Directors' Report

The Directors of your Company take pleasure in presenting their report together with the Company's annual audited financial statements for the year ended June 30, 2020.

Financial Results

The financial results of the Company for the year ended June 30, 2020 are summarized as follows:

	Year ended (June 30) 2020	2019
	Rupees in '000	
Profit before taxation	2,068,336	428,469
Taxation:		
Current Year	347,891	577,240
Prior year	10,640	(148,270)
Deferred	(66,062)	(583)
	292,469	428,387
Profit after taxation	1,775,867	82
Other comprehensive income / (losses)	22,316	(33,183)
Impact of initial application of IFRS 9	-	518,824
Unappropriated Profit brought forward	(407,356)	2,897,427
Available for Appropriations	1,390,827	3,383,150
Interim Dividend 34.10% (2019: 45%)	(750,583)	(990,506)
Transfer to General Reserves	(600,000)	(2,800,000)
Unappropriated Profit/(loss) carried forward	40,244	(407,356)

Earnings per Share

The earnings per share after tax is Rs. 8.07 (2019: Rs. 0.00).

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, 2020 and future prospects. The Directors endorse the contents of the Chairman's Review.

Board of Directors

The Board is comprised of three Executive and two Non-Executive Directors. During the year, six Board meetings were held. The attendance of directors is as under:

Name	Designation	Attended	Leave Granted
Mr. Yusuf H. Shirazi	Passed away on October 20,2019	-	2
Mr. Iftikhar H. Shirazi	Director	6	-
Mr. Aamir H. Shirazi	Director	6	-
Mr. Frahim Ali Khan	Co-Opted on October 21,2019	4	-
Mr. Saquib H. Shirazi	Director	6	-
Mr. Ali H. Shirazi	Director	6	-

Group Advisory Board
The Group Advisory Board provides intrinsic benefits of advising and guiding the Group Executive Committee on policy issues and in making strategic decisions related to sustained growth and profitability.

Group Executive Committee
The Group Executive Committee is responsible for setting overall corporate objectives and strategies, identifying opportunities, monitoring group business strategies and plans, and developing group members as leaders of their respective fields.

Group Human Resource Committee
The Group Human Resource Committee has the responsibility to create and maintain conducive work environment that instills trust and ensures respect, fair treatment, development opportunities and grooming and make succession plan for all employees. The Committee also determines the remuneration package for the management staff.

Group IT Resource Center
The Group IT Resource Center is responsible to provide an insight towards the various technological aspects of information systems. The objective of the Center is to introduce leading edge technology and IT initiative to automate information delivery and accessibility of data for enhancement of time and cost efficiency.

Management Committee
The Management Committee acts at the operating level in an advisory capacity to the CEO, providing recommendations relating to the business and other corporate affairs. The Committee has responsibility for reviewing and forwarding long-term plans, capital and expense budget development and stewardship of business plans. The committee is also responsible for maintaining healthy environment within and outside the Company through its environments friendly products.

Investment Committee
It provides necessary guidelines and approval for commitment and de-commitment of investments in equities, fixed income securities, government bonds and securities, carry over transactions, underwriting of new issues and real estate.

Auditors
The present Auditors M/s. EY Ford Rhodes, Chartered Accountants retire and being eligible, offer themselves for reappointment.

Code of Corporate Governance

- The financial statements, prepared by the management of the Company, fairly present its state of affairs, the results of its operations, cash flows and changes in equity.
- The Company has maintained proper books of account.
- Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.

- 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.
- There is no doubt about the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance.
- A summary of key operating and financial data of the Company is annexed.
- The Company operates a contributory provident fund for its management and non-management employees and funded defined benefit gratuity schemes for its management employees. The value of investments based on their respective audited accounts as at June 30, 2020 are as follows:

Provident Fund	Rs. 181.86 million
Gratuity Fund	Rs. 155.65 million

On behalf of the Board of Directors

Noorullah
Chief Executive Officer

Frahim Ali Khan
Director

Karachi: September 30, 2020

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SHIRAZI INVESTMENTS (PRIVATE) LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

EY Ford Rhodes
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530
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INDEPENDENT AUDITOR'S REPORT

To the members of Shirazi Investments (Private) Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of **Shirazi Investments (Private) Limited** (the Company), which comprise the statement of financial position as at 30 June 2020, and the statement of profit and loss and other 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 and other 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 2020 and of the profit and other comprehensive income, 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 Auditor's 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.

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.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

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Auditor's 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 auditor's 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 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 auditor's 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 auditor's 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 and other comprehensive income, the statement of changes in fund and the statement of cash flows 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 auditor's report is Shaikh Ahmed Salman.

EY Ford Rhodes

Chartered Accountants

Place: Karachi

Date: 27 October 2020

SHIRAZI INVESTMENTS (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020

	Note	2020	2019
		Rupees in '000	
ASSETS			
Non current assets			
Fixed assets			
Property and equipment	6	**401,725**	167,836
Net investment in finance lease	7	**52,358**	-
Intangible assets	8	**649**	925
Investment properties	9	**2,564,476**	2,637,563
Long term investments	10	**32,676,017**	29,959,245
Deferred taxation - net	22	**260,179**	48,003
Loans to staff	11	**960**	656
Long term deposits		**2,812**	2,312
		35,959,176	32,816,540
Current assets			
Loans and advances	12	**382,657**	16,768
Prepayments and other receivables	13	**717,885**	286,604
Short term investments	14	**8,279,350**	7,219,028
Current portion of net investment in finance lease	7	**3,824**	-
Taxation - net		**-**	52,921
Bank balances	15	**1,944**	10,453
		9,385,660	7,585,774
TOTAL ASSETS		**45,344,836**	40,402,314
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital [240,000,000 Ordinary shares of Rs.10 each]		**2,400,000**	2,400,000
Issued, subscribed and paid-up capital	16	**2,201,124**	2,201,124
Share premium		**26,839,742**	26,839,742
Amalgamation reserve		**1,222,562**	1,222,562
Reserves		**14,571,366**	13,523,766
Unrealised loss on revaluation of investments - at fair value through other comprehensive income		**(3,197,444)**	(5,774,704)
		41,637,350	38,012,490
Non current liabilities			
Long term deposits	17	**4,477**	4,117
Long term financing - government grant	18	**39,272**	-
Deferred income - government grant	19	**4,336**	-
Lease liabilities	21	**272,143**	-
Deferred liabilities	20	**74,918**	52,352
Deferred taxation - net	22	**-**	-
		395,146	56,469
Current liabilities			
Trade and other payables	23	**61,750**	61,851
Short term borrowings	24	**2,600,915**	2,159,592
Advance against sale of land		**287,400**	-
Payable to staff gratuity fund	25	**31,825**	41,815
Due to associated companies		**12,367**	16,466
Current portion of long term financing - government grant	18	**15,068**	-
Current portion of deferred income - government grant	19	**1,595**	-
Current portion of lease liabilities	21	**41,588**	-
Taxation - net		**224,522**	-
Accrued mark-up		**35,310**	53,631
		3,312,340	2,333,355
TOTAL EQUITY AND LIABILITIES		**45,344,836**	40,402,314
CONTINGENCIES AND COMMITMENTS	26		

The annexed notes from 1 to 44 form an integral part of these financial statements.

Chairman	Chief Executive Officer	Director

SHIRAZI INVESTMENTS (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020	2019
		---------- Rupees in '000 ----------	
INCOME			
Dividend income	27	**2,037,371**	4,074,008
Income on loans, advances and bank balances	28	**3,609**	2,687
		2,040,980	4,076,695
Capital gain /(loss) on sale of investments - net	29	**32,294**	(15,195)
Unrealised gain/(loss) on remeasurement of investments at fair value through profit or loss	14.4	**142,187**	(642,027)
Capital gain on sale of investment property		**-**	115,339
Ammortisation of long-term financing - government grant	19	**943**	-
Rental income	30	**271,764**	284,698
Other income	31	**743,052**	-
Reversal of provision against compensated absences		**-**	20,492
		3,231,220	3,840,002
EXPENSES			
Administrative expenses	32	**(683,523)**	(767,107)
Provision for expected credit loss		**(125,413)**	-
Provision for impairment		**-**	(2,452,226)
Operating profit		**2,422,284**	620,669
Finance costs	33	**(353,948)**	(192,200)
Profit before tax		**2,068,336**	428,469
Taxation	34	**(292,469)**	(428,387)
Profit after tax		**1,775,867**	82
Earnings per share - basic and diluted	35	**8.07**	0.00

The annexed notes from 1 to 44 form an integral part of these financial statements.

Chairman	**Chief Executive Officer**	**Director**

SHIRAZI INVESTMENTS (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2020

	2020	2019
	Rupees in '000	
Net profit for the year	**1,775,867**	82
Other items of comprehensive income not to be reclassified to statement of profit or loss in subsequent periods		
Net unrealised gain / (loss) on revaluation of investments at fair value through other comprehensive income - net	**2,744,053**	(7,715,957)
Less: Deferred tax	**(166,794)**	65,631
Net unrealised gain / (loss) on revaluation of investments at fair value through other comprehensive income - net	**2,577,260**	(7,650,326)
Remeasurement gain / (losses) on defined benefit plans	**22,316**	(33,183)
Total comprehensive income / (loss) for the year	**4,375,443**	(7,683,427)

The annexed notes from 1 to 44 form an integral part of these financial statements.

Chairman

Chief Executive Officer

Director

SHIRAZI INVESTMENTS (PRIVATE) LIMITED
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020	2019
		---------- Rupees in '000 ----------	
Operating activities			
Cash flows from operations	36	**(844,176)**	(511,361)
Finance costs paid		**(337,880)**	(147,824)
Dividend received		**1,685,645**	3,983,353
Gratuity paid		**-**	(17,446)
Payment for compensated leaves		**-**	-
Taxes paid		**(393,667)**	(830,927)
Payment under long service award scheme		**-**	(762)
Long term deposits		**(500)**	(855)
Long term loans to staff		**(304)**	234
		953,294	2,985,773
Net cash generated from operating activities		**109,118**	2,474,412
Investing activities			
Capital expenditures			
- Property and equipment		**(36,604)**	(47,998)
- Investment properties		**-**	(688,671)
- Intangible assets		**-**	(235)
Advance against sale of land		**287,400**	-
Proceeds from sale of fixed assets		**13,655**	6,054
Proceeds from sale of investments		**252,590**	57,711
Proceeds from sale of properties		**-**	371,041
Investments made in mutual funds		**(764,846)**	(1,751,458)
Redemption of mutual funds		**770,000**	1,528,100
Long term investments - net		**(30,020)**	(2,956,690)
Investments made in listed equity shares		**(351,578)**	(236,042)
Net cash used in investing activities		**140,597**	(3,718,188)
Financing activities			
Dividend paid		**(750,583)**	(990,506)
Long term deposits		**360**	884
Proceeds from long term financing - government grant		**60,271**	-
Lease liability paid		**(18,116)**	-
Proceeds from investment in finance lease		**8,521**	-
Short term borrowings		**441,323**	2,159,592
Net cash generated from financing activities		**(258,224)**	1,169,970
Net decrease in cash and cash equivalents		**(8,509)**	(73,806)
Cash and cash equivalents at beginning of the year		**10,453**	84,259
Cash and cash equivalents at end of the year	15	**1,944**	10,453

The annexed notes from 1 to 44 form an integral part of these financial statements.

Chairman	**Chief Executive Officer**	**Director**

SHIRAZI INVESTMENTS (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2020

		Reserves					
		Capital		Revenue			
	Share capital	Share premium	Amalgamation reserve	General	Unappropriated (loss) / profit	Unrealised (loss) / gain on revaluation of investments at fair value through OCI	Total
	Rupees in '000						
Balance as at June 30, 2018	2,201,124	26,839,742	1,222,562	11,131,122	3,416,251	1,875,622	46,686,423
Transfer to general reserves	-	-	-	2,800,000	(2,800,000)	-	-
Profit for the year	-	-	-	-	82	-	82
Other comprehensive loss	-	-	-	-	(33,183)	(7,650,326)	(7,683,509)
Total comprehensive loss for the year	-	-	-	-	(33,101)	(7,650,326)	(7,683,427)
Dividend paid	-	-	-	-	(990,506)	-	(990,506)
Balance as at June 30, 2019	**2,201,124**	**26,839,742**	**1,222,562**	**13,931,122**	**(407,356)**	**(5,774,704)**	**38,012,490**
Transfer to general reserves	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	1,775,867	-	1,775,867
Other comprehensive income	-	-	-	-	22,316	2,577,260	2,599,576
Total comprehensive income for the year	-	-	-	-	1,798,183	2,577,260	4,375,443
Dividend paid	-	-	-	-	(750,583)	-	(750,583)
Balance as at June 30, 2020	2,201,124	26,839,742	1,222,562	13,931,122	640,244	(3,197,444)	41,637,350

The annexed notes from 1 to 44 form an integral part of these financial statements.

Chairman

Chief Executive Officer

Director

SHIRAZI INVESTMENTS (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

1. THE COMPANY AND ITS OPERATIONS

1.1 Shirazi Investments (Private) Limited (the Company) was incorporated in Pakistan on August 27, 1962 as a private limited company. The Company is engaged in trading and investment in equity and debt securities, underwriting, real estate and warehousing. Its registered office is located at 2nd Floor, Federation House, Sharah-e-Firdousi, Clifton,

1.2 Geographical location and addresses of business units are as under:

Location	**Address**
Corporate office, Karachi	2nd Floor, Federation House, Sharah-e-Firdousi, Clifton, Karachi
Regional offices:	
Lahore office	1. Mcleod Road, Lahore-54000, Pakistan.
Islamabad office	Plot No. 41, Sector F-6/G6, Ataturk Avenue, East End Plaza, Blue Area, Islamabad

1.3 These financial statements are separate financial statements of the Company in which investments in subsidiaries and associates / joint venture are accounted for at cost and fair values respectively (note 5.6.1) and are not consolidated or accounted for by applying the equity method of accounting.

1.4 On May 13, 2016 the Board of Directors of the Company had passed a resolution authorizing the Company to explore the viability of the potential merger between the Shirazi Capital (Private) Limited (SCPL) and Shirazi (Private) Limited (SPL) with and into the Company. The Company had engaged the services of a consultant and decided on a swap ratio in exchange of shares for SCPL and SPL and a scheme of amalgamation (the scheme) was filed in High Court of Sindh after approval from the Board of Directors and shareholders of the Company, SCPL and SPL on June 11, 2016.

In 2017, the High Court of Sindh through its order dated November 23, 2016 has sanctioned the scheme. Pursuant to this sanction, the entire business of SCPL and SPL including their Assets, Liabilities, and the Rights and Obligations have been amalgamated into and vest in the Company with effect from the effective date as mentioned in the scheme i.e., July 01, 2016 which the Company has considered effective date of merger. In consideration, 01,810,873 fully paid ordinary shares of Rs.10 each have been issued to the registered shareholders of SCPL whereas 9,572,566 fully paid ordinary shares of Rs.10 each have been issued to the registered shareholders of SPL.

This amalgamation was accounted for in the books using predecessor's accounting method as it was a business combination of entities under common control and therefore scoped out of IFRS-3 'Business Combinations'. The net assets of SCPL and SPL have been incorporated at their net carrying amount in the books as on June 30, 2016 and the difference in value of the net assets and shares as issued above has been carried in the equity under the head "Amalgamation reserve". Furthermore, the acquired entity's results and statement of financial position are incorporated prospectively from the date on which the business combination occurred. Consequently, these financial statements do not reflect the results of the acquired entity for the period before the transaction occurred and the corresponding amounts for the previous year presented are also not restated.

1.5 Impact of COVID-19 pandemic on these financial statements

The COVID-19 pandemic caused significant and unprecedented curtailment in economic and social activities during the period from March 2020 in line with the directives of the Government. This situation posed a range of business and financial challenges to the businesses globally and across various sectors of the economy in Pakistan.

The Company's major source of income is dividend from subsidiaries and associates and rent from investment properties. The Company has a very diversified portfolio, the investee company's main production and distribution facilities in Sheikhupura have been permitted by the Government to operate with strict compliance of SOPs issued. The management has adopted all necessary steps to ensure smooth and adequate continuation of its business in order to maintain business performance despite slowed down economic activity.

According to management's assessment, there are no material implications of COVID-19 that require specific disclosure in these unconsolidated financial statements.

1.6 These financial statements are the separate financial statements of the Company, in which investments in the below mentioned subsidiaries and associates have been accounted for at fair value / cost less accumulated impairment losses, if any. As of reporting date, the Company has the following subsidiaries and associates:

	Note	% of shareholding 2020	2019
Subsidiaries / sub-subsidiaries			
Atlas Engineering (Private) Limited		100	100
Atlas Power Limited		84.6	84.6
Atlas Asset Management Limited		100	100
Shirazi Trading Company (Private) Limited		100	100
Atlas Autos (Private) Limited (AAPL)		100	100
Atlas Metals (Private) Limited		100	100
Atlas Energy Limited		100	100
Atlas Services Limited	10.1.3	83.11	83.11
Atlas Venture Limited		100	100
Atlas Battery Limited		60.17	60.17
Atlas Insurance Limited		75.33	75.33
Atlas Honda Limited		55	54.57
Atlas Die Casting (Private) Limited (ADL)	1.6.1	-	100
Atlas Global FZE - Sub subsidiary Company		100	100
Atlas Aluminium (Private) Limited (AAL)	1.6.1	-	100
Atlas World Wide General Trading LLC - Sub subsidiary Company		49	49
Zenfa Pakistan New Energy Limited - Sub subsidiary Company	10.2.3.2	70.76	-
Atlas DID (Private) Limited - Sub subsidiary Company		60	-
Atlas GCI (Private) Limited - Sub subsidiary Company		44.34	-
Atlas Hitec (Private) Limited - Sub subsidiary Company		60.85	60.72
Oyster International Holdings Limited - Sub subsidiary Company		100	100
Associates			
Honda Atlas Cars (Pakistan) Limited		31	31
Honda Atlas Power Products (Private) Limited		20	20
Atlas Income Fund		66	71
Atlas Stock Market Fund		39	47
Atlas Sovereign Fund		67	65
Atlas Islamic Income Fund		-	-
Atlas Money Market Fund		30	35
Atlas Islamic Stock Fund		32	6
Atlas Islamic Dedicated Stock Fund		1	-
Atlas Aggressive Allocation Islamic Plan		99	99
Atlas Moderate Allocation Islamic Plan		92	94
Atlas Conservative Allocation Islamic Plan		99	98
Atlas Islamic Capital Preservation Plan		45	90
Atlas Islamic Dividend Plan		77	-

1.6.1 The Board of Directors of the AAPL approved a Scheme of Arrangement (the Scheme) on May 17, 2019 for merger / amalgamation of ADL and AAL with and into the AAPL. ADL and AAL were wholly owned subsidiaries of the Company. At June 01, 2019, AAPL filed a petition in the Honourable High Court of Sindh to this effect under sections 279 to 283 and 285 of the Companies Act, 2017. Under the Scheme and upon its approval on October 24, 2019 by the Honourable High Court of Sindh, effective from July 01, 2019, all the business, functions, operations, assets, liabilities and obligations, rights to execute deeds, contracts, legal proceedings, judgments etc. of the Subsidiary Companies were transferred to and vested in the AAPL.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB) as notified under the Companies Act, 2017 (the Act);

- Provisions of and directives issued under the Act.

Where provisions of and directives issued under the Act differ from IFRS, the provisions of and directives issued under the Act have been followed.

2.2 Basis of measurement

These unconsolidated financial statements have been prepared under the historical cost convention except for investments and derivatives which are accounted for as stated in notes 4.5, 4.6 and 4.7 below, respectively.

2.3 Functional and presentation currency

These unconsolidated financial statements are presented in Pakistani Rupees, which is also the Company's functional currency.

3. NEW STANDARDS, AMENDMENTS, INTERPRETATIONS AND IMPROVEMENTS EFFECTIVE DURING THE YEAR

The Company has adopted the following standards, amendments, interpretation and improvements to International Financial Reporting Standards (IFRSs) which became effective for the current year:

New standards and amendments

IFRS 9 Prepayment Features with Negative Compensation (Amendments)

IFRS 14 Regulatory Deferral Accounts

IFRS 16 Leases

IFRS 16 COVID 19 Related Rent Concessions (Amendments)

IAS 19 Plan Amendment, Curtailment or Settlement (Amendments)

IAS 28 Long-term Interests in Associates and Joint Ventures (Amendments)

IFRIC Uncertainty over income tax treatments

Improvements to Accounting Standards Issued by the IASB (2015-2017 cycle)

IFRS 3 Business Combinations - Previously held Interests in a joint operation

IFRS 11 Joint Arrangements - Previously held Interests in a joint operation

IAS 12 Income Taxes - Income tax consequences of payments on financial instruments classified as equity.

IAS 23 Borrowing Costs - Borrowing costs eligible for capitalisation

The adoption of the above standards, amendments and improvements to accounting standards did not have any material effect on the Company's unconsolidated financial statements except stated below:

3.1 IFRS 16 - Leases

During the year, the Company have adopted IFRS 16 as issued by the International Accounting Standards Board (IASB) in January 2016.

IFRS 16 supersedes IAS 17 "Leases", IFRIC 4 "Determining whether an Arrangement contains a Lease", SIC-15 "Operating Leases-Incentives" and SIC-27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease". The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

The Company has lease contracts for its Commercial offices and warehouse. Before the adoption of IFRS 16, the Company classified each of its leases (as lessee) at the inception date as an operating lease. In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in statement of profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under Short term prepayments and other receivables, respectively.

Upon adoption of IFRS 16, the Company initially recognized a lease liability for the obligation to make lease payments and a right-of-use (RoU) asset for the right to use the underlying asset for the lease term against a consideration. The lease liability is measured at the present value of the consideration (lease payments) to be made over the lease term. The lease payments are discounted using the interest rate implicit in the lease, unless it is not readily determinable, in which case the lessee may use the incremental rate of borrowing. The RoU asset is initially measured at the present value of lease liability, adjusted for lease prepayments and borrowing costs.

As permitted by the transitional provisions of IFRS 16, the Company elected not to restate the comparative figures and not to adjust the opening unappropriated profit. Accordingly, adjustment to the carrying amount of assets and liabilities were recognised in the current period.

The Company is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor, except for a sub-lease. The Company sub-leases its building space.

The effect of adoption of IFRS 16 as at July 01, 2019 is as follows:

	July 01, 2019 (Rupees in '000)
Increase in RoU asset	287,181
Increase in net investment in finance lease	58,785
Decrease in prepayments and other receivables	(4,470)
Increase in total assets	341,496
Increase in lease liability against assets subject to finance lease	(334,694)
Increase in net assets	6,802

The Company also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics.
- Relied on its assessment of whether leases are onerous immediately before the date of initial application.
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.

The lease liabilities as at July 01, 2019 can be reconciled to the operating lease commitments as of June 30, 2019 as follows:

	(Rupees in '000)
Operating lease commitments as at June 30, 2019	469,260
Weighted average incremental borrowing rate as at July 01, 2019	11.31%
Discounted operating lease commitments as at July 01, 2019	334,694
Less: Commitments relating to short-term leases	-
Lease liabilities as July 01, 2019	334,694

Set out below, are the carrying amounts of the Company's right-of-use assets, lease liabilities and net investment in finance lease and the movements during the period:

	RoU asset	Lease liability	Net Investment in Finance Lease
	(Rupees in '000)		
As at July 01, 2019	287,181	334,694	56,181
Depreciation expense	(47,628)	-	-
Interest expense / income	-	34,389	5,917
Payments	-	(55,352)	(8,521)
As at June 30, 2020	239,553	313,732	53,577

3.2 Standards, amendments and improvements to the approved accounting standards that are not yet effective

The following standards, amendments and improvements with respect to the approved accounting 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 3 Definition of a Business (Amendments)	January 01, 2020
IFRS 3 Business Combinations: Reference to the conceptual framework (Amendments)	January 01, 2022
IFRS 9 / IAS 39 and IFRS 7 - Interest rate benchmark reform (Amendments)	January 01, 2020
IFRS 10 Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalised
IFRS 16 'Leases' - Covid-19 related rent concessions	January 01, 2020
IAS 1 / IAS 8 Definition of Material (Amendments)	January 01, 2020
IAS 1 - Classification of liabilities as current or non-current (Amendments)	January 01, 2022*
IAS 16 'Property, Plant	January 01, 2022
IAS 37 - Onerous Contracts — cost of fulfilling a contract (Amendments)	January 01, 2022

* The IASB has issued an exposure draft proposing to defer the effective date of the Amendments to IAS 1 to January 01, 2023.

Improvements to Accounting Standards Issued by the IASB (2018-2020 cycle)

IFRS 9 - Financial Instruments – Fees in the '10 percent' test for derecognition of financial liabilities	January 01, 2022
IAS 41 - Agriculture – Taxation in fair value measurements	January 01, 2022

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 January 01, 2020 for preparers of unconsolidated 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, the following new standards have been issued by IASB which are yet to be notified by the Securities Exchange Commission of Pakistan (SECP) for the purpose of applicability in Pakistan.

Standard	IASB Effective date (annual periods beginning on or after)
IFRS 1 – First Time adoption of IFRSs	January 01, 2004
IFRS 17 – Insurance Contracts	January 01, 2023

The Company expects that above new standards will not have any material impact on the Company's unconsolidated financial statements in the period of initial application.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Property, plant and equipment

Operating fixed assets

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost comprises acquisition and other directly attributable costs. Depreciation is charged to statement of profit or loss applying the reducing balance method whereby the cost of an asset is written-off over its estimated useful life at the rates specified in note 6.1 to the financial statements. Depreciation on additions during the year is charged from the month of addition when the asset is available for use, whereas, depreciation on disposals is charged upto the month immediately preceding the deletion.

Maintenance and normal repairs are charged to statement of profit or loss as and when incurred. Major renewals and improvements are capitalised only when it increases the future economic benefit embodied in the item of property and equipment.

Assets residual values, useful lives and method of depreciation are reviewed and adjusted, if appropriate at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gains or losses arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is charged to the statement of profit or loss in the year the asset is derecognised.

Capital work-in-progress

Capital work-in-progress is stated at cost less accumulated impairment losses, if any. It consists of expenditure incurred and advances made in respect of property and equipment in the course of their acquisition, erection, construction and installation. The assets are transferred to relevant category of operating fixed assets when they are available for use.

Right-of-use assets

The Company recognises a right-of-use asset at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

4.2 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment losses, if any. Intangible assets are amortised on reducing balance method whereby the cost of an asset is written-off over its estimated useful life at the rate specified in note 9 to the financial statements.

4.3 Investment properties

Properties held for long-term rental yield or for capital appreciation or both are classified as investment properties. Investment properties comprise of land, buildings and warehouses.

Investment properties are carried at cost less accumulated depreciation and accumulated impairment losses, if any.

Investment properties are depreciated on a reducing balance method whereby the cost of an asset is written-off over its estimated useful life at the rates specified in note 9 to the financial statements.

Maintenance and normal repairs are charged to statement of profit or loss as and when incurred. Major repairs and renewals are capitalised.

Any gains and losses on disposal of an investment property are recognised in the statement of profit or loss in the year of disposal.

4.4 Impairment of assets

The carrying amounts of operating fixed assets and investment properties are reviewed at each statement of financial position date to assess whether they are recorded in excess of their recoverable amounts, and where carrying value exceeds estimated recoverable amount, assets are written down to their estimated recoverable amount.

4.5 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial Assets

Initial recognition and measurement

Financial assets and liabilities, with the exception of bank balances, loans and advances to employees /counter parties and due to counterparties, are initially recognised on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

F1

All financial instruments are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss.

Classification

In accordance with IFRS 9, the Company classifies its financial assets and financial liabilities at initial recognition into the categories of financial assets and financial liabilities discussed below.

Financial assets

The Company classifies its financial assets as subsequently measured at amortised cost or measured at fair value through profit or loss on the basis of both:

- The entity's business model for managing the financial assets
- The contractual cash flow characteristics of The financial asset

Financial assets measured at fair value through other comprehensive income (FVOCI)

a) **Debt instruments at FVOCI**

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest income and foreign exchange gains and losses are recognised in profit or loss. On de-recognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit or loss. Debt instruments are subject to impairment under Expected Credit Loss model. The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is recycled to the profit and loss upon de-recognition of the assets.

b) **Equity instruments at FVOCI**

Upon initial recognition, the Company elects to classify irrevocably its equity investments as equity instruments at FVOCI when they meet the definition of Equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The Company's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. Such classification is determined on an instrument by instrument basis.

Gains and losses on these equity instruments are never recycled to profit. Dividends are recognised in profit or loss as other operating income when the right of the payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment.

Financial assets measured at amortised cost

A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets at amortized cost are subject to impairment under Expected Credit Loss model.

Financial assets measured at fair value through profit or loss

A financial asset is measured at fair value through profit or loss if:

(a) Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

(b) It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell.

or

(c) At initial recognition, it is irrevocably designated as measured at FVPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial liabilities

Financial liabilities measured at amortised cost

This category includes all financial liabilities, other than those measured at fair value through profit or loss, if any.

De-recognition

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognised where the rights to receive cash flows from the asset have expired, or the Company has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and the Company has:

(a) Transferred substantially all of the risks and rewards of the asset;

or

(b) Neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Company has transferred its right to receive cash flows from an asset (or has entered into a pass-through arrangement), and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. The Company derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

Impairment of financial assets

Financial assets at fair value through profit or loss are not subject to impairment under IFRS 9.

The Company holds only trade receivables with no financing component and which have maturities of less than 12 months at amortised cost and, as such, has chosen to apply an approach similar to the simplified approach for expected credit losses (ECL) under IFRS 9 to all its trade receivables. Therefore, the Company does not track changes in credit risk, but instead, recognises a loss allowance based on lifetime ECLs at each reporting date.

The Company's approach to ECLs reflects a probability-weighted outcome, the time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Company uses the provision matrix as a practical expedient to measuring ECLs on trade receivables, based on days past due for groupings of receivables with similar loss patterns. Receivables are grouped based on their nature. The provision matrix is based on historical observed loss rates over the expected life of the receivables and is adjusted for forward-looking estimates.

Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the statement of financial position of the Company has a legally enforceable right to set-off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

4.6 Investment in subsidiaries, associates and joint venture

Investment in subsidiaries are stated at cost less impairment, if any.

Investments in associates and joint ventures are carried at fair value.

Unquoted investments, where fair value cannot be reliably measured are carried at cost.

4.7 Derivatives

These are measured at fair value. Derivatives with positive fair values (unrealised gains) are included in other assets and derivatives with negative fair values (unrealised losses) are included in other liabilities in the statement of financial position. The resultant gains and losses are included in the profit and loss statement.

4.8 Employee retirement benefits and other obligations

4.8.1 Gratuity scheme

The Company operates an approved funded gratuity scheme in respect for all permanent employees who have completed the minimum qualifying period of service for entitlement of gratuity. The scheme defines the amounts of benefit that an employee will receive on or after retirement subject to a minimum qualifying period of service under the scheme. The amounts of retirement benefits are usually dependent on one or more factors such as age, years of service and salary. The liability recognised in respect of gratuity scheme is the present values of the defined benefit obligations under the scheme at the statement of financial position date less the fair value of respective plan assets.

The gratuity is calculated annually by independent actuaries using the Projected Unit Credit Method. The most recent valuation in this regard was carried out as at June 30, 2020. The present values of the obligations are determined by discounting the estimated future cash outflows using interest rates of high quality government securities that have terms to maturity approximating to the terms of the related obligations.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised directly in equity in the statement of comprehensive income in the period in which they arise. All past service costs are recognised at the earlier of when the amendments or curtailment occurs and when the Company has recognised related retirement or termination benefits.

4.8.2 Defined contribution plan

The Company operates an approved defined contributory provident fund scheme for all permanent employees and defined contribution pension fund who have completed the minimum qualifying period of service. Equal contributions are made by the Company and the employees to both the fund at the rate of 11 percent of basic salary.

4.8.3 Employee compensated absences

The Company accounts for accumulated compensated absences of employees in accordance with the independent actuarial valuation. The latest actuarial valuation was carried out as of June 30, 2020.

4.8.4 Long service award

The company makes provision for long service award to which employees are entitled after the completion of each five year of their service, with a minimum of 15 years of service.

4.9 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.

Deferred

Deferred tax is calculated using the liability method on all temporary differences at the statement of financial position date, between the tax base of the assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that the deductible temporary differences will reverse in the future and sufficient taxable profits will be available against which the deductible temporary differences and unused tax losses can be utilised.

The carrying amount of all deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or subsequently enacted at the statement of financial position date.

4.10 Provisions for liabilities

Provisions are recognised when the Company has a legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each statement of financial position date and are adjusted to reflect the current best estimate.

4.11 Revenue recognition

Capital gains or losses on sale of investments are recognised in the period in which they are raised.

Dividend income from investments is recognised when the Company's rights to receive dividend have been established.

Interest / return on loans, advances and bank balances are recognised on accrual basis.

Rental and commission income is recognised on accrual basis.

Gains or losses on sale of investment properties and fixed assets are recognised in the period in which they are disposed off.

4.12 Foreign currency transactions

Foreign currency transactions during the year are recorded at the exchange rates approximating those ruling on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange which approximate those prevailing on the statement of financial position date. Gains and losses on translation are taken to income currently. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

4.13 Dividend and appropriation to reserves

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

4.14 Earnings per share

The Company presents basic and diluted earnings per share for its shareholders. Basic earnings per share is calculated by dividing the profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

4.15 Cash and cash equivalents

Cash and cash equivalents include deposits with banks and other short term highly liquid investments with original maturities of three months or less.

4.16 Government Grant

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. As the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

4.17 Lease liabilities

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the termination option is reasonably certain to be exercised. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments at the lease commencement date, the Company uses the interest rate implicit in the lease. In case where the interest rate implicit in the lease is not readily determinable, the Company uses its incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

Short-term leases

The Company applies the short-term lease recognition exemption to its short-term leases of premises (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

Determining the lease term of contracts with renewal and termination options

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate.

Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ('IBR') to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

5. ACCOUNTING ESTIMATES AND JUDGEMENTS

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 form the basis of making judgements about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis.

Judgments made by management in the application of accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment are as follows:

		Note
(a)	Classification and valuation of investments	4.5 & 10
(b)	Determining the residual values and useful lives of property, plant and equipment and intangible assets	4.1, 4.2, 6 & 8
(c)	Determining the residual values and useful lives of investment properties	4.3 & 9
(d)	Accounting for staff retirement benefits	4.8, 20, 25.1 & 32.1
(e)	Recognition of taxation and deferred tax	4.9, 22 & 34

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6. PROPERTY AND EQUIPMENT

	Note	2020	2019
		Rupees in '000	
Operating fixed assets	6.1	162,172	167,836
Capital work-in-progress	6.2	-	-
Right of use - assets	6.3	239,553	-
		401,725	167,836

6.1 Operating fixed assets

2020

	Cost				Accumulated depreciation				Carrying value	
	As at July 01, 2019	Additions during the year	Disposals during the year	As at June 30, 2020	As at July 01, 2019	Charge for the year	Disposals during the year	As at June 30, 2020	As at June 30, 2020	Depreciation Rate
	Rupees in '000									%
Owned										
Office premises	2,000	-	-	2,000	1,517	48	-	1,565	435	10
Furniture and fixtures	15,800	-	94	15,706	2,806	1,270	-	4,076	11,630	10
Motor vehicles	109,252	15,216	19,210	105,258	44,156	13,692	6,956	50,892	54,366	20
Office equipment	51,565	5,044	166	56,442	10,932	3,692	39	14,585	41,857	10
Air conditioners	14,842	3,768	171	18,439	2,258	1,383	65	3,576	14,863	10
Generators	11,550	3,075	-	14,625	5,088	672	-	5,760	8,865	10
Computers	55,665	9,501	502	64,664	29,223	8,484	372	37,335	27,329	30
Cargo lift	9,725	-	-	9,725	6,585	314	-	6,899	2,826	10
	270,399	36,604	20,143	286,860	102,564	29,555	7,432	124,688	162,172	

2019

	Cost				Accumulated depreciation				Carrying value	
	As at July 01, 2018	Additions during the year	Disposals during the year	As at June 30, 2019	As at July 01, 2018	Charge for the year	Disposals during the year	As at June 30, 2019	As at June 30, 2019	Depreciation Rate
	Rupees in '000									%
Owned										
Office premises	2,000	-	-	2,000	1,463	54	-	1,517	483	10
Furniture and fixtures	15,800	-	-	15,800	1,363	1,443	-	2,806	12,994	10
Motor vehicles	98,816	23,391	12,955	109,252	36,725	14,384	6,953	44,156	65,096	20
Office equipment	46,468	5,142	45	51,565	6,413	4,523	4	10,932	40,633	10
Air conditioners	11,323	3,563	44	14,842	1,084	1,198	25	2,258	12,585	10
Generators	11,550	-	-	11,550	4,370	718	-	5,088	6,462	10
Computers	39,766	15,902	2	55,665	19,818	9,407	2	29,223	26,443	30
Cargo lift	9,725	-	-	9,725	6,236	349	-	6,585	3,140	10
	235,448	47,998	13,047	270,399	77,472	32,076	6,984	102,564	167,836	

6.1.1 The following items of operating property and equipment with net book value exceeding Rs.500,000 were disposed of during the year:

	Cost	Accumulated depreciation	Carrying value	Sale proceeds	loss	Mode of disposal	Particulars of purchaser
	Rupees in '000						
Motor Vehicles							
Suzuki Cultus	1,250	477	773	773	-	Company Policy	Muhammad Zain
Honda City Prosmatec	1,686	787	899	899	-	Company Policy	Akbar Hassan
Honda Civic	2,319	983	1,336	1,336	-	Company Policy	Atlas Power Limited - Subsidiary Company
Suzuki Cultus	1,440	48	1,392	1,392	-	Company Policy	Atlas Power Limited - Subsidiary Company
Honda Civic IVTec	2,328	1,156	1,172	1,172	-	Company Policy	Ziaullah Begg
Suzuki Alto	1,101	44	1,057	1,057	-	Company Policy	Muhammad Naeemuddin
Honda Civic	2,404	865	1,538	1,538	-	Company Policy	Atlas Power Limited - Subsidiary Company
Honda BRV	2,926	1,053	1,873	1,873	-	Company Policy	Atlas Power Limited - Subsidiary Company
2020	15,454	5,414	10,041	10,041	-		
2019	8,238	4,524	3,714	3,714	-		

	2020	2019
	Rupees in '000	
6.2 Capital work-in-progress		
Opening balance	-	2,777
Additions during the year	-	-
Transferred during the year to operating fixed assets	-	(2,777)
Closing balance	-	-
6.3 Right-of-use assets		
As at July 01, 2019		
Cost (Impact of initial application of IFRS 16)	287,181	-
Accumulated depreciation	-	-
Net book value	287,181	-
Year ended June 30, 2020		
Opening net book value	-	-
Additions during the year	287,181	-
Depreciation for the year	(47,628)	-
Closing net book value	239,553	-
As at June 30, 2020		
Cost	287,181	-
Accumulated depreciation	(47,628)	-
Net book value	239,553	-

7. NET INVESTMENT IN FINANCE LEASE

	Note	2020	2019
		-------- Rupees in '000 -------	
Net investment in finance lease		56,181	-
Less: current portion shown under current assets		(3,823)	-
	7.1	52,358	-

7.1 Maturity analysis of finance lease payments

	2020			2019		
	Not later than one year	One to five year	Total	Not later than one year	One to five year	Total
	-------------------------------Pak Rupees	-----------------------------------				
Minimum lease payments	9,373	68,482	77,855	-	-	-
Gross investment in lease	9,373	68,482	77,855	-	-	-
Less : unearned finance income	(5,550)	(16,124)	(21,674)	-	-	-
Net investment in finance lease	3,823	52,358	56,181	-	-	-

8. INTANGIBLE ASSETS

	2020	2019
	-------- Rupees in '000 -------	
	649	925

2020

	Cost			Accumulated amortisation			Carrying value	
	As at July 01, 2019	Additions during the year	As at June 30, 2020	As at July 01, 2019	Charge for the year	As at June 30, 2020	As at June 30, 2020	Amortisation rate
	-- Rupees in '000							%
Computer software	2,372	-	2,372	1,447	276	1,723	649	30

2019

	Cost			Accumulated amortisation			Carrying value	
	As at July 01, 2018	Additions during the year	As at June 30, 2019	As at July 01, 2018	Charge for the year	As at June 30, 2019	As at June 30, 2019	Amortisation rate
	-- Rupees in '000							%
Computer software	2,137	235	2,372	1,055	392	1,447	925	30

9. INVESTMENT PROPERTIES

	2020	2019
	------- Rupees in '000 -------	
	2,564,476	2,637,563

2020

	Cost			Accumulated depreciation			Carrying value	
	As at July 01, 2019	Additions for the year	As at June 30, 2020	As at July 01, 2019	Charge for the year	As at June 30, 2020	As at June 30, 2020	Depreciation rate
	-- Rupees in '000							%
Freehold land	1,176,128	-	1,176,128	-	-	-	1,176,128	-
Leasehold land	1,112,678	-	1,112,678	116,856	49,821	166,678	946,000	5
Warehouse building - on freehold land	68,235	-	68,235	30,226	1,901	32,126	36,109	5
Warehouse building - on leasehold land	296,570	-	296,570	44,565	12,587	57,152	239,418	5
Building - freehold land	5,369	-	5,369	730	232	962	4,407	5
Building - leasehold land	259,532	-	259,532	88,572	8,546	97,118	162,414	5
	2,918,511	-	2,918,511	280,949	73,087	354,036	2,564,476	

2019

	Cost			Accumulated depreciation			Carrying value	
	As at July 01, 2018	Additions / (Disposals) for the year	As at June 30, 2019	As at July 01, 2018	Charge for the year	As at June 30, 2019	As at June 30, 2019	Depreciation rate
	-- Rupees in '000							%
Freehold land	1,431,831	(255,703)	1,176,128	-	-	-	1,176,128	-
Leasehold land	474,538	638,140	1,112,678	78,452	38,404	116,856	995,821	5
Warehouse building - on freehold land	68,235	-	68,235	28,225	2,001	30,226	38,010	5
Warehouse building - on leasehold land	244,047	52,523	296,570	32,464	12,101	44,565	252,005	5
Building - freehold land	5,369	-	5,369	473	257	730	4,639	5
Building - leasehold	257,826	1,706	259,532	79,603	8,969	88,572	170,959	5
	2,481,846	436,665	2,918,511	219,217	61,732	280,949	2,637,563	

9.1 The Company carried out the fair valuation exercise by M/s. Surval Engineering- an independent professional valuer during the year ended 30 June 2020, which has determined the aggregate fair value of the above properties as Rs.11,990 million (2019: Rs.11,986 million).

10. LONG TERM INVESTMENTS

	Note	2020	2019
		-------- Rupees in '000 -------	
In related parties			
Investment in subsidiaries - at cost	10.1	**24,315,759**	23,554,915
Investment in associates	10.2	**8,360,258**	6,404,330
Investment in joint venture	10.3	**-**	-
Investment in other related party - at fair value through other comprehensive income	10.4	**-**	-
		32,676,017	29,959,246

10.1 Investment in subsidiaries - at cost

	Note	2020	2019
Unlisted shares			
Atlas Engineering (Private) Limited Fully paid ordinary shares of Rs.10 each Holding: 100% (2019: 100%) Break-up value: Rs.241.44 (2019: Rs.65.38) per share		**387,677**	387,677
Atlas Energy Limited Fully paid ordinary shares of Rs.10 each Holding: 100% (2019: 100%) Break-up value: Rs.24.57 (2019: Rs.20.23) per shareper share	10.1.1	**30,287**	287
Atlas Power Limited Fully paid ordinary shares of Rs.10 each Holding: 84.60% (2019: 84.60%) Break-up value: Rs.41.86 (2019: Rs.30.15) per share	10.1.2	**5,067,729**	5,067,729
Atlas Asset Management Limited Fully paid ordinary shares of Rs.10 each Holding: 100% (2019: 100%) Break-up value: Rs.25.30 (2019: Rs.29.05) per share	10.1.3	**225,933**	225,933
Shirazi Trading Company (Private) Limited Fully paid ordinary shares of Rs.10 each Holding: 100% (2019: 100%) Break-up value: Rs.12.44 (2019: Rs.13.58) per share		**574,798**	574,798
Atlas Venture Limited - Incorporated in Jebel Ali Fully paid ordinary shares of AED.1,000 each Holding: 100% (2019: 100%) Break-up value: Rs.1,817,353 (2019: Rs.1,734,487) per share		**10,044**	10,044
Atlas Autos (Private) Limited Fully paid ordinary shares of Rs.10 each Holding: 100% (2019: 100%) Break-up value: Rs.34.95 (2019: Rs.44.88) per share		**1,000,000**	1,000,000
Atlas Services Limited Fully paid ordinary shares of Rs.10 each Holding: 83.11% (2019: 83.11%) Break-up value: Rs.Nil (2019: Rs.10.33) per share	10.1.3	**13,867**	13,867
Atlas Metals (Private) Limited Fully paid ordinary shares of Rs.10 each Holding: 100% (2019: 100%) Break-up value: Rs.15.08 (2019: Rs.20.28) per share		**1,998,692**	1,998,692
Less: Impairment	10.1.4	**(1,169,368)**	(867,702)
		829,324	1,130,990
		8,139,660	8,411,326

	Note	2020	2019
		-------- Rupees in '000 -------	
Listed shares			
Atlas Honda Limited			
Fully paid ordinary shares of Rs.10 each			
Holding: 52.43% (2019: 52.43%)		**11,936,667**	11,936,667
Market value: Rs.384 (2019: Rs.321.67) per share			
Atlas Battery Limited			
Fully paid ordinary shares of Rs.10 each			
Holding: 58.86% (2019: 58.86%)			
Market value: Rs.168.06 (2019: Rs.96.05) per share		**2,961,729**	2,961,729
Less: Impairment	10.1.4	**(552,015)**	(1,584,524)
		2,409,714	1,377,205
Atlas Insurance Limited			
Fully paid ordinary shares of Rs.10 each			
Holding: 75.33% (2019: 75.33%)			
Market value: Rs.51.98 (2019: Rs.45.60) per share		**1,829,718**	1,829,718
		16,176,099	15,143,590
		24,315,759	23,554,915

10.1.1 During the year, the Company acquired 3,000,000 shares of Atlas Energy Limited (ATEL) (100% paid up shares) against right issue.

10.1.2 Represents sponsor shares held under blocked account as per the requirements of the Securities and Exchange Commission of Pakistan (SECP) and cannot be sold without regulatory approval.

10.1.3 During the prior year, shareholders of the Atlas Services Limited (ASL), by a special resolution in Extraordinary General Meeting dated April 02, 2019, resolved to wind up the affairs of ASL through members' voluntary winding up mode pursuant to section 237 of the Act and appointed a liquidator. The liquidator, in pursuance of section 371 read with section 321 of the Act submitted his preliminary report to the Registrar and made final payment to shareholders (see note 20.2). However, ASL has not been dissolved till 30 June 2020 because the regulatory bodies were not operational due the Covid 19 pandemic and accordingly ASL has been continued to be classified as subsidiary company at the year end.

10.1.4 The market value of Atlas Battery Limited (ABL) has increased resulting in a reversal of impairment of Rs.1,032 million whereas the recoverable amount of Atlas Metals (Private) Limited have further declined resulting in charge of impairment amounting to Rs.301.67 million.

10.2 Investment in associates

	Note	2020	2019
		-------- Rupees in '000 ------	
Listed shares - at fair value through other comprehensive income	10.2.1	**8,351,414**	6,395,506
Unlisted shares - at cost	10.2.3	**8,844**	8,824
		8,360,258	6,404,330

10.2.1 Listed shares - at fair value through other comprehensive income

2020	2019	Name of Company	2020		2019	
Number of shares			Cost	Fair value	Cost	Fair value
			------------------------ Rupees in '000			
43,119,650	43,119,650	Honda Atlas Cars (Pakistan) Limited Fully paid ordinary shares of Rs.10 each holding: 30.20% (2019: 30.20%)	**11,808,916**	**8,351,414**	11,808,916	6,395,506
			11,808,916	**8,351,414**	11,808,916	6,395,506

10.2.2 Unlisted shares

2020	2019	Name of Company	Cost 2020	Cost 2019
Number of shares			-------- Rupees in '000 -------	
882,400	882,400	Honda Atlas Power Product (Private) Limited Fully paid ordinary shares of Rs.10 each Holding: 20% (2019: 20%) Break-up value: Rs.45.94 (2019: Rs.53.70) per share	8,824	8,824
2,000	-	Zhenfa Pakistan New Energy Company (Private) Limited Fully paid ordinary shares of Rs.10 each Holding: 20% (2019: Nil %) Break-up value: Rs.9.81 (2019: Rs.Nil) per share	20	-
			8,844	8,824

10.2.2.1 During the year, the Company acquired 2,000 shares of Zhenfa Pakistan New Energy Company (Private) Limited (ZPL) (20% paid-up shares) from Zhenfa group. Zhenfa was incorporated as a limited by share company on September 04, 2014, under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) with an authorized share capital of Rs.100,000 having license granted by NEPRA on July 10, 2017 expiring on March 24, 2043 for operating a 100 MW solar power project at Layyah, Punjab.

10.3 Investment in joint venture

2020	2019	Name of Company Unlisted shares	Note	Cost 2020	Cost 2019
Number of shares				-------- Rupees in '000 -------	
10,765,000	10,765,000	Madian Hydro Power Limited Fully paid ordinary shares of Rs.10 each Holding: 50.00% (2019: 50.00%)	10.3.1	107,650	107,650
		Less: Provision for impairment		(107,650)	(107,650)
				-	-

10.3.1 Madian Hydro Power limited (MHPL) is a joint venture of the Company and Cherat Cement Company Limited. The project is formed to build, operate and maintain hydro power generation plant at Madian over River Swat for the generation and supply of electric power.

MHPL had completed technical feasibility of the project in 2009, which was approved by Private Power and Infrastructure Board (PPIB). Due to security situation in Swat, MHPL sought for an indefinite extension from PPIB for further post feasibility study deadlines applicable to the project. The PPIB's response to the request is still awaited. Some foreign investors have shown their interest in becoming part of this project, but nothing has materialised yet. In view of considerable delays associated with starting the project activities and the aforesaid uncertain situation, the management has assessed that the carrying value of the investment is impaired and, accordingly, provision for impairment had been made in these financial statements.

10.4 Investment in other related party - at fair value through other comprehensive income

2020	2019	Un-Listed shares	Cost 2020	Cost 2019
Number of Shares			-------- Rupees in '000 -------	
5,661,524	5,661,524	Techlogix International Limited Fully paid ordinary shares of US$ 0.0001468 each Percentage of holding: 5.56% (2019: 5.56%)	64,748	64,748.00
		Less: Provision for impairment	(64,748)	(64,748.00)
			-	-

10.5 Movement in provision for impairment

	2020	2019
Opening balance	2,452,226	-
Charge for the year	301,666	2,452,226
Reversal for the year	(1,032,509)	-
Closing balance	1,721,383	2,452,226

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11. LOANS TO STAFF - secured, considered good

	Note	2020	2019
		------- Rupees in '000 -------	
Executive Director	11.1	-	-
Executives	11.2 & 11.3	1,728	1,033
Other employees	11.4	1,223	1,021
		2,951	2,054
Current portion of long term loans	12	(1,991)	(1,398)
		960	656

11.1 Loan to executive director

	2020	2019
Opening balance	-	-
Disbursements	45,114	56,604
Repayments	(45,114)	(56,604)
Closing balance	-	-

11.1.1 During the year, the Company provided loan to executive director for the purpose of house maintenance and personal needs. The loan was repaid fully during the year.

11.2 Executives - personal loans

	2020	2019
	------- Rupees in '000 -------	
Opening balance	1,033	4,277
Disbursements	2,588	1,705
Repayments	(1,893)	(4,949)
Closing balance	1,728	1,033

11.3 Represents interest free staff personal loan provided to executives of the Company repayable in equal monthly installments within a maximum remaining period of eighteen months. These loans are secured against provident fund balances and salaries.

11.4 Represents loans provided to employees of the Company in the form of staff personal loan and motor vehicle loan. Staff personal loans and motor vehicle loans are interest free and repayable in equal monthly installments within a maximum remaining period of sixteen months and forty eight months respectively. These loans are secured against respective retirement benefits of the employees.

12. LOANS AND ADVANCES

	Note	2020	2019
		------ Rupees in '000 -------	
Loans - secured, considered good			
Current portion of long term loans	11	1,991	1,398
Loan to a related party	12.1	500,000	-
Less: Provision for expected credit loss		(125,018)	-
		374,982	-
Advances to related parties			
unsecured - considered good			
Other advances	12.2	5,684	15,370
		382,657	16,768

12.1 This represents interest free and unsecured loan given to Atlas Metals (Private) Limited, which is repayable on demand.

12.2 This include advance to Honda Atlas Cars Pakistan Limited (associated company) of Rs.1.12 million (2019: Rs.13.281 million). The maximum aggregate amount of advance to related parties at the end of any month during the year was Rs.1.13 million (2019: Rs.6.328 million). These are neither past due nor impaired, aged 0-90 days.

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13. PREPAYMENTS AND OTHER RECEIVABLES

	Note	2020	2019
		------- Rupees in '000 -------	
Prepayments		91	5,981
Advance against shares	13.1	43,000	33,858
Dividend receivables			
- associates		-	84,451
- other related parties		442,381	6,204
Rent receivable from Shirazi Trading Company (Private) Limited - a subsidiary company		-	3,000
Other receivables			
Receivable from Suroor Investments Limited	13.2	102,579	102,579
Receivable against sale of shares		79,692	-
Receivable from Atlas Power Limited - a subsidiary company	13.3	153,110	153,110
		335,381	255,689
Less: Provision against other receivables		(102,968)	(102,579)
	13.4	717,885	286,604

13.1 This represents advance against subscription of right shares amounting to Rs.43 million paid to Atlas Energy Limited (a wholly owned subsidiary).

13.2 Represents the balance of the sale consideration in respect of sale of shares of Atlas Bank Limited (merged with Summit Bank Limited) which has been fully provided.

13.3 This represents amount due from Atlas Power Limited (APL), a subsidiary company, on account of the reimbursement of withholding tax deducted on dividend income pertaining to APL. As per the decision of National Electric Power Regulatory Authority (NEPRA) dated May 19, 2010, the actual withholding tax on dividend paid by APL will be reimbursed by the power purchaser to APL for onward transfer to the Company.

13.4 Receivables from related parties are neither past due nor impaired, aged 0-90 days except receivable from Atlas Power Limited - a subsidiary company aged more than one year (see note 13.3).

14. SHORT TERM INVESTMENTS

	Note	2020	2019
		------- Rupees in '000 -------	
Investment in listed shares - at fair value through other comprehensive income	14.1	2,076,744	1,193,143
Investment in mutual funds - at fair value through profit or loss			
- associates	14.2	4,975,878	4,772,198
- other related parties	14.3	1,226,728	1,253,688
		8,279,350	7,219,028

14.1 Investment in listed shares - at fair value through other comprehensive income

2020	2019	Name of Company	Note	2020		2019	
Number of shares				Cost	Fair value	Cost	Fair value
				------ Rupees in '000 ------			
-	166,175	Pakistan Petroleum Limited		-	-	24,958	24,001
603,935	714,965	The Hub Power Company Limited		62,367	43,785	73,832	56,303
-	208,500	Oil and Gas Development Company Limited		-	-	32,917	27,416
970,880	1,260,980	Habib Bank Limited		182,514	94,049	237,049	142,819
903,591	903,591	Meezan Bank Limited		52,085	62,212	52,085	78,757
11,036,936	5,043,533	Cherat Cement Company Limited		753,107	962,090	569,079	156,148
3,044,150	3,657,650	Bank Alfalah Limited		128,968	102,192	154,959	159,437
1,303,900	1,303,900	United Bank Limited		228,800	134,771	228,800	192,169
13,177	367,290	Engro Corporation Limited		3,443	3,860	95,979	97,552
744,400	894,400	International Steels Limited		85,125	38,448	102,278	35,517
3,458,934	2,319,434	Systems Limited		178,280	635,337	10,731	222,596
-	900	Archroma Pakistan Limited		-	-	425	428
			14.1.1	1,674,689	2,076,744	1,583,092	1,193,143

14.1.1 This includes shares which have been pledged with various banks as per the respective financing facility agreements.

14.2 Investment in mutual funds - at fair value through profit or loss - associates

2020 Number of units	2019 Number of units	Name of Mutual Fund	2020 Carrying value	2020 Fair value	2019 Carrying value	2019 Fair value
			Rupees in '000			
3,921,763	3,919,710	Atlas Income Fund Holding: 54.83% (2019: 67.34%)	**2,011,047**	**2,037,473**	2,093,838	2,011,047
4,729,966	4,539,013	Atlas Stock Market Fund Holding: 35.72% (2019: 45.35%)	**2,378,116**	**2,444,021**	2,812,345	2,288,117
198,079	198,079	Atlas Aggressive Allocation Islamic Plan Holding: 94.67% (2019: 94.62%)	**87,929**	**94,672**	99,039	87,925
199,639	199,639	Atlas Conservative Allocation Islamic Plan Holding: 81.39% (2019: 81.81%)	**98,887**	**103,369**	99,820	98,887
199,471	199,471	Atlas Moderate Allocation Islamic Plan Holding: 87.44% (2019: 89.89%)	**92,844**	**98,808**	99,735	92,844
396,267	396,267	Atlas Islamic Capital Preservation Plan Holding: 43.32% (2019: 44.88%)	**193,378**	**197,535**	200,000	193,378
			4,862,202	**4,975,878**	5,404,777	4,772,198

14.3 Investment in mutual funds - at fair value through profit or loss - other related parties

2020 Number of units	2019 Number of units	Name of Mutual Fund	2020 Carrying Value	2020 Fair value	2019 Carrying Value	2019 Fair value
			Rupees in '000			
3,983	3,950	Atlas Islamic Income Fund Holding: 0.09% (2019: .14%)	**1,989**	**2,011**	2,071	1,989
2,908,836	7,495,151	Atlas Sovereign Fund Holding: 14.07% (2019: 32.68%)	**289,859**	**293,647**	759,276	751,538
442,192	-	Atlas Islamic Stock Fund Holding: 11.03% (2019: 44.88%)	**180,000**	**201,489**	-	-
1,443,983	994,766	Atlas Money Market Fund Holding: 7.28% (2019: 4.89)	**726,368**	**729,581**	501,788	500,160
			1,198,217	**1,226,728**	1,263,135	1,253,688

14.4 Unrealised loss on remeasurement of investments at fair value through profit or loss	Note	2020	2019
		Rupees in '000	
Market value of investment	14.2 & 14.3	**6,202,606**	6,025,885
Carrying value of investments	14.2 & 14.3	**(6,060,419)**	(6,667,912)
		142,187	(642,027)

15. BANK BALANCES

Cash at bank	Note	2020	2019
In PLS savings account	15.1	**582**	1,693
In current accounts		**1,370**	8,760
Less: Provision for expected credit loss		**(8)**	-
		1,944	10,453

15.1 The rate of return on PLS saving account is 7.50% to 11.30% (2019: 8.25% to 10.25%) per annum.

16. ISSUED, SUBSCRIBED AND PAID-UP-CAPITAL

Authorised capital

2020	2019		2020	2019
------ Number of shares ------			--------- Rupees in '000 ---------	
240,000,000	240,000,000	Ordinary shares of Rs.10 each	**2,400,000**	2,400,000

Issued, subscribed and paid-up capital

91,220,000	91,220,000	Ordinary shares of Rs.10 each fully paid in cash	**912,200**	912,200
50,000	50,000	Ordinary shares of Rs.10 each issued for consideration other than cash	**500**	500
27,450,000	27,450,000	Ordinary shares of Rs.10 each issued as fully paid bonus shares	**274,500**	274,500
101,392,439	101,392,439	Ordinary shares of Rs.10 each issued as fully paid in pursuant of amalgamation	**1,013,924**	1,013,924
220,112,439	220,112,439		**2,201,124**	2,201,124

16.1 As at year end, the shares held by Directors and Iftikhar Shirazi Family Trust were 165.084 million (2019: 165.084 million) and 55.028 million (2019: 55.028 million) respectively.

16.2 There is only one class of ordinary shares. Voting rights, board selection, right of first refusal and block voting are in proportion to their shareholding.

17. LONG TERM DEPOSITS	Note	2020	2019
		--------- Rupees in '000 ---------	
Deposits from employees	17.1	**4,477**	4,117

17.1 Represents deposits from employees under Company's vehicle scheme. This include Rs.1.34 million (2019: Rs. 0.689 million) deposits from key management personnel of the Company.

18. LONG-TERM FINANCING - GOVERNMENT GRANT

Represents financing obtained from a commercial bank under the refinance scheme for payment of wages and salaries introduced by State Bank of Pakistan carrying mark-up at the rate of 1% per annum. The loan along with the markup is repayable in 8 equal quarterly installments commencing from January 2021. The facility is secured by way of EM charge on various properties of PKR 2,000 million. The total facility of the loan amounted to Rs.62.5 million (2019: Rs.Nil) out of which Rs.2.3 million (2019: Rs.Nil) remained unutilized as at the statement of financial position date.

This loan is initially recorded at present value discounted at the effective interest rate i.e. 1 month KIBOR + 0.5% and the difference of the actual proceeds and present value is recognized as a deferred income - government grant. The purpose of the government grant is to facilitate the Company in making timely payments of salaries and wages to their employees in light of the COVID-19 pandemic. The grant is conditional upon the fact that the Company would not lay off, terminate employee or other wise dismiss any employee for a period of atleast three months from the date of receipt of the first tranche, except in the event of disciplinary action. The maturity analysis of the financing under refinance scheme for salaries and wages is as follows:

	Note	2020	2019
		--------- Rupees in '000 ---------	
Not later than one year		15,068	-
Later than one year and not later than five years		39,272	-
		54,340	-
Current maturity shown under current liabilities		(15,068)	-
		39,272	-

19. DEFERRED INCOME - GOVERNMENT GRANT

Balance at beginning of the year	-	-
Recognized during the year	6,874	-
Amortization of deferred income - government grant	(943)	-
Balance at end of the year	5,931	-
Less: Current portion of deferred income - government grant	(1,595)	-
	4,336	-

20. DEFERRED LIABILITIES

	Note	2020	2019
Provision for compensated absences	20.1	60,356	41,468
Provision for long service award		14,562	10,884
	20.2	74,918	52,352

20.1 The provision is made in accordance with the actuarial recommendations. The latest actuarial valuation was carried out as of June 30, 2020.

20.2 This include provision amounting to Rs.33.486 million (2019: Rs.9.936 million) for key management personnel of the Company.

21. LEASE LIABILITIES

	Note	2020	2019
		--------- Rupees in '000 ---------	
Lease liabilities		313,731	-
Current portion of lease liabilities		(41,588)	-
		272,143	-

21.1 Reconciliation of the carrying amount is as follows:

	Note	2020	2019
Initial application of IFRS 16 on July 01, 2019	3.1	334,694	-
Additions during the year		-	-
Accretion of interest	33	34,389	-
Lease rental payments made during the year		(55,352)	-
Lease Liability as at June 30, 2020		313,731	-
Current portion of lease liabilities		(41,588)	-
Long-term lease liabilities as at June 30, 2020		272,143	-

21 Maturity analysis

Gross lease liabilities - minimum lease payments:		
Not later than one year	347,441	-
Later than one year but not later than five years	66,466	-
	413,907	-
Future finance charge	(100,176)	-
Present value of finance lease liabilities	313,731	-

	Note	2020	2019
		--------- Rupees in '000 ---------	
22. DEFERRED TAXATION - net			
Deferred tax liability arising on			
- Accelerated tax depreciation		17	7
- Net Investment in Finance lease		25	-
- Right of use asset		107	-
		149	7
Less: Deferred tax asset arising on			
- Lease liabilities		(140)	-
- Employee retirement benefits		(48)	(17)
- Alternative Corporate Tax over and above Normal Tax Regime u/s 113C		(378,949)	-
- Unrealised loss on investment - at fair value through OCI		118,801	(47,993)
Deferred tax (asset) / liability - net	22.1	(260,187)	(48,003)

22.1 The movement in the deferred tax liability during the year is as under:

	2020	2019
Balance at beginning of the year	(48,003)	18,211
Deferred tax recognized on unrealised loss on investment - at fair value through OCI	166,794	(65,631)
Alternative Corporate Tax over and above Normal Tax Regime u/s 113C	(378,949)	-
Reversal during the year	(20)	(583)
Balance at end of the year	(260,179)	(48,003)

23. TRADE AND OTHER PAYABLES

	Note	2020	2019
Accrued liabilities	23.1	4,040	4,141
Advance against liquidation of subsidiary company	23.2	57,710	57,710
		61,750	61,851

23.1 Accrued liabilities

	2020	2019
Accrued expenses	1,454	1,781
Accrual for audit fee	2,586	2,360
	4,040	4,141

23.2 This represent proceeds on liquidation of Atlas Services Limited - subsidiary company from liquidator (see note 10.1.3), which has been recorded as liability, as the subsidiary company is not legally disolved, as per section 359 of the Act, as of the year end.

24. SHORT TERM BORROWINGS

This represent running finance facilities utilised under mark-up arrangements from various commercial bank and are secured by way of first equitable mortgage on land and properties, first hypothecation charge and assignment of receivables, pledge of shares and mutual funds. The rate of mark-up on these finances ranges from 3 months KIBOR plus 0.25% to 3 months KIBOR plus 0.75% per annum and 1 month KIBOR plus 0.50% (2019: 3 months KIBOR plus 0.05% to 3 months KIBOR plus 0.75%). These facilities expire on various dates, latest by December 31, 2020. The aggregate facilities from various banks amounted to Rs.4,860 million (2019: Rs.4,200 million) of which Rs.2,259 million (Rs. 2270 million) remain unutilised as at the reporting date.

25. PAYABLE TO STAFF GRATUITY FUND

25.1 Reconciliation of obligations as at year end

	2020	2019
Present value of defined benefit obligation	158,348	183,249
Fair value of plan assets	(154,406)	(142,295)
	3,942	40,954
Payable to Group Companies		861
Net liability at year end	3,942	41,815
Net liability at beginning of the year	41,815	17,446
Charge for the year	12,326	8,632
Total amount of remeasurements recognised in Other Comprehensive Income	(22,316)	33,183
Contributions	-	(17,446)
Net liability at end of the year	31,825	41,815

25.2 Charge for the year

	2020	2019
Current service costs	6,810	5,145
Past service costs	-	485
Interest costs	25,752	12,155
Expected return on assets	(20,236)	(9,153)
Charge for the year	12,326	8,632

	2020	2019
	Rupees in '000	
25.3 Movement in defined benefit obligation		
Present value of defined benefit obligation at beginning of the year	**183,249**	135,372
Current service cost	**6,810**	5,630
Interest cost	**25,752**	12,155
Liability recognised in respect of transfers	**(27,640)**	5,852
Actuarial (gain) / loss	**(23,543)**	27,725
Benefits paid during the year	**(6,280)**	(3,485)
Present value of defined benefit obligation at year end	**158,348**	183,249

25.4 Movement in fair value of plan assets

	2020	2019
Fair value of plan assets at beginning of the year	**142,295**	83,903
Expected return on plan assets	**20,236**	9,153
Contributions made by the Company	**-**	17,446
Benefits paid during the year	**(6,280)**	(3,485)
Transfer of assets to / (from) group companies	**(618)**	40,736
Actuarial loss	**(1,227)**	(5,458)
Fair value of plan assets at year end	**154,406**	142,295

25.5 The principal assumptions used in the actuarial valuations carried out as of June 30, 2020 using the 'Projected Unit Credit' method are as follows:

	Gratuity Fund	
	2020	2019
Rate of salary increase (per annum)	**10%**	12%
Rate of return (per annum)	**3.32%**	3.32%
Discount rate (per annum)	**8.50%**	14.25%

	2020	2019
	Rupees in '000	
25.6 Actual return on plan assets	**19,009**	3,695

25.7 Plan assets comprise the following:

	2020		2019	
	Rs. in '000	%	Rs. in '000	%
Debt	**82,213**	**53.24**	82,080	57.68
Others	**72,194**	**46.76**	60,215	42.32
	154,407		142,295	

25.8 The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy.

25.9 Comparison for five years:

	2020	2019	2018	2017	2016
	Rupees in '000				
Present value of defined benefit obligation	**158,348**	183,249	135,372	(82,036)	(80,979)
Fair value of plan assets	**(154,407)**	(142,295)	(83,903)	81,916	71,682
Surplus / (deficit)	**3,941**	40,954	51,469	(120)	(9,297)
Experience adjustments:					
Loss / (gain) on plan liabilities	**(23,543)**	27,725	9,314	255	602
(Loss) / gain on plan assets	**(1,227)**	(5,485)	(4,217)	4,133	4,133

	Note	2020	2019
		---------- Rupees in '000 ----------	
26. CONTINGENCIES AND COMMITMENTS			
26.1 Contingencies			
Cross corporate guarantee in favour of related parties to a foreign commercial bank		960,773	915,044
26.2 Commitments			
Commitments in respect of office rent expense	26.2.1	66,196	43,136

26.2.1 This includes the rent to be paid under the agreement till June 30, 2021.

	Note	2020	2019
27. DIVIDEND INCOME			
Subsidiary companies:			
Atlas Power Limited		-	501,250
Atlas Honda Limited		975,972	1,084,414
Atlas Battery Limited		-	102,417
Atlas Insurance Limited		406,961	369,965
Atlas Autos (Private) Limited		-	1,000,000
Atlas Engineering (Private) Limited		-	23,686
Atlas Venture Limited		25,078	21,778
Shirazi Trading Company (Private) Limited		55,000	-
Atlas Services Limited		-	4,617
		1,463,011	3,108,127
Associated companies / mutual funds:			
Honda Atlas Cars (Pakistan) Limited		-	523,904
Atlas Income Fund		-	277,012
Atlas Income Fund		303,895	-
Atlas Aggrressive Allocation Islamic Plan		2,080	-
Atlas Conservative Allocation Islamic Plan		7,387	-
Atlas Moderate Allocation Islamic Plan		4,189	-
Atlas Islamic Capital Preservation Plan		15,454	-
Atlas Sovereign Fund		-	26,933
		333,005	827,849
Other Companies		63,194	70,429
Mutual Funds			
Atlas Islamic Income Fund - a related party		229	2,943
Atlas Money Market Fund - a related party		74,489	60,463
Atlas Soverign Fund - a related party		50,905	-
Atlas Islamic Stock Fund - a related party		2,874	-
Atlas Stock Market Fund - a related party		49,664	-
Lakson Income Fund		-	4,197
		178,161	67,603
		2,037,371	4,074,008
28. INCOME ON LOANS, ADVANCES AND BANK BALANCES			
Interest on PLS saving accounts		1,687	1,226
Interest income on loan to director	28.1	978	1,351
Other income		944	110
		3,609	2,687

28.1 This represent mark-up on loan to executive director ranging from 12.08% to 13.78% (see note 11.1).

	Note	2020	2019
29. CAPITAL GAIN / (LOSS) ON SALE OF INVESTMENTS - net			
Quoted ordinary shares		(7,391)	-
Open ended mutual funds		39,685	(15,195)
		32,294	(15,195)
30. RENTAL INCOME			
Rental income from investment properties			
Warehouse building - on freehold land		156,905	145,384
Warehouse building - on leasehold land		63,059	89,425
Building - leasehold		51,800	49,889
		271,764	284,698

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	Note	2020	2019
		---------- Rupees in '000 ----------	
31. OTHER INCOME			
Reversal of provision for impairment - net	10.5	730,843	-
Interest income from net investment in finance lease		5,917	-
Gain on sub-lease		6,292	-
		743,052	-
32. ADMINISTRATIVE EXPENSES			
Salaries and benefits	32.1	363,135	424,103
Rent, rates and taxes		19,326	58,074
Travelling, conveyance and entertainment		17,605	19,565
Printing and stationery		4,151	5,207
Gas, water and electricity		13,166	12,176
Motor vehicle expense		12,136	13,305
Legal and professional		13,566	7,507
Auditor's remuneration	32.2	2,692	2,360
Insurance		23,373	23,336
Fee and subscription		12,493	11,502
Repairs and maintenance		30,968	60,379
Depreciation on:			
- Operating fixed assets	6.1	29,555	32,057
- Right of use assets	6.3	47,628	
- Investment properties	9	73,087	61,732
Amortisation on intangible assets	8	276	392
Postage, telephone and telegrams		5,370	6,827
Newspapers and periodicals		494	592
Staff training		2,406	2,520
Internet charges		7,052	8,601
Security guard services		3,702	3,423
Loss on sale of property and equipment		-	14
Registration fees for incorporation - Atlas Trading (Private) Limited		-	2,011
Stamp duty fees on transfer of shares		250	8,250
Others		1,092	3,174
		683,523	767,107

32.1 Salaries and benefits include Rs.12.32 million (2019: Rs.17.625 million) in respect of employees retirement benefits.

32.2 Auditor's remuneration

	2020	2019
Annual audit fee	900	775
Audit fee for provident and gratuity funds	140	120
Audit fee for consolidated and special purpose financial statements	1,175	1,025
Sindh Sales tax	177	154
Out of pocket and other expenses	300	286
	2,692	2,360

33. FINANCE COSTS

	Note	2020	2019
Interest / mark-up on short term borrowings	33.1	317,869	191,907
Markup on long term financing - government grant		943	-
Interest expense on lease liability		34,389	-
Bank and other charges		747	293
		353,948	192,200

33.1 These represent mark-up on short-term borrowings obtained from various banks which carried mark-up ranging from 8.83% to 11.94%.

	2020	2019
	---------- Rupees in '000 ----------	
34. TAXATION		
Current	347,891	577,240
Prior	10,640	(148,270)
	358,531	428,970
Deferred	(66,062)	(583)
	292,469	428,387

34.1 The income tax assessments of the Company have been finalised up to and including the Tax Year 2020 being deemed to be assessment under provision of the Income Tax Ordinance, 2001.

34.2 The relationship between income tax expense and accounting loss has not been presented in the financial statements as the provision for taxation has mainly been made on the basis of Final Tax Regime (FTR).

34.3 The Company has opted for group taxation under section 59AA of the Income Tax Ordinance, 2001 whereby the Company and its subsidiaries - Shirazi Trading Company (Private) Limited, Atlas Autos (Private) Limited, Atlas Engineering (Private) Limited, Atlas Asset Management and Atlas Metals (Private) Limited shall be taxed as one fiscal unit. The provision for taxation is made on the same basis in the financial statements.

34.4 For the tax year 2010, the Company filed its return of income claiming exemption on dividend income from wholly-owned subsidiary under clause (103A) of Part I of the First Schedule to the Ordinance amounting to Rs.475 million and claiming a refund of Rs.38.013 million.

The tax authorities disallowed the aforesaid claim of exemption. Further, certain additions out of administrative and financial expenses were made. Accordingly, a tax demand of Rs.30.422 million was raised.

The company filed an appeal before the Commissioner Inland Revenue (Appeals) [CIR(A)] pursuant to which the CIR(A) allowed the above claim of exemption on inter-corporate dividend. As per appeal affect order, a refund of Rs.33.426 million was assessed.

The tax department filed further appeal before the Appellate Tribunal Inland Revenue (ATIR) against the order of the CIR(A) pursuant to which the ATIR decided the matter against the company. Against the order of the ATIR, the company has filed a reference application before the High Court of Sindh, which is pending adjudication. The management of the Company is confident that the matter will be decided in favor of the Company.

34.5 For tax year 2011, the Company filed its return of income claiming exemption on dividend income from wholly-owned subsidiary under clause (103A) of Part I of the First Schedule to the Ordinance amounting to Rs.450 million and claiming a refund of Rs.61.863 million.

The tax authorities disallowed the aforesaid claim of exemption. Further, certain additions out of administrative expenses were made. Accordingly, a tax demand of Rs.10.045 million was raised.

The tax authorities also passed another order u/s 122(5A) whereby minimum tax on service income was levied under section 153 of the Ordinance and a tax demand of Rs.10.698 million was created.

The aforesaid order contained certain errors, accordingly the Company filed a rectification application against the above order. The order was duly rectified and a refund of Rs.9.173 million was assessed.

34.6 For tax year 2012, the Company filed its return of income under Group Taxation in terms of Section 59AA of the Ordinance with its wholly owned subsidiaries namely Shirazi Trading Company (Private) Limited, claiming a refund of Rs.7.374 million.

The tax authorities passed an order under section 122(5A) whereby certain additions out of administrative expenses were made. Accordingly, a tax demand of Rs.6.144 million was created which was adjusted against refund for the TY 2010.

The Company did not prefer an appeal against the above order.

34.7 For tax year 2013, the Company filed its return of income under Group Taxation in terms of Section 59AA of the Ordinance with its wholly owned subsidiaries namely Shirazi Trading Company (Private) Limited and Atlas autos (Private) Limited.

The tax authorities passed an order under section 122(5A) whereby certain additions were made and a tax demand of Rs.2.436 million was created which was duly paid by the Company. Further, the Company did not prefer an appeal against the above order.

34.8 For tax year 2014, the Company filed its return of income under Group Taxation in terms of Section 59AA of the Ordinance with its wholly owned subsidiaries namely Shirazi Trading Company (Private) Limited, Atlas Autos (Private) Limited and Atlas Asset Management Limited claiming a tax refund of Rs.9.717 million. The return so filed is deemed to be an assessment order in terms of section 120 of the Ordinance.

34.9 For tax year 2015, The Company filed its return of income under Group Taxation in terms of Section 59AA of the Ordinance with its wholly-owned subsidiaries namely Shirazi Trading Company (Private) Limited (STC), Atlas Autos (Private) Limited (AAL) and Atlas Asset Management Limited.

The tax authorities passed an order under section 122(5A) whereby certain additions were made and tax refundable was curtailed to Rs.47.054 million.

The Company along with its wholly-owned subsidiaries also filed a suit against levy of super tax for the above year before the High Court of Sindh. In July 2020, the honorable High Court of Sindh has dismiss the suit and accordingly, the Super Tax is payable. However, the Company has filed an appeal with Supreme Court of Pakistan.

The Company has made payment of the super tax for the above tax year.

34.10 For tax year 2016, the Company filed its return of income under Group Taxation in terms of Section 59AA of the Ordinance with its wholly-owned subsidiaries namely Shirazi Trading Company (Private) Limited (STC), Atlas Autos (Private) Limited (AAL) and Atlas Asset Management Limited.

The tax authorities passed an order under section 122(5A) whereby certain additions were made creating a tax demand of Rs.7.979. The company filed an appeal with the Commissioner Inland Revenue (Appeals), Karachi. Persuant to the above, the CIR(A) passed an order whereby certain disallowances were confirmed. The Commissioner has filed further appeal before the ATIR which is pending adjudication.

The Company along with its wholly-owned subsidiaries also filed a suit against levy of super tax for the above year before the High Court of Sindh. The suit is pending for adjucation.

Based on the judgment of the Supreme Court of Pakistan for the purpose of maintainability of the above suit, the Company has paid 50% of the Super Tax liability.

As a matter of prudence, the Company has recorded provision in respect of the remaining super tax liability for the year.

34.11 For tax year 2017, the Company filed its return of income under Group Taxation in terms of Section 59AA of the Ordinance with its wholly-owned subsidiaries namely Shirazi Trading Company (Private) Limited (STC), Atlas Autos (Private) Limited (AAL) and Atlas Asset Management Limited which is deemed to be an assessment order under section 120 of the Ordinance.

The Company along with its wholly-owned subsidiaries also filed a suit against levy of super tax for the above year before the High Court of Sindh. In July 2020, the honorable High Court of Sindh has dismiss the suit and accordingly, the Super Tax is payable. However, the Company has filed an appeal with Supreme Court of Pakistan.

Based on the judgment of the Supreme Court of Pakistan for the purpose of maintainability of the above suit, the Company has paid 50% of the Super Tax liability.

As a matter of prudence, the Company has recorded provision in respect of the remaining super tax liability for the year.

34.12 For tax year 2018, the Company filed its return of income under Group Taxation in terms of Section 59AA of the Ordinance with its wholly-owned subsidiaries namely Shirazi Trading Company (Pvt) Limited (STC), Atlas Autos (Private) Limited (AAL), Atlas Engineering (Private) Limited and Atlas Asset Management Limited. The return so filed is deemed to be an assessment order in terms of section 120 of the Ordinance.

The tax authorities issued notice for payment of super tax for the above tax year. The Company along with its subsidiaries has filed a constitutional petition before the High Court of Sindh against the aforesaid levy. In July 2020, the honorable High Court of Sindh, dismissed the petition. Accordingly, the Super Tax has been demanded by the Inland Revenue authorities. The Company has filed an appeal with Supreme Court of Pakistan.

As a matter of prudence, the Company has recorded provision in respect of the super tax liability for the year.

34.13 For tax year 2019, the Company filed its return of income under Group Taxation in terms of Section 59AA of the Ordinance with its wholly-owned subsidiaries namely Shirazi Trading Company (Pvt) Limited (STC), Atlas Autos (Private) Limited (AAL), Atlas Engineering (Private) Limited, Atlas Metals (Private) Limited and Atlas Asset Management Limited. The tax authorities has passed an amended assessment order for the above tax year and the company is in the process of filing an [illegible]

The tax authorities issued notice for payment of super tax for the above tax year. The Company along with its subsidiaries has filed a constitutional petition before the High Court of Sindh against the aforesaid levy. In July 2020, the honorable High Court of Sindh, dismissed the petition. Accordingly, the Super Tax has been demanded by the Inland Revenue authorities. The Company has filed an appeal with Supreme Court of Pakistan.

As a matter of prudence, the Company has recorded provision in respect of the super tax liability for the year.

35. EARNINGS PER SHARE - BASIC AND DILUTED

	2020	2019
	---------- Rupees in '000 ----------	
Profit after tax for the year	1,775,867	82
	(Number of shares in '000)	
Weighted average number of shares of Rs.10 each	220,112	220,112
	------------- Rupees --------------	
Earnings per share - basic and diluted	8.07	0.00

35.1 No figure for diluted earnings per share has been presented as the Company has not issued any instrument which would have an impact on earnings per share when exercised.

36. CASH FLOWS FROM OPERATIONS

	2020	2019
	---------- Rupees in '000 ----------	
Profit before taxation	2,068,336	428,469
Less: Dividend income	2,037,371	4,074,008
Adjustments for:		
Depreciation	102,919	93,789
Amortisation	276	392
Increase / (decrease) in provision for employees compensated absences	18,888	(20,492)
Provision for long service award	3,678	3,159
Provision for staff gratuity fund	12,326	8,632
Provision for impairment	-	2,452,226
Other income	(743,052)	-
Financial charges	353,948	192,200
Net (gain) / loss on sale of investments	(32,294)	15,195
Gain on sale of investment property	-	(115,339)
Net loss on sale of property and equipment	-	14
Net unrealized (gain) / loss on remeasurement of investments	(142,187)	642,027
	(425,498)	3,271,803
Increase in loans and advances	(365,889)	(3,989)
Increase in deposits, prepayments and other receivables	(79,555)	(74,077)
Decrease in trade and other payables	(101)	(76,025)
(Decrease) /Increase in due to associated companies	(4,099)	16,466
	(844,176)	(511,361)

37. REMUNERATION OF KEY MANAGEMENT PERSONNEL

	2020			
	Chief Executive	Directors	Executives	Total
	Rupees in '000			
Managerial remuneration	11,996	43,119	145,485	200,601
Bonus	1,749	4,317	21,286	27,353
Medical expenses	113	-	4,783	4,896
Retirement benefits	817	2,689	7,976	11,482
	14,675	50,125	179,530	244,332
Number of persons	1	3	26	30

	2019			
	Chief Executive	Directors	Executives	Total
	Rupees in '000			
Managerial remuneration	12,628	74,327	186,076	273,030
Bonus	5,907	29,155	81,256	116,318
Medical expenses	139	-	3,852	3,991
Retirement benefits	817	3,884	7,988	12,689
	19,491	107,366	279,172	406,029
Number of persons	1	3	26	30

37.1 Executive means any employee whose basic salary exceeds Rs.1.2 million per annum.

38. TRANSACTIONS WITH RELATED PARTIES

38.1 Related parties comprise of group companies, staff retirement funds, key management personnel and major shareholders of the Company.

38.2 Following are the related parties with whom the Company had entered into transactions during the year or have arrangement / agreement in place:

Name of Related parties	Percentage of shareholding	Relationship
Atlas Honda Limited	52.43%	Subsidiary Company
Atlas Battery Limited	58.86%	Subsidiary Company
Atlas Insurance Limited	75.33%	Subsidiary Company
Atlas Power Limited	84.60%	Subsidiary Company
Atlas Asset Management Limited	100.00%	Subsidiary Company
Shirazi Trading Company (Private) Limited	100.00%	Subsidiary Company
Atlas Engineering (Private) Limited	100.00%	Subsidiary Company
Atlas Autos (Private) Limited	100.00%	Subsidiary Company
Atlas Energy Limited	100.00%	Subsidiary Company
Atlas Services Limited	0.00%	Subsidiary Company
Atlas Venture Limited*	100.00%	Subsidiary Company
Atlas Metals (Private) Limited	100.00%	Subsidiary Company
Atlas Global FZE**	49.00%	Sub subsidiary Company
Atlas World Wide General Trading LLC***	60.85%	Sub subsidiary Company
Honda Atlas Cars Pakistan Limited	30.20%	Associated Company
Atlas Income Fund	54.83%	Associated mutual fund
Atlas Stock Market Fund	35.72%	Associated mutual fund

Name of Related parties	Percentage of shareholding	Relationship
Atlas Sovereign Fund	14.07%	Associated mutual fund
Atlas Islamic Income Fund	0.09%	Fund managed by Subsidiary Company
Atlas Money Market Fund	7.28%	Fund managed by Subsidiary Company
Atlas Aggressive Allocation Islamic Plan	94.67%	Associated mutual fund
Atlas Conservative Allocation Islamic Plan	81.39%	Associated mutual fund
Atlas Moderate Allocation Islamic Plan	87.44%	Associated mutual fund
Atlas Islamic Capital Preservation Plan	43.32%	Associated mutual fund
Iftikhar Shirazi Family Trust	25.00%	Substantial Shareholder
Atlas Foundation	N/A	Common Directorship
Yusuf H. Shirazi	0.00%	Chairman
Iftikhar H. Shirazi	0.00%	Executive Directors
Aamir H. Shirazi	25.00%	Executive Directors
Noorullah R. Hassan	N/A	Chief Executive Officer
Irfan Ibrahim	N/A	Chief Financial Officer

* The registered address of Atlas Venture Limited is c/o Sajjad Haider & Co. Chartered Accountants, Office 8A, Dubai Creek Tower, Bani Yas Street Deira, PO Box 3251, Dubai, UAE.

** The registered address of Atlas Global FZE is Office No. 323, Block B, Tech Park Building, Jebel Ali Free Zone, Dubai, United Arab Emirates.

*** The registered address of Atlas World Wide General Trading LLC is Suite No. 311, Nasir Ahmed Nasir Lootah Building, Khalid Bin Al Waleed Road, Dubai, United Arab Emirates.

38.3 The outstanding balances with related parties are disclosed in respective notes to the financial statements. The remuneration of Directors, Chief Executive and Executives are disclosed in note 33. The details of transactions with related parties during the year are as follows:

Nature of relationship	Nature of Transaction	2020	2019
		--------- Rupees in '000 ---------	
Subsidiary companies	Purchase of assets	**4,945**	1,566
	Sale of Assets	**-**	650,000
	Expenses paid on behalf of subsidiaries	**530**	1,387
	Dividend income	**1,463,011**	3,108,127
	Bonus Dividend	**108,441**	-
	Insurance premium paid	**29,317**	22,800
	Rental income / paid	**280,487**	289,173
	Intergroup net tax receipts	**-**	168,935
	Investments made	**30,020**	2,898,980
	Service rendered to the company	**875**	501
	Transfer of fixed assets upon transfer of employee	**6,017**	279
	Sale proceeds from disposal of Investments	**-**	57,709
	Reimbursements	**487**	1,736
	Advance against further issue of shares	**43,000**	30,000
	Payments under group taxation	**96,487**	-
	Sponsors loan	**500,000**	-
Associated companies / mutual fund	Purchase of assets	**3,649**	27,418
	Dividend income	**333,005**	827,849
	Investment made	**764,845**	1,706,945
	Sales proceed on disposal of Investment	**500,000**	950,000
	Interest income	**-**	51

Nature of relationship	Nature of Transaction	2020	2019
		--------- Rupees in '000	--------
Common directorship	Expenses paid on their behalf	-	1,032
	Dividend paid	187,626	247,626
	Funds received against settlement of fixed asse	-	745
	Funds paid against purchase of fixed assets	477	
	Expenses charged	67	200
Key Management Personnel	Loans disbursed during the year	45,114	710
	Loan repaid from director	45,114	1,477
	Interest income on loan to director	978	1,351
Retirement benefit funds	Contribution to gratuity fund	-	17,446
	Contribution to provident fund	16,103	16,112
	Contribution to pension fund	13,822	14,637
Fund managed by Subsidiary Company	Investments made	-	40,944
	Dividend income	74,718	63,406
	Sale proceeds from disposal of Investments	270,000	485,000

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

39.1 The Company's objective in managing risk is the creation and protection of shareholders' value. The Board of Directors of the Company supervises the overall risk management approach within the Company. The Company is exposed to market risk, credit risk and liquidity risk arising from the financial instruments it holds.

39.2 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to tne risk of changes in market interest rates relates primarily to the Company's short term investments, bank deposits in saving accounts and short term borrowings from banks. At the statement of financial position date, the interest rate profile of the Company's interest-bearing financial instruments is as follows:

	2020			
	Interest / mark-up bearing			
	Effective yield / mark-up rate %	Upto six months	More than six months	Total
		------------- (Rupees in '000)	-------------	
Financial assets				
Bank balances	7.5 to 11.3	1,370	-	1,370
Net investment in finance lease	11%	2,147	54,034	56,181
Financial liabilities				
Short term borrowings	11.03 to 11.74	(2,600,915)	-	(2,600,915)
Lease liabilities	11%	(29,457)	(284,274)	(313,731)
Long term financing - government grant	9.65%	(15,068)	(45,202)	(60,270)

	2019			
	Interest / mark-up bearing			
	Effective yield / mark-up rate %	Upto six months	More than six months	Total
		------------- (Rupees in '000)	-------------	
Financial assets				
Bank balances	8.25 to 10.25	8,760	-	8,760
Financial liabilities				
Short term borrowings	11.03 to 11.74	(2,159,592)	-	(2,159,592)

The following table demonstrates the sensitivity of Company's income for the year to a reasonably possible change in interest rates, with all other variables held constant.

	Effect on profit	
	2020	2019
Change in basis point	-------- (Rupees in '000) --------	
+ 100	(29,174)	(21,508)
- 100	29,174	21,508

(ii) Foreign exchange risk

Foreign currency risk is the risk of exposures to movement in foreign exchange rates. Company's risk is limited to the extent of investment in foreign companies and dividend income from such companies. As of the statement of financial position date, the Company is not exposed to such risk.

(iii) Equity price risk

Equity price risk is the risk of volatility in share prices resulting from their dependence on market sentiments, speculative activities, supply and demand for shares and liquidity in the market. The value of investments may fluctuate due to change in business cycles affecting the business of the investee Company, change in business circumstances of the investee Company, its business sector, industry and / or the economy in general. The Company estimates that a 5% increase in the overall equity prices in the market with all other factors remaining constant would increase the Company's equity by Rs.521.408 million (2019: Rs.379.432 million) and a 5% decrease would result in a decrease in the Company's equity by the same amount. However, in practice, the actual results may differ from the sensitivity analysis.

39.3 Liquidity risk

Liquidity risk is defined as the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected.

The table below summarises the maturity profile of the Company's financial liabilities. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity date.

	Within 1 month	Within 1 to 3 months	Within 3 to 12 months	Within 1 to 5 years	More than 5 years	Total
	---------- Rupees in '000 ----------					
2020						
Long term deposits	-	-	-	4,477	-	4,477
Trade and other payables	-	4,040	-	-	-	4,040
Payable to staff gratuity fund	-	-	31,825	-	-	31,825
Short term borrowings	-	-	2,600,915	-	-	2,600,915
Due to associated companies	12,367	-	-	-	-	12,367
Lease liabilities	9,955	7,075	83,369	213,333	-	313,732
Long term financing - government grant	-	-	15,068	39,272	-	54,340
Accrued mark-up	35,310	-	-	-	-	35,310
Total	57,632	11,115	2,731,177	257,082	-	3,057,006

	Within 1 month	Within 1 to 3 months	Within 3 to 12 months	Within 1 to 5 years	More than 5 years	Total
	---------- Rupees in '000 ----------					
2019						
Long term deposits	-	-	-	4,117	-	4,117
Trade and other payables	-	4,141	-	-	-	4,141
Payable to staff gratuity fund	-	-	41,815	-	-	41,815
Short term borrowings	-	16,466	2,159,592	-	-	2,176,058
Due to associated companies	16,466	-	-	-	-	16,466
Accrued mark-up	53,631	-	-	-	-	53,631
Total	70,097	20,607	2,201,407	4,117	-	2,296,228

39.4 Credit risk

Credit risk arises from the inability of the issuers of the instruments, the relevant financial institutions or counter party to fulfil their obligations. The Company's exposure to credit risk is as follows:

	2020	2019
	------ (Rupees in '000) ------	
Loans and advances	**382,657**	16,768
Long term deposits	**2,812**	2,312
Deposits and other receivables	**717,794**	280,623
Bank balances and term deposit	**1,944**	10,453
Net investment in finance lease	**56,182**	-
Investment in mutual funds	**6,202,606**	6,025,885
	7,363,995	6,336,041

Bank balances by rating category	**Rating Long-term / short-term**	**2020**	**2019**
		------ (Rupees in '000) ------	
Current accounts			
Summit Bank Limited	Unrated	**1,368**	1,362
United Bank Limited	AAA/A1+	**-**	1
MCB Bank Limited	AAA/A1+	**9**	327
Standard Chartered Bank (Pakistan) Limited	AAA/A1+	**-**	1
Meezan Bank Limited	AA+/A1+	**2**	2
		1,379	1,693
PLS savings account			
Soneri Bank Limited	AA-/A1+	**7**	86
Sindh Bank Limited	A+/A1	**566**	6,985
Summit Bank Limited	Unrated	**-**	1,689
		573	8,760
		1,952	10,453

The maximum exposure to credit risk before any credit enhancement as at June 30, 2020 is the carrying amount of the financial assets. None of these assets are impaired nor past due.

The analysis below summarizes the credit quality of the Company's investment in mutual funds as at June 30, 2019 and June 30, 2020:

Investments by rating category	**2020**	**2019**
	------------ % ------------	
A, A-, A+	**51**	50
Unrated	**49**	50
	100	100

39.5 Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

39.5.1 Fair value hierarchy

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the statement of financial position date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from book value.

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

	June 30, 2020			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
Investment in related parties - at fair value through OCI				
- Mutual funds	-	6,202,606	-	6,202,606
- Listed Shares	8,351,414	-	-	8,351,414
Investment in other listed shares - at fair value through OCI	2,076,744	-	-	2,076,744
	10,428,158	6,202,606	-	16,630,764

	June 30, 2019			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
Investment in related parties - at fair value through OCI				
- Mutual funds	-	6,025,885	-	6,025,885
- Listed Shares	6,395,506	-	-	6,395,506
Investment in other mutual fund units - at fair value through OCI	-	-	-	-
Investment in other listed shares - at fair value through OCI	1,193,143	-	-	1,193,143
	7,588,649	6,025,885	-	13,614,534

During the year ended June 30, 2020, there were no transfers between level 1 and level 2 fair value measurements, and no transfers into and out of level 3 fair value measurements.

39.5.1.1 Valuation techniques used in determination of fair values within level 2

Fair values of investments in units of mutual funds are determined based on redemption prices disclosed at the Mutual Funds Association of Pakistan (MUFAP) as at the close of the business days.

39.6 Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company is not subject to any externally imposed capital requirements.

The Company manages its capital structure and makes adjustment to it in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares.

The Company monitors capital using the gearing ratio, which is debt divided by total equity plus debt. However, there are short term borrowings amounting to Rs.2,968.986 million (2019: Rs.2,159.592 million), resulting into 7.13% (2019: 5.33%) gearing ratio.

40. NUMBER OF EMPLOYEES

The total and average number of employees during the year end as at June 30, 2020 and 2019 respectively are as follows:

	2020	2019
Average number of employees during the year	103	103
Number of employees as at June 30	103	101

41. EMPLOYEES' PROVIDENT FUND (the Fund)

	Unaudited	
	2020	2019
	---------- Rupees in '000 ----------	
Size of the Fund	184,513	164,806
Investments made	181,857	163,329
Fair value of investments	181,857	163,329
	---------------- In % ----------------	
Percentage of investments made	98.56%	99.10%

41.1 Break-up of investments of the Fund

Break-up of investments in terms of amount and percentage of the size of the Fund are as follows:

	2020		2019	
	Investments Rupees in '000	% of investment as size of the Fund	Investments Rupees in '000	% of investment as size of the Fund
Special Saving Certificates	119,722	64.89%	102,419	62.15%
Mutual Funds	62,135	33.68%	60,910	36.96%
	181,857	98.56%	163,329	99.10%

41.1.1 The investments of provident fund, maintained by the Company, have been made in accordance with the provisions of section 218 of the Companies Act, 2017, and the Rules formulated for this purpose.

	2020	2019
	------------ Numbers ------------	
41.2 Number of members	39	41

42. NON-ADJUSTING EVENT AFTER THE STATEMENT OF FINANCIAL POSITION DATE

The Board of Directors of the Company in their meeting held on 30 September, 2020 have approved the following:

(i) Transfer of Rs. 600 million from unappropriated profit to general reserve; and

(ii) Payment of cash dividend of Rs. 3.41 per share for the year ended June 30, 2020 for approval of the members at the Annual General Meeting to be held on 28 October, 2020.

These financial statements do not reflect the above mentioned approved items.

43. GENERAL

Corresponding figures have been reclassified and rearranged in these financial statements, wherever necessary, for the purpose of better presentation. No significant rearrangements or reclassifications were made in these financial statements. All figures have been rounded off to the nearest thousand Rupees.

44. DATE OF AUTHORISATION FOR ISSUE

The financial statements were authorised for issue by the Board of Directors of the Company on 30 September, 2020

Chairman	Chief Executive Officer	Director