

CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE HALF YEAR ENDED DECEMBER 31, 2017 (Un-audited)

REDEFINING  
BUSINESS  
EXPANSION

# Company Information

## BOARD OF DIRECTORS

Mr. Shaukat Hassan  
Chairman  
(Non Executive Director)

Mr. Hassan Tahir  
Chief Executive Officer  
(Executive Director)

Mr. Muhammad Ali Hassan  
(Executive Director)

Mr. Tahir Azam  
(Non Executive Director)

Mr. Muhammad Tabassum Munir  
(Independent Director)

Dr. Safdar Ali Butt  
(Independent Director)

Mr. Faraz Akhtar Zaidi  
(Non Executive Director)

Ms. Mavira Tahir  
(Non Executive Director)

Syed Asad Abbas Hussain  
(Independent Director)

Mr. Ji Won Park  
(SK Lubricants' Nominee Director)

## CHIEF FINANCIAL OFFICER

Mr. Muhammad Imran

## COMPANY SECRETARY/ CHIEF COMPLIANCE OFFICER

Mr. Fraz Amjad Khawaja

## EXTERNAL AUDITORS

Riaz Ahmad & Co.  
Chartered Accountants

## INTERNAL AUDITORS

EY Ford Rhodes Sidat Hyder  
Chartered Accountants

## REGISTERED OFFICE

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

## AUDIT COMMITTEE

Mr. Muhammad Tabassum Munir  
Chairman / Member

Dr. Safdar Ali Butt  
Member

Mr. Shaukat Hassan  
Member

Mr. Tahir Azam  
Member

Mr. Faraz Akhtar Zaidi  
Member

## HR & REMUNERATION COMMITTEE

Dr. Safdar Ali Butt  
Chairman / Member

Mr. Tahir Azam  
Member

Mr. Shaukat Hassan  
Member

Mr. Muhammad Ali Hassan  
Member

Ms. Mavira Tahir  
Member

## LEGAL ADVISOR

Mr. Ijaz Lashari

## BANKERS AND LENDERS

Bank Al-Habib Limited  
MCB Bank Limited  
Bank Alfalah Limited  
Habib Metropolitan Bank Ltd  
Standard Chartered Bank  
JS Bank Limited  
Askari Bank Limited  
National Bank Limited  
United Bank Limited  
The Bank of Punjab  
Meezan Bank Limited  
Habib Bank Limited  
Summit Bank Limited  
Al-Baraka Bank Limited



## Directors' Review

The Directors of the Company are pleased to submit 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, 2017.

We are pleased to report the following results delivering good topline growth and improved profitability.

### Financial and Operational Performance

The comparison of the un-audited financial results for the second quarter and half year ended December 31, 2017 With December 31, 2016 is as follows:

<i>All figures in millions of Pak Rs unless specifically stated otherwise</i>	Jul-Dec 2017	Jul-Dec 2016	% Change	Oct-Dec 2017	Oct-Dec 2016	% Change	Jul-Dec 2017	Jul-Dec 2016	% Change	Oct-Dec 2017	Oct-Dec 2016	% Change
	Un-consolidated						Consolidated					
	For the half Year			For the Second Quarter			For the half year			For the Second Quarter		
Net Sales	5,399	3,781	+42.8	3,362	2,212	+52.0%	5,399	3,781	+42.8%	3,362	2,212	+52.0%
Gross Profit % of sales	1,184 21.9%	967 25.5%	+22.4%	763 25.6%	555 25.1%	+37.4%	1,429 26.5%	1,024 27.1%	+39.6%	954 28.4%	608 27.5%	+56.9%
Profit from Operations % of sales	596 11.0%	481 12.7%	+23.9%	406 12.7%	299 13.5%	+35.8%	773 14.3%	531 14%	+45.6%	559 16.6%	358 16.2%	+56.1%
Profit before Tax % of sales	557 10.3%	471 12.4%	+18.3%	385 12.4%	292 13.2%	+31.8%	711 13.2%	501 13.2%	+41.9%	522 15.5%	337 15.2%	+54.9%
Profit after Tax % of sales	382 7.1%	341 9.0%	+11.9%	264 9%	228 10.3%	+15.8%	512 9.5%	371 9.8%	+38%	378 11.2%	272 12.3%	+38.7%
EPS – Basic (PRs)	3.29	2.94	+11.9%	2.27	1.96	+15.8%	4.42	3.20	+38.1%	3.26	2.35	+38.7%

### Sales

Our consolidated sales revenue for the half year grew by PKR 1,618 million yielded a growth of +42.8% driven primarily by volume growth of +37.2%.

### Gross profits

We delivered a sustained margin of 26.5% (consolidated) for the half year. The company managed working capital efficiently and invested in its inventory position in anticipation of oil price and foreign exchange volatility to maintain margins.

### Operating and Net profits

We delivered an operating profit of 14.3% as a percentage of sales. This was achieved through effective cost management despite expenditures associated with growth initiatives that are expected to produce revenues in the future. Our net profit after tax stood at PKR 512 million registering strong growth of +38%.

### Position of IPO Funds

Bank balances of Rupees 72 million (30 June 2017: Rupees 20 million) and short term investments of Rupees 962 million (30 June 2017: Rupees 1,075 million) at 31 December 2017 represent un-utilized proceeds of the initial public offer and can only be utilized for the purposes of expansions through OMC and HTL centers of the Company.

### PROGRESS UPDATE - EXPANSION THROUGH RETAIL OUTLET

#### HTL Express Centers

Owned Service Centre (1)	Rented Service Centers (6)				Discontinued Centre (1)
Under Regulatory Approvals	Operational	Approved and under Construction	Under Regulatory Approvals	Under Negotiations	Legal/Technical Issues
(1)	(2)	(3)	(1)	(4)	(1)

## Directors' Review

HTL Express Centers provide our customers a unique and unmatched service for all of their preventative car maintenance needs. The focus is on premium service and quality in keeping with the strategy of HTL. Currently two service centers are operational in Lahore (shareholders are encouraged to visit and experience the service for themselves). Another three centers are under construction and are expected to start commercial operations by June, 2018 and the remaining two by December 2018. An additional four sites are under negotiations in Karachi and Islamabad.

We envisage aligning our HTL centers with our fuel stations as our OMC comes online.

### EXPANSION THROUGH BLENDING PLANT

The Irrevocable Letter of Credits (ILCs) for additional filling lines and blow moulding machines have been established. This expansion will be financed by internally generated funds. As evident in the consolidated financial statements, our subsidiary company has now begun to generate substantial stand-alone profits.

### EXPANSION THROUGH SETTING UP OIL MARKETING COMPANY

Under the provisional license from Oil & Gas Regulatory Authority (OGRA) your company is setting up an oil depot at Sahiwal for storage and marketing of products. The storage is now complete and the first inspection by OGRA has been conducted. We are hopeful that commercial operations of retail fuel will start in the 1st half of 2018 based on anticipated regulatory approvals and NOCs. An additional site for storage and marketing of products in KPK at Tarun Jabba is currently in the registration process.

### Future Outlook

Our future plan is to maintain and even improve on current growth rates with the introduction of "fighter brands" in the MCO, HDDEO and PCMO categories. These products will be marketed in economical packs that will broaden the product portfolio and increase ZIC's penetration in the mid and lower tier segments giving it an edge in a market that is still dominated by used vehicle sales.

HTL's Expansion plan to set up 360 Fuel station across Pakistan is well on track with initial phases completed. The strategy is to not just provide fuel but to provide a more comprehensive product offering with Preventive Car Maintenance services provided by HTL Express and convenience stores by HTL Mart (non-fuel Retail).

By the grace of Almighty Allah Hi-Tech Blending (PVT) Ltd, wholly owned subsidiary of Hi-Tech Lubricants Limited has successfully managed to run for 2 years with no safety or quality issues. With this track record the Company is ready to expand into blending economical products for the Pakistani market and will be better positioned to cater to the local industrial sector. Both these segments represent significant growth opportunities for HTL.

Hi-Tech has always believed that organization is only as strong as the people that make it and we are growing the organization at a sustainable rate and investing in our people to achieve the anticipated expansion ahead.

The future of Hi-Tech Lubricants Limited looks promising with our expansion plans and corporate strategy in place. Our perspective is that there is always room for improvement, and we plan to continue our tradition of following new & innovative techniques in reaching and serving our customers and penetrating the market further.

### Company's Staff and Customers

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



Mr. Hassan Tahir  
(Chief Executive)

Lahore  
January 31, 2018



Mr. Shaukat Hassan  
(Chairman)

## ڈائریکٹرز کا جائزہ

کمپنی کے ڈائریکٹرز ہمسرت کمپنی کی سرمایہ اور ششماہی رپورٹ بمع نظر ثانی شدہ محدود عبوری مالیاتی معلومات علیحدہ و مجموعی برائے نصف سال تختہ 31 دسمبر 2017 پیش کرتے ہیں۔

ہم ہمسرت درج ذیل نتائج پیش کر رہے ہیں جن کی وجہ سے اعلیٰ قسم کی ترقی اور بہتر منافع کی فراہمی یقینی بنی ہے۔

مالیاتی اور کاروباری عمل کی کارکردگی

نصف سال تختہ 31 دسمبر 2017 کے دوسرے سرمایہ اور ششماہی رپورٹ کے غیر آڈٹ شدہ مالی نتائج کا نصف سال تختہ 31 دسمبر 2016 سے موازنہ درج ذیل ہے۔

All figures in millions of Pak Rs unless specifically stated otherwise	Jul-Dec 2017	Jul-Dec 2016	% Change	Oct-Dec 2017	Oct-Dec 2016	% Change	Jul-Dec 2017	Jul-Dec 2016	% Change	Oct-Dec 2017	Oct-Dec 2016	% Change
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سیلز

ہماری مجموعی سیلز کی آمدنی برائے نصف سال میں ایک ارب اکٹھ کروڑ اسی لاکھ (1618 ملین) پاکستانی روپے تک بڑھی جو 42.8% کی ترقی اور اس کے حجم میں 37.2% اضافے کی مرہون منت تھی۔

مجموعی منافع

ہم نے 26.5% کا مسلسل مارجن برائے نصف سال (مجموعی) مہیا کیا ہے۔ کمپنی نے ورکنگ کیپٹل کو بہت موثر طریقے سے منظم کیا اور مارجن برقرار رکھنے کے لئے تیل کی قیمت اور زرمبادلہ کے اتار چڑھاؤ کی پیش بندی کرتے ہوئے انوینٹری پوزیشن میں سرمایہ کاری کی۔

کاروباری عمل اور خالص منافع

ہم نے سیلز کے فی صد تناسب کے طور پر 14.3% کا مجموعی عمل کا منافع فراہم کیا۔ یہ منافع ہمیں موثر انتظامات برائے لاگت کی وجہ سے حاصل ہوا، باوجود ان اخراجات کے جو کہ ترقی کے اقدامات سے منسلک ہونے کی وجہ سے کیے گئے اور ان سے مستقبل میں ہونے والی آمدنی متوقع تھی۔ ہمارا مجموعی منافع بعد از ٹیکس اکاون کروڑ بیس لاکھ (512 ملین) پاکستانی روپے ہوا اور 38% ترقی ریکارڈ کی گئی۔

## (IPO) آئی پی او فنڈز کی پوزیشن

31 دسمبر 2017 کو 7 کروڑ بیس لاکھ روپے کا بینک بیلنس (30 جون 2017 دو کروڑ روپے) اور مختصر میعاد کی 96 کروڑ 20 لاکھ روپے کی سرمایہ کاری (30 جون 2017: ایک ارب 7 کروڑ 50 لاکھ روپے) ابتدائی پبلک آفر سے حاصل غیر استعمال شدہ آمدنی کی عکاسی کرتی ہے اور صرف کمپنی کے OMC اور HTL سینٹرز کے ذریعے توسیع کے مقاصد کے لئے استعمال ہو سکتی ہے۔

PROGRESS UPDATE - EXPANSION THROUGH RETAIL OUTLET  
HTL Express Centers

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ترقی کی اپ ڈیٹ۔ ریٹیل آؤٹ لیٹ کے ذریعے توسیع

ایچ ٹی ایل ایکسپریس سینٹرز گاڑیوں کی حفاظتی دیکھ بھال کی ضرورتوں کی تکمیل کے لیے اپنے صارفین کو ایک منفرد اور ایسی سروس فراہم کرتے ہیں جن کا کوئی مقابلہ نہیں کیا جاسکتا۔ اس سلسلہ میں ساری توجہ ایچ ٹی ایل کی حکمت عملی کو پیش نظر رکھتے ہوئے پریئم سروس اور کوالٹی پر مرکوز ہے۔ فی الحال لاہور میں دو سروس سینٹرز فعال ہیں (شیر ہولڈرز کو ترغیب دی جاتی ہے کہ وہ ان سینٹرز کا دورہ کریں اور خود وہاں کی سروس کا جائزہ لیں) مزید تین سینٹرز زیر تعمیر ہیں اور امید ہے کہ جون 2018 تک کمرشل آپریشن شروع کر دیں گے باقی دو دسمبر 2018 تک کام کرنے لگیں گے۔ کراچی اور اسلام آباد میں چار سائٹس کے لئے گفت و شنید جاری ہے۔

ہمارا یہ عزم ہے کہ جیسے ہی ہمارے پٹرول پمپ آن لائن ہوتے ہیں ہم اپنے ایچ ٹی ایل سینٹر کو پٹرول پمپس سے منسلک کر لیں گے۔

بیلنڈنگ پلانٹ کے ذریعے توسیع

اضافی فلنگ لائنز اور بلومولڈنگ مشینوں کے لئے ناقابل واپسی لیٹر آف کریڈٹس (ILCs) کھول دئے گئے ہیں اس توسیع اور پھیلاؤ کے لئے سرمایہ کا بندوبست اندرونی طور پر پیدا کئے ہوئے فنڈ سے کیا جائے گا جیسا کہ مجموعی مالیاتی معلومات سے ظاہر ہے ہماری ذیلی کمپنی نے اب خطیر بذات خود منافع پیدا کرنا شروع کر دیا ہے۔

آئل مارکیٹنگ کمپنی کے ذریعے توسیع

آئل اینڈ ریگولیٹری اتھارٹی (اؤگرا) کے عبوری لائسنس کے تحت آپ کی کمپنی ساہیوال میں پروڈکٹس کے اسٹوریج اور مارکیٹنگ کے لئے ایک آئل ڈپو قائم کر رہی ہے۔ اسٹوریج اب مکمل ہے جس کا اوگرانے پہلا معاہدہ کر لیا ہے۔ ہم پر امید ہیں کہ 2018 کی پہلی ششماہی میں ریٹیل فیول کے کمرشل آپریشن شروع ہو جائیں گے جو متوقع ریگولیٹری منظور یوں اور این اوسی پرنٹی ہوں گے اور ایک اضافی سائٹ ان دنوں خیر پختہ خواہ (کے پی کے) میں تارون جبکہ مقام پر پروڈکٹس کے اسٹوریج اور مارکیٹنگ کے لئے رجسٹریشن کے مرحلے میں ہے۔

مستقبل کا نظریہ

ہمارا مستقبل کا منصوبہ OMCO، HDDE، PCMO کیٹگریز میں فائبر برانڈز کو متعارف کرا کے موجودہ ترقی کی شرح کو نہ صرف برقرار رکھنا بلکہ بہتر بنانا ہے۔ یہ پروڈکٹس مناسب اور کم لاگت کے ڈبوں میں مارکیٹ کئے جائیں گے جن سے پروڈکٹ کا پورٹ فولیو اور درمیانی اور نچلی سطح کے سیگمنٹس میں ZICs کے راستے بنانے میں اضافہ ہوگا اور اسے ایک ایسی مارکیٹ میں برتری مل جائے گی جس پر اب بھی استعمال شدہ گاڑیوں کی فروخت غالب ہے۔

پاکستان بھر میں 360 پٹرول پمپ قائم کرنے کے لئے ایچ ٹی ایل کی توسیع کا منصوبہ راہ راست پر ہے جس کے ابتدائی مراحل مکمل ہو چکے ہیں حکمت عملی محض یہ نہیں کہ فیول فراہم کر دیا جائے بلکہ زیادہ جامع پروڈکٹ فراہم کرنا ہے جس میں ایچ ٹی ایل مارٹ (نان فیول ریٹیل) کے سہولتی مراکز اور ایچ ٹی ایل ایکسپریس کی جانب سے گاڑیوں کے حفاظتی اقدامات کی سروسز بھی فراہم کی گئی ہوں۔

خدائے بزرگ اور برتری مہربانی سے ہائی ٹیک پلینڈنگ پلانٹ (پرائیویٹ) لمیٹڈ نے جو ہائی ٹیک لبریکنٹس کی مکمل ملکیت والا ذیلی ادارہ ہے کامیابی کے دو سال مکمل کر لئے ہیں اور اسے کوئی سیفٹی یا کوالٹی اییشوز درپیش نہیں آئے ہیں اس ٹریک ریکارڈ کے ساتھ کمپنی پاکستانی مارکیٹ کے لئے اپنی سرگرمیوں کو توسیع دے کر کفایتی پلینڈنگ کے لئے تیار ہے اور وہ مقامی صنعتی شعبے کے کام آنے کی بھی بہتر پوزیشن میں ہوگی یہ دونوں سیکٹنس ایچ ٹی ایل کے لئے ترقی کے نمایاں مواقع کی نمائندگی کرتے ہیں۔

ہائی ٹیک کا ہمیشہ اس بات پر یقین رہا ہے کہ کوئی بھی ادارہ اتنا ہی طاقتور ہوتا ہے جتنا کہ اسے بنانے والے لوگ ہوتے ہیں اور ہم بھی اپنے ادارے کو ایک برقرار رکھنے والی رفتار سے ترقی دے رہے ہیں اس کے ساتھ اپنے لوگوں پر سرمایہ کاری کر رہے ہیں تاکہ اپنے اندازوں کے مطابق آنے والی توسیع کی منزلیں طے کر سکیں۔

ہائی ٹیک لبریکنٹس لمیٹڈ کا مستقبل ہمارے توسیعی منصوبوں اور کارپوریٹ حکمت عملی کے ساتھ درخشاں دکھتا ہے۔ ہمارے نقطہ نظر کے مطابق ہمیشہ خوب سے خوب تر کی گنجائش رہتی ہے اور ہمارا منصوبہ ہے کہ ہم نئی جدت آمیز تکنیک بروئے کار لانے کی اپنی روایات پر کاربند رہیں تاکہ ہم اپنے معزز کسٹمرز تک پہنچیں ان کی خدمت کریں اور مارکیٹ میں زیادہ سے زیادہ آگے بڑھتے رہیں۔

### کمپنی کا عملہ اور صارفین

ہم اپنے ملازمین کی لگن، محنت اور عزم کے نتیجے میں اپنی قدردانی قلمبند کرنے کے خواہشمند ہیں جو کہ انہوں نے کمپنی کی حکمت عملی، ساخت، ثقافت اور صارفین کی لگاتار حوصلہ افزائی میں صرف کیں۔

*Rhau*

جناب شوکت حسن

(چیرمین)

*Chaf*

جناب حسن طاہر

چیف ایگزیکٹو

لاہور

31 جنوری 2018

**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 2017 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 2017 and 31 December 2016 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 2017.

**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 2017 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

LAHORE  
Date: 31 January 2018



# Unconsolidated Condensed Interim Balance Sheet

As at 31 December 2017

	Note	Un-audited 31 December 2017 Rupees	Audited 30 June 2017 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital 150,000,000 (30 June 2017: 150,000,000) ordinary shares of Rupees 10 each		1,500,000,000	1,500,000,000
Issued, subscribed and paid-up share capital		1,160,040,000	1,160,040,000
Reserves		2,762,856,031	2,584,265,837
Total equity		3,922,896,031	3,744,305,837
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	5	22,394,164	13,495,415
Liabilities against assets subject to finance lease	6	72,239,725	65,810,301
Long term deposits		1,500,000	2,000,000
Deferred income tax liability - net		8,638,936	3,207,194
		104,772,825	84,512,910
CURRENT LIABILITIES			
Trade and other payables	7	1,102,795,053	805,085,777
Accrued mark-up		15,240,239	9,517,227
Short term borrowings	8	1,337,829,365	1,118,969,226
Current portion of non-current liabilities		50,912,956	43,488,959
Taxation - net		89,615,954	75,222,610
		2,596,393,567	2,052,283,799
Total liabilities		2,701,166,392	2,136,796,709
CONTINGENCIES AND COMMITMENTS			
	9		
TOTAL EQUITY AND LIABILITIES		6,624,062,423	5,881,102,546

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



Chief Executive



Chief Financial Officer



Director

	Note	Un-audited 31 December 2017 Rupees	Audited 30 June 2017 Rupees
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	10	1,116,805,319	948,121,502
Investment in subsidiary company	11	1,300,000,600	1,300,000,600
Long term loans to employees		490,234	1,049,136
Long term security deposits		38,823,556	32,737,456
		<u>2,456,119,709</u>	<u>2,281,908,694</u>
CURRENT ASSETS			
Stock-in-trade	12	1,447,517,963	1,505,337,836
Trade debts		468,152,843	179,385,219
Loans and advances		648,824,050	663,618,225
Short term deposits and prepayments		20,780,375	14,611,449
Other receivables		65,621,998	79,647,997
Accrued interest		10,870,428	351,106
Short term investments		978,871,377	1,081,129,245
Cash and bank balances		527,303,680	75,112,775
		<u>4,167,942,714</u>	<u>3,599,193,852</u>
TOTAL ASSETS		<u><u>6,624,062,423</u></u>	<u><u>5,881,102,546</u></u>



Chief Executive



Chief Financial Officer



Director

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

For the half year ended 31 December 2017

	HALF YEAR ENDED		QUARTER ENDED	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	Rupees	Rupees	Rupees	Rupees
SALES - net	5,973,809,180	4,382,454,730	3,728,826,710	2,491,701,897
SALES TAX	(574,903,105)	(601,669,717)	(366,820,274)	(279,565,403)
NET SALES	5,398,906,075	3,780,785,013	3,362,006,436	2,212,136,494
COST OF SALES	(4,215,284,064)	(2,814,176,615)	(2,598,775,583)	(1,656,877,742)
GROSS PROFIT	1,183,622,011	966,608,398	763,230,853	555,258,752
DISTRIBUTION COST	(422,713,865)	(391,088,032)	(268,514,135)	(210,859,122)
ADMINISTRATIVE EXPENSES	(168,212,478)	(130,641,100)	(84,265,059)	(65,335,608)
OTHER EXPENSES	(49,526,450)	(15,020,294)	(32,221,214)	(8,783,750)
	(640,452,793)	(536,749,426)	(385,000,408)	(284,978,480)
OTHER INCOME	52,876,449	51,344,742	27,986,227	28,375,210
PROFIT FROM OPERATIONS	596,045,667	481,203,714	406,216,672	298,655,482
FINANCE COST	(38,820,007)	(10,513,264)	(21,592,231)	(6,703,561)
PROFIT BEFORE TAXATION	557,225,660	470,690,450	384,624,441	291,951,921
TAXATION	(175,628,466)	(129,338,483)	(121,024,448)	(64,194,457)
PROFIT AFTER TAXATION	381,597,194	341,351,967	263,599,993	227,757,464
EARNINGS PER SHARE - BASIC AND DILUTED	3.29	2.94	2.27	1.96

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



Chief Executive



Chief Financial Officer



Director

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

For the half year ended 31 December 2017

	HALF YEAR ENDED		QUARTER ENDED	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	Rupees	Rupees	Rupees	Rupees
PROFIT AFTER TAXATION	381,597,194	341,351,967	263,599,993	227,757,464
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	381,597,194	341,351,967	263,599,993	227,757,464

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



Chief Executive



Chief Financial Officer



Director

**Unconsolidated Condensed Interim  
Cash Flow Statement (Un-audited)**  
For the half year ended 31 December 2017

	Note	HALF YEAR ENDED	
		31 December 2017	31 December 2016
		Rupees	Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	13	963,910,101	728,636,051
Finance cost paid		(33,096,995)	(5,839,354)
Income tax paid		(155,803,380)	(141,040,923)
Net decrease in long term loans to employees		761,779	2,232,455
Net increase in long term security deposits		(7,471,800)	(8,856,587)
Net increase in long term deposits		(500,000)	-
Net cash generated from operating activities		767,799,705	575,131,642
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure on property and equipment		(164,725,530)	(439,969,635)
Capital expenditure on intangible assets		(649,834)	(659,520)
Proceeds from disposal of property and equipment		5,748,819	2,413,480
Investment in subsidiary company		-	(770,550,000)
Loan to subsidiary company		(296,500,000)	-
Short term investments - net		91,012,099	198,968,082
Dividend income		123,750	-
Profit received on bank deposits and short term investments		31,290,093	39,991,477
Net cash used in investing activities		(333,700,603)	(969,806,116)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of liabilities against assets subject to finance lease		(13,286,413)	(9,391,599)
Long term financing - net		16,187,083	(2,393,625)
Dividend paid		(203,669,006)	(156,122,565)
Short term borrowings - net		218,860,139	527,104,631
Net cash from financing activities		18,091,803	359,196,842
Net increase / (decrease) in cash and cash equivalents		452,190,905	(35,477,632)
Cash and cash equivalents at beginning of the period		75,112,775	186,863,426
Cash and cash equivalents at end of the period		527,303,680	151,385,794

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



Chief Executive



Chief Financial Officer



Director

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

For the half year ended 31 December 2017

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

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

Balance as at 30 June 2016 - audited	1,160,040,000	1,441,697,946	28,911,029	2,170,608,975	3,330,648,975
Transaction with owners:					
Final dividend for the year ended 30 June 2016 @ Rupee 1.35 per share	-	-	(156,606,400)	(156,606,400)	(156,606,400)
Profit for the half year ended 31 December 2016	-	-	34,135,196	34,135,196	34,135,196
Other comprehensive income for the half year ended 31 December 2016	-	-	-	-	-
Total comprehensive income for the half year ended 31 December 2016	-	-	34,135,196	34,135,196	34,135,196
Balance as at 31 December 2016 - un-audited	1,160,040,000	1,441,697,946	913,667,695	2,355,356,542	3,515,396,542
Transactions with owners:					
Interim dividend for year ended 30 June 2017 @ Rupees 1.35 per share	-	-	(156,606,400)	(156,606,400)	(156,606,400)
Profit for the half year ended 30 June 2017	-	-	33,515,695	33,515,695	33,515,695
Other comprehensive income for the half year ended 30 June 2017	-	-	-	-	-
Total comprehensive income for the half year ended 30 June 2017	-	-	33,515,695	33,515,695	33,515,695
Balance as at 30 June 2017 - audited	1,160,040,000	1,441,697,946	1,142,567,891	2,584,265,837	3,744,306,837
Transaction with owners:					
Final dividend for the year ended 30 June 2017 @ Rupee 1.75 per share	-	-	(208,007,000)	(208,007,000)	(208,007,000)
Profit for the half year ended 31 December 2017	-	-	33,197,194	33,197,194	33,197,194
Other comprehensive income for the half year ended 31 December 2017	-	-	-	-	-
Total comprehensive income for the half year ended 31 December 2017	-	-	33,197,194	33,197,194	33,197,194
Balance as at 31 December 2017 - un-audited	1,160,040,000	1,441,697,946	1,321,158,085	2,752,856,031	3,922,896,031

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



Chief Executive



Chief Financial Officer



Director

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

For the half year ended 31 December 2017

### 1. THE COMPANY AND ITS OPERATIONS

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

### 2. BASIS OF PREPARATION

As per the requirements of circular no. CLD/CCD/PR(11)/2017 dated 04 October 2017 issued by the Securities & Exchange Commission of Pakistan (SECP) and clarification issued by the Institute of Chartered Accountants of Pakistan via Circular No. 17 of 2017, companies whose financial year, including quarterly and other interim periods, closes on or before 31 December 2017, shall prepare their financial statements, including interim financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Accordingly, this condensed interim financial information 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 2017.

### 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

### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

During preparation of this unconsolidated condensed interim financial information, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual financial statements of the Company for the year ended 30 June 2017.

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

For the half year ended 31 December 2017

	Un-audited 31 December 2017 Rupees	Audited 30 June 2017 Rupees
5. LONG TERM FINANCING		
From banking company - secured		
Bank Al-Habib Limited (Note 5.1)	37,394,167	21,207,084
Less: Current portion shown under current liabilities	15,000,003	7,711,669
	<u>22,394,164</u>	<u>13,495,415</u>
5.1 This facility has been obtained to build warehouse at the property of Hi-Tech Blending (Private) Limited - subsidiary company at Sundar Raiwind Road and is secured against personal guarantee of directors of the Company. This carries mark-up at the rate of 3 months KIBOR plus 1.75% per annum. It is repayable in 12 equal quarterly installments. Effective rate of mark-up charged during the period / year ranged from 7.89% to 7.90% (30 June 2017: 7.84% to 7.89%) per annum.		
6. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
Future minimum lease payments	117,301,929	110,085,050
Less: Un-amortized finance charge	9,149,251	8,497,459
Present value of future minimum lease payments	<u>108,152,678</u>	<u>101,587,591</u>
Less: Current portion shown under current liabilities	35,912,953	35,777,290
	<u>72,239,725</u>	<u>65,810,301</u>
7. TRADE AND OTHER PAYABLES		
Creditors	426,789,417	330,221,891
Accrued liabilities	264,956,243	93,794,222
Advances from customers	187,630,496	191,257,137
Retention money payable	1,085,103	-
Customs duty and other charges payable	185,910,875	176,933,600
Income tax deducted at source	6,898,355	9,740,779
Sales tax payable	26,716,024	-
Unclaimed dividend	864,463	1,526,469
Payable to employees' provident fund trust	1,999,077	1,611,679
	<u>1,102,795,053</u>	<u>805,085,777</u>
8. SHORT TERM BORROWINGS		
From banking companies - secured		
Running finances (Note 8.1)	1,183,029,816	976,593,109
Running musharakah (Note 8.2)	154,799,549	142,376,117
	<u>1,337,829,365</u>	<u>1,118,969,226</u>
8.1 These facilities amounting to Rupees 2,225 million are secured against first pari passu hypothecation charge over current assets of the Company, lien over term deposit receipts and personal guarantees of directors. The rates of mark-up range from 3 months KIBOR plus 1.00% to 1.50% per annum		
8.2 This facility amounting to Rupees 300 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 has issued an assessment order for the tax year 2009 under section 122 (5A) of the Income Tax Ordinance, 2001 by creating a demand of Rupees 11.004 million on various grounds. Against the alleged order, the Company has filed an appeal before the Commissioner Inland Revenue (Appeals). The Commissioner Inland Revenue (Appeals) decided the case by deleting some of the provisions of the order whereby the tax demand has been reduced to Rupees 2.911 million which is mainly on account of non-deduction of withholding tax. Being aggrieved with the order of the Commissioner Inland Revenue (Appeals), the Company has filed appeal before the Appellant Tribunal Inland Revenue which has remanded back all the issues assailed in appeal to the department for adjudication afresh. The management of the Company expects a favorable outcome, therefore, no provision for the same has been made in this unconsolidated interim financial information.		



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

For the half year ended 31 December 2017

- 9.1.2 Guarantees of Rupees 18 million (30 June 2017: Rupees 10 million) are given by the bank of the Company to Director Excise and Taxation, Karachi against disputed amount of infrastructure cess.
- 9.1.3 Guarantees of Rupees 12 million (30 June 2017: Rupees 2.314 million) are given by the bank of the Company to Chairman, Punjab Revenue Authority, Lahore against disputed amount of infrastructure cess.
- 9.1.4 Corporate guarantees of Rupees 1,300 million (30 June 2017: Rupees 1,383.57 million) have been given by the Company to the banks in respect of financing to Hi-Tech Blending (Private) Limited - subsidiary company.

	Un-audited 31 December 2017 Rupees	Audited 30 June 2017 Rupees
9.2 Commitments		
Contracts for capital expenditure	121,754,078	173,427,561
Letters of credit other than capital expenditure	80,080,642	87,340,703
10. FIXED ASSETS		
Property and equipment:		
Operating fixed assets		
- Owned (Note 10.1)	753,123,751	622,505,331
- Leased (Note 10.2)	106,058,790	92,080,840
	859,182,541	714,586,171
Capital work-in-progress (Note 10.3)	253,080,148	225,981,488
	1,112,262,689	940,567,659
Intangible assets:		
Computer software (Note 10.4)	4,542,630	7,553,843
	1,116,805,319	948,121,502
10.1 Operating fixed assets – owned		
Opening book value	622,505,331	239,293,518
Add: Cost of additions during the period / year (Note 10.1.1)	135,302,963	463,423,047
Add: Book value of assets transferred from assets subject to finance lease during the period / year (Note 10.2.2)	8,492,421	12,028,841
	766,300,715	714,745,406
Less: Book value of deletions during the period / year (Note 10.1.2)	2,209,780	70,627,099
	764,090,935	644,118,308
Less: Depreciation charged during the period / year	10,967,184	21,612,976
Closing book value	753,123,751	622,505,331
10.1.1 Cost of additions during the period / year		
Freehold land	-	355,881,500
Building on leasehold land	115,872,544	27,571,142
Machinery	4,115,283	3,197,442
Furniture and fittings	572,546	1,722,462
Vehicles	3,271,971	69,646,779
Office equipment	7,435,216	1,612,021
Computers	4,035,403	3,791,701
	135,302,963	463,423,047
10.1.2 Book value of deletions during the period / year		
Cost:		
Vehicles	7,210,155	83,929,173
Office equipment	-	896,343
Computers	-	209,500
	7,210,155	85,035,016
Less: Accumulated depreciation	5,000,375	14,407,917
	2,209,780	70,627,099

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

For the half year ended 31 December 2017

	Un-audited 31 December 2017 Rupees	Audited 30 June 2017 Rupees
10.2 Operating fixed assets – leased		
Opening book value	92,080,840	42,898,138
Add: Cost of additions during the period / year (Note 10.2.1)	35,392,931	79,765,881
	127,473,771	122,664,019
Less: Book value of assets transferred to owned assets during the period / year (Note 10.2.2)	8,492,421	12,028,841
	118,981,350	110,635,178
Less: Book value of deletions during the period / year - vehicles (Note 10.2.3)	1,740,409	2,314,175
	117,240,941	108,321,003
Less: Depreciation charged during the period / year	11,182,151	16,240,163
Closing book value	106,058,790	92,080,840
10.2.1 Cost of additions during the period / year		
Generator	-	1,698,360
Vehicles	35,392,931	78,067,521
	35,392,931	79,765,881
10.2.2 Book value of assets transferred to owned assets during the period / year		
Cost:		
Vehicles	17,290,026	20,679,900
Less: Accumulated depreciation	8,797,605	8,651,059
	8,492,421	12,028,841
10.2.3 Book value of deletions during the period / year		
Cost:		
Vehicles	2,088,490	3,314,130
Less: Accumulated depreciation	348,081	999,955
	1,740,409	2,314,175
10.3 Capital work-in-progress		
Advance against purchase of apartment	25,226,750	25,226,750
Advances for purchase of vehicles	11,984,443	16,468,000
Civil works	116,809,380	111,548,093
Mobilization and other advances	13,809,334	20,224,164
Unallocated expenditures	85,250,241	52,514,481
	253,080,148	225,981,488
10.4 Computer software		
Opening book value	7,553,843	12,583,737
Add: Cost of addition during the period / year	649,834	1,865,420
Less: Amortization charged during the period / year	3,661,047	6,895,314
Closing book value	4,542,630	7,553,843
11. INVESTMENT IN SUBSIDIARY COMPANY - AT COST		
Hi-Tech Blending (Private) Limited - unquoted		
130,000,060 (30 June 2017: 130,000,060) fully paid ordinary shares of Rupees 10 each		
Equity held: 100% (30 June 2017: 100%)	1,300,000,600	1,300,000,600

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

For the half year ended 31 December 2017

	Un-audited 31 December 2017 Rupees	Audited 30 June 2017 Rupees
12. STOCK-IN-TRADE		
Lubricants (Note 12.1)	1,449,418,312	1,507,238,185
Less: Provision for slow moving and damaged inventory items	2,215,187	2,215,187
	1,447,203,125	1,505,022,998
Stock of promotional items	314,838	314,838
	1,447,517,963	1,505,337,836

- 12.1 This includes stock-in-transit of Rupees 899.206 million (30 June 2017: Rupees 1,067.471 million) lying at custom bonded warehouses.

UN-AUDITED HALF YEAR ENDED	
31 December 2017 Rupees	31 December 2016 Rupees

### 13. CASH GENERATED FROM OPERATIONS

Profit before taxation	557,225,660	470,690,450
Adjustments for non-cash charges and other items:		
Depreciation on operating fixed assets	22,149,335	12,630,636
Amortization on intangible assets	3,661,047	3,384,517
Provision for doubtful trade debts	-	687,614
Debit balances written off	-	18,652
Gain on disposal of property and equipment	(1,798,630)	(1,260,406)
Dividend income	(123,750)	-
Unrealized loss / (gain) on remeasurement of investment at fair value	11,245,769	(4,836,971)
Profit on bank deposits and short term investments	(50,901,739)	(44,560,620)
Exchange loss	31,283,274	-
Finance cost	38,820,007	10,513,264
Working capital changes (Note 13.1)	352,349,128	281,368,915
	963,910,101	728,636,051

### 13.1 Working capital changes

(Increase) / decrease in current assets:

Stock-in-trade	57,819,873	(316,704,239)
Trade debts	(288,767,624)	(136,242,984)
Loans and advances	311,091,298	(96,852,189)
Short term deposits and prepayments	(8,908,426)	(7,330,336)
Other receivables	14,025,999	(101,042,941)
	85,261,120	(658,172,689)
Increase in trade and other payables	267,088,008	939,541,604
	352,349,128	281,368,915

### 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:

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

For the half year ended 31 December 2017

UN-AUDITED			
HALF YEAR ENDED		QUARTER ENDED	
31 December 2017	31 December 2016	31 December 2017	31 December 2016

Rupees

### i. Transactions

#### Subsidiary company

Share deposit money	-	770,550,000	-	549,850,000
Purchase of lubricants	2,163,244,360	810,197,173	1,287,479,149	544,738,357
Short term loan	296,500,000	-	-	-
Interest on short term loan	19,636,503	-	10,839,632	-

#### Associated company

##### MAS Associates (Private) Limited

Share of common expenses	356,931	220,268	224,382	107,265
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#### Other related parties

Purchase of lubricants	1,515,619,837	2,188,723,717	1,154,452,069	1,369,680,646
Rent paid to directors	2,314,266	8,259,348	-	4,129,677
Contribution to employees' provident fund trust	4,729,220	5,570,229	1,636,547	2,734,975
Remuneration of key management personnel	79,305,527	71,827,622	38,401,106	42,431,865
Donation to Sabra Hamida Trust	6,000,000	6,000,000	3,000,000	3,000,000

Un-audited  
31 December  
2017  
Rupees

Audited  
30 June  
2017  
Rupees

### ii. Period end balances

#### Subsidiary company:

Investment in Hi-Tech Blending (Private) Limited	1,300,000,600	1,300,000,600
Receivable from Hi-Tech Blending (Private) Limited	-	325,920,000
Payable to Hi-Tech Blending (Private) Limited	92,018,106	-
Short term loan	557,500,000	261,000,000
Accrued interest on short term loan	10,839,632	261,178

#### Associated company

Receivable from MAS Associates (Private) Limited	242,308	114,623
--	---------	---------

#### Other related party:

Receivable from SK Lubricants Company Limited	64,494,439	55,875,455
Payable to SK Lubricants Company Limited	279,153,712	296,537,000
Payable to employees' provident fund trust	1,999,070	1,611,679

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

For the half year ended 31 December 2017

### 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.

	31 December 2017			
Recurring fair value measurements	Level 1	Level 2	Level 3	Total
	----- Rupees -----			
Financial assets				
Financial assets at fair value through profit and loss account	3,366,000	60,512,832	-	63,878,832
Total financial assets	3,366,000	60,512,832	-	63,878,832

	30 June 2017			
Recurring fair value measurements	Level 1	Level 2	Level 3	Total
	----- Rupees -----			
Financial assets				
Financial assets at fair value through profit and loss account	2,734,380	72,390,221	-	75,124,601
Total financial assets	2,734,380	72,390,221	-	75,124,601

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 2017. 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.

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

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

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

For the half year ended 31 December 2017

### 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 2017.

### 17. EVENT AFTER THE REPORTING PERIOD AND CORRESPONDING FIGURES

The Board of Directors of the Company have declared an interim dividend of Rupees 1.75 per ordinary share at their meeting held on 31 January 2018. 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 31 January 2018.

### 19. GENERAL

Bank balances of Rupees 71.616 million (30 June 2017: Rupees 20.053 million) and short term investments of Rupees 961.545 million (30 June 2017: Rupees 1,075 million) as at 31 December 2017 represent un-utilized proceeds of the initial public offer and can only be utilized for the purposes of OMC Project of the Company.

Figures have been rounded off to nearest of Rupee.



Chief Executive



Chief Financial Officer



Director

# Consolidated Condensed Interim Balance Sheet

As at 31 December 2017

	Note	Un-audited 31 December 2017 Rupees	Audited 30 June 2017 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital 150,000,000 (30 June 2017: 150,000,000) ordinary shares of Rupees 10 each		1,500,000,000	1,500,000,000
Issued, subscribed and paid-up share capital		1,160,040,000	1,160,040,000
Reserves		2,882,330,526	2,573,140,599
Total equity		4,042,370,526	3,733,180,599
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	5	56,620,506	98,557,862
Liabilities against assets subject to finance lease	6	98,987,439	103,119,783
Long term deposits		1,500,000	2,000,000
Deferred income tax liability - net		64,338,862	40,603,480
		221,446,807	244,281,125
CURRENT LIABILITIES			
Trade and other payables	7	1,251,123,224	1,170,842,041
Accrued mark-up		38,734,822	27,891,018
Short term borrowings	8	1,915,306,760	1,235,959,909
Current portion of non-current liabilities		177,622,670	207,401,109
Taxation - net		-	-
		3,382,787,475	2,642,094,077
Total liabilities		3,604,234,282	2,886,375,202
CONTINGENCIES AND COMMITMENTS	9		
TOTAL EQUITY AND LIABILITIES		7,646,604,808	6,619,555,801

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



Chief Executive



Chief Financial Officer



Director

	Note	Un-audited 31 December 2017 Rupees	Audited 30 June 2017 Rupees
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	10	2,609,438,969	2,465,200,699
Investment property		35,813,717	35,813,717
Long term loans to employees		490,234	1,049,136
Long term security deposits		43,346,971	59,083,196
		<u>2,689,089,891</u>	<u>2,561,146,748</u>
CURRENT ASSETS			
Stores	11	22,849,020	50,156,870
Stock-in-trade		2,411,980,158	2,070,841,515
Trade debts		468,101,857	179,584,299
Loans and advances		113,587,951	125,795,530
Short term deposits and prepayments		49,455,606	24,413,272
Other receivables		141,717,228	243,692,558
Accrued interest		30,797	175,736
Short term investments		978,871,377	1,081,129,245
Taxation - net		83,346,772	61,716,183
Cash and bank balances		687,574,151	220,903,845
		<u>4,957,514,917</u>	<u>4,058,409,053</u>
TOTAL ASSETS		<u><u>7,646,604,808</u></u>	<u><u>6,619,555,801</u></u>



Chief Executive



Chief Financial Officer



Director



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

For the half year ended 31 December 2017

	HALF YEAR ENDED		QUARTER ENDED	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	Rupees	Rupees	Rupees	Rupees
SALES - net	6,319,353,629	4,382,454,731	3,946,360,917	2,491,701,897
SALES TAX	(920,447,554)	(601,669,717)	(584,502,487)	(279,565,403)
NET SALES	5,398,906,075	3,780,785,014	3,361,858,430	2,212,136,494
COST OF SALES	(3,970,325,151)	(2,757,075,768)	(2,407,570,231)	(1,603,747,673)
GROSS PROFIT	1,428,580,924	1,023,709,246	954,288,199	608,388,821
DISTRIBUTION COST	(422,713,865)	(391,088,032)	(268,514,135)	(210,859,122)
ADMINISTRATIVE EXPENSES	(206,187,206)	(138,256,025)	(104,189,657)	(59,127,587)
OTHER EXPENSES	(60,716,560)	(15,020,297)	(40,628,812)	(8,783,778)
	(689,617,631)	(544,364,354)	(413,332,604)	(278,770,487)
OTHER INCOME	34,498,541	51,344,742	17,653,995	28,375,210
PROFIT FROM OPERATIONS	773,461,834	530,689,633	558,609,590	357,993,544
FINANCE COST	(62,706,256)	(29,932,614)	(36,360,051)	(21,317,852)
PROFIT BEFORE TAXATION	710,755,578	500,757,019	522,249,539	336,675,692
TAXATION	(198,558,651)	(129,338,483)	(143,954,633)	(64,194,457)
PROFIT AFTER TAXATION	512,196,927	371,418,536	378,294,906	272,481,235
EARNINGS PER SHARE - BASIC AND DILUTED	4.42	3.20	3.26	2.35

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



Chief Executive



Chief Financial Officer



Director

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

For the half year ended 31 December 2017

	HALF YEAR ENDED		QUARTER ENDED	
	31 December 2017 Rupees	31 December 2016 Rupees	31 December 2017 Rupees	31 December 2016 Rupees
PROFIT AFTER TAXATION	512,196,927	371,418,536	378,294,906	272,481,235
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified profit or loss	-	-	-	-
Items that may be reclassified subsequently to profit or loss	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>512,196,927</u>	<u>371,418,536</u>	<u>378,294,906</u>	<u>272,481,235</u>

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



Chief Executive



Chief Financial Officer



Director

**Consolidated Condensed Interim  
Cash Flow Statement (Un-audited)**  
For the half year ended 31 December 2017

		HALF YEAR ENDED	
		31 December 2017	31 December 2016
		Rupees	Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	12	401,327,466	145,880,557
Finance cost paid		(51,862,452)	(24,670,392)
Income tax paid		(196,237,551)	(213,984,565)
Net decrease in long term loans to employees		761,779	2,232,455
Net increase in long term security deposits		(7,592,700)	53,165,013
Net increase in long term deposits		(500,000)	-
Net cash generated from operating activities		145,896,542	(37,376,932)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure on property and equipment		(178,933,236)	(447,332,018)
Capital expenditure on intangible assets		(649,834)	(659,520)
Proceeds from disposal of property and equipment		6,018,819	2,413,480
Short term investments - net		91,012,099	198,968,082
Dividend income		123,750	-
Profit received on bank deposits and short term investments		23,223,959	39,991,477
Net cash used in investing activities		(59,204,443)	(206,618,499)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of liabilities against assets subject to finance lease		(27,621,446)	(141,344,835)
Long term financing - net		(68,078,192)	(98,865,876)
Dividend paid		(203,669,006)	(156,122,565)
Short term borrowings - net		679,346,851	605,275,896
Net cash from financing activities		379,978,207	208,942,620
Net increase / (decrease) in cash and cash equivalents		466,670,306	(35,052,811)
Cash and cash equivalents at beginning of the period		220,903,845	187,493,457
Cash and cash equivalents at end of the period		687,574,151	152,440,646

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



Chief Executive



Chief Financial Officer



Director

**Consolidated Condensed Interim  
Statement of Changes in Equity (Un-audited)**  
For the half year ended 31 December 2017

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

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

Balance as at 30 June 2016 - audited	1,160,040,000	1,441,697,946	700,673,608	2,142,371,554	3,302,411,554
Transaction with owners:					
Final dividend for the year ended 30 June 2016 @ Rupee 1.35 per share	-	-	(156,605,400)	(156,605,400)	(156,605,400)
Profit for the half year ended 31 December 2016	-	-	371,418,536	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	371,418,536
Balance as at 31 December 2016 - un-audited	1,160,040,000	1,441,697,946	915,486,744	2,357,184,690	3,517,224,690
Transactions with owners:					
Interim dividend for year ended 30 June 2017 @ Rupees 1.35 per share	-	-	(156,605,400)	(156,605,400)	(156,605,400)
Profit for the half year ended 30 June 2017	-	-	372,561,309	372,561,309	372,561,309
Other comprehensive income for the half year ended 30 June 2017	-	-	-	-	-
Total comprehensive income for the half year ended of 30 June 2017	-	-	372,561,309	372,561,309	372,561,309
Balance as at 30 June 2017 - audited	1,160,040,000	1,441,697,946	1,131,442,653	2,573,140,599	3,733,180,599
Transaction with owners:					
Final dividend for the year ended 30 June 2017 @ Rupee 1.75 per share	-	-	(203,007,000)	(203,007,000)	(203,007,000)
Profit for the half year ended 31 December 2017	-	-	512,196,927	512,196,927	512,196,927
Other comprehensive income for the half year ended 31 December 2017	-	-	-	-	-
Total comprehensive income for the half year ended 31 December 2017	-	-	512,196,927	512,196,927	512,196,927
Balance as at 31 December 2017 - un-audited	1,160,040,000	1,441,697,946	1,440,632,580	2,882,330,526	4,042,370,526

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



Chief Executive



Chief Financial Officer



Director

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

For the half year ended 31 December 2017

### 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 2017, 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, 2017 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, 2017.

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

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

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

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

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

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

For the half year ended 31 December 2017

	Un-audited 31 December 2017 Rupees	Audited 30 June 2017 Rupees
5. LONG TERM FINANCING		
From banking company - secured		
Bank Al-Habib Limited (Note 5.1)	37,394,167	21,207,084
Subsidiary Company		
Bank Al-Habib Limited (Note 5.2)	133,594,808	-
Habib Mteropoliten Bank Ltd (Note 5.3)	2,445,000	-
	136,039,808	-
	173,433,975	21,207,084
Less: Current portion shown under current liabilities	116,813,469	7,711,669
	56,620,506	13,495,415

5.1 This facility has been obtained to build warehouse at the property of Hi-Tech Blending (Private) Limited - subsidiary company at Sundar Raiwind Road and is secured against personal guarantee of directors of the Company. This carries mark-up at the rate of 3 months KIBOR plus 1.75% per annum. It is repayable in 12 equal quarterly installments. Effective rate of mark-up charged during the period / year ranged from 7.89% to 7.90% (30 June 2017: 7.84% to 7.89%) per annum.

5.2 These term finance facilities has been obtained for plant & machinery and tanks, aggregating to Rupees 250.939 million (2017: Rupees 250.939 million), are secured by pari passu hypothecation charge over current assets of the Subsidiary Company to the extent of Rupees 1067.000 million (2017: Rupees 667.000 million), registered first hypothecation charge over plant and machinery, land and building of the Subsidiary Company to the extent of Rupees 1,312 million, corporate guarantee of the Holding Company and personal guarantees of directors of the Subsidiary Company. The finance facilities are repayable in 6, 12 and 16 equal quarterly installments commenced on 31 March 2015 and ending on 25 November 2019. Mark-up is payable quarterly at the rate of 3 months KIBOR plus 2.00% per annum. Effective rate of mark-up charged during the year ranged from 8.10% to 8.15% (2017: 8.04% to 8.35%) per annum.

5.3 This term finance facility has been obtained for boiler Rupees 13.470 million and is secured by specific charge over specific machinery of the Subsidiary Company to the extent of Rupees 22.450 million, personal guarantees of directors of the Subsidiary Company. The finance is repayable in 11 equal quarterly installments commenced on 08 November 2015 and ending on 08 May 2018. Mark-up is payable quarterly at the rate of 3 month KIBOR plus 2.00% per annum. Effective rate of mark-up charged during the year ranged from 8.14% to 8.15% (2017: 8.04 to 8.12%) per annum.

	Un-audited 31 December 2017 Rupees	Audited 30 June 2017 Rupees
6. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
Future minimum lease payments	172,894,260	110,085,050
Less: Un-amortized finance charge	13,097,619	8,497,459
Present value of future minimum lease payments	159,796,641	101,587,591
Less: Current portion shown under current liabilities	60,809,202	35,777,290
	98,987,439	65,810,301
7. TRADE AND OTHER PAYABLES		
Creditors	494,637,591	330,221,891
Accrued liabilities	265,128,382	93,794,222
Advances from customers	187,870,538	191,257,137
Retention money payable	11,873,107	-
Customs duty and other charges payable	275,599,062	176,933,600
Income tax deducted at source	9,122,548	9,740,779
Unclaimed dividend	864,463	1,526,469
Payable to employees' provident fund trust	2,248,249	1,611,679
Worker's Profit Participation Fund	3,779,284	-
	1,251,123,224	805,085,777

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

For the half year ended 31 December 2017

	Un-audited 31 December 2017 Rupees	Audited 30 June 2017 Rupees
8. SHORT TERM BORROWINGS		
From banking companies - secured		
- Holding Company		
Running finances (Note 8.1)	1,183,029,816	976,593,109
Running musharakah (Note 8.2)	154,799,549	142,376,117
	<u>1,337,829,365</u>	<u>1,118,969,226</u>
- Subsidiary Company		
Short Term finance (Note 8.3)	507,393,998	-
Temporary overdraft	83,397	-
- From related parties - unsecured		
Loan from directors (Note 8.4)	70,000,000	-
	<u>1,915,306,760</u>	<u>1,118,969,226</u>

8.1 These facilities amounting to Rupees 2,225 million are secured against first pari passu hypothecation charge over current assets of the Company, lien over term deposit receipts and personal guarantees of directors. The rates of mark-up range from 3 months KIBOR plus 1.00% to 1.50% per annum

8.2 This facility amounting to Rupees 300 million is secured against first pari passu hypothecation charge over current assets of the Company with 25% margin. The mark-up is payable at 3 months KIBOR plus 1.00% per annum.

8.3 This represents finance against trust receipts from Bank Al-Habib Limited and repayable within 60 days. Mark-up is payable quarterly at the rate of 3 month KIBOR plus 1.5% per annum. Effective rate of mark-up charged during the period is 7.35% to 7.40% (2017: 7.51% to 7.84%) per annum. This is secured against trust receipts and ranking charge over assets of the Subsidiary Company.

8.4 These unsecured loans are from directors of the Subsidiary Company. Mark-up is payable half yearly at the rate of 3 month KIBOR plus 2% per annum. Effective rate of mark-up charged during the year ranged from 8.14% to 8.15% (2017: 8.04% to 8.12%) per annum. These are repayable on demand.

### 9. CONTINGENCIES AND COMMITMENTS

#### 9.1 Contingencies

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

9.1.2 Guarantees of Rupees 33 million (30 June 2017: Rupees 14 million) are given by the bank of the Company to Director Excise and Taxation, Karachi against disputed amount of infrastructure cess.

9.1.3 Guarantees of Rupees 27 million (30 June 2017: Rupees 5.314 million) are given by the bank of the Company to Chairman, Punjab Revenue Authority, Lahore against disputed amount of infrastructure cess.

9.1.4 In addition to specific charge on the fixed and current assets of the Hi-Tech Blending (Private) Limited - subsidiary company. Corporate guarantees of Rupees 1,300 million (30 June 2017: Rupees 1,383.57 million) have been given by the Company to the banks.

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

For the half year ended 31 December 2017

	Un-audited 31 December 2017 Rupees	Audited 30 June 2017 Rupees
9.2 Commitments		
Contracts for capital expenditure	121,754,078	173,427,561
Letters of credit other than capital expenditure	154,931,047	87,340,703
10. FIXED ASSETS		
Property and equipment:		
Operating fixed assets		
- Owned (Note 10.1)	2,141,843,633	2,037,142,342
- Leased (Note 10.2)	198,956,391	189,346,068
	2,340,800,024	2,226,488,410
Capital work-in-progress (Note 10.3)	263,959,701	230,907,986
	2,604,759,725	2,457,396,396
Intangible assets:		
Computer software (Note 10.4)	4,679,244	7,804,303
	2,609,438,969	2,465,200,699
10.1 Operating fixed assets – owned		
Opening book value	2,037,142,342	427,789,593
Add: Cost of additions during the period / year (Note 10.1.1)	143,557,614	1,789,962,056
Add: Book value of assets transferred from assets subject to finance lease during the period / year (Note 10.2.2)	8,492,421	12,028,841
	2,189,192,377	2,229,780,490
Less: Book value of deletions during the period / year (Note 10.1.2)	2,343,601	70,708,225
	2,186,848,776	2,159,072,265
Less: Free hold land transferred to investment property period / year	-	35,813,717
	2,186,848,776	2,123,258,548
Less: Depreciation charged during the period / year	45,005,142	86,116,206
Closing book value	2,141,843,633	2,037,142,342
10.1.1 Cost of additions during the period / year		
Freehold land	-	357,291,500
Building on leasehold land	119,506,350	359,203,612
Building on hold land	-	27,571,142
Machinery	8,322,964	900,334,050
Electric Installation	-	58,754,269
Furniture and fittings	607,389	8,870,385
Vehicles	3,405,792	69,646,779
Office equipment	7,435,216	3,979,304
Computers	4,279,903	4,311,015
	143,557,614	1,789,962,056
10.1.2 Book value of deletions during the period / year		
Cost:		
Vehicles	7,343,976	84,048,164
Office equipment	-	896,343
Computers	-	209,500
	7,343,976	85,154,007
Less: Accumulated depreciation	5,000,375	14,445,782
	2,343,601	70,708,225



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

For the half year ended 31 December 2017

	Un-audited 31 December 2017 Rupees	Audited 30 June 2017 Rupees
10.2 Operating fixed assets – leased		
Opening book value	189,346,068	65,200,771
Add: Cost of additions during the period / year (Note 10.2.1)	35,392,931	163,994,200
	<u>224,738,999</u>	<u>229,194,971</u>
Less: Book value of assets transferred to owned assets during the period / year (Note 10.2.2)	8,492,421	12,028,841
	<u>216,246,578</u>	<u>217,166,130</u>
Less: Book value of deletions during the period / year-vehicles (Note 10.2.3)	1,740,409	2,314,175
	<u>214,506,169</u>	<u>214,851,955</u>
Less: Depreciation charged during the period / year	15,549,778	25,505,887
Closing book value	<u>198,956,391</u>	<u>189,346,068</u>
10.2.1 Cost of additions during the period / year		
Generator	-	76,513,796
Vehicles	35,392,931	87,480,404
	<u>35,392,931</u>	<u>163,994,200</u>
10.2.2 Book value of assets transferred to owned assets during the period / year		
Cost:		
Vehicles	17,290,026	20,679,900
Less: Accumulated depreciation	8,797,605	8,651,059
	<u>8,492,421</u>	<u>12,028,841</u>
10.2.3 Book value of deletions during the period / year		
Cost:		
Vehicles	2,088,490	3,314,130
Less: Accumulated depreciation	348,081	999,955
	<u>1,740,409</u>	<u>2,314,175</u>
10.3 Capital work-in-progress		
Advance against purchase of apartment	25,226,750	25,226,750
Advances for purchase of vehicles	11,984,443	-
Advance for capital expenditure	-	24,394,498
Civil works	118,715,313	111,548,093
Mobilization and other advances	22,782,954	20,224,164
Unallocated expenditures	85,250,241	49,514,481
	<u>263,959,701</u>	<u>230,907,986</u>
10.4 Computer software		
Opening book value	7,804,303	13,061,888
Add: Cost of addition during the period / year	649,834	1,865,420
Less: Amortization charged during the period / year	3,774,893	7,123,005
Closing book value	<u>4,679,244</u>	<u>7,804,303</u>
11. STOCK-IN-TRADE		
Raw and Packing materials (Note 11.1)	820,369,749	482,262,231
Work-in-process	4,648,335	8,555,976
	<u>825,018,084</u>	<u>490,818,207</u>
Finished Goods (Note 11.2)	1,588,862,423	1,581,923,657
Less: Provision for slow moving and damaged inventory items	2,215,187	2,215,187
	<u>1,586,647,236</u>	<u>1,579,708,470</u>
Stock of promotional items	314,838	314,838
	<u>2,411,980,158</u>	<u>2,070,841,515</u>

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

For the half year ended 31 December 2017

11.1 Raw and packing materials include stock in transit of Rupees 664.867 million (30 June 2017: Rupees 243.913 million).

11.2 This includes stock-in-transit of Rupees 899.206 million (30 June 2017: Rupees 1,067.471 million) lying at custom bonded warehouses.

UN-AUDITED	
HALF YEAR ENDED	
31 December 2017 Rupees	31 December 2016 Rupees

### 12. CASH GENERATED FROM OPERATIONS

Profit before taxation	710,755,578	500,757,019
Adjustments for non-cash charges and other items:		
Depreciation on operating fixed assets	60,554,920	37,638,243
Amortization on intangible assets	3,774,893	3,456,240
Amortization of deferred income	(216,308)	-
Provision for doubtful trade debts	-	687,614
Debit balances written off	-	18,652
Gain on disposal of property and equipment	(1,934,809)	(1,260,406)
Dividend income	(123,750)	-
Unrealized loss / (gain) on remeasurement of investment at fair value	11,245,769	(4,836,971)
Profit on bank deposits and short term investments	(32,140,547)	(44,560,620)
Exchange loss	31,283,274	-
Finance cost	62,706,256	29,932,614
Working capital changes (Note 12.1)	(444,577,810)	(375,951,828)
	<u>401,327,466</u>	<u>145,880,557</u>

### 12.1 Working capital changes

(Increase) / decrease in current assets:

Stores	27,307,850	(17,032,598)
Stock-in-trade	(341,138,643)	(680,668,892)
Trade debts	(288,517,558)	(360,584,538)
Loans and advances	12,004,702	(176,106,679)
Short term deposits and prepayments	(5,838,609)	(9,480,817)
Other receivables	101,944,533	(163,881,144)
	<u>(494,237,725)</u>	<u>(1,407,754,668)</u>
Increase in trade and other payables	49,659,915	1,031,802,840
	<u>(444,577,810)</u>	<u>(375,951,828)</u>

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

For the half year ended 31 December 2017

### 13. TRANSACTIONS WITH RELATED PARTIES

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

UN-AUDITED			
HALF YEAR ENDED		QUARTER ENDED	
31 December 2017	31 December 2016	31 December 2017	31 December 2016

----- Rupees -----

#### i. Transactions

Subsidiary company				
Share deposit money	-	770,550,000	-	770,550,000
Purchase of lubricants	2,163,244,360	810,197,173	1,287,479,149	810,197,173
Short term loan	296,500,000	-	-	-
Interest on short term loan	19,636,503	-	10,839,632	-
Associated company				
MAS Associates (Private) Limited				
Share of common expenses	356,931	220,268	224,382	220,268
Other related parties				
Purchase of lubricants	1,515,619,837	2,188,723,717	497,256,256	2,188,723,717
Rent paid to directors	2,314,266	8,259,348	-	8,259,348
Repayment of loan to directors	-	15,000,000	-	-
Mark-up on loan from directors	2,874,182	2,924,752	1,437,974	1,418,564
Contribution to employees' provident fund trust	5,493,250	5,570,229	2,023,755	5,570,229
Remuneration of key management personnel	82,305,527	71,827,622	39,901,106	71,827,622
Donation to Sabra Hamida Trust	6,000,000	6,000,000	3,000,000	6,000,000

#### ii. Period end balances

Subsidiary company:			
Investment in Hi-Tech Blending (Private) Limited		1,300,000,600	1,300,000,600
Receivable from Hi-Tech Blending (Private) Limited		-	325,920,000
Payable to Hi-Tech Blending (Private) Limited		92,018,106	-
Short term loan		557,500,000	261,000,000
Accrued interest on short term loan		10,839,632	261,178
Associated company			
Receivable from MAS Associates (Private) Limited		242,308	114,623
Other related party:			
Receivable from SK Lubricants Company Limited		64,494,439	55,875,455
Payable to SK Lubricants Company Limited		279,153,712	296,537,000
Payable to employees' provident fund trust		1,999,070	1,611,679

Un-audited  
31 December  
2017  
Rupees

Audited  
30 June  
2017  
Rupees

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

For the half year ended 31 December 2017

### 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 Company has classified its financial instruments into the following three levels. An explanation of each level follows underneath the table.

31 December 2017				
Recurring fair value measurements	Level 1	Level 2	Level 3	Total
----- Rupees -----				
Financial assets				
Financial assets at fair value through profit and loss account	3,366,000	60,512,832	-	63,878,832
Total financial assets	3,366,000	60,512,832	-	63,878,832
30 June 2017				
Recurring fair value measurements	Level 1	Level 2	Level 3	Total
----- Rupees -----				
Financial assets				
Financial assets at fair value through profit and loss account	2,734,380	72,390,221	-	75,124,601
Total financial assets	2,734,380	72,390,221	-	75,124,601

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 2017. 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.

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

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

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

For the half year ended 31 December 2017

### 15. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual financial statements of the Company for the year ended 30 June 2017.

### 16. EVENT AFTER THE REPORTING PERIOD AND CORRESPONDING FIGURES

The Board of Directors of the Company have declared an interim dividend of Rupees 1.75 per ordinary share at their meeting held on 31 January 2018. 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 31 January 2018.

### 18. GENERAL

Bank balances of Rupees 71.616 million (30 June 2017: Rupees 20.053 million) and short term investments of Rupees 961.545 million (30 June 2017: Rupees 1,075 million) as at 31 December 2017 represent un-utilized proceeds of the initial public offer and can only be utilized for the purposes of OMC Project of the Company.

Figures have been rounded off to nearest of Rupee.



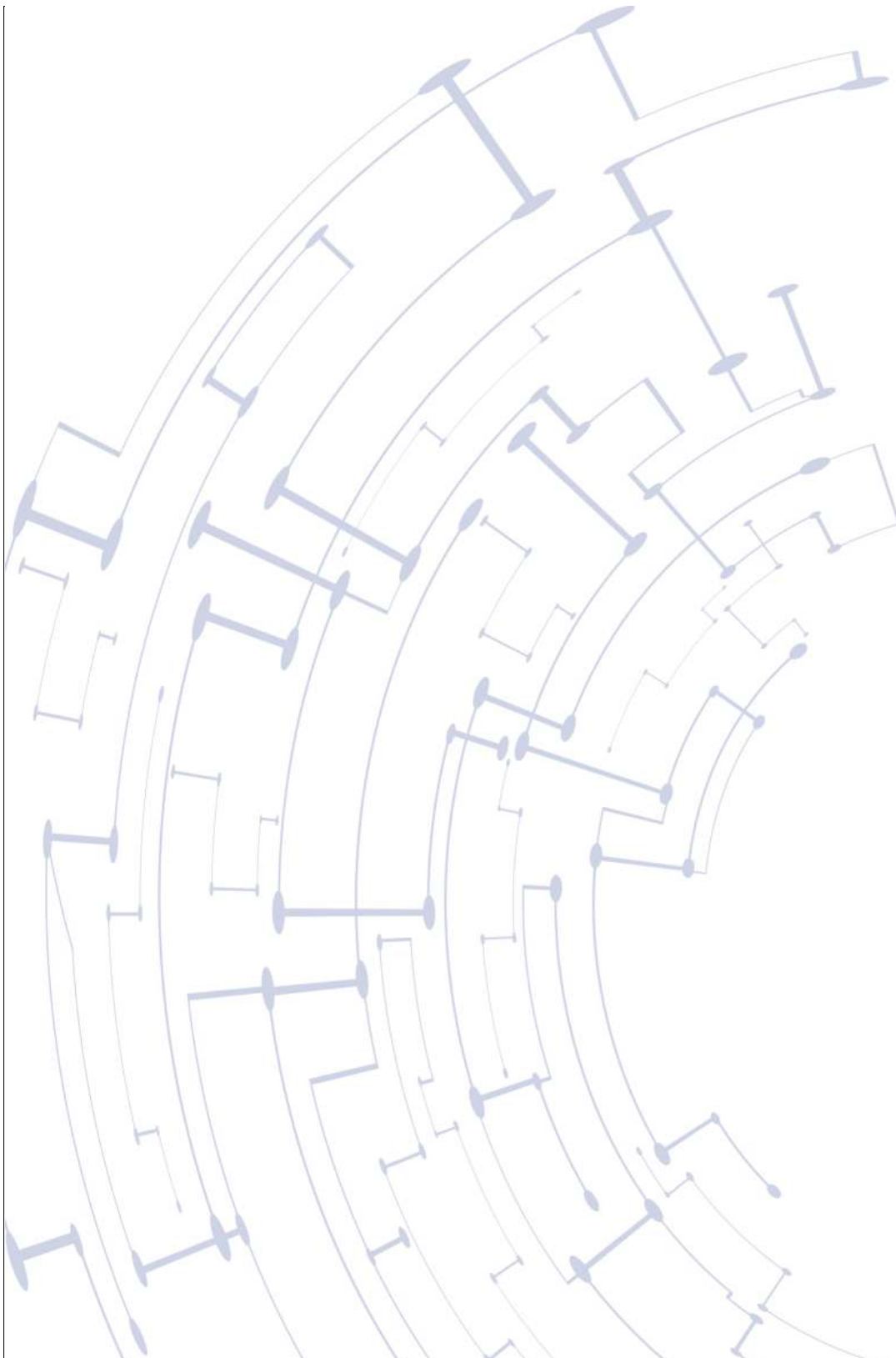
Chief Executive



Chief Financial Officer



Director



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