

Through PUCARS & COURIER

Ref. No. HTLL/Corporate/10-2020/017
October 29, 2020

The General Manager
Pakistan Stock Exchange Limited
Stock Exchange Building
Stock Exchange Road
Karachi.

Subject: Transmission of Quarterly Report for the Period Ended 30.09.2020

Dear Sir,

We have to inform you that the Quarterly Report of the Company for the period ended 30.09.2020 have been transmitted through PUCARS and is also available on Company's website.

You may please inform the TRE Certificate Holders of the Exchange accordingly.

Yours Sincerely,

For and on behalf of **Hi-Tech Lubricants Limited**


(Fraz Amjad Khawaja)
Company Secretary & Chief Compliance Officer

OFFICES:

CORPORATE: 1-A Danepur Road, GOR-1, Lahore.

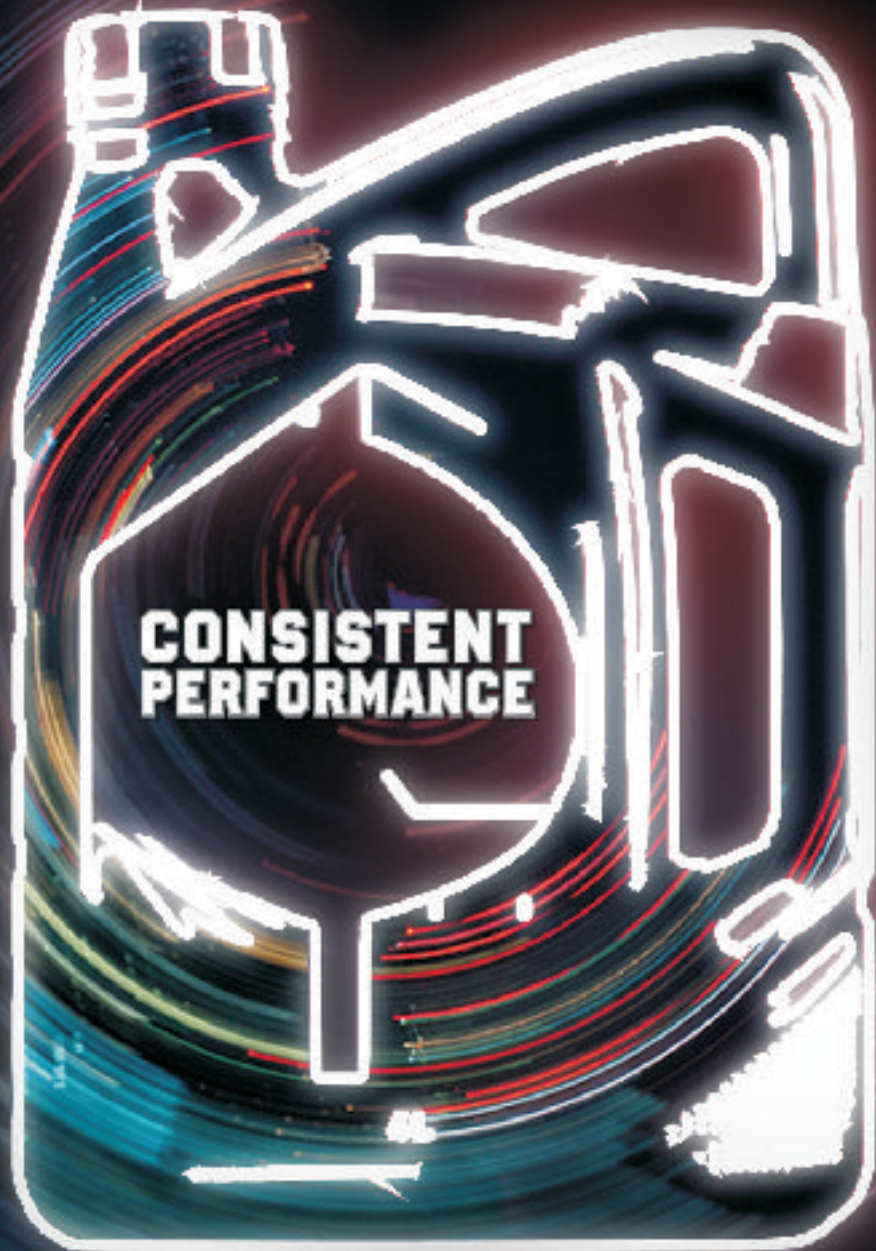
KARACHI: C-6 /1, Street No. 3, Bath Island, Clifton Karachi. Tel: +92- 21-111-645-942, Fax +92-21-35290672.

ISLAMABAD: Suite # 1402, 14th Floor Green Trust Tower, Jinnah Avenue Blue Area, Islamabad Tel: +92-51-111-645-942, Fax: +92-51-2813057.

PESHAWAR: Office No. 280, 3rd Floor, Deans Trade Center Islamia Road, Peshawar, Cantt. Tel: +92-91-5253186-7, Fax: +92-91-5253188.

Condensed Interim Financial Information
For the Quarter Ended 30 September 2020

Hi-Tech Lubricants Ltd



Company Information

BOARD OF DIRECTORS

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

Mr. Hassan Tahir
Chief Executive Officer / Executive Director

Mr. Muhammad Ali Hassan
Executive Director

Mr. Tahir Azam
Non Executive Director

Ms. Mavira Tahir
Non Executive Director

Mr. Faraz Akhtar Zaidi
Non Executive Director

Mr. Jung-Woo LEE
Non Executive Director (a nominee of SK Lubricants Co. Ltd.)

Mr. Muhammad Tabassum Munir
Independent Director

Dr. Safdar Ali Butt
Independent Director

Syed Asad Abbas Hussain
Independent Director

CHIEF FINANCIAL OFFICER

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

COMPANY SECRETARY & CHIEF COMPLIANCE OFFICER

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

EXTERNAL AUDITORS

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

SHARE REGISTRAR

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

REGISTERED / HEAD OFFICE

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

WEBSITE:

www.hitechlubricants.com
www.zicoil.pk

LEGAL ADVISOR

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

BANKERS

ISLAMIC BANKS

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

CONVENTIONAL BANKS

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

Directors' Review

Dear Members,

On behalf of the Board of Directors, we are pleased to share the financial information for the first quarter ended September 30, 2020. The Company generated PKR 2.6 billion of Gross Revenue, gross margins of 25% and net income of PKR 89 million. While comparisons with the same quarter last year are not really appropriate given the unique depressed macro-economic conditions of that time, we are very pleased with these results which were ahead of our budgeted figures for the quarter.

Included in the numbers is a loss associated with our OMC segment of PKR 19 million. The Company's goal is to bring the OMC Segment to breakeven as soon as possible, by building out its pump network and increasing volumes to generate sufficient income to offset the depreciation charges associated with our storage infrastructure. We are confident that this target should be achieved in the near future, though not at the expense of our strategy of picking good locations and good dealers that are able to leverage our strong brand name. Increasing lubricant sales at these locations is also a key focus for your Company.

The Company's balance sheet has also improved greatly with our running finance reduced to PKR 797 million, whilst carrying stocks of over PKR 1 billion. This not only gives us greater financial flexibility, but combined with lower interest rates has led to a significant reduction in our financial charges.

Position of IPO Funds

Bank balances of PKR 3.227 million (30 June 2020: Rupees 20.268 million) and short term investments of PKR 657.713 million (30 June 2020: PKR) be utilized for the purposes of expansions through OMC Project of the Company.

With a solid first quarter behind us, we are optimistic going into our seasonally strong quarter ahead. The economy is rebounding, primarily due to the reduced spread of Covid-19 in Pakistan (by the grace of Allah) as economic activity returns to the country. While macroeconomic and pandemic associated risks remain we are optimistic about the next quarter and remainder of the financial year.

We would like to thank our management and employees for their efforts on behalf of the Company.



Mr. Muhammad Ali Hassan
(Executive Director)

Lahore
October 23, 2020



Mr. Shaukat Hassan
(Chairman)

ڈائریکٹرز کا جائزہ

عزیز ہمداران!

بورڈ آف ڈائریکٹرز کی جانب سے ہم پہلی سہ ماہی ختمہ ۳۰ ستمبر ۲۰۲۰ء کی غیر آڈٹ شدہ مالیاتی معلومات پیش کرنے پر مسرت ہیں۔ کمپنی دوا عشریہ چھ ارب روپے کی فروخت، نو اسی ملین روپے کی آمدنی بچپس فیصد کے حساب سے کرنے میں کامیاب رہی۔ پچھلے سال کی اسی سہ ماہی سے تقابلہ کرنا مناسب نہیں کیونکہ پچھلے سال کے وسیع معاشی حالات خاص قسم کے دباؤ والے تھے۔ ہم بہت خوش ہیں کہ جو نتائج سامنے آئے ہیں وہ ہماری بجٹ توقعات سے بہتر رہے ہیں۔

ان دیئے گئے اعداد میں انیس ملین روپے کا نقصان آئل مارکیٹنگ سیکمنٹ سے منسلک ہے۔ کمپنی کا مقصد یہ ہے کہ جلد از جلد اس سیکمنٹ کو برابری کی سطح پر لایا جائے اور پمپ نیٹ ورک کی تعمیر اور فروخت کی بڑھوتری سے کافی آمدنی پیدا کی جائے تاکہ سٹورینج کے بنیادی ڈھانچے سے منسلک فرسودگی کے خرچہ جات کو برابر کیا جاسکے۔ ہم پر اعتماد ہیں کہ اچھی جگہیں اور اچھے ڈیلرز کا انتخاب کرنے کی ہماری حکمت عملی، جو ہمارے برانڈز کے نام کو مضبوط کرنے میں ہماری معاون ثابت ہوں، پر سمجھوتہ کئے بغیر مستقبل قریب میں اس ہدف کو حاصل کر لیں گے۔

کمپنی کی بیلینس شیٹ بھی بہت بہتر طور پر سامنے آئی ہے جہاں چھوٹی مدت کے قرضے کم ہو کر سات سو نواوے ملین روپے کی سطح پر آ گئے ہیں جبکہ سٹاکس ایک ارب روپے سے زیادہ ہیں۔ یہ نہ صرف ہمیں زیادہ مالی چلک فراہم کر رہے ہیں بلکہ سود کی چلی شرح کی وجہ سے ہمارے مالی اخراجات نمایاں حد تک کم ہو گئے ہیں۔

آئی پی او فنڈز کی پوزیشن

۳۰ ستمبر ۲۰۲۰ء کو ۲۲۷-۲۲۸ ملین روپے کا بینک بیلنس (۳۰ جون ۲۰۲۰ء کو ۲۶۸-۲۷۰ ملین روپے) اور مختصر میعاد کی ۱۳-۱۷ ملین روپے کی سرمایہ کاری (۳۰ جون ۲۰۲۰ء کو ۱۸-۱۹ ملین روپے) ابتدائی پبلک آفر سے حاصل غیر استعمال شدہ آمدنی کو ظاہر کرتی ہے اور رقم صرف کمپنی کے آئل مارکیٹنگ پراجیکٹ کے لیے ہی مختص ہے۔

ایک ٹھوس سہ ماہی مکمل ہونے کے بعد ہم آنے والے مضبوط موسمیاتی سہ ماہی سے پر امید ہیں۔ خدائے بزرگ و برتر کی مہربانی سے پاکستان میں کرونا وائرس کے کم پھیلاؤ کی وجہ سے معاشی سرگرمیاں بحالی کی طرف گامزن ہیں۔ تاہم وسیع معاشی حالات اور وبا سے منسلک خطرات کے باوجود بھی ہم یقیناً ماندہ سال اور اگلی سہ ماہی کے بارے میں پر اعتماد ہیں۔

کمپنی کی جانب سے ہم اپنے ملازمین اور انتظامیہ کی انتھک کوششوں اور محنت کے شکر گزار ہیں۔



جناب شوکت حسن

(چیئرمین)



جناب محمد علی حسن

(ایگزیکٹو ڈائریکٹر)

لاہور، ۲۳ اکتوبر ۲۰۲۰ء

HI-TECH LUBRICANTS LIMITED

**Unconsolidated Condensed Interim
Financial Information (Un-audited)**

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

As At 30 September 2020

	Note	Un-Audited 30 September, 2020 Rupees	Audited 30 June, 2020 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital 150,000,000 (2020: 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		2,072,913,658	1,997,625,503
Total equity		3,232,953,658	3,157,665,503
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	4	52,822,526	42,267,650
Lease liabilities	5	194,443,095	204,637,134
Long term deposit		3,000,000	500,000
Deferred income		6,544,187	5,285,365
		256,809,808	252,690,149
CURRENT LIABILITIES			
Trade and other payables	6	1,145,286,966	704,278,864
Accrued mark-up / profit		8,776,406	22,102,743
Short term borrowings	7	319,583,385	766,262,927
Current portion of non-current liabilities		104,675,081	86,778,970
Unclaimed dividend		3,292,527	3,438,436
		1,581,614,365	1,582,861,940
Total liabilities		1,838,424,173	1,835,552,089
CONTINGENCIES AND COMMITMENTS			
	8		
TOTAL EQUITY AND LIABILITIES		5,071,377,831	4,993,217,592

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



Director



Director



Chief Financial Officer

	Note	Un-Audited 30 September, 2020 Rupees	Audited 30 June, 2020 Rupees
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	9	1,727,113,721	1,693,745,762
Right-of-use assets		255,066,614	270,942,898
Intangible assets	10	6,758,209	7,596,802
Investment in subsidiary company	11	1,300,000,600	1,300,000,600
Long term security deposits		11,744,718	11,744,718
Deferred income tax asset - net		107,956,234	107,956,234
		<u>3,408,640,096</u>	<u>3,391,987,014</u>
CURRENT ASSETS			
Stock-in-trade	12	546,249,599	447,345,239
Trade debts		56,437,684	76,104,012
Loans and advances		159,330,417	149,156,999
Short term deposits and prepayments		32,727,719	31,144,473
Other receivables		63,766,626	50,014,789
Accrued interest		2,550	2,236
Short term investments		665,856,056	723,285,160
Cash and bank balances	13	138,367,084	124,177,670
		<u>1,662,737,735</u>	<u>1,601,230,578</u>
TOTAL ASSETS		<u><u>5,071,377,831</u></u>	<u><u>4,993,217,592</u></u>



Director



Director



Chief Financial Officer

Unconsolidated Condensed Interim Statement of Profit or Loss (Un-audited)

For The Quarter Ended 30 September 2020

	Un-Audited 30 September, 2020 Rupees	Un-Audited 30 September, 2019 Rupees
GROSS REVENUE	2,341,557,862	606,054,702
Discounts	(78,864,570)	(15,247,366)
Sales tax	(423,797,742)	(127,575,463)
NET REVENUE	<u>1,838,895,550</u>	<u>463,231,873</u>
COST OF SALES	<u>(1,443,122,979)</u>	<u>(397,789,979)</u>
GROSS PROFIT	395,772,571	65,441,894
DISTRIBUTION COST	(190,325,678)	(205,246,480)
ADMINISTRATIVE EXPENSES	(104,807,079)	(98,954,859)
OTHER EXPENSES	(5,005,193)	(4,672,446)
	(300,137,950)	(308,873,785)
OTHER INCOME	<u>13,834,012</u>	<u>41,034,784</u>
PROFIT/(LOSS) FROM OPERATIONS	109,468,633	(202,397,107)
FINANCE COST	<u>(20,388,761)</u>	<u>(37,918,619)</u>
PROFIT/(LOSS) BEFORE TAXATION	89,079,872	(240,315,726)
TAXATION	<u>(13,791,717)</u>	<u>(13,273,797)</u>
PROFIT/(LOSS) AFTER TAXATION	<u><u>75,288,155</u></u>	<u><u>(253,589,523)</u></u>
PROFIT/(LOSS) PER SHARE - BASIC AND DILUTED	<u><u>0.65</u></u>	<u><u>(2.19)</u></u>

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



Director



Director



Chief Financial Officer

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

For The Quarter Ended 30 September 2020

	Un-Audited 30 September, 2020 Rupees	Un-Audited 30 September, 2019 Rupees
PROFIT/(LOSS) AFTER TAXATION	75,288,155	(253,589,523)
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 PROFIT/(LOSS) FOR THE PERIOD	<u>75,288,155</u>	<u>(253,589,523)</u>

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



Director



Director



Chief Financial Officer

Unconsolidated Condensed Interim Statement Of Cash Flows (Un-audited)

For The Quarter Ended 30 September 2020

	Note	Un-Audited 30 September, 2020 Rupees	Un-Audited 30 September, 2019 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (utilized in) operations	14	466,718,381	808,546,763
Finance cost paid		(33,715,098)	(69,902,814)
Income tax paid		(9,438,215)	(14,399,430)
Net decrease / (increase) in long term loans to employees		-	105,042
Net decrease / (increase) in long term security deposits		-	1,276,700
Increase in long term deposits		2,500,000	-
Net cash generated from / (used in) operating activities		426,065,068	725,626,261
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditures on operating fixed assets		(54,221,909)	(56,904,772)
Capital expenditure on intangible assets		-	(827,500)
Proceeds from disposal of operating fixed assets		276,330	12,674,538
Short term investments - net		58,417,261	93,657,770
Dividends received		3,689,719	2,297,617
Interest received on loans to subsidiary company		-	7,741,006
Profit on bank deposits and term deposit receipts received		7,165,377	21,326,115
Net cash used in investing activities		15,326,778	79,964,774
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of liabilities against assets subject to finance lease		-	(15,926,449)
Repayment of lease liabilities		(12,066,950)	-
Dividend paid		(145,909)	(128,775)
Proceeds from long term financing		31,689,969	-
Repayment of long term financing		-	(14,894,159)
Short term borrowings - net		(446,679,542)	(744,161,716)
Net cash (used in) / from financing activities		(427,202,432)	(775,111,098)
Net decrease in cash and cash equivalents		14,189,414	30,479,937
Cash and cash equivalents at the beginning of the period		124,177,670	158,925,453
Cash and cash equivalents at the end of the period		138,367,084	189,405,390

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



Director



Director



Chief Financial Officer

Unconsolidated Condensed Interim Statement Of Changes In Equity (Un-audited)

For The Quarter Ended 30 September 2020

	RESERVES				TOTAL EQUITY
	CAPITAL RESERVE	REVENUE RESERVE	TOTAL RESERVES		
	SHARE PREMIUM	UN-APPROPRIATED PROFIT			
	(----- Rupees -----)				
Balance as at 30 June 2019 - Audited	1,160,040,000	1,441,697,946	625,046,533	2,066,744,479	3,226,784,479
Transaction with owners:					
Loss for the year ended 30 June 2020	-	-	(253,589,523)	(253,589,523)	(253,589,523)
Other comprehensive loss for the quarter ended 30 September 2019	-	-	-	-	-
Total comprehensive loss for the quarter ended of 30 September 2019	-	-	(253,589,523)	(253,589,523)	(253,589,523)
Balance as at 30 September 2019 - Un Audited	1,160,040,000	1,441,697,946	371,457,010	1,813,154,956	2,973,194,956
Balance as at 30 June 2020 - Audited	1,160,040,000	1,441,697,946	555,927,557	1,997,625,503	3,157,665,503
Transaction with owners:					
Profit for the quarter ended 30 September 2020	-	-	75,288,155	75,288,155	75,288,155
Other comprehensive income for the quarter ended 30 September 2020	-	-	-	-	-
Total comprehensive profit for the quarter ended 30 September 2020	-	-	75,288,155	75,288,155	75,288,155
Balance as at 30 September 2020 - Un Audited	1,160,040,000	1,441,697,946	631,215,712	2,072,913,658	3,232,953,658

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



Director



Director



Chief Financial Officer

Notes To The Unconsolidated Condensed Interim Financial Statements

For The Quarter Ended 30 September 2020

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 lubricants and petroleum products. During the year ended 30 June 2017, Oil and Gas Regulatory Authority (OGRA) granted license to the Company to establish an Oil Marketing Company (OMC), subject to some conditions. On 31 May 2019, Oil and Gas Regulatory Authority (OGRA) has granted permission to the Company to operate new storage facility at Sahiwal and marketing of petroleum products in province of Punjab. On 20 January 2020, the Company has started marketing and sale of petroleum products. On 21 February 2020, OGRA has granted permission to the Company to apply for No Objection Certificates (NOCs) from concerned departments to setup petrol pumps in Khyber Pakhtunkhwa Province.

2. BASIS OF PREPARATION

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

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

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

2.2 These unconsolidated condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended 30 June 2020.

3. ACCOUNTING POLICIES

The accounting policies and methods of computations adopted for the preparation of these unconsolidated condensed interim financial statements are the same as applied in the preparation of the preceding audited annual published financial statements of the Company for the year ended 30 June 2020.

3.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

During preparation of these unconsolidated condensed interim financial statements, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the Company for the year ended 30 June 2020.

Notes To The Unconsolidated Condensed Interim Financial Statements

For The Quarter Ended 30 September 2020

	Un-Audited September 30, 2020 Rupees	Audited June 30, 2020 Rupees
4 LONG TERM FINANCING		
From banking companies - secured		
Bank Alfalah Limited - Loan under SBP Refinance Scheme (Note 4.1)	58,118,654	58,118,654
Add: Obtained during the period	30,323,898	-
	<u>88,442,552</u>	<u>58,118,654</u>
Less: Current portion shown under current liabilities	35,620,026	15,851,004
	<u>52,822,526</u>	<u>42,267,650</u>

- 4.1** These term finance facilities, aggregating to Rupees 96.191 million (2020: Rupees 63.40 million) are obtained by the Company under SBP Refinance Scheme for payment of wages and salaries to workers and employees of business concerns. These are secured against first hypothecation charge of Rupees 127 million and personal guarantees of all sponsor directors. These finance facilities are payable in 8 equal quarterly installments commencing from 01 January 2021 and ending on 01 October 2022. Mark-up is payable quarterly at the rate of SBP refinance rate plus 3.00% per annum. These loans are recognized and measured in accordance with IFRS 9 'Financial Instruments'. Fair value adjustments are recognized at discount rates of 9.89% and 10.04% per annum.

	Un-Audited September 30, 2020 Rupees	Audited June 30, 2020 Rupees
5. LEASE LIABILITIES		
Total lease liabilities	263,498,150	275,565,100
Less: Current portion shown under current liabilities	69,055,055	70,927,966
	<u>194,443,095</u>	<u>204,637,134</u>

- 5.1** The interest expense on lease liabilities for the period is Rupees 14.803 million (2020: Rupees 35.756 million). The total cash outflow for leases for the period ended 30 September 2020 amounted to Rupees 31.145 million (2020: Rupees 48.576 million).

- 5.2** Implicit rates against lease liabilities range from 8.76% to 14.99% (2020: from 8.76% to 14.99%) per annum.

- 5.3** Leases from banking companies are secured against charge on the leased assets, personal guarantees of directors and security deposits of Rupees 9.732 million (2020: Rupees 9.732 million)

Notes To The Unconsolidated Condensed Interim Financial Statements

For The Quarter Ended 30 September 2020

	Un-Audited September 30, 2020 Rupees	Audited June 30, 2020 Rupees
6. TRADE AND OTHER PAYABLES		
Creditors (Note 6.1)	886,344,798	454,220,219
Accrued liabilities (Note 6.2)	140,835,750	153,184,687
Advances from customers	32,100,004	48,465,976
Retention money payable	-	16,818,062
Customs duty and other charges payable	74,159,097	23,856,668
Income tax deducted at source	9,158,859	5,146,055
Payable to employees' provident fund trust	2,688,458	2,587,197
	<u>1,145,286,966</u>	<u>704,278,864</u>

6.1 These include Rupees 782.373 million (2020: Rupees 327.050 million) and Rupees 41.099 million (2020: Rupees 61.463 million) payable to Hi-Tech Blending (Private) Limited - subsidiary company and SK Lubricants Co., Ltd - principal supplier and long term partner respectively.

6.2 These include Rupees 6.878 million (2020: Rupees 5.910 million) on account of remuneration payable to directors of the Company.

	Un-Audited September 30, 2020 Rupees	Audited June 30, 2020 Rupees
7. SHORT TERM BORROWINGS		
From banking companies - secured		
Short term finances (Note 7.1 and 7.2)	319,583,385	716,262,927
Running musharakah (Note 7.1 and 7.3)	-	50,000,000
	<u>319,583,385</u>	<u>766,262,927</u>

7.1 These finances are obtained from banking companies under mark-up / profit arrangements and are secured against trust receipts, first joint pari passu hypothecation charge over current assets, lien over term deposit receipts, personal guarantees of sponsor directors of the Company and hypothecation charge over land, building and plant and machinery of Hi-Tech Blending (Private) Limited - subsidiary company.

7.2 The rates of mark-up ranged from 8.03% to 8.93% (2020: 8.92% to 15.45%) per annum.

7.3 The rates of profit ranged from 8.03% (2020: 9.01% to 14.86%) per annum.

Notes To The Unconsolidated Condensed Interim Financial Statements

For The Quarter Ended 30 September 2020

8. CONTINGENCIES AND COMMITMENTS

8.1 Contingencies

- 8.1.1** Corporate guarantees of Rupees 1,300 million (2020: Rupees 1,300 million) have been given by the Company to the banks in respect of financing to Hi-Tech Blending (Private) Limited - subsidiary company.
- 8.1.2** Guarantees of Rupees 58 million (2020: Rupees 58 million) are given by the bank of the Company to Director Excise and Taxation, Karachi against disputed amount of infrastructure cess.
- 8.1.3** Guarantees of Rupees 22 million (2020: Rupees 22 million) are given by the bank of the Company to Chairman, Punjab Revenue Authority, Lahore against disputed amount of infrastructure cess.
- 8.1.4** Guarantee of Rupees 6 million (2020: Rupees 6 million) and Rupees 2.25 million (2020: Rupees 2.25 million) are given by the banks of the Company to Total Parco Pakistan Limited and Pakistan State Oil Company Limited respectively against fuel cards obtained by the Company for its employees.
- 8.1.5** During the year ended 30 June 2018, assessment under section 161 and section 205 of the Income Tax Ordinance, 2001 for the tax year 2014 was finalized by the Deputy Commissioner Inland Revenue creating a demand of Rupees 18.207 million against the Company. The Company, being aggrieved filed an appeal before the Commissioner Inland Revenue (Appeals) [CIR(A)], who decided the case in favor of the Company reducing the total demand to Rupees 0.191 million. However, Income Tax Department has filed an appeal against the order of the CIR(A) before the Appellate Tribunal Inland Revenue and the same is pending adjudication. No provision against the original tax demand has been recognized in these unconsolidated condensed interim financial statements, as the Company, based on advice of the tax advisor, is confident of favorable outcome of litigation.
- 8.1.6** The Competition Commission of Pakistan (CCP), in a detailed order, has set aside the enquiry report and disposed of show cause notices issued against Hi-Tech Lubricants. The CCP held that the case against Hi-Tech Lubricants was not made out under Section 10 of the Competition Act, 2010.
- 8.1.7** On 19 December 2018, the Company has filed an appeal before Commissioner Inland Revenue Appeals [CIR(A)] against the order of Deputy Commissioner Inland Revenue (DCIR). DCIR passed an order under section 122(1) and section 122(5A) of the Income Tax Ordinance, 2001 for tax year 2013 whereby a demand of Rupees 83.595 million has been raised. CIR(A) vide order dated 18 December 2018 has upheld some of the additions made by DCIR and also directed the DCIR to give opportunity of hearing to the Company in one of the said matters. Being aggrieved by the order of CIR(A), the Company filed an appeal before the Appellate Tribunal Inland Revenue [ATIR] which is pending adjudication. No provision against this demand has been recognized in these unconsolidated condensed interim financial statements, as the Company, based on advice of the tax advisor, is confident of favorable outcome of litigation.

Notes To The Unconsolidated Condensed Interim Financial Statements

For The Quarter Ended 30 September 2020

8.1.8 Deputy Commissioner Inland Revenue (DCIR) has passed an assessment order on 28 November 2018 under section 161 and section 205 of the Income Tax Ordinance, 2001 for the tax year 2015 whereby a demand of Rupees 22.358 million has been raised. On 21 December 2018, the Company filed an appeal before the Commissioner Inland Revenue (Appeals) [CIR(A)] against the order of DCIR. CIR(A) accepted the Company's stance on certain issues assailed in appeal and reduced the aggregate demand to Rupees 10.735 million. Being aggrieved by the order of CIR(A), the Company filed an appeal before the Appellate Tribunal Inland Revenue [ATIR] which is pending adjudication. No provision against this demand has been recognized in these unconsolidated condensed interim financial statements, as the Company, based on advice of the tax advisor, is confident of favorable outcome of litigation.

8.1.9 During the year ended 30 June 2020, Deputy Commissioner Inland Revenue (DCIR) issued a notice to recover an amount of Rupees 21.124 million against super tax for the tax year 2019 under section 4B of the Income Tax Ordinance, 2001. The Company through its tax advisor submitted its reply that liability on account of super tax did not arise for subject year. The matter is still pending before DCIR. No provision against this demand has been recognized in these unconsolidated condensed interim financial statements, as the Company, based on the advice of the tax advisor, is confident of favorable outcome of the matter.

	Un-Audited September 30, 2020 Rupees	Audited June 30, 2020 Rupees
8.2 Commitments		
8.2.1 For capital expenditures	2,064,328	107,622,214
8.2.2 Letters of credit other than for capital expenditures	40,131,633	-
8.2.3 The amount of future ijara rentals and the period in which these payments will become due are as follow:		
Not later than one year	-	3,130,124
Later than one year but not later	-	-
	-	3,130,124

9. FIXED ASSETS

Operating fixed assets:

- Owned (Note 9.1)

- Leased (Note 9.2)

Capital work-in-progress (Note 9.3)

1,397,643,572	1,394,602,141
-	-
1,397,643,572	1,394,602,141
329,470,149	299,143,621
1,727,113,721	1,693,745,762

Notes To The Unconsolidated Condensed Interim Financial Statements

For The Quarter Ended 30 September 2020

	Un-Audited September 30, 2020 Rupees	Audited June 30, 2020 Rupees
9.1 Operating fixed assets – owned		
Opening book value	1,394,602,141	1,375,599,503
Add: Cost of additions during the period / year (Note 9.1.1)	23,895,381	76,310,414
Add: Book value of assets transferred from right-of-use of assets	2,617,462	43,241,714
	<u>1,421,114,984</u>	<u>1,495,151,631</u>
Less: Book value of assets written off during the period / year	-	724,166
Less: Book value of deletions during the period / year (Note 9.1.2)	577,929	9,407,853
	<u>1,420,537,055</u>	<u>1,485,019,612</u>
Less: Depreciation charged during the period / year	22,893,483	90,417,471
Closing book value	<u>1,397,643,572</u>	<u>1,394,602,141</u>
9.1.1 Cost of additions during the period / year		
Buildings on freehold land	-	7,150,643
Buildings on leasehold land	8,842,154	41,519,296
Machinery	-	4,419,000
Tanks and Pipeline and Tanks	-	4,411,150
Dispensing Pumps	7,638,404	9,120,343
Furniture and fittings	538,500	900,206
Vehicles	2,778,345	-
Office equipment	1,496,978	5,841,091
Computers	2,601,000	2,948,685
	<u>23,895,381</u>	<u>76,310,414</u>
9.1.2 Book value of deletions during the period / year		
Cost:		
Vehicles	811,900	18,912,133
Computers	909,401	1,169,500
Office Equipments	67,390	-
Less: Accumulated depreciation	1,210,762	10,673,780
	<u>577,929</u>	<u>9,407,853</u>
9.2 Operating fixed assets – leased		
Opening book value	-	114,952,001
Less: transferred to right-of-use assets on adoption of IFRS-16	-	114,952,001
Closing book value	<u>-</u>	<u>-</u>

Notes To The Unconsolidated Condensed Interim Financial Statements

For The Quarter Ended 30 September 2020

	Un-Audited September 30, 2020 Rupees	Audited June 30, 2020 Rupees
9.3 Capital work-in-progress		
Advance against purchase of apartment (Note 9.3.1)	25,226,750	25,226,750
Advances to suppliers	23,637,273	24,895,701
Civil works	192,238,682	194,227,385
Dispensing pumps	9,082,648	9,082,648
Mobilization and other advances	5,452,688	11,626,452
Unallocated expenditures	73,832,108	34,084,685
	<u>329,470,149</u>	<u>299,143,621</u>

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

	Un-Audited September 30, 2020 Rupees	Audited June 30, 2020 Rupees
10. INTANGIBLE ASSETS		
Opening book value	7,596,802	4,732,856
Add: Cost of additions during the period/year	-	5,362,625
Less: Amortization charged during the period/year	838,593	2,498,679
Closing book value	<u>6,758,209</u>	<u>7,596,802</u>

10.1 Intangible assets - computer softwares have been amortized at the rate of 30% (2020: 30%) per annum.

Notes To The Unconsolidated Condensed Interim Financial Statements

For The Quarter Ended 30 September 2020

	Un-Audited September 30, 2020 Rupees	Audited June 30, 2020 Rupees
11. INVESTMENT IN SUBSIDIARY COMPANY - at cost		
Hi-Tech Blending (Private) Limited - unquoted		
130,000,060 (2020: 130,000,060) fully paid ordinary shares of Rupees 10 each		
Equity held 100% (2020: 100%)	<u>1,300,000,600</u>	<u>1,300,000,600</u>

11.1 Investment in Hi-Tech Blending (Private) Limited includes 60 (2020: 60) shares in the name of nominees of the Company.

	Un-Audited September 30, 2020 Rupees	Audited June 30, 2020 Rupees
12. STOCK-IN-TRADE		
Lubricants and parts	242,652,490	378,075,086
Less: Provision for slow moving and damaged inventory items	<u>6,488,123</u>	<u>6,488,123</u>
	236,164,367	371,586,963
Petroleum products		
- Stock in hand	<u>206,234,236</u>	<u>6,766,970</u>
- Stock in pipeline system	<u>63,281,755</u>	<u>28,457,092</u>
	269,515,991	35,224,062
Dispensing pumps and other installations	40,359,837	40,324,810
Stock of promotional items	<u>209,404</u>	<u>209,404</u>
	<u>546,249,599</u>	<u>447,345,239</u>

13. CASH AND BANK BALANCES

Cash in hand	896,202	591,071
Cash at banks:		
Saving accounts (Note 13.1)	<u>74,652,642</u>	<u>32,248,693</u>
Current accounts	<u>62,818,240</u>	<u>91,337,906</u>
	<u>137,470,882</u>	<u>123,586,599</u>
	<u>138,367,084</u>	<u>124,177,670</u>

13.1 Saving accounts carry profit at the rates ranging from 5.5% (2020: 6.48% to 11.25%) per annum.

Notes To The Unconsolidated Condensed Interim Financial Statements

For The Quarter Ended 30 September 2020

	Un-Audited September 30, 2020 Rupees	Un-Audited September 30, 2019 Rupees
14. CASH GENERATED FROM / (UTILIZED IN) OPERATIONS		
Profit/(Loss) before taxation	89,079,872	(240,315,726)
Adjustments for non-cash charges and other items:		
Depreciation on operating fixed assets	22,893,482	27,235,683
Depreciation on right-of-use assets	13,258,823	-
Amortization on intangible assets	838,593	649,985
Amortization of deferred grant	(1,366,071)	-
Gain on disposal of operating fixed assets	301,606	(4,885,456)
Dividend income	(3,689,719)	(2,297,617)
Profit on bank deposits and term deposit receipts	(7,165,691)	(23,016,220)
Unrealized (gain) / loss on remeasurement of investments carried at fair value	(988,157)	(1,114,550)
Exchange (gain) / loss - net	249,020	(6,704,528)
Finance cost	20,388,761	37,918,619
Working capital changes (Note 14.1)	332,917,862	1,021,076,573
	<u>466,718,381</u>	<u>808,546,763</u>

14.1 Working capital changes

Decrease / (increase) in current assets:

Stock-in-trade	(98,904,360)	(450,675,439)
Trade debts	19,666,328	1,110,391,286
Loans and advances	(10,173,418)	(35,420,281)
Short term deposits and prepayments	(1,583,246)	(4,930,799)
Other receivables	(16,846,517)	(19,122,281)
	(107,841,213)	600,242,486
(Decrease) / increase in trade and other payables	440,759,075	420,834,087
	<u>332,917,862</u>	<u>1,021,076,573</u>

Notes To The Unconsolidated Condensed Interim Financial Statements

For The Quarter Ended 30 September 2020

15. TRANSACTIONS WITH RELATED PARTIES

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

		Un-Audited September 30, 2020 Rupees	Un-Audited September 30, 2019 Rupees
i. Transactions			
Relationship	Nature of transaction		
Subsidiary company			
Hi-Tech Blending (Private) Limited	Sale of lubricants	-	72,200
	Purchase of lubricants	952,345,251	214,664,752
	Lease rentals paid	750,000	750,000
Associated company			
MAS Associates (Private) Limited	Share of common expenses	311,253	151,425
Other related parties			
SK Lubricants Co., Ltd.	Purchase of lubricants	40,570,139	482,654,993
Provident fund trust	Contribution	4,014,598	4,139,107
Sabra Hamida Trust	Donations	4,500,000	4,500,000
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		-	89,201
Payable to Hi-Tech Blending (Private) Limited		782,374,177	301,579,747
Associated company			
Receivable from MAS Associates (Private) Limited		166,180	151,425
Other related party:			
Receivable from SK Lubricants Company Limited		-	28,501,777
Payable to SK Lubricants Company Limited		40,725,115	201,763,028
Payable to employees' provident fund trust		2,688,458	2,742,114

Notes To The Unconsolidated Condensed Interim Financial Statements

For The Quarter Ended 30 September 2020

16 RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

(i) Fair value hierarchy

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

Recurring fair value measurements at 30 September 2020	Level 1	Level 2	Level 3	Total
----- Rupees -----				
Financial assets				
Financial assets at fair value through profit or loss	289,691,481	-	-	289,691,481
----- Rupees -----				
Recurring fair value measurements at 30 June 2020	Level 1	Level 2	Level 3	Total
----- Rupees -----				
Financial assets				
Financial assets at fair value through profit or loss	250,864,373	-	-	250,864,373

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 period. 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 equity 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 technique used to value financial instruments is the use of quoted market prices.

Notes To The Unconsolidated Condensed Interim Financial Statements

For The Quarter Ended 30 September 2020

17 SEGMENT INFORMATION

The Company has two reportable segments. The following summary describes the operation in each of the Company's reportable segments:
Lubricants Purchase and sale of lubricants, parts and rendering of services.
Petroleum products Marketing and sale of petroleum products.

	LUBRICANTS		PETROLEUM PRODUCTS		UNALLOCATED		TOTAL - COMPANY	
	30 September, 2020	30 September, 2019	30 September, 2020	30 September, 2019	30 September, 2020	30 September, 2019	30 September, 2020	30 September, 2019
Revenue - net	1,525,260,881	463,231,873	313,634,669	-	-	-	1,838,895,550	463,231,873
Cost of sales	(1,146,292,717)	(397,789,979)	(296,830,262)	-	-	-	(1,443,122,979)	(397,789,979)
Gross profit / (loss)	378,968,164	65,441,894	16,804,407	-	-	-	395,772,571	65,441,894
Distribution cost	(155,727,018)	(198,199,913)	(34,598,660)	(7,046,567)	-	-	(190,325,678)	(205,246,480)
Administrative expenses	(97,145,565)	(98,954,859)	(7,661,514)	-	-	-	(104,807,079)	(98,954,859)
Other expenses	(2,945,162)	(4,672,446)	(2,060,031)	-	-	-	(5,005,193)	(4,672,446)
Other income	(255,817,744)	(301,827,218)	(44,320,206)	(7,046,567)	-	-	(300,137,950)	(308,873,785)
Profit / (loss) from operations	5,500,772	21,229,595	8,333,240	19,805,189	-	-	13,834,012	41,034,784
Finance cost	(128,651,191)	(215,155,729)	(19,182,558)	(12,758,622)	-	-	(109,468,633)	(202,397,107)
Profit / (loss) before taxation	(128,651,191)	(215,155,729)	(19,182,558)	(12,758,622)	(20,388,761)	(37,918,619)	(20,388,761)	(37,918,619)
Taxation	-	-	-	-	(20,388,761)	(37,918,619)	89,079,872	(240,315,726)
Profit / (loss) after taxation	(128,651,191)	(215,155,729)	(19,182,558)	(12,758,622)	(13,791,717)	(13,273,797)	(13,791,717)	(13,273,797)
					(34,180,478)	(51,192,416)	75,288,155	(253,589,523)

17.1 Reconciliation of reportable segment assets and liabilities:

	LUBRICANTS		PETROLEUM PRODUCTS		TOTAL - COMPANY	
	30 September, 2020	30 June, 2020	30 September, 2020	30 June, 2020	30 September, 2020	30 June, 2020
Total assets for reportable segments	1,508,264,524	1,631,222,555	1,816,838,030	1,716,788,872	3,325,102,554	3,348,011,427
Unallocated assets					1,746,275,277	1,645,206,165
Total assets as per statement of financial position					5,071,377,831	4,993,217,592
Total liabilities for reportable segments	1,219,212,314	617,441,705	93,494,203	148,390,643	1,312,706,517	765,832,348
Unallocated liabilities					525,717,656	1,069,719,741
Total liabilities as per statement of financial position					1,838,424,173	1,835,552,089

17.2 All of the sales of the Company relates to customers in Pakistan.

17.3 All non-current assets of the Company as at the reporting dates are located in Pakistan.

Notes To The Unconsolidated Condensed Interim Financial Statements

For The Quarter Ended 30 September 2020

18. 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 2020.

19. GENERAL

Figures have been rounded off to nearest of Rupee.



Director



Director



Chief Financial Officer

HI-TECH LUBRICANTS LIMITED

**Consolidated Condensed Interim
Financial Information (Un-audited)**

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

As At 30 September 2020

	Note	Un-Audited 30 September 2020 Rupees	Audited June 30, 2020 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
150,000,000 (2020: 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		2,918,485,765	2,829,226,721
Total equity		4,078,525,765	3,989,266,721
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	4	61,156,494	48,791,918
Lease liabilities	5	194,443,095	184,195,982
Long term deposits		3,000,000	500,000
Deferred liabilities		7,296,698	6,107,347
		265,896,287	239,595,247
CURRENT LIABILITIES			
Trade and other payables	6	767,961,024	1,108,298,946
Accrued mark-up / profit		17,232,939	31,928,575
Short term borrowings	7	796,670,503	1,013,995,774
Current portion of non-current liabilities		108,219,769	90,607,376
Unclaimed dividend		3,292,527	3,438,436
		1,693,376,762	2,248,269,107
Total liabilities		1,959,273,049	2,487,864,354
CONTINGENCIES AND COMMITMENTS			
	8		
TOTAL EQUITY AND LIABILITIES		6,037,798,814	6,477,131,075

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



Director



Director



Chief Financial Officer

	Note	Un-Audited 30 September 2020 Rupees	Audited June 30, 2020 Rupees
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	9	3,208,104,948	3,184,059,176
Intangible assets	10	7,011,080	7,866,531
Right-of-use assets		256,694,118	253,085,332
Long term security deposits		13,700,318	13,700,318
Deferred income tax asset		14,503,125	17,050,536
		<u>3,500,013,589</u>	<u>3,475,761,893</u>
CURRENT ASSETS			
Stores		62,803,798	70,578,853
Stock-in-trade	11	1,057,583,625	1,459,281,663
Trade debts		56,437,685	76,104,012
Loans and advances		216,071,281	174,362,842
Short term deposits and prepayments		38,117,311	41,259,119
Other receivables		51,155,908	34,309,077
Short term investments		665,856,056	723,285,160
Taxation - net		247,355,996	235,446,961
Cash and bank balances	12	142,403,565	186,741,495
		<u>2,537,785,225</u>	<u>3,001,369,182</u>
TOTAL ASSETS		<u><u>6,037,798,814</u></u>	<u><u>6,477,131,075</u></u>



Director



Director



Chief Financial Officer

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

For The Quarter Ended 30 September 2020

	Un-Audited 30 September 2020 Rupees	Un-Audited 30 September 2019 Rupees
GROSS REVENUE	2,642,535,432	668,509,743
Discounts	(78,864,570)	(15,247,366)
Sales tax	(724,775,312)	(190,030,504)
NET REVENUE	<u>1,838,895,550</u>	<u>463,231,873</u>
COST OF SALES	<u>(1,379,035,677)</u>	<u>(355,426,479)</u>
GROSS PROFIT	459,859,873	107,805,394
DISTRIBUTION COST	<u>(203,799,167)</u>	<u>(210,884,069)</u>
ADMINISTRATIVE EXPENSES	<u>(119,549,657)</u>	<u>(111,746,202)</u>
OTHER EXPENSES	<u>(14,029,941)</u>	<u>(4,887,844)</u>
	(337,378,765)	(327,518,115)
OTHER INCOME	<u>13,903,483</u>	<u>44,476,157</u>
PROFIT/(LOSS) FROM OPERATIONS	<u>136,384,591</u>	<u>(175,236,564)</u>
FINANCE COST	<u>(29,648,221)</u>	<u>(52,512,320)</u>
PROFIT/(LOSS) BEFORE TAXATION	106,736,370	(227,748,884)
TAXATION	<u>(17,477,326)</u>	<u>(14,323,533)</u>
PROFIT/(LOSS) AFTER TAXATION	<u><u>89,259,044</u></u>	<u><u>(242,072,417)</u></u>
PROFIT/(LOSS) PER SHARE - BASIC AND DILUTED	<u><u>0.77</u></u>	<u><u>(2.09)</u></u>

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



Director



Director



Chief Financial Officer

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

For The Quarter Ended 30 September 2020

	Un-Audited 30 September 2020 Rupees	Audited 30 September 2019 Rupees
PROFIT/(LOSS) AFTER TAXATION	89,259,044	(242,072,417)
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 PROFIT/(LOSS) FOR THE PERIOD	<u>89,259,044</u>	<u>(242,072,417)</u>

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



Director



Director



Chief Financial Officer

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

For The Quarter Ended 30 September 2020

	Note	Un-Audited 30 September 2020 Rupees	Un-Audited 30 September 2019 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	13	208,421,318	527,185,306
Finance cost paid		(44,274,387)	(72,675,340)
Income tax paid		(24,441,930)	(36,147,263)
Net decrease in long term loans to employees		-	105,042
Net decrease / (increase) in long term security deposits		-	1,276,700
Increase in long term deposits		2,500,000	-
Net cash generated from / (used in) operating activities		142,205,001	419,744,445
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on operating fixed assets		(55,510,989)	(54,370,398)
Capital expenditure on intangible assets		-	(827,500)
Proceeds from disposal of operating fixed assets		276,330	13,624,538
Short term investments - net		58,417,261	93,657,770
Dividend received		3,689,719	2,297,617
Interest received on loan to subsidiary company		-	7,741,006
Profit on bank deposits and term deposit receipts received		7,165,377	21,326,115
Net cash used in investing activities		14,037,698	83,449,148
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of liabilities against assets subject to finance lease		-	(15,926,449)
Short term borrowings - net		(217,325,271)	(584,565,338)
Dividend paid		(145,909)	(128,775)
Proceeds from long term financing		31,689,969	-
Repayment of long term financing		(2,448,750)	(18,831,213)
Repayment of lease liabilities		(12,350,668)	-
Net cash (used in) / from financing activities		(200,580,629)	(619,451,774)
Net decrease in cash and cash equivalents		(44,337,930)	(116,258,181)
Cash and cash equivalents at beginning of the period		186,741,495	308,935,747
Cash and cash equivalents at end of the period		142,403,565	192,677,566

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



Director



Director



Chief Financial Officer

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

For The Quarter Ended 30 September 2020

	RESERVES				TOTAL EQUITY
	CAPITAL RESERVE	REVENUE RESERVE	UN-APPROPRIATED PROFIT	TOTAL RESERVES	
	SHARE PREMIUM				
	(----- Rupees -----)				
Balance as at 30 June 2019 - Audited	1,160,040,000	1,441,697,946	1,294,913,098	2,736,611,044	3,896,651,044
Transaction with owners:					
Loss for the quarter ended 30 September 2019	-	-	(242,072,417)	(242,072,417)	(242,072,417)
Other comprehensive income for the quarter ended 30 September 2019	-	-	-	-	-
Total comprehensive income for the quarter ended 30 September 2019	-	-	(242,072,417)	(242,072,417)	(242,072,417)
Balance as at 30 September 2019 - Un-audited	<u>1,160,040,000</u>	<u>1,441,697,946</u>	<u>1,052,840,681</u>	<u>2,494,538,627</u>	<u>3,654,578,627</u>
Balance as at 30 June 2020 - Audited	1,160,040,000	1,441,697,946	1,387,528,775	2,829,226,721	3,989,266,721
Transaction with owners:					
Profit for the quarter ended 30 September 2020	-	-	89,259,044	89,259,044	89,259,044
Other comprehensive income for the quarter ended 30 September 2020	-	-	-	-	-
Total comprehensive income for the quarter ended 30 September 2020	-	-	89,259,044	89,259,044	89,259,044
Balance as at 30 September 2020 - Un-audited	<u>1,160,040,000</u>	<u>1,441,697,946</u>	<u>1,476,787,819</u>	<u>2,918,485,765</u>	<u>4,078,525,765</u>

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



Director



Director



Chief Financial Officer

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited)

For The Quarter Ended 30 September 2020

1. THE GROUP AND ITS OPERATIONS

The Group consists of:

Holding Company

- Hi-Tech Lubricants Limited

Subsidiary Company

- Hi-Tech Blending (Private) Limited

1.1 Hi-Tech Lubricants Limited

Hi-Tech Lubricants Limited ("the Holding 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 Holding Company is situated at 1-A, Danepur Road, GOR-1, Lahore. The principal activity of the Holding Company is to procure and distribute lubricants and petroleum products. During the year ended 30 June 2017, Oil and Gas Regulatory Authority (OGRA) granted license to the Holding Company to establish an Oil Marketing Company (OMC), subject to some conditions. On 31 May 2019, Oil and Gas Regulatory Authority (OGRA) has granted permission to the Holding Company to operate new storage facility at Sahiwal and marketing of petroleum products in the Province of Punjab. On 20 January 2020, the Holding Company has started marketing and sale of petroleum products. On 21 February 2020, OGRA has granted permission to the Holding Company to apply for No Objection Certificates (NOCs) from concerned departments to setup petrol pumps in Khyber Pakhtunkhwa Province.

1.2 Hi-Tech Blending (Private) Limited

Hi-Tech Blending (Private) Limited ("the Subsidiary Company") was incorporated in Pakistan as a private company limited by shares on 13 March 2014 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The principal activity of the Subsidiary Company is to construct, own and operate lubricating oil blending plant. The registered office of the Subsidiary Company is situated at 1-A, Danepur Road, GOR-1, Lahore. The Subsidiary Company is a wholly owned subsidiary of Hi-Tech Lubricants Limited.

2. BASIS OF PREPARATION

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

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

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

2.2 These consolidated condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the annual audited financial statements of the Group for the year ended 30 June 2020.

3. ACCOUNTING POLICIES

The accounting policies and methods of computations adopted for the preparation of these consolidated condensed interim financial statements are the same as applied in the preparation of the preceding audited annual published financial statements of the Group for the year ended 30 June 2020.

3.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

During preparation of these consolidated condensed interim financial statements, the significant judgments made by the management in applying the Group's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the Group for the year ended 30 June 2020.

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited)

For The Quarter Ended 30 September 2020

	Un-Audited September 30, 2020 Rupees	Audited June 30, 2020 Rupees
4. LONG TERM FINANCING		
From banking companies - secured		
Holding Company		
Bank Alfalah Limited - Loan under SBP Refinance Scheme (Note 4.1)	88,442,552	58,118,654
Subsidiary Company		
Bank Al-Habib Limited - Loan under SBP Refinance Scheme (Note 4.2 and Note 4.3)	10,782,718	8,973,018
	<u>99,225,270</u>	<u>67,091,672</u>
Less: Current portion shown under current liabilities	38,068,776	18,299,754
	<u>61,156,494</u>	<u>48,791,918</u>

- 4.1** These term finance facilities, aggregating to Rupees 96.191 million (2020: Rupees 63.40 million) are obtained by the Company under SBP Refinance Scheme for payment of wages and salaries to workers and employees of business concerns. These are secured against first hypothecation charge of Rupees 127 million and personal guarantees of all sponsor directors. These finance facilities are payable in 8 equal quarterly installments commencing from 01 January 2021 and ending on 01 October 2022. Mark-up is payable quarterly at the rate of SBP refinance rate plus 3.00% per annum. These loans are recognized and measured in accordance with IFRS 9 'Financial Instruments'. Fair value adjustments are recognized at discount rates of 9.89% and 10.04% per annum.
- 4.2** This term finance facility, aggregating to Rupees 14.635 million is obtained by the Subsidiary Company under SBP Refinance Scheme for payment of wages and salaries to workers and employees of business concerns. This finance facility is repayable in 8 equal quarterly instalments commencing from 23 January 2021 and ending on 23 October 2022. Mark-up is payable quarterly at the rate of SBP refinance rate plus 3.00% per annum. This loan is recognized and measured in accordance with IFRS 9 'Financial Instruments'. Fair value adjustment has been recognized at discount rate of 9.68% per annum.
- 4.3** These finance facilities are secured by first pari passu hypothecation charge over current assets of the Subsidiary Company of Rupees 1,067 million, hypothecation charge over plant and machinery of Rupees 610 million, mortgage charge over land and building of the Company of Rupees 400 million, corporate guarantee of the holding company of Rupees 1.3 billion and personal guarantees of directors of the Company.

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited)

For The Quarter Ended 30 September 2020

	Un-Audited September 30, 2020 Rupees	Audited June 30, 2020 Rupees
5. LEASE LIABILITIES		
Total lease liabilities	264,594,088	256,503,604
Less: Current portion shown under current liabilities	70,150,993	72,307,622
	<u>194,443,095</u>	<u>184,195,982</u>

5.1 The interest expense on lease liabilities for the period is Rupees 14.829 million (2020: Rupees 33.359 million). The total cash outflow for leases for the period ended 30 September 2020 amounted to Rupees 31.454 million (2020: Rupees 47.273 million).

5.2 Implicit rates against lease liabilities range from 8.00% to 14.99% (2020: 8.00% to 14.99%) per annum.

5.3 Leases from banking company are secured against charge on the leased assets, corporate guarantee of the Holding Company, personal guarantees of directors and security deposits of Rupees 10.155 million (2020: Rupees 10.155 million).

	Un-Audited September 30, 2020 Rupees	Audited June 30, 2020 Rupees
6. TRADE AND OTHER PAYABLES		
Creditors (Note 6.1)	283,876,237	641,280,514
Accrued liabilities (Note 6.2)	223,022,558	230,309,239
Advances from customers	32,100,004	48,465,976
Retention money payable	280,396	17,523,747
Customs duty and other charges payable	77,431,125	35,986,817
Income tax deducted at source	10,991,811	6,486,895
Payable to employees' provident fund trust	3,198,484	3,048,867
Workers' profit participation fund	50,596,546	50,169,035
Workers' welfare fund	2,421,699	2,398,343
Sales tax payable	84,042,164	72,629,513
	<u>767,961,024</u>	<u>1,108,298,946</u>

6.1 These include Rupees 210.662 million (2020: Rupees 555.631 million) payable to SK Lubricants Co., Ltd. - principal supplier and long term partner.

6.2 These include Rupees 7.378 million (2020: Rupees 5.910 million) on account of remuneration payable to directors of the Holding Company.

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited)

For The Quarter Ended 30 September 2020

	Un-Audited September 30, 2020 Rupees	Audited June 30, 2020 Rupees
7. SHORT TERM BORROWINGS		
From banking companies - secured		
- Holding Company		
Short term finances (Note 7.1 and Note 7.2)	319,583,385	716,262,927
Running musharakah (Note 7.1 and Note 7.3)	-	50,000,000
	319,583,385	766,262,927
- Subsidiary Company		
Short term finances (Note 7.4 and Note 7.5)	477,087,118	247,732,847
	<u>796,670,503</u>	<u>1,013,995,774</u>

7.1 These finances are obtained from banking companies under mark-up / profit arrangements and are secured against trust receipts, first joint pari passu hypothecation charge over current assets, lien over term deposit receipts, personal guarantees of sponsor directors of the Holding Company and hypothecation charge over land, building and plant and machinery of Hi-Tech Blending (Private) Limited - Subsidiary Company.

7.2 The rates of mark-up ranged from 8.03% to 8.93% (2020: 8.92% to 15.45%) per annum.

7.3 The rates of profit ranged from 8.03% (2020: 9.01% to 14.86%) per annum.

7.4 These finances are obtained from banking companies under mark-up / profit arrangements and are secured against trust receipts, first pari passu hypothecation charge over present and future current assets, hypothecation charge over present and future plant and machinery, personal guarantees of directors of the Subsidiary Company and corporate guarantee of the Holding Company.

7.5 The rates of mark-up ranged from 7.68% to 12.19% (2020: 9.14% to 18.81%) per annum.

8. CONTINGENCIES AND COMMITMENTS

8.1 Contingencies

8.1.1 Corporate guarantees of Rupees 1,300 million (2020: Rupees 1,300 million) have been given by the Holding Company to the banks in respect of financing to Hi-Tech Blending (Private) Limited - Subsidiary Company.

8.1.2 Guarantees of Rupees 103 million (2020: Rupees 103 million) are given by the bank of the Group to Director Excise and Taxation, Karachi against disputed amount of infrastructure cess.

8.1.3 Guarantees of Rupees 56 million (2020: Rupees 56 million) are given by the bank of the Group to Chairman, Punjab Revenue Authority, Lahore against disputed amount of infrastructure cess.

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited)

For The Quarter Ended 30 September 2020

- 8.1.4** Guarantee of Rupees 6 million (2020: Rupees 6 million) and Rupees 2.25 million (2020: Rupees 2.25 million) are given by the banks of the Holding Company to Total Parco Pakistan Limited and Pakistan State Oil Company Limited respectively against fuel cards obtained by the Holding Company for its employees.
- 8.1.5** During the year ended 30 June 2018, assessment under section 161 and section 205 of the Income Tax Ordinance, 2001 for the tax year 2014 was finalized by the Deputy Commissioner Inland Revenue creating a demand of Rupees 18.207 million against the Holding Company. The Holding Company, being aggrieved filed an appeal before the Commissioner Inland Revenue (Appeals) [CIR(A)], who decided the case in favor of the Holding Company reducing the total demand to Rupees 0.191 million. However, Income Tax Department has filed an appeal against the order of the CIR(A) before the Appellate Tribunal Inland Revenue and the same is pending adjudication. No provision against the original tax demand has been recognized in these consolidated condensed interim financial statement, as the Holding Company, based on advice of the tax advisor, is confident of favorable outcome of litigation.
- 8.1.6** The Competition Commission of Pakistan (CCP), in a detailed order, has set aside the enquiry report and disposed of show cause notices issued against Hi-Tech Lubricants Limited. The CCP held that the case against Hi-Tech Lubricants Limited was not made out under Section 10 of the Competition Act, 2010.
- 8.1.7** On 13 September 2018, Commissioner Inland Revenue ordered to initiate sales tax enquiry for the sales tax period from July 2015 to June 2018 alledging the 'evasion of sales tax' on various grounds against the Subsidiary Company through officers of Inland Revenue under section 38 and section 25(2) of the Sales Tax Act, 1990 ("the Act") and required the Subsidiary Company to submit various records in this regard. Based on the enquiry report, Assistant Commissioner Inland Revenue has issued a show cause notice to the Subsidiary Company mainly on account of short payment of sales tax and extra tax of Rupees 39.808 million and Rupees 29.739 million respectively. On 07 February 2019, the Subsidiary Company through its tax advisor submitted the reply of show cause notice along with supporting documents. Based on the reply submitted by the Subsidiary Company, Deputy Commissioner Inland Revenue has passed an assessment order on 29 April 2019 under section 11 of the Act, where tax demand on account of sales tax has been reduced to Rupees 41.023 million including penalty and default surcharge of Rupees 1.619 million and Rupees 8.745 million on non-payment of sales tax respectively. On 23 May 2019, the Subsidiary Company being aggrieved from the decision of Deputy Commissioner Inland Revenue has filled appeal before Commissioner Inland Revenue (Appeals) which is still pending for adjudication. Based on the advice of the tax advisor, the Subsidiary Company expects a favorable outcome of the matter. Hence, no provision against this demand has been recognized in these consolidated condensed interim financial statements.
- 8.1.8** On 19 December 2018, the Holding Company has filed an appeal before Commissioner Inland Revenue Appeals [CIR(A)] against the order of Deputy Commissioner Inland Revenue (DCIR). DCIR passed an order under sections 122(1) and 122(5A) of the Income Tax Ordinance, 2001 for tax year 2013 whereby a demand of Rupees 83.595 million has been raised. CIR(A) vide order dated 18 December 2018 has upheld some of the additions made by DCIR and also directed the DCIR to give opportunity of hearing to the Holding Company in one of the said matters. Being aggrieved by the order of CIR(A), the Holding Company filed appeal before the Appellate Tribunal Inland Revenue (ATIR) which is pending adjudication. No provision against this demand has been recognized in these consolidated condensed interim financial statements, as the Holding Company, based on advice of the tax advisor, is confident of favorable outcome of litigation.

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited)

For The Quarter Ended 30 September 2020

- 8.1.9** Deputy Commissioner Inland Revenue (DCIR) has passed an assessment order on 28 November 2018 under sections 161 and 205 of the Income Tax Ordinance, 2001 for the tax year 2015 whereby a demand of Rupees 22.358 million has been raised. On 21 December 2018, the Holding Company has filed an appeal before the Commissioner Inland Revenue (Appeals) [CIR(A)] against the order of DCIR. CIR(A) accepted the Holding Company's stance on certain issues assailed in appeal and reduced the aggregate demand to Rupees 10.735 million. Being aggrieved by the order of CIR(A), the Holding Company has filed appeal before the Appellate Tribunal Inland Revenue (ATIR) which is pending adjudication. No provision against this demand has been recognized in these consolidated condensed interim financial statements, as the Holding Company, based on advice of the tax advisor, is confident of favorable outcome of litigation.
- 8.1.10** During the year ended 30 June 2020, Deputy Commissioner Inland Revenue (DCIR) issued a notice to recover an amount of Rupees 21.124 million against super tax for the tax year 2019 under section 4B of the Income Tax Ordinance, 2001. The Holding Company through its tax advisor submitted its reply that liability on account of super tax did not arise for subject year. The matter is still pending before DCIR. No provision against this demand has been recognized in these consolidated condensed interim financial statements, as the Holding Company, based on the advice of the tax advisor, is is confident of favorable outcome of the matter.

	Un-Audited September 30, 2020 Rupees	Audited June 30, 2020 Rupees
8.2 Commitments		
8.2.1 Contracts for capital expenditures	<u>2,064,328</u>	<u>107,622,214</u>
8.2.2 Letters of credit other than capital expenditures	<u>98,313,141</u>	<u>-</u>
8.2.3 The amount of future ijara rentals for ijara financing and the period in which these payments will become due are as follows:		
	Un-Audited September 30, 2020 Rupees	Audited June 30, 2020 Rupees
Not later than one year	-	3,130,124
Later than one year but not later than five years	-	-
	<u>-</u>	<u>3,130,124</u>
9. FIXED ASSETS		
Operating fixed assets:		
Owned (Note 9.1)	2,843,638,930	2,852,230,682
Leased (Note 9.2)	-	-
	<u>2,843,638,930</u>	<u>2,852,230,682</u>
Capital work-in-progress (Note 9.3)	364,466,018	331,828,494
	<u>3,208,104,948</u>	<u>3,184,059,176</u>

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited)

For The Quarter Ended 30 September 2020

	Un-Audited September 30, 2020 Rupees	Audited June 30, 2020 Rupees
9.1 Operating fixed assets – owned		
Opening book value	2,852,230,682	2,880,461,259
Add: Cost of additions during the period / year (Note 9.1.1)	25,924,244	100,689,040
Add: Book value of assets transferred from lease assets	2,617,462	45,110,595
	<u>2,880,772,388</u>	<u>3,026,260,894</u>
Less: Book value of assets written off during the period / year (Note 9.1.2)	-	724,166
Less: Book value of deletions during the period / year (Note 9.1.3)	577,936	9,620,173
	<u>2,880,194,452</u>	<u>3,015,916,555</u>
Less: Depreciation charged during the period / year	36,555,522	163,685,873
Closing book value	<u><u>2,843,638,930</u></u>	<u><u>2,852,230,682</u></u>
9.1.1 Cost of additions during the period / year		
Buildings on freehold land	-	30,299,232
Buildings on leasehold land	8,842,154	41,519,296
Machinery	-	5,575,151
Pipes and Tanks	-	4,411,150
Dispensing Pumps	7,638,404	9,120,343
Electric Installation	1,550,000	-
Furniture and fittings	538,500	974,092
Vehicles	2,778,345	-
Office equipment	1,782,841	5,841,091
Computers	2,794,000	2,948,685
	<u>25,924,244</u>	<u>100,689,040</u>
9.1.2 Book value of assets written off during the period / year		
Cost:		
Computer	-	1,093,000
Less: Accumulated depreciation	-	368,834
	<u>-</u>	<u>724,166</u>
9.1.3 Book value of deletions during the period / year		
Cost:		
Vehicles	811,900	19,439,278
Computers	909,401	1,169,500
Office Equipments	67,397	-
Less: Accumulated depreciation	1,210,762	10,988,605
	<u>577,936</u>	<u>9,620,173</u>
9.2 Operating fixed assets – leased		
Opening book value	-	119,259,997
Less: Transferred to right-of-use assets on adoption of IFRS 16	-	(119,259,997)
Closing book value	<u>-</u>	<u>-</u>

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited)

For The Quarter Ended 30 September 2020

	Un-Audited September 30, 2020 Rupees	Audited June 30, 2020 Rupees
9.3. Capital work-in-progress		
Civil works	213,788,093	213,465,802
Plant and machinery	-	24,895,701
Mobilization and other advances	42,536,419	25,072,908
Advance for purchase of apartment (Note 9.3.1)	25,226,750	25,226,750
Advances for purchase of vehicles	-	-
Dispensing pumps	9,082,648	9,082,648
Unallocated expenditures	73,832,108	34,084,685
	<u>364,466,018</u>	<u>331,828,494</u>

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

	Un-Audited September 30, 2020 Rupees	Audited June 30, 2020 Rupees
10. INTANGIBLE ASSETS		
Opening book value	7,866,531	5,204,882
Additions during the period/year	-	5,362,625
Amortization during the period/year	(855,451)	(2,700,976)
Closing book value	<u>7,011,080</u>	<u>7,866,531</u>

10.1 Intangible assets - computer softwares have been amortized at the rate of 30% (2020: 30%) per annum.

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited)

For The Quarter Ended 30 September 2020

	Un-Audited September 30, 2020 Rupees	Audited June 30, 2020 Rupees
11. STOCK-IN-TRADE		
Raw materials	378,389,972	633,749,692
Work-in-process	31,854,462	35,955,890
	<u>410,244,434</u>	<u>669,705,582</u>
Lubricants and parts	343,742,082	720,305,928
Less: Provision for slow moving and damaged stock items	6,488,123	6,488,123
	337,253,959	713,817,805
Petroleum products		
- Stock in hand	206,234,236	6,766,970
- Stock in pipeline system	63,281,755	28,457,092
	269,515,991	35,224,062
Stock of promotional items	209,404	209,404
Dispensing pumps and other installations	40,359,837	40,324,810
	<u>1,057,583,625</u>	<u>1,459,281,663</u>
12. CASH AND BANK BALANCES		
Cash in hand	1,664,003	1,532,654
Cash at banks:		
Saving accounts (Note 12.1)	74,652,642	32,248,693
Current accounts	66,086,920	152,960,148
	140,739,562	185,208,841
	<u>142,403,565</u>	<u>186,741,495</u>

12.1 Saving accounts carry profit at the rate 5.5% (2020: 6.48% to 11.25%) per annum.

	Un-Audited 30 September 2020 Rupees	Un-Audited 30 September 2019 Rupees
13. CASH GENERATED FROM OPERATIONS		
Profit before taxation	106,736,370	(227,748,884)
Adjustments for non-cash charges and other items:		
Depreciation on operating fixed assets	40,369,282	45,623,698
Amortization on right-of-use assets	13,344,482	-
Amortization on intangible assets	855,451	686,414
Amortization of deferred income	(1,435,542)	-
Gain on disposal of operating fixed assets	301,606	(5,626,675)
Dividend income	(3,689,719)	(2,297,617)
Profit on bank deposits and short term investments	(7,165,691)	(23,016,220)
Unrealised (gain) / loss on remeasurement of investments	(988,157)	(1,114,550)
Finance cost	29,648,221	52,512,320
Exchange loss - net	8,822,901	(9,404,682)
Provision for workers' profit participation fund	427,511	215,398
Provision for workers' welfare fund	23,356	-
Working capital changes (Note 13.1)	21,171,247	697,356,104
	<u>208,421,318</u>	<u>527,185,306</u>

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited)

For The Quarter Ended 30 September 2020

	Un-Audited 30 September 2020 Rupees	Un-Audited 30 September 2019 Rupees
13.1 Working capital changes		
Decrease / (increase) in current assets:		
Stores	7,775,055	(7,248,788)
Stock-in-trade	398,754,703	(683,416,791)
Trade debts	346,717,085	664,691,738
Loans and advances	(41,708,439)	(50,262,208)
Short term deposits and prepayments	3,141,808	(3,146,515)
Other receivables	(16,846,517)	(21,083,559)
	697,833,695	(100,466,123)
Increase / (decrease) in trade and other payables	(676,662,448)	797,822,227
	<u>21,171,247</u>	<u>697,356,104</u>

14. TRANSACTIONS WITH RELATED PARTIES

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

Relationship	Nature of transaction	Un-Audited September 30, 2020 Rupees	Un-Audited September 30, 2019 Rupees
i Transactions			
Associated companies			
MAS Associates (Private) Limited	Share of common expenses	311,253	151,425
Other related parties			
SK Lubricants Co., Ltd.	Purchase of lubricants	357,129,002	578,544,811
Provident fund trusts	Contribution	4,746,549	4,778,918
Sabra Hamida Trust	Donations	4,500,000	4,500,000
ii. Period end balances			
Associated company			
Receivable from MAS Associates (Private) Limited		166,180	151,425
Other related party:			
Receivable from SK Lubricants Company Limited		-	28,501,777
Payable to SK Lubricants Company Limited		210,288,547	201,763,028
Payable to employees' provident fund trust		3,198,484	-

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited)

For The Quarter Ended 30 September 2020

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

Recurring fair value measurements at 30 September 2020	Level 1	Level 2	Level 3	Total
--	---------	---------	---------	-------

----- Rupees -----

Financial assets

Financial assets at fair value through profit or loss	289,691,481	-	-	289,691,481
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Recurring fair value measurements at 30 June 2020	Level 1	Level 2	Level 3	Total
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----- Rupees -----

Financial assets

Financial assets at fair value through profit or loss	250,864,373	-	-	250,864,373
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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 period. Further there was no transfer in and out of level 3 measurements.

The Group's policy is to recognize 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 equity 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 maximize 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 technique used to value financial instruments is the use of quoted market prices.

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited)

For The Quarter Ended 30 September 2020

16 SEGMENT INFORMATION

The Group has two reportable segments. The following summary describes the operation in each of the Group's reportable segments:
Lubricants Purchase and sale of lubricants, parts and rendering of services.
Petroleum products Marketing and sale of petroleum products.

	LUBRICANTS		PETROLEUM PRODUCTS		UNALLOCATED		TOTAL - GROUP	
	30 September, 2020	30 September, 2019	30 September, 2020	30 September, 2019	30 September, 2020	30 September, 2019	30 September, 2020	30 September, 2019
Revenue - net	1,525,260,881	463,231,873	313,634,669	-	-	-	1,838,895,550	463,231,873
Cost of sales	(1,082,205,415)	(355,426,479)	(296,830,262)	-	-	-	(1,379,035,677)	(355,426,479)
Gross profit / (loss)	443,055,466	107,805,394	16,804,407	-	-	-	459,859,873	107,805,394
Distribution cost	(169,200,507)	(203,837,502)	(34,598,660)	(7,046,567)	-	-	(203,799,167)	(210,884,069)
Administrative expenses	(111,888,143)	(111,746,202)	(7,661,514)	-	-	-	(119,549,657)	(111,746,202)
Other expenses	(11,969,910)	(4,887,844)	(2,060,031)	-	-	-	(14,029,941)	(4,887,844)
Other income	(293,058,559)	(320,471,548)	(44,320,206)	(7,046,567)	-	-	(337,378,765)	(327,518,115)
Profit / (loss) from operations	5,570,243	24,670,968	8,333,240	19,805,189	-	-	13,903,483	44,476,157
Finance cost	(155,567,149)	(187,995,186)	(19,182,558)	12,758,622	(29,648,221)	-	(36,384,591)	(175,236,564)
Profit / (loss) before taxation	(155,567,149)	(187,995,186)	(19,182,558)	12,758,622	(29,648,221)	(52,512,320)	(29,648,221)	(52,512,320)
Taxation	(155,567,149)	(187,995,186)	(19,182,558)	-	(17,477,326)	(14,323,533)	106,736,370	(227,748,884)
Profit / (loss) after taxation	(155,567,149)	(187,995,186)	(19,182,558)	12,758,622	(47,125,547)	(66,835,853)	89,259,044	(242,072,417)

16.1 Reconciliation of reportable segment assets and liabilities:

	LUBRICANTS		PETROLEUM PRODUCTS		TOTAL - GROUP	
	30 September, 2020	30 June, 2020	30 September, 2020	30 June, 2020	30 September, 2020	30 June, 2020
Total assets for reportable segments	2,474,685,507	3,115,136,038	1,816,838,030	1,716,788,872	4,291,523,537	4,831,924,910
Unallocated assets					1,746,275,277	1,645,206,165
Total assets as per consolidated statement of financial position	1,340,061,190	1,269,753,970	93,494,203	148,390,643	6,037,798,814	6,477,131,075
Total liabilities for reportable segments					1,433,555,393	1,418,144,613
Unallocated liabilities					525,717,656	1,069,719,741
Total liabilities as per consolidated statement of financial position					1,959,273,049	2,487,864,354

16.2 All of the sales of the Group relates to customers in Pakistan.

16.3 All non-current assets of the Group as at the reporting dates are located in Pakistan.

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited)

For The Quarter Ended 30 September 2020

17. FINANCIAL RISK MANAGEMENT

The Group financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual financial statements of the Group for the year ended 30 June 2020.

18. GENERAL

Figures have been rounded off to nearest of Rupee.



Director



Director



Chief Financial Officer

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Corporate Office:

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

UAN: +92 42 111 645 942

Phone: +92 42 36311881-3

Fax: +92 42 36311884

Karachi Office:

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

Clifton Karachi

Phone: +92-21-35290674-5

Islamabad Office:

Suite No. 1402, 14th Floor,

Green Trust Tower,

Jinnah Avenue, Blue Area Islamabad.

Phone: +92-51-2813054-6

Multan Office:

House No. 95, Block C,

Phase III, Model Town, Multan.

Phone: +92-61-6521101-3

Peshawar Office:

Office No.280, 3rd Floor,

Deans Trade Centre,

Islamia Road, Peshawar Cantt.

Phone: +92-91-5253186-7