Directors' Report

The Directors of your Company take pleasure in presenting their report together with the Company's Annual Financial Statements and Auditors' report thereon for the year ended June 30, 2018.

Operating Results and Appropriation

The operating results of your Company for the year ended June 30, 2018 under review are summarized as follows:

	2018 Rupees	2017 Rupees
Profit for the year before tax	154,376,432	172,415,767
Taxation		
Current Year	232,047,621	154,360,085
Prior Year	(1,231)	(25,166,538)
	232,046,390	129,193,547
Profit after tax	(77,669,958)	43,222,220
Un-appropriated profit brought forward	245,267,987	252,636,936
Actuarial gain / (loss) recognised	(6,355,715)	(591,169)
Profit available for appropriation	161,242,313	295,267,987
Appropriation:		
Interim Dividend - 2018 : Nil (2017 : 20%)	-	50,000,000
	-	50,000,000
Un-appropriated profit carried forward	**161,242,313**	**245,267,987**

Dividend

During 2017-18, the Board of Directors distributed Interim Cash dividend NIL - (2017: 20% Rs.50,000,000). The same is now being proposed to be treated as final dividend for the year.

Earnings Per Share

Earnings / (Loss) Per Share after tax is at (Rs.3.08) (2017: Rs.1.73).

Chairman's Review

The Chairman's review included in the Annual Report deals inter alia with the performance of the company for the year ended June 30, 2018 and future outlook. The Directors endorse the contents of the review.

Board of Directors

The Board comprises of six directors representing Shirazi Investments (Private) Limited. During the year two board meetings were held. The attendance of directors is as follows:

Sr. No.	Name of Directors	Attendance
1	Mr. Yusuf H. Shirazi	1
2	Mr. Aamir H. Shirazi	2
3	Mr. Frahim A. Khan	2
4	Mr. Saquib H. Shirazi	-
5	Mr. Ali H. Shirazi	2
6	Mr. Khaleeq ur Rahman Khan	2

Leave of absence was granted to those Directors who could not attend some of the Boards meetings.

Statement of Directors' Responsibilities

The Board reviews the Company's strategic direction. Annual plans and performance targets for business are set by the Chief Executive and are reviewed by the Board of Directors in the light of the company's overall objectives. The Board is committed to maintain the high standard of good corporate governance. The Company confirms compliance with the provisions set out by the Securities & Exchange Commission of Pakistan.

Following are Statement on Corporate and Financial Reporting Framework :

a) The financial statements prepared by the management of the company, fairly present its state of affairs, the results of its operations, cash flow and changes in equity.
b) The Company has maintained proper books of accounts.
c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
d) International financial Reporting Standard, as applicable in Pakistan, have been followed in preparation of financial statements.
e) The system of internal control is sound in design and has been effectively implemented and monitored. The process of monitoring internal controls will continue as an ongoing process with
the objective to further strengthen the controls and bring improvements in the system.
f) There is no doubt about the company's ability to continue as a going concern.
g) There has been no material departure from the best practices of corporate governance.

The Corporate Governance Practices

The Board of Directors of the Company is committed to the principles of good corporate governance. This is promoted across the Company through senior management. The stakeholders expect that the Company is managed and supervised responsibility and proper internal controls and risk management policy and procedures are in place for efficient and effective operations of the Company, safeguarding of assets, compliance with laws and regulations and proper financial reporting in accordance with International financial Reporting Standards.

Donation

The company has a policy to donate 1% of the prior year's profit before tax. During the year, Company has donated Rs.1.724m to Atlas Foundation.

Contribution to National Exchequer

The Company contributed Rs.1,186 million towards the National Exchequer on account of various government levies, taxes and import duties in the year under review. Payment of these taxes is 4.7 times more than the profit before tax of the Company.

Code of Conduct

The Company's Code of Conduct promotes guidelines on various ethical standards including issues such as conflict of interests, employee rights, fraud etc. The code encourages honesty, integrity and openness in conduct of company's operation. It strictly abides all to follow the laws and regulations. The Code guides interactions with all stakeholders, including consumers, suppliers, shareholders, and partners.

The Code is communicated to all associates and is available on the Company's website. The responsibility for day to day implementation and monitoring of Code is delegated to the senior management.

Management Committee

The Management Committee comprises of all functional heads, Chief Operating Officer and is headed by Chief Executive, who ensures that a proper system is developed and implemented across the company that enable swift and appropriate decision making. It acts in an advisory capacity to the Chief Executive at the operating level, providing recommendation relating to business and other corporate affairs. It is responsible for reviewing and forwarding long –term-plans, capital and expense budget development and stewardship of business plans. The Committee meets monthly to review the performance of each function against set targets. The Chief Executive also ensures that all decisions and directions given by the Board are properly communicated and implemented.

Employee's Retirement Benefits

The Company operates a contributory provident fund scheme, defined contribution pension fund and defined benefit gratuity fund scheme for employees who have completed the minimum qualifying period of service. The assets of the pension fund are under voluntary pension scheme managed by Atlas Asset Management Limited, a related party.

The value of investments based on their respective un-audited financial statements, as at June 30, 2018 are as follows:

- Provident Fund	Rs. 86.10 million
- Gratuity Fund	Rs. 63.04 million

Auditors

The present auditors M/s Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants, retire and being eligible, offer themselves for reappointment. The Board of Directors recommends their reappointment as statutory auditors of the company for the financial year 2018-19.

Pattern of Shareholding

The pattern of shareholding of the company as at June 30, 2018 is annexed.

Material changes

There have been no material changes since June 30, 2018 to date of the report and the Company has not entered into any commitment during this period, which would have an adverse impact on the financial position of the Company.

Statement of Value Addition and Distribution

The "Statement of Value Addition" is annexed to this report.

Operating and Financial Data

Operating and Financial Data and key ratios of the company for the last six years are annexed.

Safeguarding of Records

The company places due emphasis for storage and safe custody of this financial records. The Company is using Oracle ERP system for recording its financial information. Access to electronic documentation has been ensured through implementation of a comprehensive password protected authorization matrix.

Communication

Communication with stakeholders and at all management levels is given a high priority. The Company also has a web site www.shirazitrading.com.pk which contains up-to-date information of the Company's activities.

For and on behalf of
The Board of Directors

Farooq Saleem
Chief Executive Officer

Karachi: October 09, 2018

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AUDITORS' REPORT ON FINANCIAL STATEMENTS OF

SHIRAZI TRADING COMPANY (PRIVATE) LIMITED

FOR THE YEAR ENDED 30 JUNE 2018

EY Ford Rhodes
Chartered Accountants
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INDEPENDENT AUDITORS' REPORT

To the members of Shirazi Trading Company (Private) Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Shirazi Trading Company (Private) Limited** (the Company), which comprises of the statement of financial position as at **30 June 2018**, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2018 and of the loss, comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the Director's report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors is responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of cash flows and statement of changes in equity together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditors' report is Shabbir Yunus.

EY Ford Rhodes

Chartered Accountants

Place: Karachi

Date: 9 October 2018

SHIRAZI TRADING COMPANY (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	Note	2018	2017
		------------- Rupees -------------	
ASSETS			
NON CURRENT ASSETS			
Property and equipment	6	**319,021,286**	227,169,188
Intangible assets	7	**4,998,068**	7,616,876
Long-term investment	8	**-**	-
Long-term loans	9	**1,318,062**	931,135
		325,337,416	235,717,199
CURRENT ASSETS			
Stocks-in-trade	10	**353,035,800**	266,382,070
Trade debts	11	**1,610,743,672**	916,277,795
Loans and advances	12	**80,014,052**	83,817,395
Trade deposits and short-term prepayments	13	**281,105,291**	331,330,747
Other Receivables	14	**45,913,012**	20,355,947
Taxation - net		**92,901,922**	81,025,844
Bank balances	15	**17,616,618**	46,837,711
		2,481,330,367	1,746,027,509
TOTAL ASSETS		**2,806,667,783**	1,981,744,708
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
50,000,000 (2017: 50,000,000) Ordinary shares of Rs.10/- each		**500,000,000**	500,000,000
Issued, subscribed and paid-up capital	16	**250,000,000**	250,000,000
General reserves		**35,265,000**	35,265,000
Unappropriated profit		**161,242,312**	245,267,986
		446,507,312	530,532,986
NON CURRENT LIABILITIES			
Long-term deposits	17	**3,436,700**	3,099,544
Accrual for compensated absences	18	**45,412,113**	39,462,836
		48,848,813	42,562,380
CURRENT LIABILITIES			
Trade and other payables	19	**984,329,918**	502,709,934
Accrued mark-up		**21,093,345**	15,050,290
Short-term borrowing and running finance	20	**1,305,888,395**	890,889,117
		2,311,311,658	1,408,649,341
CONTINGENCIES AND COMMITMENTS	21		
TOTAL EQUITY AND LIABILITIES		**2,806,667,783**	1,981,744,708

The annexed notes from 1 to 34 form an integral part of these financial statements.

CHIEF EXECUTIVE DIRECTOR CHAIRMAN

SHIRAZI TRADING COMPANY (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018	2017
		------------- Rupees	-------------
Turnover - net	22	**4,564,128,421**	3,148,264,540
Cost of sales and services	23	**(3,840,093,627)**	(2,536,721,490)
Gross profit		**724,034,794**	611,543,050
Selling and administrative expenses	24	**(461,825,387)**	(384,763,336)
		262,209,407	226,779,713
Other operating income	25	**7,057,467**	3,912,371
Operating profit		**269,266,874**	**230,692,084**
Finance costs	26	**(93,172,355)**	(54,999,686)
Other expenses	27	**(21,718,088)**	(3,276,632)
Profit before taxation		**154,376,431**	172,415,766
Taxation	28	**(232,046,390)**	(129,193,547)
(Loss) / profit after taxation		**(77,669,959)**	43,222,219

The annexed notes from 1 to 34 form an integral part of these financial statements.

CHIEF EXECUTIVE | **DIRECTOR** | **CHAIRMAN**

SHIRAZI TRADING COMPANY (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	------------- Rupees -------------	
(Loss) / profit after taxation	**(77,669,959)**	43,222,220
Other comprehensive income		
Items that may not be reclassified subsequently to profit or loss account		
Actuarial loss recognised during the year	**(6,355,715)**	(591,169)
Total comprehensive (loss) / income for the year	**(84,025,674)**	42,631,051

The annexed notes from 1 to 34 form an integral part of these financial statements.

CHIEF EXECUTIVE	DIRECTOR	CHAIRMAN

SHIRAZI TRADING COMPANY (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018

	Share capital	Revenue reserves		Total
		General reserves	Unappropriated profit	
	Rupees			
Balance as at 01 July 2016	250,000,000	35,265,000	252,636,936	537,901,936
Net profit for the year	-	-	43,222,219	43,222,219
Other comprehensive income	-	-	(591,169)	(591,169)
Total comprehensive income for the year	-	-	42,631,050	42,631,050
Interim dividend @ Rs. 9/- per share	-	-	(50,000,000)	(50,000,000)
Balance as at 30 June 2017	**250,000,000**	**35,265,000**	**245,267,986**	**530,532,986**
Net loss for the year	-	-	**(77,669,959)**	**(77,669,959)**
Other comprehensive income	-	-	**(6,355,715)**	**(6,355,715)**
Total comprehensive income for the year	-	-	**(84,025,674)**	**(84,025,674)**
Balance as at 30 June 2018	**250,000,000**	**35,265,000**	**161,242,312**	**446,507,312**

The annexed notes from 1 to 34 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

CHAIRMAN

SHIRAZI TRADING COMPANY (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018	2017
		------------ Rupees ------------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		154,376,431	172,415,767
Adjustments for:			
Depreciation	6.1.1	39,836,189	33,407,515
Amortisation	7	3,065,614	3,902,108
Provision for gratuity	19.1.3	5,598,377	4,120,251
Provision for compensated absences		6,307,089	1,207,898
Interest expense		86,148,473	51,724,303
Gain on disposal of tangible fixed assets		(324,969)	(2,529,156)
		140,630,773	91,832,919
Operating cash flows before working capital changes		295,007,204	264,248,686
(Increase) in current assets			
Stock-in-trade		(86,653,730)	(39,619,757)
Trade debts		(694,465,877)	(196,702,316)
Loans and advances		3,803,343	(27,345,492)
Trade deposits and prepayments & Other receivables		24,668,392	(75,430,799)
		(752,647,872)	(339,098,364)
Increase / (decrease) in current liabilities			
Trade and other payables		474,377,308	(34,050,101)
		16,736,640	(108,899,779)
Long term loans and advances		(386,927)	372,526
Long term deposits		337,156	1,321,083
Compensated absences paid		(357,812)	(2,005,658)
Gratuity paid		(4,711,420)	(4,213,651)
Interest paid		(80,105,418)	(49,856,366)
Tax paid		(243,922,468)	(172,617,353)
Net cash used in operating activities		(312,410,249)	(335,899,198)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment		(136,300,812)	(99,443,456)
Acquisition of intangible assets		(446,806)	(145,875)
Proceeds from sale of operating fixed assets		4,937,496	15,359,283
Net cash used in investing activities		(131,810,122)	(84,230,048)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		-	(50,000,000)
Short Term borrowing - net		414,999,278	455,939,819
Net cash generated from financing activities		414,999,278	405,939,819
Net decrease in cash and cash equivalents during the year		(29,221,093)	(14,189,427)
Cash and cash equivalents at beginning of the year		46,837,711	61,027,138
Cash and cash equivalents at the end of the year		17,616,618	46,837,711

The annexed notes from 1 to 34 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

CHAIRMAN

SHIRAZI TRADING COMPANY (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

1. THE COMPANY AND ITS OPERATIONS

1.1. Shirazi Trading Company (Private) Limited (the Company) was incorporated in Pakistan as a private limited company on 20 June 1975 under the Companies Act, 1913 (now Companies Act, 2017). The Company is a wholly owned subsidiary of Shirazi Investments (Private) Limited (the Holding Company). The Company is primarily engaged in the business of trading and maintenance of office equipment, power generators, security and medical equipment and trading of automotive parts. The Company has countrywide sales and service network and its branches are located at Karachi, Lahore, Islamabad, Multan and Peshawar. The registered office of the Company is situated at Plot No. 114 C, Al-Murtaza Commercial Lane - 3, off Khayaban-e-Iqbal, Phase VIII, Defence Housing Authority, Karachi.

1.2 SIGNIFICANT TRANSACTIONS AND EVENTS THAT AFFECTED THE COMPANY'S FINANCIAL POSITION AND PERFORMANCE

Following is the summary of significant transactions and events that have affected the financial position and performance of the Company:

- Capital expenditure incurred during the year - note 6.1
- Short term loan obtained during the year - note 20

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for financial reporting. The accounting and reporting standards as applicable in Pakistan comprise of International Financial Reporting Standards (IFRS), issued by International Accounting Standard Board (IASB) as notified under Companies Act, 2017 (the Act) and, provisions of and directives issued under the Act. Where the provisions of and directives issued under the Act differ from the IFRS standards, the provisions of and directives issued under the Act have been followed.

The Act has also brought certain changes with regard to the preparation and presentation of these financial statements. These changes, amongst others, included change in respect of nomenclature of these financial statements. Further, the disclosure requirements contained in the fourth schedule of the Act have been revised, resulting in elimination of duplicative disclosure with the IFRS disclosure requirements and incorporation of additional amended disclosures including, but not limited to, significant transactions and events (refer note 1.2), particulars of immovable assets of the Company (refer note 6.1), management assessment of sufficiency of tax provision in the financial statements (refer note 28), change in threshold for identification of executives (refer note 31) etc.

3. BASIS OF MEASUREMENT

3.1. These financial statements have been prepared under the historical cost convention except payable to gratuity (defined benefit plan) which is carried at present value of defined benefit obligation net of fair value of plan assets as required under IAS 19 "Employee benefit".

3.2. These financial statements are presented in Pakistan Rupees which is the Company's functional and presentation currency.

4. STANDARDS, INTERPRETATIONS AND AMENDMENTS APPLICABLE TO FINANCIAL STATEMENTS

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as described below:

New Standards, Interpretations and Amendments

The Company has adopted the following accounting standards and the amendments and interpretations of IFRSs which became effective for the current year:

IAS Statement of Cash Flows - Disclosure Initiative - (Amendment)
IAS Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)

The adoption of the above amendments to accounting standards did not have any material effect on the financial statements.

Standards, interpretations and amendments to accounting and reporting standards that are not yet effective

The following standards, amendments and interpretations with respect to the accounting and reporting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or interpretation		Effective date (annual periods beginning on or after)
IFRS 2	Classification and Measurement of Share-based Payments Transactions – (Amendments)	1-Jan-18
IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – (Amendments)	1-Jan-18
IFRS 9	Financial Instruments	1-Jul-18
IFRS 9	Prepayment Features with Negative Compensation – (Amendments)	1-Jan-19
IFRS 15	Revenue from Contracts with Customers	1-Jul-18
IFRS 16	Leases	1-Jan-19
IAS 19	Plan Amendment, Curtailment or Settlement (Amendments)	1-Jan-19
IAS 28	Long-term Interests in Associates and Joint Ventures – (Amendments)	1-Jan-19
IAS 40	Investment Property - Transfers of Investment Property (Amendments)	1-Jan-18
IFRIC 22	Foreign Currency Transactions and Advance Consideration	1-Jan-18
IFRIC 23	Uncertainty over Income Tax Treatments	1-Jan-19

The above standards and amendments are not expected to have any material impact on the Company's financial statements in the period of initial application except for IFRS 15 "Revenue from Contracts with Customers" and IFRS 9 "Financial Instruments". The Company is yet to assess the full impact of the said standard.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2016 and December 2017. Such improvements are generally effective for accounting periods beginning on or after 01 January 2018 and 01 January 2019 respectively. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after 1 January 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan:

Standard		IASB Effective date (annual periods beginning on or after)
IFRS 14	Regulatory Deferral Accounts	1-Jan-16
IFRS 17	Insurance Contracts	1-Jan-21

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 Critical accouting estimates and judgments

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in period of revision and future periods if the revision affects both current and future periods. The estimates and judgments that have a significant effect on the financial statements are in respect of the following:

	Note
Determining the residual values and useful lives of operating fixed assets	5.2 & 6
Determining the residual values and useful lives of intangible assets	5.3 & 7
Recognition of taxation and deferred tax	5.9
Recognition for staff retirement benefits	5.12 & 19.1

5.2 Property and equipment

Operating fixed assets are stated at cost less accumulated depreciation and impairment, if any. Depreciation is charged to profit or loss account over the useful life of the asset on a systematic basis, by applying the reducing balance method at the rates specified in note 6 to the financial statements. In respect of additions and disposal of assets during the year, depreciation is charged from the month in which the asset is put to use and upto the month preceding the disposal respectively.

Maintenance and normal repairs are charged to profit or loss account as and when incurred. Major renewals and improvements are capitalised and assets so replaced, if any, are retired.

An item of operating fixed assets is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses on disposals of fixed assets, if any, are included in profit or loss account.

The asset's residual value, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year end.

Capital work-in-progress

These are stated at cost less accumulated impairment losses, if any and represent expenditure in connection with specific assets incurred during the construction period. These are transferred to specific assets as and when assets are available for use.

5.3 Intangible assets

These are stated at cost less accumulated amortisation and impairment, if any. Amortisation is charged to profit or loss account over the useful life of the asset on a systematic basis by applying the straight line method at the rates specified in note 7 to the financial statements.

The cost of intangible asset comprises of its purchase price and any directly attributable expenditure incurred in preparing the asset for its intended use.

5.4 Impairment

Financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Any impairment losses on financial assets including financial assets carried at amortised cost are recognised in profit or loss account.

Non-financial assets

The carrying amounts of non-financial assets other than inventories and deferred tax asset are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value-in-use and its fair value less costs to sell. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets ("the cash-generating unit, or CGU").

5.5 Investments

The management of the Company determines the appropriate classification of its investments at the time of purchase i.e. held for trading, held-to-maturity or available-for-sale investments, as appropriate. At present, all investments of the Company are classified as available-for-sale investments.

Available for-sale investments are initially recognised at fair value which includes transaction costs associated with the investments. After initial recognition, available-for-sale investments are measured at fair value with gains or losses being recognized in statement of comprehensive income until the investment is derecognized or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in statement of comprehensive income is included in the profit or loss account.

All purchases and sales of investments are recognized on the trade date which is the date that the Company commits to purchase or sell the investment.

5.6 Stock-in-trade

Stock-in-trade, except items-in-transit, is valued at the lower of average purchase cost and net realizable value.

Stock-in-transit is stated at invoice value plus other charges paid thereon to the reporting date.

Net realizable value is determined by considering the prevailing selling prices in the ordinary course of business less cost of completion and cost necessary to be incurred in order to make the sale.

Provision is made in the financial statements for slow moving and obsolete items, if any.

5.7 Trade debts

Trade debts are recognized and carried at original invoice amount which is the fair value of consideration given, less provision for doubtful debts. When the recovery of the amount is considered uncertain by the management, a provision is made for the same. Debts considered irrecoverable are written off immediately.

5.8 Loans, advances, deposits, prepayments and other receivables

These are recognised at cost, which is the fair value of the consideration given. However, an assessment is made at each reporting date to determine whether there is an indication that assets may be impaired. If such indication exists, the estimated recoverable amount of that asset is determined and any impairment loss is recognised for the difference between the recoverable amounts.

5.9 Taxation

Current

The charge for current taxation is based on taxable income at the current rates of taxation after taking into account applicable tax credits, rebates and exemptions available, if any. However, for income covered under final tax regime, taxation is based on applicable tax rules under such regime.

Deferred

Since the major portion of the Company's income is covered under final tax regime, therefore, the Company does not account for deferred taxation.

5.10 Provisions

Provisions are recognized when the Company has present legal or constructive obligation as a result of past events if it is probable that outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate of the obligations can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

5.11 Foreign currency translation

Transaction in foreign currencies are initially recorded at the rates of exchange ruling on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated into rupees at the exchange rates prevailing on the reporting date. Any resulting gain or loss arising from changes in exchange rates on monetary assets and liabilities are taken to profit or loss account.

5.12 Employees' benefits

5.12.1 Staff gratuity scheme - Defined benefit plan

The Company operates an approved and funded gratuity scheme for its management staff and non management staff who have completed the minimum qualifying period of service for entitlement of gratuity. Contributions under the scheme are made on the basis of actuarial valuation and are charged to profit or loss account. The actuarial valuation of both the schemes was carried out on 30 June 2018 using the "Projected Unit

Actuarial gains or losses if any are recognised in other comprehensive income as they occur.

5.12.2 Staff provident and pension fund - Defined contribution plan

The Company operates an approved defined contribution provident fund and an approved defined contribution pension fund for employees who have completed the minimum qualifying period of service. The assets of the pension fund are under the control of Atlas Asset Management Limited, a related party.

Equal contributions are made by the Company and the employees to both the fund at the rate of 11% of basic salary.

5.12.3 Employee compensated absences

Employee entitlements to annual leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date using their current salary levels. No actuarial valuation of compensated absences is carried out as the management considers that the financial impact is not material.

5.13 Trade and other payables

Liabilities for trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

5.14 Loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

5.15 Revenue recognition

- Sale of goods is recognized when significant risks and rewards of ownership of the goods have been passed to the customers, which usually coincides with the delivery of goods.
- Revenue from commision is recognized when related services are rendered.
- Revenue from service contracts is recognized on the basis of percentage of completion method.
- Dividend income is recognized when the right to receive the same is established.

5.16 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognized in the financial statements in the period in which these are approved by the shareholder.

5.17 Cash and cash equivalents

For the purpose of cash flow statements, cash and cash equivalents consist of cash in hand and balances with banks.

6. Property and equipment

	Note	2018	2017
		------------- Rupees -------------	
Operating fixed assets	6.1	**318,164,353**	225,362,946
Capital work-in-progress	6.2	**856,933**	1,806,242
		319,021,286	227,169,188

6.1 Operating fixed assets

	Cost			Accumulated Depreciation				
	As at 01 July 2017	Additions / Transferred from CWIP/ (deletions)	As at 30 June 2018	As at 01 July 2017	Charge for the year / (deletions) (note 6.1.1)	As at 30 June 2018	Book value as at 30 June 2018	Rate %
	Rupees							
Leasehold improvement	47,536,220	35,681,672	83,217,892	17,498,363	4,391,705	21,890,068	61,327,824	10
Furniture and fixture	25,290,800	4,168,026 (32,500)	29,426,326	8,505,681	1,816,281 (17,342)	10,304,620	19,121,706	10
Office equipment	61,166,240	49,536,269 (360,802)	110,341,707	17,002,430	7,003,228 (223,300)	23,782,358	86,559,349	10
Computers and related	40,728,162	4,319,247 (2,070,670)	42,976,739	28,976,987	3,937,942 (1,756,940)	31,157,989	11,818,750	30
Tools and other equipment	49,610,162	4,407,373 (38,503)	53,979,032	16,361,297	3,601,701 (7,508)	19,955,490	34,023,541	10
Electrical equipment	19,236,014	18,520,917 (259,944)	37,496,987	7,747,162	1,876,592 (144,338)	9,479,416	28,017,571	10
Vehicles	108,841,065	20,616,617 (7,286,919)	122,170,763	30,953,797	17,208,738 (3,287,383)	44,875,152	77,295,611	20
2018	352,408,663	137,250,121 (10,049,338)	479,609,446	127,045,717	39,836,187 (5,436,811)	161,445,093	318,164,353	

	Cost			Accumulated Depreciation				
	As at 01 July 2016	Additions / Transferred from CWIP/ (deletions)	As at 30 June 2017	As at 01 July 2016	Charge for the year / (deletions)/	As at 30 June 2017	Book value as at 30 June 2017	Rate %
	Rupees							
Leasehold improvement	37,843,567	9,692,653	47,536,220	14,340,318	3,158,045	17,498,363	30,037,857	10
Furniture and fixture	18,300,334	6,997,969 (7,503)	25,290,800	6,825,172	1,682,634 (2,125)	8,505,681	16,785,119	10
Office equipment	33,022,182	28,252,649 (108,591)	61,166,240	13,674,784	3,374,169 (46,523)	17,002,430	44,163,810	10
Computers and related	37,836,814	4,676,960 (1,785,612)	40,728,162	26,126,866	4,440,574 (1,590,453)	28,976,987	11,751,175	30
Tools and other equipment	47,384,005	2,226,157	49,610,162	12,596,274	3,765,023	16,361,297	33,248,865	10
Electrical equipment	17,168,340	2,502,774 (435,100)	19,236,014	6,713,927	1,304,038 (270,803)	7,747,162	11,488,852	10
Vehicles	86,444,621	44,462,052 (22,065,608)	108,841,065	24,933,147	15,683,032 (9,662,382)	30,953,797	77,887,268	20
2017	277,999,863	98,811,214 (24,402,414)	352,408,663	105,210,488	33,407,515 (11,572,286)	127,045,717	225,362,946	

6.1.1 The depreciation charge for the year has been allocated as follows:

	Note	2018	2017
		Rupees	
Cost of sales and services	23	9,175,367	8,897,585
Selling and administrative expenses	25	30,660,822	24,509,931
		39,836,189	33,407,516

6.1.2 The following fixed assets was disposed off during the year:

Description	Cost	Accumulated Depreciation	Written Down Value	Sale proceeds	Gain/(loss)on disposal	Mode of disposal	Particulars of buyer
	Rupees						
Vehicle	1,049,000	538,766	510,234	732,000	221,766	Negotiation	Zaffar Iftikhar
Vehicle	1,213,800	230,959	982,841	1,058,000	75,159	Negotiation	Arsalan Sadiq
Items having a net book value not exceeding Rs.500,000 each	7,786,538	4,667,085	3,119,453	3,147,496	28,043	Negotiation	Various
Total June,30 2018	**10,049,338**	**5,436,810**	**4,612,528**	**4,937,496**	**324,968**		

6.2 The movement in capital work-in-progress is as follows:

	Note	2018	2017
		Rupees	
As at July 01		1,806,242	1,174,000
Transfer from stock in trade	23	22,609,278	27,018,731
Transfer to operating fixed assets		(23,558,587)	(26,386,489)
		856,933	1,806,242

7. INTANGIBLE ASSETS

	Cost			Accumulated Amortisation				
	As at 01 July 2017	Additions	As at 30 June 2018	As at 01 July 2017	Charge for the year (note 7.1)	As at 30 June 2018	Book value as at 30 June 2018	Rate %
	Rupees							
Computer software	39,904,048	446,806	40,350,854	32,287,172	3,065,614	35,352,786	4,998,068	20-33
2018	39,904,048	446,806	40,350,854	32,287,172	3,065,614	35,352,786	4,998,068	
Computer software 2017	39,758,173	145,875	39,904,048	28,385,064	3,902,108	32,287,172	7,616,876	20-33

7.1 The amortisation charge for the year has been allocated to selling and administrative expenses.

8. LONG TERM INVESTMENT

	Note	2018	2017
		------------- Rupees -------------	
Available for sale - unlisted shares			
Arabian Sea Country Club Limited 50,000 (2017: 50,000) Ordinary share of Rs.10/- each		**500,000**	500,000
Provision for impairment in value of investment		**(500,000)**	(500,000)
		-	-

9. LONG TERM LOANS - Unsecured, considered good

	Note	2018	2017
Loans			
Executives	9.1	**2,426,351**	-
Employees	9.1	**7,116,335**	6,182,977
		9,542,686	6,182,977
Current portion of long term loans		**(8,224,624)**	(5,251,842)
		1,318,062	931,135

9.1 Represent interest free loans to employees in accordance with the Company's policy. These loans are recoverable in equal monthly installments. These loans have not been discounted to their present value as the financial impact therof is not considered material.

10. STOCK-IN-TRADE - Finished goods

	Note	2018	2017
		------------- Rupees -------------	
In hand		**325,790,530**	187,248,061
Less: Provision for obsolete stock	10.1	**(4,852,510)**	(4,245,796)
		320,938,020	183,002,265
In transit		**32,097,780**	83,379,805
		353,035,800	266,382,070

10.1 Reconciliation of provision for obsolete stock is as follows:

	Note	2018	2017
As at July 01		**4,245,796**	6,798,558
Charge for the year	24	**4,852,510**	4,245,796
Amount written off during the year		**(4,245,796)**	6,798,558
		4,852,510	4,245,796

11. TRADE DEBTS

	Note	2018	2017
Considered good			
Related parties	11.1 & 11.4	**22,268,473**	25,266,604
Others	11.2	**1,588,475,199**	891,011,191
		1,610,743,672	916,277,795
Considered doubtful		**8,570,490**	1,860,801
Provision for doubtful debts	11.3	**(8,570,490)**	(1,860,801)
		-	-
		1,610,743,672	916,277,795

11.1 The ageing of trade debts of related parties is as follows:

	2018	2017
Neither Past due nor impaired	**17,845,693**	19,118,605
Past due but not impaired		
- 60 - 180 days	**1,937,624**	4,411,717
- 180 - 365 days	**1,995,882**	1,102,921
- over 365 days	**489,274**	633,361
	22,268,473	25,266,604

11.2 The ageing of trade debts of other parties is as follows:

	2018	2017
	------------- Rupees -------------	
Neither Past due nor impaired	**1,148,251,328**	396,279,176
Past due but not impaired		
- 60 - 180 days	**146,297,043**	196,843,205
- 180 - 365 days	**96,265,244**	119,326,567
- over 365 days	**197,661,584**	178,562,241
	1,588,475,199	891,011,189

11.3 Reconciliation of provision for doubtful debts is as follows:

		2018	2017
As at July 01		**1,860,801**	852,957
Charge for the year		**8,570,490**	1,860,801
Reversal during the year		**(687,373)**	(77,457)
	24	**7,883,117**	1,783,344
Amount written off during the year		**(1,173,428)**	(775,500)
		8,570,490	1,860,801

11.4 The maximum aggregate amount due from the related parties at the end of any month during the year was Rs. 37.36 million (2017: Rs. 28.95 million).

12. LOANS AND ADVANCES - Unsecured, considered good

	Note	2018	2017
		------------- Rupees -------------	
Loans			
Current portion of long-term loans		**8,224,624**	5,251,842
Advances			
Employees		**11,097,247**	10,058,018
Suppliers		**60,692,181**	68,507,535
		71,789,428	78,565,553
		80,014,052	83,817,395

12.1 Represent advances given to employees for business purposes and are settled as and when the expenses are incurred.

13. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

	2018	2017
	------------- Rupees -------------	
Trade deposits		
Retention money	**109,261,167**	86,980,090
Advances against security deposits	**10,001,834**	3,642,391
Earnest money	**157,807,267**	232,212,648
Deposits against letters of guarantee	**1,453,737**	1,453,737
	278,524,005	324,288,866
Prepayments		
Repairs and maintenance	**121,758**	39,480
Prepaid insurance	**329,460**	494,870
Prepaid rent	**2,130,068**	6,507,531
	2,581,286	7,041,881
	281,105,291	331,330,747

14. OTHER RECEIVABLES - secured, considered good

	2018	2017
Sales tax refundable	**19,873,192**	4,828,759
Reimbursements due from suppliers	**23,719,088**	8,087,646
Insurance claim receivables	**2,320,732**	2,531,683
Witholding tax on sales tax	**-**	4,907,859
	45,913,012	20,355,947

15. BANK BALANCES

	Note	2018	2017
		------------- Rupees -------------	
In current accounts - local currency		17,616,618	46,837,711

16. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2018	2017		Note	2018	2017
--------- No. of Shares ---------					
		Ordinary shares of Rs. 10/- each			
16,000,000	16,000,000	Fully paid in cash		160,000,000	160,000,000
9,000,000	9,000,000	Fully paid bonus shares		90,000,000	90,000,000
25,000,000	25,000,000		16.1	250,000,000	250,000,000

16.1 Includes 24,999,995 ordinary shares Rs.10/- each held by Shirazi Investments (Private) Limited as at the reporting date.

17. LONG-TERM DEPOSITS

	Note	2018	2017
		------------- Rupees -------------	
Deposits	17.1	6,181,770	4,758,926
current portion of long term deposits		2,745,070	1,659,382
		3,436,700	3,099,544

17.1 Represents deposits from employees under Company's vehicle scheme. These loans have not been discounted to their present value as the financial impact therof is not considered material.

18. ACCRUAL FOR COMPENSATED ABSENCES

	Note	2018	2017
		------------- Rupees -------------	
As at July 01		39,462,836	40,260,596
Accrual for the year		6,307,089	1,207,898
		45,769,925	41,468,494
Paid during the year		(357,812)	(2,005,658)
		45,412,113	39,462,836

19. TRADE AND OTHER PAYABLES

	Note	2018	2017
Trade creditors		148,192,185	62,065,212
Bills payable		479,462,449	111,374,862
Accrued expenses		205,403,164	135,672,088
Bonus payable to employees		37,299,386	40,339,161
Advances from customers		99,249,687	146,823,480
Payable to gratuity fund	19.1	11,954,092	4,711,420
Current portion of long term deposits		2,745,070	1,659,382
Withholding tax payable		23,885	64,329
		984,329,918	502,709,934

19.1 Payable to gratuity fund

The followings tables summarise the components of amounts recognised in statement of financial position and gratuity expense recognised in profit or loss.

19.1.1 Reconciliation of obligation as at year end

	Note	2018	2017
		------------ Rupees ------------	
Present value of defined benefit obligation		75,191,021	61,593,128
Fair value of plan assets		(63,042,912)	(52,152,109)
		12,148,109	9,441,019
Payable to associate companies		(194,017)	(4,729,599)
		11,954,092	4,711,420

19.1.2 Movement in net liability

		2018	2017
As at July 01		4,711,420	4,213,654
Provision during the year		5,598,377	4,120,251
Remeasurement recognised in other comprehensive loss during the year		6,355,715	591,169
Contribution paid		(4,711,420)	(4,213,654)
		11,954,092	4,711,420

19.1.3 Charge for the year recognised in profit or loss account

		2018	2017
Current service cost		5,066,765	3,993,278
Interest cost		4,887,638	3,472,975
Expected return on assets		(4,356,026)	(3,346,002)
Net interest cost		531,612	126,973
		5,598,377	4,120,251

19.1.4 Charge for the year has been allocated as follows:

	Note	2018	2017
Cost of sales and services	23.1	1,981,901	1,500,968
Selling and administrative expenses	24.1	3,616,476	2,619,283
		5,598,377	4,120,251

19.1.5 Movement in defined benefit obligation

		2018	2017
As at July 01		61,593,128	47,222,850
Service cost		5,066,765	3,993,278
Interest cost		4,887,638	3,472,975
Re-measurements Acturial loss		3,496,252	3,034,023
Actual benefits paid during the year		(92,390)	(859,597)
Liability recognised in respect of transferees		239,628	4,729,599
		75,191,021	61,593,128

19.1.6 Movement in fair value of plan assets

		2018	2017
As at July 01		52,152,106	47,726,536
Expected return		4,356,026	3,346,002
Contribution by the Company		4,711,420	4,213,651
Benefits paid		(92,390)	(859,597)
Actuarial loss on plan assets		(2,859,463)	2,442,854
Transfer of assets in respect of transferees		4,775,213	(4,717,340)
		63,042,912	52,152,106

19.1.7 Historical information	2018	2017	2016	2015	2014
Present value of defined benefit obligation	**75,191,021**	61,593,128	47,222,850	44,694,099	38,109,615
Fair value of plan assets	**(63,042,912)**	(52,152,109)	(47,726,536)	(39,723,194)	(26,087,475)
Net liability / (asset)	**12,148,109**	9,441,019	(503,686)	4,970,905	12,022,140

19.1.8 Major categories / composition of plan assets are as follows:	2018	2017
Debt instruments	**30,596,960**	24,545,387
Equity instruments	**32,336,030**	-
Mutual Funds	-	27,577,249
Cash and Others	**109,922**	29,473
	63,042,912	52,152,109

Fair value of plan asset investment	2018	2017
Pakistan Investment Bond	**30,596,960**	24,545,387

19.1.9 Principal actuarial assumption at the reporting date are as follows:

	2018	2017
Discount rate	**9.00%**	7.75%
Future salary rate	**8.00%**	6.75%

19.1.10 Impact of changes in assumptions on defined benefit scheme is as follows:	2018	2017
Long term salary increases + 1%	**81,480,844**	67,030,603
Long term salary increases - 1%	**69,556,840**	56,727,134

20. SHORT-TERM BORROWINGS AND RUNNING FINANCE

	Note	2018	2017
		------------- Rupees -------------	
Secured - from banking companies			
Short Term Loan (Import Loan / Money Market)	20.1	**570,000,000**	-
Short Term Murabaha / Musharka Financing	20.2	**419,072,592**	573,476,571
Short Term Running Finance	20.3	**316,815,803**	317,412,546
		1,305,888,395	890,889,117

20.1 During the year, the Company arranged a facility of short term loan for import of raw material and meeting working capital requirements amounting to Rs. 575 million (2017: Nil) from commercial banks carrying markup at the rate ranging from KIBOR + 0.1% to KIBOR + 0.2% payable quarterly. The said facility is secured against ranking charge over the stocks and book debts of the Company amounting to Rs. 1,231 million.

20.2 This facilty has been arranged from various commercial banks amounting to Rs. 850 million carrying profit at the rate ranging from KIBOR + 0.1% to KIBRO + 0.2% payable quarterly. The said facilities are secured against first pari passu charge over all the Company's present and future stock and receivables to the extent of facility amount upto Rs. 850 million plus 15% margin.

20.3 The Company has running finance facilities from various commercial banks amounting to Rs. 1.31 billion. This carries profit at the rate ranging from KIBOR + 0.10% to KIBOR + 0.3%. The said facilities are secured against first pari passu and ranking charge over stocks and receivables to the extent of facility amount upto Rs. 1.31 billion plus 15% margin.

21. CONTINGENCIES AND COMMITMENTS

21.1 Contingencies

The management of the Holding Company intends to challenge the levy of super tax under section 4B of the Ordinance for the tax year 2018 before the High Court as was done for the tax years 2015, 2016 and 2017. Accordingly, the management based on the opinion of their tax advisor has not accounted for super tax in these financial statements.

21.2 Commitments		Note	2018	2017
			------------- Rupees -------------	
(i)	Guarantees issued by banks on behalf of the Company		**870,316,185**	755,360,131
(ii)	Letter of credit in favour of the Company	21.2.1	**454,720,581**	394,734,489
			1,325,036,766	1,150,094,620

21.2.1 These are secured against first pari passu charge over all the Company's present and future stock and receivables.

(iii)	Commitments for rentals under Ijarah finance agreements	2018	2017
		------------- Rupees -------------	
	Within one year	-	5,730,944
	Later than one year but not later than five years	-	-
		-	5,730,944

Represent Ijarah agreement entered into with Meezan Bank in respect of vehicles. Total Ijarah payments due under the agreements are Rs. 5.73 million and are payable in monthly installments.

22. TURNOVER - net

	Note	2018	2017
		------------- Rupees -------------	
Sale of goods		**4,598,242,087**	3,059,089,412
Service income		**446,259,435**	370,393,336
Commission income		**109,935,415**	145,626,870
		5,154,436,937	3,575,109,618
Sales & Service tax		**(590,308,516)**	(426,845,078)
		4,564,128,421	3,148,264,540

23. COST OF SALES AND SERVICES

	Note	2018	2017
Cost of goods sold			
Stock as at July 01		**266,382,070**	226,762,313
Purchases		**3,587,073,152**	2,299,280,248
		3,853,455,222	2,526,042,561
Transfer to fixed assets		**(22,609,278)**	(27,018,731)
Consumeables		**(1,205,310)**	(1,348,567)
Stock as at June 30		**(353,035,800)**	(266,382,070)
		3,476,604,834	2,231,293,193
Cost of services rendered			
Salaries and benefits	23.1	**116,352,195**	119,431,343
Storage and transportation		**3,003,189**	1,637,514
Travelling, conveyance and entertainment		**19,766,717**	20,041,603
Vehicle running		**7,484,252**	7,889,091
Postage and telephone		**1,576,225**	1,707,927
Repairs and maintenance		**241,635**	534,189
Software charges		**5,989,175**	5,400,869
Subcontracting Cost		**186,639,409**	124,283,655
Rent, rates and taxes		**9,573,182**	10,620,278
Gas and electricity		**10,773**	7,054
Incentives		**-**	-
Printing and stationary		**218,426**	176,886
Training expenses		**1,706,533**	2,965,225
Advertising and publicity		**-**	-
Insurance		**1,695,346**	1,834,831
Depreciation	6.1.1	**9,175,367**	8,897,585
Others		**56,369**	247
		3,840,093,627	2,536,721,490

23.1 Includes staff gratuity and staff provident and pension fund contribution amounting to Rs.1.982 (2017: Rs. 1.501 million) and Rs. 5.386 (2017: Rs.4.561 million) respectively.

24. SELLING AND ADMINISTRATIVE EXPENSES

	Note	2018	2017
		------------- Rupees -------------	
Salaries and benefits	24.1	**268,754,576**	218,745,669
Travelling, conveyance and entertainment		**36,824,745**	32,369,186
Rent rates and taxes		**19,333,734**	18,598,009
Printing and stationary		**2,869,383**	2,548,007
Postage and telephone		**13,146,455**	11,212,144
Repairs and maintenance		**5,496,626**	4,943,397
Legal and professional		**16,160,501**	11,374,343
Auditor's remuneration	24.2	**1,909,740**	748,600
Subscription and newspapers		**1,477,633**	855,789
Staff training		**966,595**	608,649
Advertisement / Sales promotion		**10,882,947**	10,824,943
Insurance		**11,452,159**	10,081,451
Tender expenses		**1,046,944**	1,327,825
Vehicle running		**12,609,384**	13,185,832
Gas and electricity		**9,238,376**	8,937,165
Donation	24.3	**1,724,158**	3,595,292
Depreciation	6.1.1	**30,660,822**	24,509,931
Amortisation	7.1	**3,065,614**	3,902,108
Provision for doubtful debts	11.3	**7,883,117**	1,783,344
Provision for obsolete stock	10.1	**4,852,510**	4,245,796
Others		**1,469,368**	365,856
		461,825,387	384,763,336

24.1 This includes staff gratuity and staff provident and pension fund contribution amounting to Rs.3.616 million (2017: Rs.2.619 million) and Rs.10.517 (2017: Rs. 8.311 million) respectively.

24.2 Includes Auditors' remuneration as follows;

	2018	2017
	------------- Rupees -------------	
Audit fee for:		
- the Company	**500,000**	415,000
- provident and gratuity fund	**63,800**	58,000
Out of pocket expenses	**68,100**	80,600
Taxation and other services	**1,277,840**	195,000
	1,909,740	748,600

24.3 Represents donation paid to Atlas Foundation - a related party.amounting to Rs.1.72 million (2017: Rs. 3.596 million).

25. OTHER OPERATING INCOME

	2018	2017
	------------- Rupees -------------	
Income from financial assets		
Interest income on delayed payments	**180,426**	1,224,057
Income from non-financial assets		
Gain on sale of operating fixed assets	**324,969**	2,529,156
Others	**6,552,072**	159,158
	7,057,467	3,912,371

26. FINANCE COSTS

	2018	2017
Mark-up on short-term running finance and overdrafts	**73,286,476**	40,180,158
Mark-up on short-term borrowings	**12,861,997**	11,544,145
	86,148,473	51,724,303
Bank charges	**7,023,882**	3,275,383
	93,172,355	54,999,686

27. OTHER EXPENSES

	2018	2017
Loss on commercial activites	-	2,256,778
Exchange loss-net	**21,718,088**	1,019,854
	21,718,088	3,276,632

28. TAXATION

	2018	2017
	------------ Rupees ------------	
Current	232,047,621	154,360,085
Prior	(1,231)	(25,166,538)
	232,046,390	129,193,547

28.1 Income tax assessments of the Company have been finalized up to and including the tax year 2017.

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risk arising from the Company's financial instruments are market risk, credit risk and liquidity risk. The Board of Directors reviews and agrees the policies for managing each of these risks which are summarised below:

29.1 Market risk

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rate, foreign exchange rates and other prices risk such equity risk. At the reporting date, the Company is not exposed to any equity risk.

(i) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rate relates primarily to the Company's short-term borrowings. Management of the Company estimates that 1% increase in the market interest rate, with all other factor remaining constant, would decrease the Company's profit before tax by Rs. 13 million and a 1% decrease would result in the increase in the Company's profit before tax by the same amount. However, in practice, the actual result may differ from the sensitivity analysis. The company manages it's interest rate risk obtaining quotes for interest rate from various reputable banks and opting for the lowest price offered amongst them.

(ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in foreign exchange rates. The company has both receivable and payable balances in foreign currency which acts as a natural hedge to company's exposure. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expenses are denominated in a different currency from the Company's functional currency).

	2018	2017
Trade payables - US Dollar	4,824,826	1,046,163
Trade payables - JPY	2,892,340	23,756,863
Trade payables - EUR	70,403	10,414

The following significant exchange rates have been applied at reporting dates:	2018	2017
	------------ Rupees ------------	
Exchange rate – US Dollar	121.60	105.00
Exchange rate – JPY	1.099	0.939
Exchange rate – EUR	141.570	120.140

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rate, with all other variables held constant, of the Company's profit before tax and the Company's equity.

	Change in USD/JPY rates (%)	Effect of translation of foreign currency asset on profit or loss	Effect on equity
		------------- Rupees -------------	
2018	**-5**	**29,992,238**	**29,992,238**
	+5	**(29,992,238)**	**(29,992,238)**
2017	-5	6,670,534	6,670,534
	+5	(6,670,534)	(6,670,534)

Trade Receivables - US Dollar	**1,563,452**	969,440
Trade Receivables - JPY	**-**	52,704
Trade Receivables - EUR	**360**	1,615

The following significant exchange rates have been applied at reporting dates:

Exchange rate – US Dollar	**121.40**	104.80
Exchange rate – JPY	**1.097**	0.937
Exchange rate – EUR	**141.33**	119.91

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rate, with all other variables held constant, of the Company's profit before tax and the Company's equity.

	Change in USD/JPY rates (%)	Effect of translation of foreign currency asset on profit or loss	Effect on equity
		-------------- Rupees --------------	
2018	**+5**	**9,492,698**	**9,492,698**
	-5	**(9,492,698)**	**(9,492,698)**
2017	+5	5,092,018	5,092,018
	-5	(5,092,018)	(5,092,018)

29.2 Credit risk and concentration of credit risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties. Concentration of credit risk arise when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The Company is mainly exposed to credit risk on trade debts and bank balances. The Company seeks to minimize the credit risk exposure by dealing mostly with regular and permanent parties who pay on due dates.

The table below provides the analysis of the credit quality of financial assets on the basis of external credit rating or the historical information about counter party default rates.

The analysis of trade debts is as follows:	2018	2017
	Rupees	
Neither past due nor impaired	**1,166,097,021**	415,397,783
Past due but not impaired		
60 to 180 days	**148,234,667**	201,254,922
180 to 365 days	**98,261,126**	120,429,488
over 365 days	**198,150,858**	179,195,602
	444,646,651	500,880,012
	1,610,743,672	916,277,795

Bank balances

Ratings - Current accounts	2018	2017
A-1	**10,133,594**	15,886,331
A1+	**7,483,024**	30,951,380
	17,616,618	46,837,711

29.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company applies the prudent risk management policies by maintaining sufficient cash and bank balances and by keeping committed credit lines. The table below summarises the maturity profile of the Company's financial liabilities at the following reporting dates:

2018	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	Rupees					
Trade and other payables	-	**734,119,090**	**250,186,942**	-	-	**984,306,032**
Accrued mark-up	-	**21,093,345**	-	-	-	**21,093,345**
Short term borrowings	-	-	**1,305,888,395**	-	-	**1,305,888,395**
Total	-	**755,212,435**	**1,556,075,337**	-	-	**2,311,287,772**

2017	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	Rupees					
Trade and other payables	-	292,097,531	63,724,594	-	-	355,822,125
Accrued mark-up	-	15,050,290	-	-	-	15,050,290
Short term borrowings	-	-	890,889,117	-	-	890,889,117
Total	-	307,147,821	954,613,711	-	-	1,261,761,532

30. CAPITAL RISK MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to remain as a going concern and continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company is currently financing majority of its operations through short-term borrowings in addition to its equity. The Company has a gearing ratio of 74.52% (2017: 62.68%) as of the reporting date.

The gearing ratios as at June 30, 2018 and 2017 were as follows:	2018	2017
	Rupees	
Short-term borrowings	**1,305,888,395**	890,889,117
Total Debt	**1,305,888,395**	890,889,117
Total equity	**446,507,312**	530,532,986
Total Debt + Equity	**1,752,395,707**	1,421,422,103
Gearing ratio	**74.52%**	62.68%

31. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

Aggregate amounts charged in the financial statements for remuneration, including all benefits to Chief Executive and Executives of the Company are as follows:

	2018				2017			
	Chief Executive	Executive	Director	Total	Chief Executive	Executive	Director	Total
	Rupees				Rupees			
Remuneration	14,526,600	38,226,384	100,000	52,852,984	13,450,560	34,441,905	-	47,892,465
Fee & Subscription	119,955	185,864	-	305,819	84,300	52,120	-	136,420
Bonus	1,936,880	6,198,293	-	8,135,173	2,409,890	6,169,666	-	8,579,556
Retirement benefits	939,960	3,008,004	-	3,947,964	870,336	2,228,583	-	3,098,919
Others	910,519	3,079,573	-	3,990,092	465,228	2,269,699	-	2,734,927
	18,433,914	50,698,118	100,000	69,232,032	17,280,314	45,161,973	-	62,442,287
Number of persons	1	8	1	10	1	8	1	10

31.1 The Company provides the Chief Executive with free use of the Company maintained car.

32. RELATED PARTY TRANSACTIONS

Related parties comprise, group companies, staff retirement funds, key management personnel, their close relatives and major shareholders of the company.

The details of transactions with related parties during the year are as follows:

32.1 Balances as at year end	2018	2017
	Rupees	
Shirazi Investments (Private) Limited - Holding Company		
Trade debts	290,633	-
Entities under common directorship - Associated Undertaking		
Atlas Honda Limited		
Trade debts	11,038,726	14,964,293
Payable	222,009	-
Atlas Battery Limited		
Trade debts	750,224	565,141
Atlas Insurance Limited		
Trade debts	34,372	48,501
Payable	6,864,250	12,386,448
Honda Atlas Cars (Pakistan) Limitd		
Trade debts	1,114	1,114
Payable	-	838,000
Atlas Engineering Limited		
Trade debts	4,829,148	7,093,046
Atlas Autos (Private) Limited		
Trade debts	3,393,566	1,485,414
Atlas Power Limited		
Trade debts	3,272	4,058
Atlas Metals (Private) Limited		
Trade debts	1,133,446	293,133
Atlas Assets Management Limited		
Trade debts	-	19,800
Atlas Hitec (Private) Limited		
Trade debts	39,757	95,355
Atlas Foundation		
Trade debts	1,022,755	-
Honda Atlas Power Products (Private) Limited		
Trade payable	415,005	-

30.2 Transactions during the year

	2018	2017
	Rupees	
Holding Company		
Shirazi Investments (Private) Limited		
Sales of goods and rendering of services	**4,430,740**	3,460,917
Actual reimbursement of expenses	**-**	313,520
Dividend paid	**-**	50,000,000
Intergroup net tax receivables / receipts	**19,472,194**	27,064,803
Transfer of security deposit upon transfer of employee	**77,598**	198,703
Transfer of operating fixed assets and advances upon transfer of employee	**456,590**	1,330,562
Advance Rent	**4,415,800**	-
Entities under common directorship - Associated Undertaking		
Atlas Honda Limited		
Sales of goods and rendering of services	**2,387,938,150**	1,840,397,449
Purchase of vehicles	**6,480,469**	3,240,278
Actual reimbursement of expenses	**828,815**	889,675
Transfer of operating fixed assets and advances upon transfer of employee	**179,182**	-
Commission Received	**-**	600,000
Atlas Battery Limited		
Sales of goods and rendering of services	**2,219,929**	1,404,718
Purchase of batteries	**34,498**	8,237
Atlas Foundation		
Sales of goods and rendering of services	**9,544,485**	-
Rent Paid	**2,581,345**	2,346,795
Donation	**1,724,158**	3,544,292
Honda Atlas Power Products (Private) Limited		
Sales of goods and rendering of services	**16,967**	37,924
Purchase of generator	**17,469,100**	3,356,106
Atlas Engineering Limited		
Sales of goods and rendering of services	**17,378,013**	19,510,708
Commission Received	**916,480**	762,075
Atlas Autos (Pvt) Limited		
Sales of goods and rendering of services	**29,875,323**	7,383,931
Transfer of operating fixed assets and advacnes upon transfer of employee	**-**	5,314,726
Atlas Insurance Limited		
Sales of goods and rendering of services	**1,150,353**	1,903,129
Insurance premium	**60,078,521**	41,860,399
Insurance claim	**1,822,057**	4,247,195
Atlas Power Limited		
Sales of goods and rendering of services	**2,681,150**	612,023
Honda Atlas Cars (Pakistan) Limited		
Sales of goods and rendering of services	**120,444**	485,145
Purchase of vehicles	**-**	6,969,500
Advance against purchase vehicle	**-**	838,000
Atlas Asset Management Limited		
Sales of goods and rendering of services	**38,308**	277,042
Atlas Metals (Private) Limited		
Sales of goods and rendering of services	**1,598,866**	1,544,856
Commission received	**266,025**	555,160
Atlas Hitec (Private) Limited		
Sales of goods and rendering of services	**3,302,887**	877,629
Atlas Die Casting (Private) Limited		
Sales of goods and rendering of services	**49,140**	-

	2018	2107
	------------- Rupees -------------	
Retirement benefit funds		
Atlas Group of Companies - Management Staff Gratuity Fund		
Contribution paid	**4,711,420**	4,213,654
Shirazi Trading Company (Private) Limited - Employees Provident & Pension Fund		
Contribution paid	**15,903,165**	12,871,896

33. PROVIDENT FUND

	2018	2107
	------------- Rupees -------------	
	(un-audited)	(Audited)
Size of the trust	**87,265,052**	75,526,368
Cost of investments made	**81,413,900**	68,026,673
Pergentage of investments made	**99%**	93%
Fair value investments made	**86,100,272**	69,904,535

Break-up of investment	2018 (un-audited) Investment (Rupees)	2018 (un-audited) % of investment	2017 (Audited) Investment (Rupees)	2017 (Audited) % of investment
Mutual Funds	**35,764,865**	42%	34,041,521	49%
Short-term deposit / term deposit	**50,335,407**	58%	35,863,014	51%
	86,100,272		69,904,535	

33.1 Investments out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified there under.

34 GENERAL

34.2 The number of employees at the year end are 273 (2017 : 257) and average number of employees at the year end are 268 (2017 : 252).

34.3 Certain prior year's figures have been reclassified, wherever necessary. However, there were no material reclassification to the report.

34.4 Figures have been rounded-off to nearest rupee.

09 OCT 2018

34.5 These financial statements have been authorised for issue on __________ 2018 by the Board of Directors of the Company.

CHIEF EXECUTIVE

DIRECTOR

CHAIRMAN