مثبت بہتری آئی۔ نظر ثانی شدہ مدت میں قیمتوں میں استحکام رہا۔

ڈائریکٹران کی رپورٹ برائے حصہ داران

کاروباری ڈویژن پرنظر ثانی

کمپنی کے کاروباری ڈویژنوں کے عملیات کا ایک مختصر جائزہ درج ذیل ہے۔

ذک اعلیٰ درجے (ZIC Top-Tier) کار مارکیٹنگ ڈویژن

ذک اعلیٰ درجے کی مصنوعات کا ڈویژن سال 2016 کے ابتدائی نصف دورے میں 6.7% اضافی فروخت کے ساتھ سال 2015 کے دورے کی فروخت 2,699 ملین پاکستانی روپے کے مقابلے میں 2,880 ملین پاکستانی روپے کی فروخت رجسٹرڈ کر چکا ہے۔

ذک درمیانی درجے (ZIC Mid-Tier) کار مارکیٹنگ ڈویژن

اضافی و ایومز کی ریونیو اضافے میں شرکت کی بدولت سال 2015 کی ویلیوز پر درمیانی درجے کے مارکیٹنگ ڈویژن کے نتائج میں بھی سال 2016 کے ابتدائی نصف میں 28% نمایاں بہتری دیکھنے میں آئی ہے۔

مستقبل کا نقطہ نظر

دونوں درآمد اور مقامی مینوفیکچرنگ کے ذریعے آٹوموبائل شعبے میں ترقی کے نتیجے میں لبریلیٹ کی مانگ میں اضافہ ہوا ہے۔ صنعتی شعبے میں ایچ ٹی ایل ایک اعلیٰ صلاحیت ہونے کے امکان کے ساتھ، ہائی ٹیک پلیٹنگ اور بوتلنگ پلانٹ ان ضروریات کو پورا کرنے اور اس موقع سے بھرپور فائدہ اٹھانے کے قابل ہو گیا ہے۔ جدید ترین مہولیات سے آراستہ مکمل آٹوموبیلز بوتلنگ اور کیپ مینوفیکچرنگ اعلیٰ درجے کی معیاری مصنوعات کی وجہ سے مذکورہ پلانٹ فی الحال 40% گنجائش کے ساتھ کام کر رہا ہے تاہم جلد ہی اس کی استفادہ کی گنجائش اگلے چند برسوں میں تیزی سے بڑھنے کا امکان ہے۔

اپنے کام کے دائرہ کار کو بڑھانے اور ان کے درمیان توازن کو قائم رکھنے کیلئے ہم اوائم سی کاروبار میں مشترکہ منصوبوں کا آغاز کر رہے ہیں جس کیلئے اسٹورینج لائسنس پہلے ہی حاصل کیا جا چکا ہے۔ سال 2020 کے اواخر تک ہم نے ملک بھر میں 300 فیول اسٹیشنز کھولنے کا منصوبہ بنایا ہے۔ اس منصوبے کی بدولت ایچ ٹی ایل کی استعداد کو بڑھانے میں مدد ملے گی ساتھ ہی خوردہ سیکٹور اور حصص مارکیٹ کو بڑھانے میں بھی اس کی موجودگی مددگار ثابت ہوگی۔ رواں سال 2017 کے اواخر میں پہلے اسٹیشن کے آپریشنل ہونے کی قوی امید کی جاسکتی ہے۔

ایچ ٹی ایل ایکسپریس سینٹرز، ملک بھر میں خصوصی خدمات و ٹیکنیکی معاونت پر مامور ہمارے مجوزہ جدید مہولیات سے آراستہ آؤٹ لیٹس، سال 2017 کی آخری سہ ماہی میں لاہور سے کام کا آغاز کر دیں گے جبکہ کراچی اور اسلام آباد میں آؤٹ لیٹس کا آغاز بھی جلد ہو رہا ہے۔

بہترین جدت طرازی کے نشان کے ساتھ ایچ ٹی ایل ایکسپریس سینٹرز کا کاروباری مواقع کی وسعت کا سبب بنیں گے۔ فرنیچر کی وسیع رینج، علاقائی بنیاد پر اختیارات، مصنوعات کی رینج اور خدمات کی فراہمی کے جذبوں سے سرشار ہو کر مارکیٹ میں اپنی موجودگی کا احساس دلانے اور اپنے ان صارفین کو معیاری خدمات کی فراہمی (جن کا بھروسہ اور اعتماد ہماری کمپنی کے ساتھ ہے) کی منصوبہ بندی کی جارہی ہے۔

کمپنی کا عملہ اور صارفین

کمپنی کے نیک مقاصد کیلئے ہم اپنے ملازمین کی سخت محنت اور مستقل وابستگی اور اپنے صارفین کی مسلسل سرپرستی و رہنمائی پر ان کو خراج تحسین پیش کرتے ہیں۔

Shau

جناب شوکت حسن

چیرمین آف بورڈ

Hasan

جناب حسن طاہر

چیف ایگزیکٹو آفیسر

لاہور، فروری 18، 2017ء

**AUDITORS' REPORT TO THE MEMBERS
ON REVIEW OF UNCONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION**

Introduction

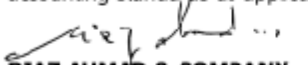
We have reviewed the accompanying unconsolidated condensed interim balance sheet of HI-TECH LUBRICANTS LIMITED as at 31 December 2016 and the related unconsolidated condensed interim profit and loss account, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim cash flow statement, unconsolidated condensed interim statement of changes in equity and notes to the accounts for the half year then ended (hereinafter referred to as "unconsolidated condensed interim financial information"). Management is responsible for the preparation and presentation of this unconsolidated condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this unconsolidated condensed interim financial information based on our review. The figures of the unconsolidated condensed interim profit and loss account and unconsolidated condensed interim statement of comprehensive income for the quarters ended 31 December 2016 and 31 December 2015 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 2016.

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 information 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 information as of and for the half year ended 31 December 2016 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.


RIAZ AHMAD & COMPANY
Chartered Accountants

Name of engagement partner:
Mubashar Mehmood

Date: 18 FEB 2017

LAHORE

Unconsolidated Condensed Interim Balance Sheet (Un-audited)

As at 31 December 2016

	Note	Un-audited 31 December 2016 Rupees	Audited 30 June 2016 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital 150,000,000 (30 June 2016: 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
Capital reserve		1,441,697,946	1,441,697,946
Revenue reserve - un-appropriated profit		913,657,596	728,911,029
Total equity		3,515,395,542	3,330,648,975
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	5	-	1,030,125
Liabilities against assets subject to finance lease	6	12,169,422	15,174,991
Long term deposits		2,000,000	2,000,000
		14,169,422	18,205,116
CURRENT LIABILITIES			
Trade and other payables	7	1,523,621,776	583,597,337
Accrued mark-up		5,216,822	542,912
Short term borrowings	8	527,104,631	-
Current portion of non-current liabilities		16,319,560	21,751,630
Taxation - net		22,547,317	34,249,757
		2,094,810,106	640,141,636
Total liabilities		2,108,979,528	658,346,752
CONTINGENCIES AND COMMITMENTS	9		
TOTAL EQUITY AND LIABILITIES		5,624,375,070	3,988,995,727

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


Chief Executive


Director

		Un-audited 31 December 2016 Rupees	Audited 30 June 2016 Rupees
	Note		
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	10	765,999,591	336,039,321
Investment in subsidiary company	11	1,873,310,000	1,102,760,000
Long term loans to employees		1,677,777	3,235,345
Long term security deposits		18,752,572	13,503,685
		<u>2,659,739,940</u>	<u>1,455,538,351</u>
CURRENT ASSETS			
Stock-in-trade	12	979,969,014	663,264,775
Trade debts		287,319,167	151,782,449
Loans and advances		154,967,986	58,790,666
Short term deposits and prepayments		20,440,484	13,684,348
Interest accrued		65,545	31,283
Other receivables		101,520,571	477,630
Short term investments		1,268,966,569	1,458,562,799
Cash and bank balances		151,385,794	186,863,426
		<u>2,964,635,130</u>	<u>2,533,457,376</u>
TOTAL ASSETS		<u><u>5,624,375,070</u></u>	<u><u>3,988,995,727</u></u>


 Chief Executive


 Director

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

For the Half Year Ended 31 December 2016

	HALF YEAR ENDED		QUARTER ENDED	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
	Rupees	Rupees	Rupees	Rupees
SALES - net	4,382,454,730	4,146,802,102	2,491,701,897	2,446,454,348
SALES TAX	(601,669,717)	(714,327,000)	(279,565,403)	(421,224,035)
NET SALES	3,780,785,013	3,432,475,102	2,212,136,494	2,025,230,313
COST OF SALES	(2,814,176,615)	(2,438,798,156)	(1,656,877,742)	(1,431,431,802)
GROSS PROFIT	966,608,398	993,676,946	555,258,752	593,798,511
DISTRIBUTION COST	(391,088,032)	(408,973,558)	(210,859,122)	(245,667,592)
ADMINISTRATIVE EXPENSES	(130,641,100)	(113,263,229)	(65,335,608)	(63,382,689)
OTHER EXPENSES	(15,020,294)	(23,452,615)	(8,783,750)	(14,034,237)
	(536,749,426)	(545,689,402)	(284,978,480)	(323,084,518)
OTHER INCOME	51,344,742	2,644,639	28,375,210	1,868,863
PROFIT FROM OPERATIONS	481,203,714	450,632,183	298,655,482	272,582,856
FINANCE COST	(10,513,264)	(9,324,947)	(6,703,561)	(5,131,473)
PROFIT BEFORE TAXATION	470,690,450	441,307,236	291,951,921	267,451,383
TAXATION	(129,338,483)	(148,567,464)	(64,194,457)	(94,094,157)
PROFIT AFTER TAXATION	341,351,967	292,739,772	227,757,464	173,357,226
EARNINGS PER SHARE - BASIC AND DILUTED	2.94	3.36	1.96	1.99

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


Chief Executive


Director

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

For the Half Year Ended 31 December 2016

	HALF YEAR ENDED		QUARTER ENDED	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
	Rupees	Rupees	Rupees	Rupees
PROFIT AFTER TAXATION	341,351,967	292,739,772	227,757,464	173,357,226
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 INCOME FOR THE PERIOD	<u>341,351,967</u>	<u>292,739,772</u>	<u>227,757,464</u>	<u>173,357,226</u>

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


Chief Executive


Director

Unconsolidated Condensed Interim Cash Flow Statement (Un-audited)

For the Half Year Ended 31 December 2016

	Note	HALF YEAR ENDED	
		31 December 2016	31 December 2015
		Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	13	728,636,051	243,807,506
Finance cost paid		(5,839,354)	(6,727,428)
Income tax paid		(141,040,923)	(187,132,190)
Net decrease in long term loans to employees		2,232,455	951,804
Long term security deposits - net		(8,856,587)	(2,472,300)
Long term deposits - net		-	(1,000,000)
Net cash generated from operating activities		575,131,642	47,427,392
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property and equipment		(439,969,635)	(6,729,278)
Capital expenditure on intangible assets		(659,520)	(4,727,320)
Proceeds from disposal of property and equipment		2,413,480	1,409,998
Investment in subsidiary company		(770,550,000)	(148,550,000)
Short term investments - net		198,968,082	-
Profit on bank deposits and short term investments received		39,991,477	980,177
Net cash used in investing activities		(969,806,116)	(157,616,423)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of liabilities against assets subject to finance lease		(9,391,599)	(10,568,860)
Long term financing - net		(2,393,625)	1,143,000
Dividend paid		(156,122,565)	(17,400,600)
Short term borrowings - net		527,104,631	141,330,850
Net cash from financing activities		359,196,842	114,504,390
Net (decrease) / increase in cash and cash equivalents		(35,477,632)	4,315,359
Cash and cash equivalents at beginning of the period		186,863,426	86,783,717
Cash and cash equivalents at end of the period		151,385,794	91,099,076

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


Chief Executive


Director

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

For the Half Year Ended 31 December 2016

	SHARE CAPITAL	RESERVES		TOTAL EQUITY
		CAPITAL	REVENUE	
		SHARE PREMIUM	UN- APPROPRIATE D PROFIT	
(- Rupees -)				
Balance as at 30 June 2015 - audited	870,030,000	-	367,451,433	1,237,481,433
Transaction with owners:				
Final dividend for the year ended 30 June 2015 @ Rupee 0.20 per share of Rupees 10 each	-	-	(17,400,600)	(17,400,600)
Profit for the half year ended 31 December 2015	-	-	292,739,772	292,739,772
Other comprehensive income for the half year ended 31 December 2015	-	-	-	-
Total comprehensive income for the half year ended 31 December 2015	-	-	292,739,772	292,739,772
Balance as at 31 December 2015 - un-audited	870,030,000	-	642,790,605	1,512,820,605
Transactions with owners:				
Interim dividend for year ended 30 June 2016 @ Rupees 1.30 per share of Rupees 10 each	-	-	(150,805,200)	(150,805,200)
Shares issued	290,010,000	1,522,552,500	-	1,812,562,500
Share issuance costs	-	(80,854,554)	-	(80,854,554)
	290,010,000	1,441,697,946	(150,805,200)	1,580,902,746
Profit for the half year ended 30 June 2016	-	-	236,925,624	236,925,624
Other comprehensive income for the half year ended 30 June 2016	-	-	-	-
Total comprehensive income for the half year ended of 30 June 2016	-	-	236,925,624	236,925,624
Balance as at 30 June 2016 - audited	1,160,040,000	1,441,697,946	728,911,029	3,330,648,975
Transaction with owners:				
Final dividend for the year ended 30 June 2016 @ Rupee 1.35 per share of Rupees 10 each	-	-	(156,605,400)	(156,605,400)
Profit for the half year ended 31 December 2016	-	-	341,351,967	341,351,967
Other comprehensive income for the half year ended 31 December 2016	-	-	-	-
Total comprehensive income for the half year ended 31 December 2016	-	-	341,351,967	341,351,967
Balance as at 31 December 2016 - un-audited	1,160,040,000	1,441,697,946	913,657,596	3,515,395,542

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


Chief Executive


Director

Selected Notes to and Forming Part of the Unconsolidated Condensed Interim Financial Information (Un-audited)

For the Half Year Ended 31 December 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. On 31 October 2011, the Company was converted into public limited company and on 01 March 2016, the Company was formally listed on Pakistan Stock Exchange Limited. The registered office of the Company is situated at 1-A, Danepur Road, GOR-1, Lahore. The principal activity of the Company is to procure and distribute petroleum products.

During the half year ended 31 December 2016, Oil & Gas Regulatory Authority (OGRA) has granted license to the Company to establish an Oil Marketing Company (OMC), subject to some conditions.

2. BASIS OF PREPARATION

This unconsolidated condensed interim financial information is un-audited but subject to limited scope review by the statutory auditors 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 half year ended 31 December 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 unconsolidated condensed interim financial information should be read in conjunction with the audited annual financial statements of the Company for the year ended 30 June 2016.

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 2016.

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 2016.

Selected Notes to and Forming Part of the Unconsolidated Condensed Interim Financial Information (Un-audited)

For the Half Year Ended 31 December 2016

	Un-audited 31 December 2016 Rupees	Audited 30 June 2016 Rupees
5. LONG TERM FINANCING		
From banking company - secured		
Bank Al-Habib Limited - 1 (Note 5.1)	-	809,625
Bank Al-Habib Limited - 2 (Note 5.2)	-	1,584,000
	-	2,393,625
Less: Current portion shown under current liabilities	-	1,363,500
	-	1,030,125
5.1 This facility has been fully repaid during the period. It was obtained for purchase of generator and was secured against charge of Rupees 1.143 million over generator and personal guarantees of directors. This carried mark-up at the rate of 3 months KIBOR plus 2% per annum. It was repayable in 24 equal monthly instalments. Effective rate of mark-up charged during the period / year ranged from 8.04 % to 8.35% (30 June 2016: 8.35 % to 8.49%) per annum.		
5.2 This facility has been fully repaid during the period. It was obtained for purchase of generator and was secured against charge of Rupees 1.584 million over generator and personal guarantees of directors. This carried mark-up at the rate of 3 months KIBOR plus 2% per annum. It was repayable in 8 equal quarterly instalments. Effective rate of mark-up charged during the period / year ranged from 8.04 % to 8.07% (30 June 2016: 8.05 %) per annum.		
	Un-audited 31 December 2016 Rupees	Audited 30 June 2016 Rupees
6. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
Future minimum lease payments	29,965,681	37,389,165
Less: Un-amortized finance charge	1,476,699	1,826,044
Present value of future minimum lease payments	28,488,982	35,563,121
Less: Current portion shown under current liabilities	16,319,560	20,388,130
	12,169,422	15,174,991
7. TRADE AND OTHER PAYABLES		
Creditors	792,163,355	158,279,683
Accrued liabilities	383,591,808	140,211,383
Advances from customers	160,868,037	130,872,499
Retention money payable	142,567	134,311
Customs duty and other charges payable	139,443,498	74,217,825
Income tax deducted at source	2,754,751	9,696,944
Sales tax payable	41,716,446	69,320,229
Unclaimed dividend	1,347,298	864,463
Payable to employees' provident fund trust	1,594,016	-
	1,523,621,776	583,597,337

Selected Notes to and Forming Part of the Unconsolidated Condensed Interim Financial Information (Un-audited)

For the Half Year Ended 31 December 2016

	Un-audited 31 December 2016 Rupees	Audited 30 June 2016 Rupees
8. SHORT TERM BORROWINGS		
From banking companies - secured		
Running finances (Note 8.1)	361,172,336	-
Finance against trust receipts (Note 8.2)	41,357,111	-
Running musharakah (Note 8.3)	124,575,184	-
	<u>527,104,631</u>	<u>-</u>
8.1 These facilities amounting to Rupees 450 million are secured against first pari passu hypothecation charge over current assets of the Company, lien over term deposit receipts and personal guarantees of directors. The rates of mark-up range from 3 months KIBOR plus 1.25% to 1.50% per annum		
8.2 This facility amounting to Rupees 300 million is secured against first pari passu hypothecation charge over current assets of the Company, lien over shipping documents and personal guarantees of directors. The mark-up is payable at 3 months KIBOR plus 1.50% per annum.		
8.3 This facility amounting to Rupees 150 million is secured against first pari passu hypothecation charge over current assets of the Company with 25% margin. The mark-up is payable at 3 months KIBOR plus 1.00% per annum.		
9. CONTINGENCIES AND COMMITMENTS		
9.1 Contingencies		
9.1.1 The Additional Commissioner Inland Revenue issued an assessment order for the tax year 2009 under section 122 (5A) of the Income Tax Ordinance, 2001 by creating a demand of Rupees 11.004 million on various grounds. Against the alleged order, the Company filed an appeal before the Commissioner Inland Revenue (Appeals). The Commissioner Inland Revenue (Appeals) decided the case by deleting some of the provisions of the order whereby the tax demand has been reduced to Rupees 2.911 million which is mainly on account of non-deduction of withholding tax. Being aggrieved with order of the Commissioner Inland Revenue (Appeals), the Company has filed appeal before the Appellant Tribunal Inland Revenue (ATIR). During the period, ATIR remanded back all the issues assailed in appeal to the department for adjudication afresh, and consequently the entire tax demand stands vacated.		
9.1.2 Guarantees of Rupees 10.000 million (30 June 2016: Rupees Nil) are given by the bank of the Company to Director Excise and Taxation, Karachi against disputed amount of infrastructure cess.		
9.1.3 Guarantees of Rupees 2.314 million (30 June 2016: Rupees Nil) are given by the bank of the Company to Chairman, Punjab Revenue Authority, Lahore against disputed amount of infrastructure cess.		
9.1.4 Corporate guarantees of Rupees 1,253.470 million (30 June 2016: Rupees 855.000 million) have been given by the Company to the banks in respect of financing to Hi-Tech Blending (Private) Limited - subsidiary company.		
	Un-audited 31 December 2016 Rupees	Audited 30 June 2016 Rupees
9.2 Commitments		
Contract for capital expenditure	83,807,179	3,616,368
Letters of credit other than capital expenditure	<u>193,797,363</u>	<u>340,535,013</u>

Selected Notes to and Forming Part of the Unconsolidated Condensed Interim Financial Information (Un-audited)

For the Half Year Ended 31 December 2016

	Un-audited 31 December 2016 Rupees	Audited 30 June 2016 Rupees
10. FIXED ASSETS		
Property and equipment:		
Operating fixed assets		
- Owned (Note 10.1)	587,785,533	239,293,518
- Leased (Note 10.2)	47,123,625	42,898,138
	634,909,158	282,191,656
Capital work-in-progress (Note 10.3)	121,231,693	41,263,928
	756,140,851	323,455,584
Intangible assets:		
Computer software (Note 10.4)	9,858,740	12,583,737
	765,999,591	336,039,321
10.1 Operating fixed assets – owned		
Opening book value	239,293,518	120,651,623
Add: Cost of additions during the period / year (Note 10.1.1)	357,749,782	124,150,830
Add: Book value of assets transferred from assets subject to finance lease during the period / year (Note 10.2.2)	-	14,006,764
	597,043,300	258,809,217
Less: Book value of deletions during the period / year (Note 10.1.2)	1,153,074	4,357,922
	595,890,226	254,451,295
Less: Depreciation charged during the period / year	8,104,693	15,157,777
Closing book value	587,785,533	239,293,518
10.1.1 Cost of additions during the period / year		
Freehold land	355,881,500	109,326,530
Furniture and fittings	364,088	408,002
Vehicles	379,265	625,195
Office equipment	392,128	4,934,030
Computers	732,801	8,857,073
	357,749,782	124,150,830
10.1.2 Book value of deletions during the period / year		
Cost:		
Vehicles	3,300,800	3,073,657
Office equipment	106,343	5,740,245
Computers	58,000	567,128
	3,465,143	9,381,030
Less: Accumulated depreciation	2,312,069	5,023,108
	1,153,074	4,357,922

Selected Notes to and Forming Part of the Unconsolidated Condensed Interim Financial Information (Un-audited)

For the Half Year Ended 31 December 2016

	Un-audited 31 December 2016 Rupees	Audited 30 June 2016 Rupees
10.2 Operating fixed assets – leased		
Opening book value	42,898,138	62,993,807
Add: Cost of additions during the period / year (Note 10.2.1)	8,751,430	10,618,090
	<u>51,649,568</u>	<u>73,611,897</u>
Less: Book value of assets transferred to owned assets during the period / year (Note 10.2.2)	-	14,006,764
	<u>51,649,568</u>	<u>59,605,133</u>
Less: Depreciation charged during the period / year	4,525,943	16,706,995
Closing book value	<u><u>47,123,625</u></u>	<u><u>42,898,138</u></u>
10.2.1 Cost of additions during the period / year		
Generator	1,698,360	-
Vehicles	7,053,070	10,618,090
	<u><u>8,751,430</u></u>	<u><u>10,618,090</u></u>
10.2.2 Book value of assets transferred to owned assets during the period / year		
Cost:		
Vehicles	-	21,240,386
Less: Accumulated depreciation	-	7,233,622
	<u><u>-</u></u>	<u><u>14,006,764</u></u>
10.3 Capital work-in-progress		
Advance against purchase of apartment	25,226,750	25,226,750
Advance for purchase of vehicle	36,517,495	2,015,505
Civil works	28,077,471	8,451,580
Unallocated expenditures	31,409,977	5,570,093
	<u><u>121,231,693</u></u>	<u><u>41,263,928</u></u>
10.4 Computer software		
Opening book value	12,583,737	13,045,477
Add: Cost of addition during the period / year	659,520	5,984,979
Less: Amortization charged during the period / year	3,384,517	6,446,719
Closing book value	<u><u>9,858,740</u></u>	<u><u>12,583,737</u></u>

Selected Notes to and Forming Part of the Unconsolidated Condensed Interim Financial Information (Un-audited)

For the Half Year Ended 31 December 2016

	Un-audited 31 December 2016 Rupees	Audited 30 June 2016 Rupees
11. INVESTMENT IN SUBSIDIARY COMPANY - AT COST		
Hi-Tech Blending (Private) Limited - unquoted 10,000,050 (30 June 2016: 10,000,050) fully paid ordinary shares of Rupees 10 each Equity held: 100% (30 June 2016: 100%) Advance against issuance of shares	100,000,500 1,773,309,500 <u>1,873,310,000</u>	100,000,500 1,002,759,500 <u>1,102,760,000</u>
12. STOCK-IN-TRADE		
Lubricants Stock of promotional items	979,654,176 314,838 <u>979,969,014</u>	662,906,276 358,499 <u>663,264,775</u>
12.1 Stock-in-trade includes stock-in-transit of Rupees 640.645 million (30 June 2016: Rupees 434.590 million) lying at custom bonded warehouses.		

UN-AUDITED	
HALF YEAR ENDED	
31 December 2016 Rupees	31 December 2015 Rupees

13. CASH GENERATED FROM OPERATIONS		
Profit before taxation	470,690,450	441,307,236
Adjustments for non-cash charges and other items:		
Depreciation on operating fixed assets	12,630,636	13,638,793
Amortization on intangible assets	3,384,517	3,330,163
Amortization of deferred income	-	(136,103)
Provision for doubtful trade debts	687,614	-
Debit balances written off	18,652	-
Gain on disposal of property and equipment	(1,260,406)	(1,094,998)
Unrealized gain on remeasurement of investment at fair value	(4,836,971)	-
Profit on bank deposits and short term investments	(44,560,620)	(980,177)
Finance cost	10,513,264	9,324,947
Working capital changes (Note 13.1)	<u>281,368,915</u>	<u>(221,582,355)</u>
	<u>728,636,051</u>	<u>243,807,506</u>

Selected Notes to and Forming Part of the Unconsolidated Condensed Interim Financial Information (Un-audited)

For the Half Year Ended 31 December 2016

		UN-AUDITED	
		HALF YEAR ENDED	
		31 December 2016	31 December 2015
		Rupees	Rupees
13.1 Working capital changes			
(Increase) / decrease in current assets:			
Stock-in-trade		(316,704,239)	(697,866,586)
Trade debts		(136,242,984)	50,160,366
Loans and advances		(96,852,189)	1,307,695
Short term deposits and prepayments		(7,330,336)	201,581
Other receivables		(101,042,941)	(49,453,087)
		(658,172,689)	(695,650,031)
Increase in trade and other payables		939,541,604	474,067,676
		281,368,915	(221,582,355)

14. TRANSACTIONS WITH RELATED PARTIES

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

		UN-AUDITED			
		HALF YEAR ENDED		QUARTER ENDED	
		31 December 2016	31 December 2015	31 December 2016	31 December 2015
i. Transactions		Rupees			
Subsidiary company					
Share deposit money	770,550,000	148,550,000	549,850,000	89,100,000	
Purchase of lubricants	810,197,173	-	544,738,357	-	
Associated companies:					
MAS Associates (Private) Limited					
Share of common expenses	220,268	168,318	107,265	76,464	
SK Lubricants Company Limited					
Purchase of lubricants	2,188,723,717	-	1,369,680,646	-	
Other related parties					
Rent paid to directors	8,259,348	8,259,348	4,129,677	4,129,677	
Contribution to employees' provident fund trust	5,570,229	5,110,901	2,734,975	5,110,901	
Remuneration of key management personnel	71,827,622	75,877,060	42,431,865	39,745,457	
Donation to Sabra, Hameeda Trust	6,000,000	5,500,000	3,000,000	4,000,000	
			Un-audited	Audited	
			31 December 2016	30 June 2016	
			Rupees	Rupees	
ii. Period end balances					
Subsidiary company:					
Investment in Hi-Tech Blending (Private) Limited			1,873,310,000	1,102,760,000	
Payable to Hi-Tech Blending (Private) Limited			224,349,157	-	
Associated companies:					
Receivable from MAS Associates (Private) Limited			220,268	215,832	
Receivable from SK Lubricants Company Limited			101,016,927	-	
Payable to SK Lubricants Company Limited			545,661,627	115,947,873	
Other related party:					
Payable to employees' provident fund trust			1,594,016	-	

Selected Notes to and Forming Part of the Unconsolidated Condensed Interim Financial Information (Un-audited)

For the Half Year Ended 31 December 2016

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 this unconsolidated condensed interim financial information. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the following three levels. An explanation of each level follows underneath the table.

Recurring fair value measurements	31 December 2016			Total
	Level 1	Level 2	Level 3	
----- Rupees -----				
Financial assets				
Financial assets at fair value through profit and loss account	58,035,661	-	-	58,035,661
Total financial assets	58,035,661	-	-	58,035,661
=====				
Recurring fair value measurements	30 June 2016			Total
	Level 1	Level 2	Level 3	
----- Rupees -----				
Financial assets				
Financial assets at fair value through profit and loss account	3,198,690	-	-	3,198,690
Total financial assets	3,198,690	-	-	3,198,690

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 2016. 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 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 Company is the current bid price. These instruments are included in level 1.

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

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

Valuation techniques used to determine fair values

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

(ii)

Selected Notes to and Forming Part of the Unconsolidated Condensed Interim Financial Information (Un-audited)

For the Half Year Ended 31 December 2016

16. 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 2016.

17. EVENT AFTER THE REPORTING PERIOD AND CORRESPONDING FIGURES

The Board of Directors of the Company have declared an interim dividend of Rupees 1.35 per ordinary share at their meeting held on February 18, 2017. This unconsolidated condensed interim financial information does not include the effect of the above interim dividend which will be accounted for in the period in which it is declared.

In order to comply with the requirements of International Accounting Standard (IAS) 34 'Interim Financial Reporting', the unconsolidated condensed interim balance sheet 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 profit and loss account, unconsolidated condensed interim statement of comprehensive income and unconsolidated condensed interim cash flow statement 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.

18. DATE OF AUTHORIZATION FOR ISSUE

This unconsolidated condensed interim financial information was approved by the Board of Directors and authorized for issue on February 18, 2017.

19. GENERAL

Bank balances of Rupees 22.861 million (30 June 2016: Rupees 29.973 million) and short term investments of Rupees 1,251.032 million (30 June 2016: Rupees 1,450 million) as at 31 December 2016 represent un-utilized proceeds of the initial public offer and can only be utilized for the purposes mentioned in the prospectus dated 28 December 2015 as per special condition imposed by regulators.

Figures have been rounded off to nearest of Rupee.


Chief Executive


Director

Condensed Interim Consolidated Financial Information (Un-audited)
For the Half Year Ended 31 December 2016

Condensed Interim Consolidated Balance Sheet

As at 31 December 2016

	Note	Un-audited 31 December 2016 Rupees	Audited 30 June 2016 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital 150,000,000 (30 June 2016: 150,000,000) ordinary shares of Rupees 10 each		<u>1,500,000,000</u>	<u>1,500,000,000</u>
Issued, subscribed and paid-up share capital		1,160,040,000	1,160,040,000
Capital reserve		1,441,697,946	1,441,697,946
Revenue reserve - un-appropriated profit		<u>915,486,744</u>	<u>700,673,608</u>
Total equity		3,517,224,690	3,302,411,554
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	5	214,325,909	215,356,033
Liabilities against assets subject to finance lease	6	69,208,693	165,067,091
Long term deposits		2,000,000	2,000,000
Deferred liabilities		<u>12,584,791</u>	<u>12,584,791</u>
		298,119,393	395,007,915
CURRENT LIABILITIES			
Trade and other payables	7	1,426,887,534	590,701,630
Accrued mark-up		20,560,113	15,297,891
Short term borrowings	8	704,270,111	98,994,215
Current portion of non-current liabilities		99,272,718	232,798,149
Taxation - net		<u>22,547,317</u>	<u>22,370,779</u>
		2,273,537,793	960,162,664
Total liabilities		2,571,657,186	1,355,170,579
CONTINGENCIES AND COMMITMENTS	9		
TOTAL EQUITY AND LIABILITIES		<u>6,088,881,876</u>	<u>4,657,582,133</u>

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


Chief Executive


Director

	Note	Un-audited 31 December 2016 Rupees	Audited 30 June 2016 Rupees
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	10	2,184,964,262	1,759,380,605
Unallocated expenditure		86,061,794	91,922,830
Long term loans to employees		1,677,777	3,235,345
Long term security deposits		44,714,422	101,487,135
		<u>2,317,418,255</u>	<u>1,956,025,915</u>
CURRENT ASSETS			
Store spare & loose tools		46,008,275	28,975,677
Stock-in-trade	11	1,403,901,628	723,232,736
Trade debts		287,319,167	151,144,449
Loans and advances		356,522,704	96,268,274
Short term deposits and prepayments		25,783,930	16,877,313
Interest accrued		65,545	31,283
Other receivables		101,520,571	477,630
Short term investments		1,268,966,569	1,458,562,799
Sales tax refundable		128,934,586	38,492,600
Cash and bank balances		152,440,646	187,493,457
		<u>3,771,463,621</u>	<u>2,701,556,218</u>
TOTAL ASSETS		<u><u>6,088,881,876</u></u>	<u><u>4,657,582,133</u></u>


 Chief Executive


 Director

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

For the Half Year Ended 31 December 2016

	HALF YEAR ENDED		QUARTER ENDED	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
	Rupees	Rupees	Rupees	Rupees
SALES - net	4,382,454,730	4,146,802,102	2,491,701,897	2,446,454,348
SALES TAX	(601,669,717)	(714,327,000)	(279,565,403)	(421,224,035)
NET SALES	3,780,785,013	3,432,475,102	2,212,136,494	2,025,230,313
COST OF SALES	(2,757,075,768)	(2,438,798,156)	(1,603,747,673)	(1,431,431,802)
GROSS PROFIT	1,023,709,245	993,676,946	608,388,821	593,798,511
DISTRIBUTION COST	(391,088,032)	(408,973,558)	(210,859,122)	(245,667,592)
ADMINISTRATIVE EXPENSES	(138,256,025)	(117,767,861)	(59,127,587)	(64,348,269)
OTHER EXPENSES	(15,020,297)	(23,452,615)	(8,783,778)	(14,034,237)
	(544,364,354)	(550,194,034)	(278,770,487)	(324,050,098)
OTHER INCOME	51,344,742	2,846,347	28,375,210	2,036,953
PROFIT FROM OPERATIONS	530,689,633	446,329,259	357,993,544	271,785,366
FINANCE COST	(29,932,614)	(12,273,946)	(21,317,852)	(7,310,525)
PROFIT BEFORE TAXATION	500,757,019	434,055,313	336,675,692	264,474,841
TAXATION	(129,338,483)	(149,961,479)	(64,194,457)	(95,401,942)
PROFIT AFTER TAXATION	371,418,536	284,093,834	272,481,235	169,072,899
EARNINGS PER SHARE - BASIC AND DILUTED	3.20	3.27	2.35	1.94

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


Chief Executive


Director

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

For the Half Year Ended 31 December 2016

	HALF YEAR ENDED		QUARTER ENDED	
	31 December 2016 Rupees	31 December 2015 Rupees	31 December 2016 Rupees	31 December 2015 Rupees
PROFIT AFTER TAXATION	371,418,536	284,093,834	272,481,235	169,072,899
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 INCOME FOR THE PERIOD	<u>371,418,536</u>	<u>284,093,834</u>	<u>272,481,235</u>	<u>169,072,899</u>

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


Chief Executive


Director

Condensed Interim Consolidated Cash Flow Statement (Un-audited)

For the Half Year Ended 31 December 2016

		HALF YEAR ENDED	
		31 December 2016	31 December 2015
	Note	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	12	145,880,557	214,409,259
Finance cost paid		(24,670,392)	(9,676,427)
Income tax paid		(213,984,565)	(190,883,493)
Net decrease in long term loans to employees		2,232,455	951,804
Long term security deposits - net		53,165,013	(6,172,300)
Long term deposits - net		-	(1,000,000)
Net cash generated from operating activities		(37,376,932)	7,628,843
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property and equipment		(447,332,018)	(222,274,071)
Capital expenditure on intangible assets		(659,520)	(4,727,320)
Proceeds from disposal of property and equipment		2,413,480	1,409,998
Short term investments - net		198,968,082	-
Profit on bank deposits and short term investments received		39,991,477	980,177
Net cash used in investing activities		(206,618,499)	(224,611,216)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of liabilities against assets subject to finance lease		(141,344,835)	(16,782,762)
Loans from directors - net		-	65,000,000
Long term financing - net		(98,865,876)	34,518,833
Dividend paid		(156,122,565)	(17,400,600)
Short term borrowings - net		605,275,896	141,330,850
Net cash from financing activities		208,942,620	206,666,321
Net (decrease) / increase in cash and cash equivalents		(35,052,811)	(10,316,052)
Cash and cash equivalents at beginning of the period		187,493,457	102,432,943
Cash and cash equivalents at end of the period		152,440,646	92,116,891

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


Chief Executive


Director

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

For the Half Year Ended 31 December 2016

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

	(- Rupees -)			
Balance as at 30 June 2015 - audited	870,030,000	-	350,757,450	1,220,787,450
Transaction with owners:				
Final dividend for the year ended 30 June 2015 @ Rupee 0.20 per share of Rupees 10 each	-	-	(17,400,600)	(17,400,600)
Profit for the half year ended 31 December 2015	-	-	284,093,834	284,093,834
Other comprehensive income for the half year ended 31 December 2015	-	-	-	-
Total comprehensive income for the half year ended 31 December 2015	-	-	284,093,834	284,093,834
Balance as at 31 December 2015 - un-audited	870,030,000	-	617,450,684	1,487,480,684
Transactions with owners:				
Interim dividend for year ended 30 June 2016 @ Rupees 1.30 per share of Rupees 10 each	-	-	(150,805,200)	(150,805,200)
Shares issued	290,010,000	1,522,552,500	-	1,812,562,500
Share issuance costs	-	(80,854,554)	-	(80,854,554)
	290,010,000	1,441,697,946	(150,805,200)	1,580,902,746
Profit for the half year ended 30 June 2016	-	-	234,028,124	234,028,124
Other comprehensive income for the half year ended 30 June 2016	-	-	-	-
Total comprehensive income for the half year ended of 30 June 2016	-	-	234,028,124	234,028,124
Balance as at 30 June 2016 - audited	1,160,040,000	1,441,697,946	700,673,608	3,302,411,554
Transaction with owners:				
Final dividend for the year ended 30 June 2016 @ Rupee 1.35 per share of Rupees 10 each	-	-	(156,605,400)	(156,605,400)
Profit for the half year ended 31 December 2016	-	-	371,418,536	371,418,536
Other comprehensive income for the half year ended 31 December 2016	-	-	-	-
Total comprehensive income for the half year ended 31 December 2016	-	-	371,418,536	371,418,536
Balance as at 31 December 2016 - un-audited	1,160,040,000	1,441,697,946	915,486,744	3,517,224,690

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


Chief Executive


Director

Selected Notes to and Forming Part of the Consolidated Condensed Interim Financial Information (Un-audited)

For the Half Year Ended 31 December 2016

1. THE GROUP AND ITS OPERATIONS

The Group consists of:

Holding Company

- Hi-Tech Lubricants Limited

Subsidiary Company

- Hi-Tech Blending (Private) Limited

Hi-Tech Lubricants Limited

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

During the half year ended 31 December 2016, Oil & Gas Regulatory Authority (OGRA) has granted license to the Company to establish an Oil Marketing Company (OMC), subject to some conditions.

Hi-Tech Blending (Private) Limited

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

2. BASIS OF PREPARATION

This consolidated condensed interim financial information of the group for the half year ended December 31, 2016 has been prepared in accordance with the requirement of the international accounting standard no.34 – interim financial reporting and provisions of and directive 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.

3. ACCOUNTING POLICES

The accounting policies and the method of computation adopted in the preparation of the consolidated condensed interim financial information at the same as those applies in the preparation of the financial statement for the year ended June 30, 2016.

There are certain new and amended standards and interpretations that have been published and are mandatory for the accounting periods beginning on and after July 01, 2016 but are considered not to be relevant or did not have significant effect on the Group's operations and are, therefore, not detailed in these condensed interim financial information.

4. ACCOUNTING ESTIMATES JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

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

Judgements and estimates made by the management in the preparation of this consolidated condensed interim financial information are the same as those that were applies to financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statement as at and for the year ended June 30, 2016.

The company's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statement as at and for the year ended June 30, 2016.

Selected Notes to and Forming Part of the Consolidated Condensed Interim Financial Information (Un-audited)

For the Half Year Ended 31 December 2016

	Un-audited 31 December 2016 Rupees	Audited 30 June 2016 Rupees
5. LONG TERM FINANCING		
From banking company - secured		
Habib Metropolitan Bank Limited	7,345,000	375,466,048
Bank Al-Habib Limited - 1	281,443,797	9,795,000
Bank Al-Habib Limited - 2 (Note 5.1)	-	809,625
Bank Al-Habib Limited - 3 (Note 5.2)	-	1,584,000
	<u>288,788,797</u>	<u>387,654,673</u>
Less: Current portion shown under current liabilities	74,462,888	172,298,640
	<u>214,325,909</u>	<u>215,356,033</u>
5.1 This facility has been fully repaid during the period. It was obtained for purchase of generator and was secured against charge of Rupees 1.143 million over generator and personal guarantees of directors. This carried mark-up at the rate of 3 months KIBOR plus 2% per annum. It was repayable in 24 equal monthly instalments. Effective rate of mark-up charged during the period / year ranged from 8.04 % to 8.35% (30 June 2016: 8.35 % to 8.49%) per annum.		
5.2 This facility has been fully repaid during the period. It was obtained for purchase of generator and was secured against charge of Rupees 1.584 million over generator and personal guarantees of directors. This carried mark-up at the rate of 3 months KIBOR plus 2% per annum. It was repayable in 8 equal quarterly instalments. Effective rate of mark-up charged during the period / year ranged from 8.04 % to 8.07% (30 June 2016: 8.05 %) per annum.		
6. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
Future minimum lease payments	101,032,303	240,409,023
Less: Un-amortized finance charge	7,013,780	14,842,423
Present value of future minimum lease payments	<u>94,018,523</u>	<u>225,566,600</u>
Less: Current portion shown under current liabilities	24,809,830	60,499,509
	<u>69,208,693</u>	<u>165,067,091</u>
7. TRADE AND OTHER PAYABLES		
Creditors	586,925,110	215,303,011
Accrued liabilities	386,369,883	141,376,790
Advances from customers	160,868,037	130,872,499
Retention money payable	14,781,575	17,995,188
Customs duty and other charges payable	272,112,713	74,217,825
Income tax deducted at source	2,888,902	10,071,854
Unclaimed dividend	1,347,298	864,463
Payable to employees' provident fund trust	1,594,016	-
	<u>1,426,887,534</u>	<u>590,701,630</u>

Selected Notes to and Forming Part of the Consolidated Condensed Interim Financial Information (Un-audited)

For the Half Year Ended 31 December 2016

	Un-audited 31 December 2016 Rupees	Audited 30 June 2016 Rupees
8. SHORT TERM BORROWINGS		
From banking companies - secured		
Running finances (Note 8.1)	413,386,760	12,075,977
Temporary overdraft	54,951,056	1,918,238
Finance against trust receipts (Note 8.2)	41,357,111	-
Running musharakah (Note 8.3)	124,575,184	-
	634,270,111	13,994,215
From related parties - unsecured		
Loan from directors	70,000,000	85,000,000
	704,270,111	98,994,215

8.1 These facilities amounting to Rupees 450 million are secured against first pari passu hypothecation charge over current assets of the Company, lien over term deposit receipts and personal guarantees of directors. The rates of mark-up range from 3 months KIBOR plus 1.25% to 1.50% per annum

8.2 This facility amounting to Rupees 300 million is secured against first pari passu hypothecation charge over current assets of the Company, lien over shipping documents and personal guarantees of directors. The mark-up is payable at 3 months KIBOR plus 1.50% per annum.

8.3 This facility amounting to Rupees 150 million is secured against first pari passu hypothecation charge over current assets of the Company with 25% margin. The mark-up is payable at 3 months KIBOR plus 1.00% per annum.

9. CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

9.1.1 The Additional Commissioner Inland Revenue issued an assessment order for the tax year 2009 under section 122 (5A) of the Income Tax Ordinance, 2001 by creating a demand of Rupees 11.004 million on various grounds. Against the alleged order, the Company filed an appeal before the Commissioner Inland Revenue (Appeals). The Commissioner Inland Revenue (Appeals) decided the case by deleting some of the provisions of the order whereby the tax demand has been reduced to Rupees 2.911 million which is mainly on account of non-deduction of withholding tax. Being aggrieved with order of the Commissioner Inland Revenue (Appeals), the Company has filed appeal before the Appellant Tribunal Inland Revenue (ATIR). During the period, ATIR remanded back all the issues assailed in appeal to the department for adjudication afresh, and consequently the entire tax demand stands vacated.

9.1.2 Guarantees of Rupees 10.000 million (30 June 2016: Rupees Nil) are given by the bank of the Company to Director Excise and Taxation, Karachi against disputed amount of infrastructure cess.

9.1.3 Guarantees of Rupees 2.314 million (30 June 2016: Rupees Nil) are given by the bank of the Company to Chairman, Punjab Revenue Authority, Lahore against disputed amount of infrastructure cess.

9.1.4 Corporate guarantees of Rupees 1,253.470 million (30 June 2016: Rupees 855.000 million) have been given by the Company to the banks in respect of financing to Hi-Tech Blending (Private) Limited - subsidiary company.

Selected Notes to and Forming Part of the Consolidated Condensed Interim Financial Information (Un-audited)

For the Half Year Ended 31 December 2016

	Un-audited 31 December 2016 Rupees	Audited 30 June 2016 Rupees
9.2 Commitments		
Contract for capital expenditure	83,807,179	13,485,336
Letters of credit other than capital expenditure	<u>218,797,363</u>	<u>402,294,220</u>
10. FIXED ASSETS		
Property and equipment:		
Operating fixed assets		
- Owned (Note 10.1)	1,914,542,542	427,789,593
- Leased (Note 10.2)	138,924,859	65,200,771
	<u>2,053,467,401</u>	<u>492,990,364</u>
Capital work-in-progress (Note 10.3)	121,231,693	1,253,328,353
	<u>2,174,699,094</u>	<u>1,746,318,717</u>
Intangible assets:		
Computer software (Note 10.4)	10,265,168	13,061,888
	<u>2,184,964,262</u>	<u>1,759,380,605</u>
10.1 Operating fixed assets – owned		
Opening book value	427,789,593	309,275,461
Add: Cost of additions during the period / year (Note 10.1.1)	1,517,274,846	142,910,341
Add: Book value of assets transferred from assets subject to finance lease during the period / year (Note 10.2.2)	-	14,006,764
	<u>1,945,064,439</u>	<u>466,192,566</u>
Less: Book value of deletions during the period / year (Note 10.1.2)	1,153,074	21,963,501
	<u>1,943,911,365</u>	<u>444,229,065</u>
Less: Depreciation charged during the period / year	29,368,823	16,439,472
Closing book value	<u>1,914,542,542</u>	<u>427,789,593</u>
10.1.1 Cost of additions during the period / year		
Freehold land	423,596,947	110,346,530
Building	257,926,157	-
Plant & Machinery	774,851,583	-
Electric Installation	50,259,491	-
Furniture and fittings	6,615,264	2,772,312
Vehicles	559,295	9,907,392
Office equipment	2,351,489	7,674,380
Computers	1,114,620	12,209,727
	<u>1,517,274,846</u>	<u>142,910,341</u>

Selected Notes to and Forming Part of the Consolidated Condensed Interim Financial Information (Un-audited)

For the Half Year Ended 31 December 2016

	Un-audited 31 December 2016 Rupees	Audited 30 June 2016 Rupees
10.1.2 Book value of deletions during the period / year		
Cost:		
Vehicles	3,300,800	21,125,969
Office equipment	106,343	5,740,245
Computers	58,000	567,128
	<u>3,465,143</u>	<u>27,433,342</u>
Less: Accumulated depreciation	2,312,069	5,469,841
	<u>1,153,074</u>	<u>21,963,501</u>
10.2 Operating fixed assets – leased		
Opening book value	65,200,771	71,211,682
Add: Cost of additions during the period / year (Note 10.2.1)	81,993,508	29,118,090
	<u>147,194,279</u>	<u>100,329,772</u>
Less: Book value of assets transferred to owned assets during the period / year (Note 10.2.2)	-	14,006,764
	<u>147,194,279</u>	<u>86,323,008</u>
Less: Depreciation charged during the period / year	8,269,420	21,122,237
Closing book value	<u>138,924,859</u>	<u>65,200,771</u>
10.2.1 Cost of additions during the period / year		
Plant & Machinery	73,242,078	-
Generator	1,698,360	-
Vehicles	7,053,070	29,118,080
	<u>81,993,508</u>	<u>29,118,080</u>
10.2.2 Book value of assets transferred to owned assets during the period / year		
Cost:		
Vehicles	-	21,240,386
Less: Accumulated depreciation	-	7,233,622
	<u>-</u>	<u>14,006,764</u>
10.3 Capital work-in-progress		
Construction of Blending plant & others	121,231,693	1,253,328,353
	<u>121,231,693</u>	<u>1,253,328,353</u>
10.4 Computer software		
Opening book value	13,061,888	13,728,550
Add: Cost of addition during the period / year	659,520	5,984,979
Less: Amortization charged during the period / year	3,456,240	6,651,641
Closing book value	<u>10,265,168</u>	<u>13,061,888</u>

Selected Notes to and Forming Part of the Consolidated Condensed Interim Financial Information (Un-audited)

For the Half Year Ended 31 December 2016

	Un-audited 31 December 2016 Rupees	Audited 30 June 2016 Rupees
11. STOCK-IN-TRADE		
Lubricants	1,403,586,790	722,874,237
Stock of promotional items	314,838	358,499
	<u>1,403,901,628</u>	<u>723,232,736</u>
11.1 Stock-in-trade includes stock-in-transit of Rupees 640.645 million (30 June 2016: Rupees 434.590 million) lying at custom bonded warehouses.		
	UN-AUDITED	
	HALF YEAR ENDED	
	31 December 2016	31 December 2015
	Rupees	Rupees
12. CASH GENERATED FROM OPERATIONS		
Profit before taxation	500,757,019	434,055,313
Adjustments for non-cash charges and other items:		
Depreciation on operating fixed assets	37,638,243	14,407,126
Amortization on intangible assets	3,456,240	3,406,060
Amortization of deferred income	-	(337,811)
Provision for doubtful trade debts	687,614	-
Debit balances written off	18,652	-
Gain on disposal of property and equipment	(1,260,406)	(1,094,998)
Unrealized gain on remeasurement of investment at fair value	(4,836,971)	-
Profit on bank deposits and short term investments	(44,560,620)	(980,177)
Finance cost	29,932,614	12,273,946
Working capital changes (Note 12.1)	(375,951,828)	(247,320,200)
	<u>145,880,557</u>	<u>214,409,259</u>
12.1 Working capital changes		
(Increase) / decrease in current assets:		
Store spare & loose tools	(17,032,598)	-
Stock-in-trade	(680,668,892)	(697,866,586)
Trade debts	(360,584,538)	50,160,366
Loans and advances	(176,106,679)	(761,452)
Short term deposits and prepayments	(9,480,817)	(81,453)
Other receivables	(101,042,941)	(49,453,087)
Sales tax recoverable	(62,838,203)	(19,663,260)
	<u>(1,407,754,668)</u>	<u>(717,665,472)</u>
Increase in trade and other payables	1,031,802,840	470,345,272
	<u>(375,951,828)</u>	<u>(247,320,200)</u>

Selected Notes to and Forming Part of the Consolidated Condensed Interim Financial Information (Un-audited)

For the Half Year Ended 31 December 2016

13. TRANSACTIONS WITH RELATED PARTIES

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

UN-AUDITED			
HALF YEAR ENDED		QUARTER ENDED	
31 December 2016	31 December 2015	31 December 2016	31 December 2015

----- Rupees -----

i. Transactions

Subsidiary company

Share deposit money	770,550,000	148,550,000	770,550,000	89,100,000
Purchase of lubricants	810,197,173	-	544,738,357	-

Associated companies:

MAS Associates (Private) Limited

Share of common expenses	220,268	168,318	107,265	76,464
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SK Lubricants Company Limited

Purchase of lubricants	2,188,723,717	-	1,369,680,646	-
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Other related parties

Rent paid to directors	8,259,348	8,259,348	4,129,677	4,129,677
Contribution to employees' provident fund trust	5,570,229	5,110,901	2,734,975	5,110,901
Remuneration of key management personnel	71,827,622	75,877,060	42,431,865	39,745,457
Donation to Sabra, Hameeda Trust	6,000,000	5,500,000	3,000,000	4,000,000

Un-audited
31 December
2016
Rupees

Audited
30 June
2016
Rupees

ii. Period end balances

Subsidiary company:

Investment in Hi-Tech Blending (Private) Limited	1,873,310,000	1,102,760,000
Payable to Hi-Tech Blending (Private) Limited	224,349,157	-

Associated companies:

Receivable from MAS Associates (Private) Limited	220,268	215,832
Receivable from SK Lubricants Company Limited	101,016,927	-
Payable to SK Lubricants Company Limited	545,661,627	115,947,873

Other related party:

Payable to employees' provident fund trust	1,594,016	-
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Selected Notes to and Forming Part of the Consolidated Condensed Interim Financial Information (Un-audited)

For the Half Year Ended 31 December 2016

14. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

(i) Fair value hierarchy

Judgements and estimates are made in determining the fair values of the financial instruments that are recognised and measured at fair value in this consolidated condensed interim financial information. 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.

	31 December 2016			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
Financial assets				
Financial assets at fair value through profit and loss account	58,035,661	-	-	58,035,661
Total financial assets	58,035,661	-	-	58,035,661
Recurring fair value measurements				
Financial assets				
Financial assets at fair value through profit and loss account	3,198,690	-	-	3,198,690
Total financial assets	3,198,690	-	-	3,198,690

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 2016. 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.

Valuation techniques used to determine fair values

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

(ii)

Selected Notes to and Forming Part of the Consolidated Condensed Interim Financial Information (Un-audited)

For the Half Year Ended 31 December 2016

15. 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 2016.

16. EVENT AFTER THE REPORTING PERIOD AND CORRESPONDING FIGURES

The Board of Directors of the Group have declared an interim dividend of Rupees 1.35 per ordinary share at their meeting held on February 18, 2017. This consolidated condensed interim financial information does not include the effect of the above interim dividend which will be accounted for in the period in which it is declared.

In order to comply with the requirements of International Accounting Standard (IAS)34 'Interim Financial Reporting', the consolidated condensed interim balance sheet 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 profit and loss account, consolidated condensed interim statement of comprehensive income and consolidated condensed interim cash flow statement 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.

17. DATE OF AUTHORIZATION FOR ISSUE

This consolidated condensed interim financial information was approved by the Board of Directors and authorized for issue on February 18, 2017.

18. GENERAL

Bank balances of Rupees 22.861 million (30 June 2016: Rupees 29.973 million) and short term investments of Rupees 1,251.032 million (30 June 2016: Rupees 1,450 million) as at 31 December 2016 represent un-utilized proceeds of the initial public offer and can only be utilized for the purposes mentioned in the prospectus dated 28 December 2015 as per special condition imposed by regulators.

Figures have been rounded off to nearest of Rupee.


Chief Executive


Director

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