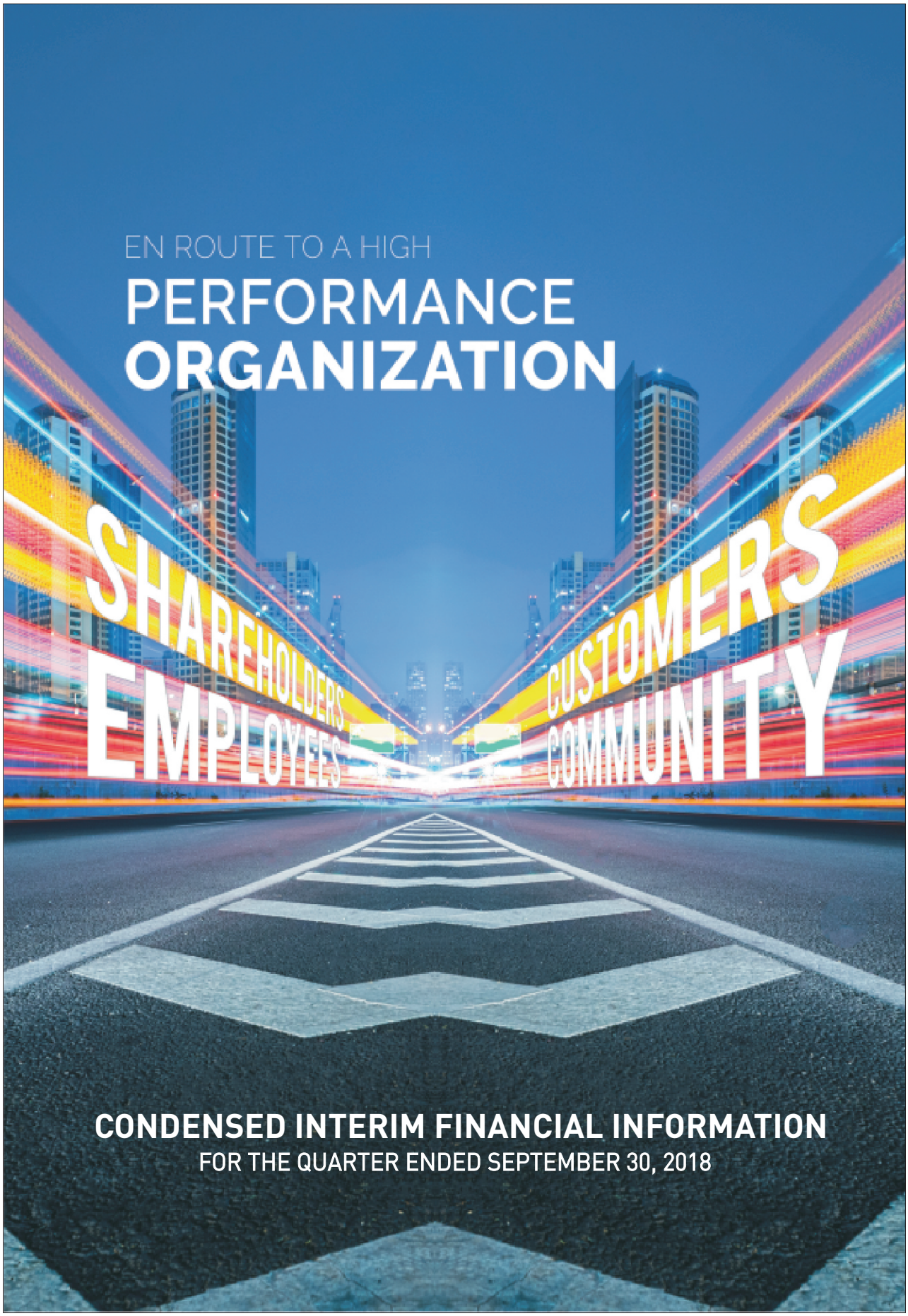
EN ROUTE TO A HIGH

PERFORMANCE ORGANIZATION



CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE QUARTER ENDED SEPTEMBER 30, 2018

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. Moon Seek Park
Non Executive Director (a nominee of SK Lubricants Co. Ltd.)

Mr. Muhammad Tabassum Munir
Independent Director

Dr. Safdar Ali Butt
Independent Director

Syed Asad Abbas Hussain
Independent Director

CHIEF FINANCIAL OFFICER

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

COMPANY SECRETARY & CHIEF COMPLIANCE OFFICER

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

EXTERNAL AUDITORS

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

SHARE REGISTRAR

Share Registrar Services,
Central Depository Company of Pakistan Limited,
CDC House, 99-B, Block 'B', S.M.C.H.S. Main
Shahra-e-Faisal, Karachi-74400
Phone: +92-21-111-111-500

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

INTERNAL AUDITORS

EY Ford Rhodes, Chartered Accountants
96-B/ 1, Pace Mall Building 4th Floor,
M.M. Alam Road,Gulberg II Lahore
Phone: +92-42-35778402
Fax: +92-42-35778412

BANKERS

ISLAMIC BANKS

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

CONVENTIONAL BANKS

MCB Bank Limited
Standard Chartered 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 sharing the financial statements for the first quarter ended September 30, 2018. As explained below, the results for the quarter were affected by external factors which were beyond our control. However, the Board of Directors of your Company has faith in the ability of its management to sustain growth and profitability levels over the immediate future. The Company's expansion plans in establishing new express centers, introduction of new product lines at its blending plant and oil marketing operations went smoothly over the quarter, laying foundation for better revenues and profitability in the coming years.

In addition to the seasonal weakness of lubricants industry in the first quarter of any financial year, certain other factors also had an impact on our sales performance. These include uncertainty in the economy, the sliding exchange rate, rise in energy costs and a general wave of price increases. While we believe that over time lubricants demand has some elements of inelasticity, in the short term it can be impacted by consumer and retailer behavior in response to macro-economic issues. These effects were felt by all players in the industry. Our net sales for the quarter declined by 14.15% in value terms, leading to a negative EPS of Rs. 1.24 on consolidated basis. However, your Board strongly feels that this is not indicative of a persistent problem as the results are likely to improve in the remaining quarters of the current financial year. With expected stabilization in the economy, government's planned endeavors to ensure industrial sector's sustainability, the market is likely to show significantly positive signs of recovery over the coming quarters.

As the Company persists in its expansion plan, our associated increase in operational costs has resulted in a net loss for the quarter. Nevertheless, we base our strategy on the medium to long term and are confident of success in our initiatives. HTL Express continues to build its network with the addition of new stations in the quarter. We are in discussions with corporates to introduce corporate customers of HTL Express centers to increase revenues. The OMC is awaiting final approvals and is ready to begin supplying petrol and diesel to our dealers. While the approval process has taken longer than expected we are receiving good response from dealers with prime locations desirous of setting up HTL Fuel Stations. We are hopeful to have positive developments to report with regards to the OMC in the next quarter inshAllah. HTL Blending will soon be introducing fighter brands to increase the range of our product offering, which will lead to additional revenue streams in the future.

While the economic situation since the end of the quarter remains uncertain – with further devaluation and lack of clarity on the balance of payments front we think the lubricants market will bounce back strongly as recent cost increases are absorbed and market demands revert to normal levels. Undeterred by what we consider only a temporary dip in economic landscape, your company will continue to aggressively invest and expands its lines of business as envisaged by our corporate strategy.

Mr. Hassan Tahir
(Chief Executive)

Mr. Shaukat Hassan
(Chairman)

Lahore
October 26, 2018

ڈائریکٹرز کا جائزہ

عزیز ممبران،

بورڈ آف ڈائریکٹرز کی جانب سے ہم 30 ستمبر، 2018 کو ختم ہونے والے پہلے سہ ماہی کے مالیاتی گوشوارے پیش کر رہے ہیں۔ جیسا کہ ذیل میں بیان گوشوار کیا گیا ہے، سہ ماہی کے نتائج بیرونی عوامل کی وجہ سے اثر انداز ہوئے جو کہ ہمارے اختیار سے باہر تھے۔ بہر حال، آپ کی کمپنی کے بورڈ آف ڈائریکٹرز کو اپنی انتظامیہ کی صلاحیتوں پر یقین ہے کہ وہ مستقبل قریب میں ترقی اور منافع کی سطحوں کو برقرار رکھیں گے۔ کمپنی کی توسیع کی منصوبہ بندی جو کہ نئے ایکسپریس سینٹرز کے قیام، بلینڈنگ پلانٹ پر مصنوعات کی نئی اقسام متعارف کرانے اور آئل مارکیٹنگ آپریشنز پر مشتمل ہے، اس سہ ماہی میں بھی جاری رہی، جو کہ آنے والے سالوں میں بہتر آمدنی اور منافع کے مزید بہتر حصول کی بنیاد بنے گی۔

کسی بھی مالی سال کے پہلے سہ ماہی میں لبریکنٹس کی صنعت کو موسمی کمزوری کا سامنا کرنا پڑتا ہے، اس کے علاوہ چند اور عوامل بھی ہماری فروخت کی کارکردگی پر اثر انداز ہوئے ہیں ان میں معیشت کی غیر یقینی صورت حال، گرتی ہوئی زر مبادلہ کی شرح، توانائی / بجلی کی قیمتوں میں اضافہ اور مجموعی مہنگائی کی لہر شامل ہیں جبکہ ہمیں یقین ہے کہ وقت کے ساتھ لبریکنٹ کی مانگ غیر لچکدار سطح رکھتی ہے لیکن بڑے اقتصادی مسائل کے جواب میں قلیل مدت کے لیے صارف اور پرچون کاروبار اسے متاثر کر سکتا ہے۔ یہ اثرات صنعت کے تمام حریفوں نے محسوس کیے ہیں۔ اس سہ ماہی میں ہماری خالص فروخت میں 14.15% کمی آئی ہے، جب کے نتیجے میں مجموعی بنیاد پر 1.24 روپے کی منفی فی حصص کمائی واقع ہوئی ہے۔ بہرحال آپ کا بورڈ یقینی طور پر محسوس کرتا ہے کہ یہ حالات کوئی مستقل مسئلے کی نشاندہی نہیں کر رہے کیونکہ مالی سال کے بقایا سہ ماہیوں میں نتائج بہتر ہونے کا امکان ہے۔ متوقع معیشت میں استحکام اور سرکار کی صنعتی شعبہ کی پائیداری کے لیے باقاعدہ منصوبہ بندی کے تحت کاوشوں کے نتیجے میں آنے والے سہ ماہیوں میں متوقع ہے کہ مارکیٹ نمایاں طور پر بحالی کی مثبت نشانیاں ظاہر کرے گی۔

جیسا کہ کمپنی اپنے پھیلاؤ کی منصوبہ بندی کو برقرار رکھے ہوئے ہے، تو آپریشنز سے متعلق اخراجات میں اضافے کے نتیجے میں اس سہ ماہی میں نقد نقصان سامنے آیا ہے۔ اس کے باوجود ہم اپنی حکمت عملی کی بنیاد درمیانی اور طویل مدت پر رکھتے ہیں اور اپنے اقدامات میں کامیابی کا اعتماد رکھتے ہیں۔ HTL ایکسپریس اس سہ ماہی میں نئے اسٹیشنز کے اضافے کے ساتھ اپنے جال بچھانے کی مہم کو جاری رکھے ہوئے ہے۔ ہماری کارپوریشنز کے ساتھ بات چیت چل رہی ہے تاکہ HTL ایکسپریس کے کارپوریٹ گاہکوں کو متعارف کرایا جاسکے اور آمدنی میں اضافہ ہو۔ OMC کو آخری منظوریوں کا انتظار ہے اور یہ ڈیلرز کو پیٹرول اور ڈیزل کی فراہمی کی شروعات کے لیے تیار ہے جبکہ منظوری کے عمل کا دورانیہ امید سے زیادہ وقت لے گیا ہے ہم اپنے مرکزی محل وقوع کے حامل ڈیلر حضرات جو کہ HTL فیول اسٹیشنز لگانے کے خواہشمند ہیں، ان سے اچھے جوابات موصول کر رہے ہیں۔ ہم انشاء اللہ OMC کے حوالے سے اگلے سہ ماہی میں مثبت پیش رفت کے لیے پرعزم ہیں۔ HTL بلینڈنگ جلد مصنوعات کی پیشکش کی اقسام کو بڑھانے کے لیے مقابلہ کرنے والے برانڈ متعارف کروا رہا ہے، جو کہ مستقبل میں اضافی آمدنی کی جانب جائے گا۔

جبکہ معیشت کی صورت حال سہ ماہی کے اختتام سے ہی غیر یقینی رہی ہے۔ ادائیگیوں کے توازن کی مزید کم قدری اور وضاحت میں کمی کے باعث ہمیں لگتا ہے کہ لبریکنٹس مارکیٹ مضبوطی سے واپس آئے گی کیونکہ حالیہ لاگت میں اضافے جذب ہو گئے ہیں اور مارکیٹ کے مطالبات اپنی معمولی سطحوں پر واپس آ گئے ہیں۔ گرتی معیشت کے پیش منظر میں، جسے ہم عارضی سمجھتے ہیں، آپ کی کمپنی اس کے باوجود اپنی کاوشیں جاری رکھے ہوئے ہے اور جارحانہ انداز میں اپنے کاروبار کی وسعت میں سرمایہ کاری اور توسیع کرنا جاری رکھے گی جو کہ ہماری کاروباری حکمت عملی کی پیش منظر ہے۔

جناب شوکت حسن
(چیئرمین)

جناب حسن طاہر
چیف ایگزیکٹو
لاہور
26 اکتوبر 2018

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

As At September 30, 2018

	Note	Un-Audited September 30, 2018 Rupees	Audited June 30, 2018 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital 150,000,000 (2018: 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		2,528,669,194	2,732,681,018
Total equity		3,688,709,194	3,892,721,018
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	5	11,144,163	14,894,163
Liabilities against assets subject to finance lease	6	70,374,538	79,105,383
Long term deposits		1,500,000	1,500,000
Deferred income tax liability		12,068,590	12,068,590
		95,087,291	107,568,136
CURRENT LIABILITIES			
Trade and other payables	7	825,054,458	613,957,734
Accrued mark-up		19,237,233	18,217,096
Short term borrowings	8	1,652,872,931	707,635,668
Current portion of non-current liabilities		61,936,909	61,093,852
Unclaimed dividend		3,659,213	4,297,369
Taxation - net		108,348,092	116,775,146
		2,671,108,836	1,521,976,865
Total liabilities		2,766,196,127	1,629,545,001
CONTINGENCIES AND COMMITMENTS	9		
TOTAL EQUITY AND LIABILITIES		6,454,905,321	5,522,266,019

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

Chief Executive | Director | Chief Financial Officer

	Note	Un-Audited September 30, 2018 Rupees	Audited June 30, 2018 Rupees
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	10	1,438,424,099	1,389,206,432
Investment in subsidiary company	11	1,300,000,600	1,300,000,600
Long term loans to employees		175,107	280,132
Long term security deposits		39,937,506	38,612,406
		2,778,537,312	2,728,099,570
CURRENT ASSETS			
Stock-in-trade	12	1,900,466,161	961,206,375
Trade debts		171,325,287	236,936,937
Loans and advances		449,899,044	146,456,105
Short term deposits and prepayments		34,317,827	27,933,788
Other receivables		38,770,674	17,340,333
Accrued interest		3,285,533	15,334,604
Short term investments		946,052,945	917,353,557
Cash and bank balances	13	132,250,538	471,604,750
		3,676,368,009	2,794,166,449
TOTAL ASSETS		6,454,905,321	5,522,266,019

Chief Executive

Director

Chief Financial Officer

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

For The Quarter Ended September 30, 2018

	Un-Audited September 30, 2018 Rupees	Un-Audited September 30, 2017 Rupees
GROSS SALES	2,147,442,246	2,277,515,668
Discounts	(43,338,049)	(32,533,198)
Sales tax	(355,386,829)	(208,082,831)
NET SALES	1,748,717,369	2,036,899,639
COST OF SALES	(1,447,367,044)	(1,616,508,481)
GROSS PROFIT	301,350,325	420,391,158
DISTRIBUTION COST	(290,432,702)	(154,199,730)
ADMINISTRATIVE EXPENSES	(132,676,925)	(83,947,419)
OTHER EXPENSES	(22,251,983)	(17,305,236)
	(445,361,610)	(255,452,385)
OTHER INCOME	17,618,432	24,890,222
PROFIT / (LOSS) FROM OPERATIONS	(126,392,853)	189,828,995
FINANCE COST	(23,557,396)	(17,227,776)
PROFIT / (LOSS) BEFORE TAXATION	(149,950,249)	172,601,219
TAXATION	(54,061,575)	(54,604,018)
PROFIT / (LOSS) AFTER TAXATION	(204,011,824)	117,997,201
EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED	(1.76)	1.02

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

Chief Executive | Director | Chief Financial Officer

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

For The Quarter Ended September 30, 2018

	Un-Audited September 30, 2018 Rupees	Un-Audited September 30, 2017 Rupees
PROFIT / (LOSS) AFTER TAXATION	(204,011,824)	117,997,201
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 (LOSS) FOR THE PERIOD	(204,011,824)	117,997,201

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

Chief Executive

Director

Chief Financial Officer

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

For The Quarter Ended September 30, 2018

	Note	Un-Audited September 30, 2018 Rupees	Un-Audited September 30, 2017 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (utilized in) operations	14	(935,112,943)	890,517,540
Finance cost paid		(22,537,259)	(11,821,490)
Income tax paid		(62,488,629)	(47,408,784)
Net decrease in long term loans to employees		453,853	914,964
Net increase in long term security deposits		(1,325,100)	-
Net decrease in long term deposits		-	635,676
Net cash generated from / (used in) operating activities		(1,021,010,078)	832,837,906
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property and equipment		(31,650,038)	(60,747,766)
Capital expenditure on intangible assets		(1,307,486)	(165,000)
Proceeds from disposal of property and equipment		926,790	3,075,000
Loans to subsidiary company		(186,500,000)	(296,500,000)
Short term investments - net		(25,000,000)	-
Dividend income		148,500	-
Interest received on loans to subsidiary company		15,306,534	-
Profit on bank deposits and term deposit receipts received		9,182,496	6,670,516
Net cash from / (used in) investing activities		(218,893,204)	(347,667,250)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of liabilities against assets subject to finance lease		(40,300,038)	(10,262,801)
Dividend paid		(638,156)	(92,926)
Proceeds from long term financing		-	19,937,083
Repayment of long term financing		(3,750,000)	-
Short term borrowings - net		945,237,263	(504,407,056)
Net cash (used in) / from financing activities		900,549,069	(494,825,700)
Net increase / (decrease) in cash and cash equivalents		(339,354,212)	(9,655,044)
Cash and cash equivalents at the beginning of the period		471,604,750	75,112,775
Cash and cash equivalents at the end of the period		132,250,538	65,457,731

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

Chief Executive **Director** **Chief Financial Officer**

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

For The Quarter Ended September 30, 2018

	SHARE CAPITAL	RESERVES			TOTAL EQUITY
		CAPITAL RESERVE	REVENUE RESERVE	TOTAL RESERVES	
		SHARE PREMIUM	UN-APPROPRIATED PROFIT		
	(---------- Rupees ----------				)
Balance as at 01 July 2017 - Un-Audited	1,160,040,000	1,441,697,946	1,142,567,891	2,584,265,837	3,744,305,837
Transactions with owners:					
Final dividend for the year ended 30 June 2017 @ Rupees 1.75 per share of Rupees 10 each	-	-	(203,007,000)	(203,007,000)	(203,007,000)
Total comprehensive income for the three months ended of 30 September 2017	-	-	117,997,201	117,997,201	117,997,201
Balance as at 30 September 2017 - Un-Audited	1,160,040,000	1,441,697,946	1,057,558,092	2,499,256,038	3,659,296,038
Balance as at 01 July 2018 - Un-Audited	1,160,040,000	1,441,697,946	1,290,983,072	2,732,681,018	3,892,721,018
Transactions with owners:	-	-	-	-	-
Total comprehensive loss for the three months ended of 30 September 2018	-	-	(204,011,824)	(204,011,824)	(204,011,824)
Balance as at 30 September 2018 - Un-Audited	1,160,040,000	1,441,697,946	1,086,971,248	2,528,669,194	3,688,709,194

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

Chief Executive | **Director** | **Chief Financial Officer**

Selected Notes Unconsolidated To And Forming Part Of The Condensed Interim Financial Statement (Un-audited)

For the quarter ended September 30, 2018

1. THE COMPANY AND ITS OPERATIONS

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

2. BASIS OF PREPARATION

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

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

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

These 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 2018. These condensed interim financial statements are un-audited and are being submitted to the shareholders as required by Section 237 of the Companies Act, 2017."

3. ACCOUNTING POLICIES

The accounting policies and the method of computation adopted in the preparation of the condensed interim financial statements at the same as those applies in the preparation of the financial statement for the year ended June 30, 2018.

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, 2018 but are considered not to be relevant or did not have significant effect on the Company's operations and are, therefore, not detailed in these condensed interim financial statements.

4. ACCOUNTING ESTIMATES JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of this condensed interim financial statements 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 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.

Judgements and estimates made by the management in the preparation of this condensed interim financial statements are the same as those that were applies to financial risk management objectives and policies are consistent with those disclosed in the financial statement as at and for the year ended June 30, 2018.

The company's financial risk management objectives and policies are consistent with those disclosed in the financial statement as at and for the year ended June 30, 2018.

		Un-Audited September 30, 2018 Rupees	Audited June 30, 2018 Rupees
5.	**LONG TERM FINANCING**		
	From conventional bank - secured		
	Bank Al-Habib Limited-1 (Note 5.1)	9,745,416	13,495,415
	Bank Al-Habib Limited-2 (Note 5.1)	16,398,751	16,398,751
		26,144,167	29,894,166
	Less : Current portion shown under current liabilities	15,000,004	15,000,003
		11,144,163	14,894,163

5.1 These facilities have been obtained to build warehouse at the property of Hi-Tech Blending (Private) Limited - subsidiary company at Sundar Raiwind Road. These facilities are secured against hypothecation charge over current assets of the Company of Rupees 1,067 million and personal guarantee of directors of the Company. These carry mark-up at the rate of 3 months KIBOR plus 1.75% per annum. These are repayable in 12 equal quarterly installments. Effective rate of mark-up charged during the year ranged from 8.18% to 9.32% (2018: 7.89% to 8.18%) per annum.

6.	**LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE**		
	Future minimum lease payments	125,865,512	134,911,579
	Less: Un-amortized finance charge	8,554,069	9,712,347
	Present value of future minimum lease payments	117,311,443	125,199,232
	Less: Current portion shown under current liabilities	46,936,905	46,093,849
		70,374,538	79,105,383

7.	**TRADE AND OTHER PAYABLES**		
	Creditors	325,739,329	166,910,839
	Accrued liabilities	190,972,876	163,552,298
	Advances from customers	66,037,449	152,873,281
	Customs duty and other charges payable	226,608,896	88,711,322
	Income tax deducted at source	12,982,271	51,118
	Sales tax payable	-	39,244,625
	Payable to employees' provident fund trust	2,713,637	2,614,251
		825,054,458	613,957,735

8. SHORT TERM BORROWINGS	Un-Audited September 30, 2018 Rupees	Audited June 30, 2018 Rupees
Short term borrowing - secured		
From Conventional Banks		
Runing Finance(Note 8.1 and 8.2)	889,697,276	331,835,243
Finance against trust receipts (Note 8.1 and 8.3)	561,133,249	296,916,620
From Islamic Banks		
Running musharakah (Note 8.1 and 8.4)	202,042,406	-
Musawamah finance (Note 8.1 and 8.5)	-	78,883,805
	1,652,872,931	707,635,668

8.1 These finances are obtained from banking companies under mark up arrangements and are secured against first joint pari passu hypothecation charge over current assets, lien over term deposit receipts and personal guarantee of sponsor directors.

8.2 The rates of markup range from 7.00% to 9.11% (2018: 7.15% to 9.66%) per annum.

8.3 The rates of markup range from 7.68% to 9.32% (2018: 7.16% to 8.14%) per annum.

8.4 The rate of markup range from 7.93% to 9.01% (2018: 7.14% to 7.50%) per annum.

8.5 Mark up is payable at respective KIBOR plus 1% per annum. Effective rate of markup charged during the period ranged from 7.42% to 7.83% per annum (2018: 7.42% to 7.83% per annum) .

9. CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

9.1.1 Corporate guarantees of Rupees 1,425.52 million (2018: Rupees 1,425.52 million) have been given by the Company to the banks in respect of financing to Hi-Tech Blending (Private) Limited - subsidiary company.

9.1.2 Guarantees of Rupees 38 million (2018: Rupees 28 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 12.314 million (2018: Rupees 12.314 million) are given by the bank of the Company to Chairman, Punjab Revenue Authority, Lahore against disputed amount of infrastructure cess.

9.1.4 During the year ended 30 June 2018, assessment under section 161 / 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 favour 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 financial statements, as the Company, based on advice of the tax advisor, is confident of favorable outcome of litigation.

9.1.5 On 05 June 2018, the Competition Commission of Pakistan ("CCP") has initiated a formal enquiry under the provisions of the Competition Act, 2010 ("the Act") on complaint against the Company and its wholly-owned subsidiary company, Hi-Tech Blending (Private) Limited by Chevron Pakistan Lubricants (Private) Limited ("Chevron") for adopting deceptive marketing practices in contravention of section 10 of the Act. It has also been prayed by Chevron to CCP to impose a penalty of 10% of the annual turnover of the Company and its wholly-owned subsidiary and / or Rupees 75 million, as CCP may deem appropriate. The Company and its wholly-owned subsidiary company have submitted a detail reply before the CCP through their advocates, rejecting the contents of filed compliant, and expects a favorable outcome of the matter. Hence, no provision for penalty has been recognized in these financial statements.

		Un-Audited September 30, 2018 Rupees	Audited June 30, 2018 Rupees
9.2	**Commitments**		
9.2.1	Capital expenditures:		
	Contracts	26,527,376	25,168,567
	Letters of credit	-	4,862,700
		26,527,376	30,031,267
9.2.2	Letters of credit other than for capital expenditures	41,383,856	245,018,196

9.2.3 The amount of future ijara rentals for ijara financing and the period in which these payments will become due are as follow:

Not later than one year	5,004,436	5,004,436
Later than one year but not later than five years	5,775,232	7,943,488
	10,779,668	12,947,924

10. FIXED ASSETS

Property and equipment:		
Operating fixed assets		
-Owned	835,266,483	836,309,262
-Leased	120,717,491	94,226,431
	955,983,974	930,535,693
Capital work-in-progress	478,899,511	455,776,154
	1,434,883,485	1,386,311,847
Intangible assets:		
Computer softwares	3,540,613	2,894,585
	1,438,424,099	1,389,206,432

10.1 The depreciation charge on operating fixed assets for the quarter has been allocated as follows;

Distribution Cost	8,165,733	29,946,666
Administrative expenses	6,858,808	22,261,381
	15,024,541	52,208,047

10.1.2 Amortization on intangible assets amounting to Rupees 0.662 million (2018: Rupees 5.225 million) has been allocated to administrative expenses.

10.1.3 The cost of intangible assets as at reporting date includes fully amortized intangible assets of Rupees nil (2018: Rupees 18.982 million) which are still in use of the Company.

	Un-Audited September 30, 2018 Rupees	Audited June 30, 2018 Rupees
11. INVESTMENT IN SUBSIDIARY COMPANY - AT COST		
Hi-Tech Blending (Private) Limited - unquoted 130,000,060 (30 June 2018: 130,000,060) fully paid ordinary shares of Rupees 10 each Equity held: 100% (30 June 2018: 100%) Advance against issuance of shares	1,300,000,600	1,300,000,600
12. STOCK-IN-TRADE		
Lubricants	1,902,654,539	963,383,983
Less: Provision for slow moving and damaged inventory items	2,450,521	2,450,521
	1,900,204,018	960,933,462
Stock of promotional items	262,143	272,913
	1,900,466,161	961,206,375
13. CASH AND BANK BALANCES		
Cash in hand	1,035,414	601,332
Cash at banks:		
Saving accounts	68,904,962	207,327,155
Current accounts	62,310,161	263,676,263
	131,215,124	471,003,418
	132,250,538	471,604,750

13.1 Saving accounts carry mark-up at the rates ranging from 3.75% to 6% (2018: 3% to 6%) per annum.

	Un-Audited September 30, 2018 Rupees	Un-Audited September 30, 2017 Rupees
14 CASH GENERATED FROM / (UTILIZED IN) OPERATIONS		
Profit / (Loss) before taxation	(149,950,249)	172,601,219
Adjustments for non-cash charges and other items:		
Depreciation on operating fixed assets	15,024,541	9,496,343
Amortization on intangible assets	661,458	1,807,980

	Un-Audited September 30, 2018 Rupees	Un-Audited September 30, 2017 Rupees
Gain on disposal of operating fixed assets	(460,686)	(395,532)
Dividend income	(148,500)	-
Profit on bank deposits and term deposit receipts	(13,746,605)	(15,645,489)
Interest income on loans to subsidiary company	(3,262,641)	(8,796,871)
Unrealized loss on remeasurement of investments at fair value	869,899	9,177,101
Exchange loss - net	16,644,584	-
Finance cost	23,557,396	17,227,776
Working capital changes (Note 14.1)	(824,302,139)	705,045,013
	(935,112,943)	890,517,540

14.1 Working capital changes

Decrease / (increase) in current assets:

Stock-in-trade	(939,259,786)	335,131,845
Trade debts	65,611,650	(1,288,770)
Loans and advances	(117,291,767)	326,212,279
Short term deposits and prepayments	(6,384,039)	120,520
Other receivables	(21,430,341)	64,541,639
	(1,018,754,283)	724,717,513
(Decrease) / increase in trade and other payables	194,452,143	(19,672,500)
	(824,302,140)	705,045,013

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 financial statements, are as follows:

	Relationship	Nature of transaction	Un-Audited September 30, 2018 Rupees	Un-Audited September 30, 2017 Rupees
i	**Transactions**			
	Subsidiary company			
	Hi-Tech Blending (Private) Limited	Sale of lubricants	71,400	-
		Purchase of lubricants	731,096,789	875,765,211
		Loans disbursed	186,500,000	296,500,000
		Interest charged on short term loans	3,262,641	8,796,871
		Lease rentals paid	750,000	750,000

Selected Notes Unconsolidated To And Forming Part Of The Condensed Interim Financial Statement (Un-audited)

For the quarter ended September 30, 2018

		Un-Audited September 30, 2018 Rupees	Un-Audited September 30, 2017 Rupees
Associated companies			
MAS Associates (Private) Limited	Share of common expenses	222,728	132,549
Other related parties			
SK Lubricants Co., Ltd.	Purchase of lubricants	1,282,060,670	361,167,768
Directors	Rent expense	-	2,314,266
Provident fund trust	Contribution	4,353,289	3,092,673
Sabra Hamida Trust	Donations	3,500,000	3,000,000

	Un-Audited September 30, 2018 Rupees	Audited June 30, 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	62,861	144,949
Payable to Hi-Tech Blending (Private) Limited	161,559,560	85,917,181
Short term loan	186,500,000	-
Accrued interest on short term loan	3,262,641	15,306,534
Associated company		
Receivable from MAS Associates (Private) Limited	143,687	79,042
Other related party:		
Receivable from SK Lubricants Company Limited	17,024,000	17,024,000
Payable to SK Lubricants Company Limited	246,471,966	135,990,834
Payable to employees' provident fund trust	2,713,637	2,614,251

Selected Notes Unconsolidated To And Forming Part Of The Condensed Interim Financial Statement (Un-audited)

For the nine months period ended 31 March 2018

15.1 Following are the related parties with whom the Company had entered into transactions or have arrangements / agreements in place:

Name of related party	Basis of relationship	Transactions entered or agreements and / or arrangements in place during the financial year	% age of shareholding
Hi-Tech Blending (Private) Limited	Wholly owned subsidiary company	Yes	100%
Hi-Tech Energy (Private) Limited	Common directorship	No	None
MAS Associates (Private) Limited	Common directorship	Yes	None
MAS Infosoft (Private) Limited	Common directorship	No	None
MAS Services	Common directorship	No	None
Haut Buys (Private) Limited	Common directorship	No	None
Hi-Tech Lubricants Limited Employees Provident Fund Trust	Common trusteeship of directors	Yes	None
Sabra Hamid Trust	Common trusteeship of directors	Yes	None
MAS Associates (Private) Limited Employees Provident Fund Trust	Common trusteeship of directors	No	None
SK Lubricants Co., Ltd.	Major supplier and long term partner	Yes	None

Chief Executive **Director** **Chief Financial Officer**

Consolidated Condensed Interim Statement Of Financial Position

As At September 30, 2018

	Note	Un-Audited September 30, 2018 Rupees	Audited June 30, 2018 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
150,000,000 (2018: 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		2,783,329,425	2,926,660,970
Total equity		3,943,369,425	4,086,700,970
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	5	15,406,221	19,156,221
Liabilities against assets subject to finance lease	6	72,658,385	80,309,810
Long term deposits		1,500,000	1,500,000
Deferred liabilities		127,160,231	112,227,115
		216,724,837	213,193,146
CURRENT LIABILITIES			
Trade and other payables	7	1,407,606,479	770,080,893
Accrued mark-up		36,959,227	29,696,233
Short term borrowings	8	2,498,201,645	1,325,250,528
Current portion of non-current liabilities		145,100,761	179,059,861
Unclaimed dividend		3,659,213	4,297,369
		4,091,527,325	2,308,384,884
Total liabilities		4,308,252,162	2,521,578,030
CONTINGENCIES AND COMMITMENTS	9		
TOTAL EQUITY AND LIABILITIES		8,251,621,587	6,608,279,000

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

Chief Executive | Director | Chief Financial Officer

	Note	Un-Audited September 30, 2018 Rupees	Audited June 30, 2018 Rupees
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	10	2,998,665,527	2,955,152,502
Long term loans to employees		175,107	280,132
Long term security deposits		42,417,606	41,092,506
		3,041,258,240	2,996,525,140
CURRENT ASSETS			
Stores		4,875,493	26,759,589
Stock-in-trade	11	3,432,073,780	1,544,074,179
Trade debts		171,325,287	236,936,937
Loans and advances		159,284,164	80,222,041
Short term deposits and prepayments		69,177,097	60,831,795
Other receivables		174,846,271	109,129,419
Short term investments		946,052,945	917,353,557
Taxation - net		91,179,216	69,499,665
Cash and bank balances	12	161,549,094	566,946,678
		5,210,363,347	3,611,753,860
TOTAL ASSETS		8,251,621,587	6,608,279,000

Chief Executive

Director

Chief Financial Officer

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

For The Quarter Ended September 30, 2018

	Un-Audited September 30, 2018 Rupees	Un-Audited September 30, 2017 Rupees
GROSS SALES	2,271,728,700	2,405,525,910
Discounts	(43,338,048)	(32,533,198)
Sales tax	(479,673,283)	(335,945,067)
NET SALES	1,748,717,369	2,037,047,645
COST OF SALES	(1,333,763,456)	(1,562,754,920)
GROSS PROFIT	414,953,913	474,292,725
DISTRIBUTION COST	(289,682,702)	(154,199,730)
ADMINISTRATIVE EXPENSES	(149,872,869)	(101,997,549)
OTHER EXPENSES	(20,176,854)	(20,087,748)
	(459,732,424)	(276,285,027)
OTHER INCOME	14,456,627	16,844,546
PROFIT / (LOSS) FROM OPERATIONS	(30,321,884)	214,852,244
FINANCE COST	(42,800,550)	(26,346,205)
PROFIT / (LOSS) BEFORE TAXATION	(73,122,434)	188,506,039
TAXATION	(70,209,111)	(54,604,018)
PROFIT / (LOSS) AFTER TAXATION	(143,331,545)	133,902,021
EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED	(1.24)	1.15

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

Chief Executive | Director | Chief Financial Officer

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

For The Quarter Ended September 30, 2018

	Un-Audited September 30, 2018 Rupees	Un-Audited September 30, 2017 Rupees
PROFIT / (LOSS) AFTER TAXATION	(143,331,545)	133,902,021
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 (LOSS) FOR THE PERIOD	(143,331,545)	133,902,021

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

Chief Executive | Director | Chief Financial Officer

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

For The Quarter Ended September 30, 2018

	Note	Un-Audited September 30, 2018 Rupees	Un-Audited September 30, 2017 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	13	(1,341,516,493)	245,892,639
Finance cost paid		(35,537,556)	(19,294,419)
Income tax paid		(64,270,084)	(81,255,875)
Net decrease in long term loans to employees		453,853	914,964
Net increase in long term security deposits		(1,325,100)	108,676
Net cash generated from / (used in) operating activities		(1,442,195,380)	146,365,985
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(39,850,924)	(73,008,279)
Capital expenditure on intangible assets		(1,995,485)	(165,000)
Proceeds from disposal of property, plant and equipment		926,790	3,075,000
Short term investments - net		(25,000,000)	-
Dividend income		148,500	-
Profit on bank deposits and term deposit receipts received		9,182,496	6,784,211
Net cash used in investing activities		(56,588,622)	(63,314,068)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of liabilities against assets subject to finance lease		(50,389,554)	(9,148,116)
Short term borrowings - net		1,172,951,117	(201,321,271)
Dividend paid		(638,156)	(92,926)
Proceeds from long term financing		-	19,937,083
Repayment of long term financing		(28,536,989)	(44,546,285)
Net cash (used in) / from financing activities		1,093,386,419	(235,171,515)
Net increase in cash and cash equivalents		(405,397,584)	(152,119,599)
Cash and cash equivalents at beginning of the period		566,946,678	220,903,845
Cash and cash equivalents at end of the period		161,549,094	68,784,246

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

Chief Executive | Director | Chief Financial Officer

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

For The Quarter Ended September 30, 2018

	SHARE CAPITAL	RESERVES			TOTAL EQUITY
		CAPITAL RESERVE	REVENUE RESERVE	TOTAL RESERVES	
		SHARE PREMIUM	UN-APPROPRIATED PROFIT		
	(---------- Rupees ----------)				
Balance as at 01 July 2017	1,160,040,000	1,441,697,946	1,131,442,653	2,573,140,599	3,733,180,599
Transactions with owners:					
Reversal of Unrealized Profits for the year ended 30 June 2017, on Holding Company Closing Stocks	-	-	24,500,132	24,500,132	24,500,132
Final dividend for the year ended 30 June 2017 @ Rupee 1.75 per share of Rupees 10 each	-	-	(203,007,000)	(203,007,000)	(203,007,000)
Total comprehensive income for the year ended 30 June 2017	-	-	133,902,021	133,902,021	133,902,021
Balance as at 30 September 2017	1,160,040,000	1,441,697,946	1,086,837,806	2,528,535,752	3,688,575,752
Balance as at 01 July 2018	1160,040,000	144,1697,946	1,484,963,024	2,926,660,970	4,086,700,970
Transactions with owners:	-	-	-	-	-
Total comprehensive income for the period ended 30 September 2018	-	-	(143,331,545)	(143,331,545)	(143,331,545)
Balance as at 30 September 2018	1,160,040,000	1,441,697,946	1,341,631,479	2,783,329,425	3,943,369,425

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

Chief Executive **Director** **Chief Financial Officer**

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

For The Quarter Ended September 30, 2018

1. THE GROUP AND ITS OPERATIONS

The Group consists of:

Holding Company

- Hi-Tech Lubricants Limited

Subsidiary Company

- Hi-Tech Blending (Private) Limited

Hi-Tech Lubricants Limited

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

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

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

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

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

These 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 2018. These condensed interim financial statements are un-audited and are being submitted to the shareholders as required by Section 237 of the Companies Act, 2017.

3. ACCOUNTING POLICIES

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, 2018.

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, 2018 but are considered not to be relevant or did not have significant effect on the Company'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 statements 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 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.

Judgements and estimates made by the management in the preparation of this consolidated condensed interim financial statements 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, 2018.

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, 2018.

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

For The Quarter Ended September 30, 2018

	Un-Audited September 30, 2018 Rupees	Audited June 30, 2018 Rupees
5. LONG TERM FINANCING		
From conventional bank - secured		
Holding Company		
Bank Al-Habib Limited-1 (Note 5.1)	9,745,416	13,495,415
Bank Al-Habib Limited-2 (Note5.1)	16,398,751	16,398,751
	26,144,167	29,894,166
Subsidiary Company		
Bank Al-Habib Limited (Note 5.2)	60,220,338	85,007,327
	86,364,505	114,901,493
Less: Current portion shown under current liabilities	70,958,284	95,745,272
	15,406,221	19,156,221

5.1 These facilities have been obtained to build warehouse at the property of Hi-Tech Blending (Private) Limited - subsidiary company at Sundar Raiwind Road. These facilities are secured against hypothecation charge over current assets of the Company of Rupees 1,067 million and personal guarantee of directors of the Company. These carry mark-up at the rate of 3 months KIBOR plus 1.75% per annum. These are repayable in 12 equal quarterly installments. Effective rate of mark-up charged during the year ranged from 8.18% to 9.32% (2018: 7.89% to 8.18%) per annum.

5.2 These term finance facilities, aggregating to Rupees 250.939 million (2018: Rupees 250.939 million), are secured by first pari passu hypothecation charge over current assets of the Subsidiary Company to the extent of Rupees 667 million, ranking hypothecation charge over current assets of the Subsidiary Company to the extent of Rupees 400 million, corporate guarantee of the Holding Company of Rupees 1.3 billion and personal guarantees of directors of the Subsidiary Company. The finance facilities are repayable in 6, 12 and 16 equal quarterly installments commenced on 31 March 2015 and ending on 25 November 2019. Mark-up is payable quarterly at the rate of 3 month KIBOR plus 2.00% per annum. Effective rate of mark-up charged during the year ranged from 7.89% to 9.32% (2018: 8.10% to 8.47%) per annum.

6. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
Future minimum lease payments	156,075,683	174,275,897
Less: Un-amortized finance charge	9,274,821	10,651,498
Present value of future minimum lease payments	146,800,862	163,624,399
Less: Current portion	74,142,477	83,314,589
	72,658,385	80,309,810
7. TRADE AND OTHER PAYABLES		
Creditors	855,035,156	270,188,112
Accrued liabilities	196,109,613	191,983,368
Advances from customers	66,037,449	152,873,281
Retention money payable	38,490	38,490
Customs duty and other charges payable	246,980,071	97,073,430
Income tax deducted at source	21,888,146	972,963
Employees' provident fund trust	389,928	2,999,404
Workers' profit participation fund	18,398,989	14,587,220
Workers' welfare fund	15,000	120,000
Sales tax payable	2,713,637	39,244,625
	1,407,606,479	770,080,893

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

For The Quarter Ended September 30, 2018

	Un-Audited September 30, 2018 Rupees	Audited June 30, 2018 Rupees
8. SHORT TERM BORROWINGS		
Short term borrowing - secured		
- Holding Company		
From Conventional Banks		
Running finances (Note 8.1 and Note 8.2)	889,697,276	331,835,243
Finance against trust receipts (Note 8.1and Note 8.3)	561,133,249	296,916,620
	1,450,830,525	628,751,863
From Islamic Banks		
Running musharakah (Note 8.1 and Note 8.4)	202,042,406	-
Musawamah (Note 8.1 and Note 8.5)	-	78,883,805
	202,042,406	78,883,805
- Subsidiary Company		
From Conventional Banks		
Short term finance (Note 8.6)	733,146,277	506,133,540
From Islamic Banks		
Murabaha / Musawamah (Note 8.7)	42,182,437	41,481,320
From related parties - unsecured		
Loan from directors (Note8.8)	70,000,000	70,000,000
	2,498,201,645	1,325,250,528

8.1 These finances are obtained from banking companies under markup arrangements and are secured against first joint pari passu hypothecation charge over current assets, lien over term deposit receipts, and personal guarantee of sponsor directors of Holding Company.

8.2 The rates of markup range from 7.00% to 9.11% (2018: 7.15% to 9.66%) per annum.

8.3 The rates of markup range from 7.68% to 9.32% (2018: 7.16% to 8.14%) per annum.

8.4 The rate of markup range from 7.93% to 9.01% (2018: 7.14% to 7.50%) per annum.

8.5 Mark up is payable at respective KIBOR plus 1% per annum. Effective rate of markup charged during the period ranged from 7.42% to 7.83% per annum (2018: 7.42% to 7.83% per annum) .

8.6 These represent finance against trust receipts and running finance from Bank Al-Habib Limited. Mark-up is payable quarterly at the rate of 3 month KIBOR plus 1 per annum. Effective rate of mark-up charged during the period ranged from 7.35% to 8.16% (2018: 7.35% to 8.16%) per annum. These are secured against trust receipts, first pari passu hypothecation charge over current assets of the Subsidiary Company to the extent of Rupees 667 million, ranking hypothecation charge over current assets of the Subsidiary Company to the extent of Rupees 400 million, personal guarantees of directors of the Subsidiary Company and corporate guarantee of the Holding Company of Rupees 1.3 billion.

8.7 This represents murabaha / musawamah finance facility of Rupees 250 million. Mark-up is payable at respective KIBOR plus 1% per annum. Effective rate of mark up charged during the period is 7.92%. This is secured against hypothecation charge over present and future current assets to the extent of Rupees 400 million and hypothecation charge over present and future fixed assets to the extent of Rupees 400 million and corporate guarantee of the Holding Company.

8.8 These unsecured loans are from directors of the Subsidiary Company. Mark-up is payable yearly at the rate of 3 month KIBOR plus 2% per annum. Effective rate of mark-up charged during the period 8.93% (2018: 8.14% to 8.50%) per annum. These are repayable on demand. These loans were utilized for capital expenditure requirements of the Subsidiary Company.

9. CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

9.1.1 Corporate guarantees of Rupees 1,425.52 million (2018: Rupees 1,425.52 million) have been given by the Company to the banks in respect of financing to Hi-Tech Blending (Private) Limited - subsidiary company.

9.1.2 Guarantees of Rupees 53 million (2018: Rupees 43 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 27.80 million (2018: Rupees 27.80 million) are given by the bank of the Company to Chairman, Punjab Revenue Authority, Lahore against disputed amount of infrastructure cess.

9.1.4 During the year ended 30 June 2018, assessment under section 161 / 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 favour 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 financial statements, as the Holding Company, based on advice of the tax advisor, is confident of favorable outcome of litigation.

9.1.5 On 05 June 2018, the Competition Commission of Pakistan ("CCP") has initiated a formal enquiry under the provisions of the Competition Act, 2010 ("the Act") on complaint against the Holding Company and its wholly-owned Subsidiary Company, Hi-Tech Blending (Private) Limited by Chevron Pakistan Lubricants (Private) Limited ("Chevron") for adopting deceptive marketing practices in contravention of section 10 of the Act. It has also been prayed by Chevron to CCP to impose a penalty of 10% of the annual turnover of the Holding Company and its wholly-owned subsidiary and / or Rupees 75 million, as CCP may deem appropriate. The Holding Company and its wholly-owned Subsidiary Company have submitted a detail reply before the CCP through their advocates, rejecting the contents of filed compliant, and expects a favorable outcome of the matter. Hence, no provision for penalty has been recognized in these consolidated financial statements.

	Un-Audited September 30, 2018 Rupees	Audited June 30, 2018 Rupees
9.2 Commitments		
9.2.1 Capital expenditures:		
Contracts	26,527,376	33,313,371
Letters of credit	-	4,862,700
	26,527,376	38,176,071
9.2.2 Letters of credit other than capital expenditures	384,899,091	253,445,076

9.2.3 The amount of future ijara rentals for ijara financing and the period in which these payments will become due are as follow:

Not later than one year	5,004,436	5,004,436
Later than one year but not later than five years	5,775,232	7,943,488
	10,779,668	12,947,924

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

For The Quarter Ended September 30, 2018

	Un-Audited September 30, 2018 Rupees	Audited June 30, 2018 Rupees
10. FIXED ASSETS		
Property, plant and equipment:		
Operating fixed assets:		
Owned	2,229,869,011	2,274,075,216
Leased	208,069,604	183,496,576
	2,437,938,615	2,457,571,792
Capital work-in-progress	556,549,900	494,663,356
Intangible assets:		
Computer softwares	4,177,012	2,917,354
Intangible asset under development - computer software	-	-
	2,998,665,527	2,955,152,502
The depreciation charge on operating fixed assets for the quarter has been allocated as follows;		
Cost of Sales	17,416,543	72,375,050
Distribution Cost	8,165,733	29,684,167
Administrative expenses	8,298,921	28,278,447
	33,881,197	130,337,664

10.1 Amortization on intangible assets amounting to Rupees 0.735 million (2018: Rupees 5.453 million) has been allocated to administrative expenses.

10.2 The cost of intangible assets as at reporting date includes fully amortized intangible assets of Rupees nil (2018: Rupees 18.982 million) which are still in use of the Company.

11. STOCK-IN-TRADE		
Raw materials	1,141,951,519	408,436,666
Work-in-process	17,444,464	10,732,181
	1,159,395,983	419,168,847
Finished goods	2,272,415,654	1,127,082,940
Less: Provision for slow moving and damaged stock items	-	2,450,521
	2,272,415,654	1,124,632,419
Stock of promotional items	262,143	272,913
	3,432,073,780	1,544,074,179

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

For The Quarter Ended September 30, 2018

	Un-Audited September 30, 2018 Rupees	Audited June 30, 2018 Rupees
12. CASH AND BANK BALANCES		
Cash in hand	1,387,522	718,057
Cash at banks:		
Saving accounts	68,904,962	207,327,155
Current accounts	91,256,610	358,901,466
	160,161,573	566,228,621
	161,549,094	566,946,678

	Un-Audited September 30, 2018 Rupees	Un-Audited September 30, 2017 Rupees
13. CASH GENERATED FROM OPERATIONS		
Profit / (Loss) before taxation	(73,122,434)	188,506,039
Adjustments for non-cash charges and other items:		
Depreciation on operating fixed assets	33,881,197	28,676,477
Amortization on intangible assets	735,827	1,826,766
Amortization of deferred income	(100,836)	-
Gain on disposal of property and equipment	(460,686)	(395,532)
Dividend income	(148,500)	-
Profit on bank deposits and short term investments	(13,746,605)	(15,759,184)
Unrealised loss on remeasurement of investments at fair value	869,899	9,177,101
Finance cost	42,800,550	26,346,205
Exchange loss - net	11,231,524	-
Provision for workers' profit participation fund	3,322,931	-
Working capital changes (Note 13.1)	(1,346,779,359)	7,514,767
	(1,341,516,493)	245,892,639

13.1 Working capital changes		
Decrease / (increase) in current assets:		-
Stores	21,884,096	18,486,572
Stock-in-trade	(1,892,237,099)	282,136,010
Trade debts	65,611,650	(1,265,648)
Loans and advances	(7,525,544)	(235,082,176)
Short term deposits and prepayments	(8,345,302)	5,104,384
Other receivables	(65,722,030)	107,834,318
	(1,886,334,229)	177,213,460
(Decrease) / increase in trade and other payables	539,554,870	(169,698,693)
	(1,346,779,359)	7,514,767

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 financial statements, are as follows:

	Relationship	Nature of transaction	Un-Audited September 30, 2018 Rupees	Un-Audited September 30, 2017 Rupees
i	**Transactions**			
	Associated companies			
	MAS Associates (Private) Limited	Share of common expenses	143,687	132,549
	Other related parties			
	SK Lubricants Co., Ltd.	Purchase of lubricants	1,882,450,232	1,018,363,581
	Directors	Repayment of loans	-	-
	Directors	Mark-up on loans from directors	1,575,595	1,436,208
	Directors	Rent expense	-	2,314,266
	Provident fund trusts	Contribution	4,353,289	3,092,673
	Sabra Hamida Trust	Donations	3,500,000	3,000,000

		Un-Audited September 30, 2018 Rupees	Audited June 30, 2018 Rupees
ii.	**Period end balances**		
	Associated company		
	Receivable from MAS Associates (Private) Limited	143,687	79,042
	Other related party:		
	Receivable from SK Lubricants Company Limited	17,024,000	17,024,000
	Payable to SK Lubricants Company Limited	246,471,966	135,990,834
	Payable to employees' provident fund trust	3,103,565	2,614,251

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

For The Quarter Ended September 30, 2018

14.1 Following are the related parties with whom the Group had entered into transactions or have arrangements / agreements in place:

Name of related party	Basis of relationship	Transactions entered or agreements and / or arrangements in place during the financial year	% age of shareholding
Hi-Tech Energy (Private) Limited	Common directorship	No	None
MAS Associates (Private) Limited	Common directorship	Yes	None
MAS Infosoft (Private) Limited	Common directorship	No	None
MAS Services	Common directorship	No	None
Haut Buys (Private) Limited	Common directorship	No	None
Hi-Tech Lubricants Limited Employees Provident Fund Trust	Common trusteeship of directors	Yes	None
Sabra Hamid Trust	Common trusteeship of directors	Yes	None
MAS Associates (Private) Limited Employees Provident Fund Trust	Common trusteeship of directors	No	None
Hi-Tech Blending (Private) Limited Provident Fund Trust	Common trusteeship of directors	Yes	None
SK Lubricants Co., Ltd.	Major supplier and long term	Yes	None

Chief Executive

Director

Chief Financial Officer

Jama Punji
Be aware, Be alert, Be safe

www.hitechlubricants.com

HTL LIMITED
Hi-Tech Lubricants Ltd

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