Directors' Report

The Directors of your Company take pleasure in presenting their report together with the Company's Annual Financial Statements and Auditors' report thereon for the year ended June 30, 2019.

Operating Results and Appropriation

The operating results of your Company for the year ended June 30, 2019 under review are summarized as follows:

	2019 Rupees	2018 Rupees
Profit for the year before tax	312,911,540	154,376,432
Taxation		
Current Year	276,633,952	232,047,621
Prior Year	(4,600,668)	(1,231)
	272,033,284	232,046,390
Profit after tax	40,878,256	(77,669,958)
Un-appropriated profit brought forward	161,242,312	245,267,987
Impact of initial application of IFRS 9	(43,058,181)	-
Actuarial gain / (loss) recognised	2,301,601	(6,355,715)
Profit available for appropriation	161,363,987	161,242,312
Appropriation:		
Final Cash dividend - 2019 : 10% (2018 : Nil)	(55,000,000)	-
	(55,000,000)	-
Un-appropriated profit carried forward	**106,363,987**	**161,242,312**

Dividend

During 2018-19, the Board of Directors has recommended to pay final cash dividend at Re.1 per share i.e 10% to its shareholders. (2018: Nil).

Earnings Per Share

Earnings / (Loss) Per Share after tax is at 2019 : Rs.0.74 - 2018: (Rs.3.1).

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, 2019 and future outlook. The Directors endorse the contents of the review.

Board of Directors

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

Sr. No.	Name of Directors	Oct 9, 2018	Dec 15, 2018	Attendance
1	Mr. Yusuf H. Shirazi	1	1	2
2	Mr. Aamir H. Shirazi	1	1	2
3	Mr. Frahim A. Khan	1	1	2
4	Mr. Saquib H. Shirazi	-	1	1
5	Mr. Ali H. Shirazi	-	1	1
6	Mr. Khaleeq ur Rahman Khan (Resigned 14-02-19)	1	1	2
7	Mr. Bashir Makki (Appointed 14-02-19)	-	-	-

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

Statement of Directors' Responsibilities

The Board reviews the Company's strategic direction. Annual plans and performance targets for business are set by the Chief Executive and are reviewed by the Board of Directors in the light of the company's overall objectives. The Board is committed to maintain the high standard of good corporate governance.

Corporate and Financial Reporting Framework

The Directors confirm the compliance with Corporate and Financial Reporting Framework of the Securities and Exchange Commission of Pakistan and Code of Corporate Governance for the following matters:

a) The financial statements prepared by the management of the company, fairly present its state of affairs, the results of its operations, cash flow and changes in equity.
b) The Company has maintained proper books of accounts.
c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
d) International financial Reporting Standard, as applicable in Pakistan, have been followed in preparation of financial statements.
e) The system of internal control is sound in design and has been effectively implemented and monitored. The process of monitoring internal controls will continue as an ongoing process with the objective to further strengthen the controls and bring improvements in the system.
f) There is no doubt about the company's ability to continue as a going concern.
g) There has been no material departure from the best practices of corporate governance.
h) The Company operates a contributory provident fund scheme, defined contribution pension fund and defined benefit gratuity fund scheme for employees who have completed the minimum qualifying period of service. The assets of the pension fund are under voluntary pension scheme managed by Atlas Asset Management Limited, a related party. The value of investments based on their respective audited financial statements, as at June 30, 2019 are as follows:

- Provident Fund	Rs. 93.01 million
- Gratuity Fund	Rs. 72.10 million

Health, Safety and Environment

We strongly believe in maintaining the highest standards in health, safety and environment (HSE) to ensure the well-being of the people who work with us as well as of the communities where we operate.

Donation

The company has a policy to donate 1% of the prior year's profit before tax. During the year, Company has donated Rs.1.544m to Atlas Foundation.

Contribution to National Exchequer

The Company contributed Rs.1,294 million towards the National Exchequer on account of various government levies, taxes and import duties in the year under review. Payment of these taxes is 4 times of the profit before tax of the Company.

Code of Conduct

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

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

Management Committee

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

Auditors

The present auditors M/s EY Ford Rhodes, Chartered Accountants, retire and being eligible, offer themselves for reappointment. The Board of Directors recommends their reappointment as statutory auditors of the company for the financial year 2019-20.

Pattern of Shareholding

The pattern of shareholding of the company as at June 30, 2019 is annexed.

Material changes

There have been no material changes since June 30, 2019 to date of the report and the Company has not entered into any commitment during this period, which would have an adverse impact on the financial position of the Company.

Statement of Value Addition and Distribution

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

Operating and Financial Data

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

Safeguarding of Records

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

Communication

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

For and on behalf of The Board of Directors

Director

Chief Executive Officer

Karachi: September 28, 2019

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AUDITORS' REPORT ON FINANCIAL STATEMENTS OF

SHIRAZI TRADING COMPANY (PRIVATE) LIMITED

FOR THE YEAR ENDED 30 JUNE 2019

EY Ford Rhodes
Chartered Accountants
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INDEPENDENT AUDITOR'S REPORT

To the members of Shirazi Trading Company (Private) Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Shirazi Trading Company (Private) Limited** (the Company), which comprises of the statement of financial position as at **30 June 2019**, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2019 and of the profit, 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.

Information Other than the Financial Statements and Auditor's Report Thereon

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

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

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

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Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

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 unconsolidated financial statements.

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

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

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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, the statement of comprehensive income, statement of changes in equity 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 **Shariq Ali Zaidi**.

EY Ford Rhodes

Chartered Accountants

Place: Karachi

Date: 24 October 2019

SHIRAZI TRADING COMPANY (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Note	2019	2018
		------------- Rupees -------------	
ASSETS			
NON CURRENT ASSETS			
Property and equipment	6	**353,598,008**	319,021,286
Intangible assets	7	**6,196,968**	4,998,068
Long-term investment	8	**-**	-
Long-term loans	9	**3,167,262**	1,318,062
		362,962,238	325,337,416
CURRENT ASSETS			
Stocks-in-trade	10	**415,098,972**	353,035,800
Trade debts	11	**1,123,268,016**	1,610,743,672
Contract asset	12	**103,034,798**	109,261,167
Loans and advances	13	**54,919,530**	80,014,052
Trade deposits and short-term prepayments	14	**123,581,275**	171,844,124
Other receivables	15	**147,426,436**	45,913,011
Taxation - net		**101,539,293**	92,901,922
Bank balances	16	**13,816,871**	17,616,618
		2,082,685,191	2,481,330,367
TOTAL ASSETS		**2,445,647,429**	2,806,667,783
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
80,000,000 (2018: 50,000,000) ordinary shares of Rs.10/- each.		**800,000,000**	500,000,000
Issued, subscribed and paid-up capital	17	**550,000,000**	250,000,000
General reserves		**35,265,000**	35,265,000
Unappropriated profit		**161,363,987**	161,242,312
TOTAL EQUITY		**746,628,987**	446,507,312
NON CURRENT LIABILITIES			
Long-term deposits	18	**4,094,166**	3,436,700
Accrual for compensated absences	19	**50,560,906**	45,412,113
Liability against assets under finance lease	21	**48,990,160**	-
		103,645,232	48,848,813
CURRENT LIABILITIES			
Trade and other payables	20	**499,986,892**	885,080,231
Current maturity of liability against assets under finance lease	21	**16,170,957**	-
Short-term borrowings and running finance	22	**961,714,437**	1,305,888,395
Contract liability	23	**84,970,035**	99,249,687
Accrued mark-up		**32,530,889**	21,093,345
		1,595,373,210	2,311,311,657
CONTINGENCIES AND COMMITMENTS	24		
TOTAL EQUITY AND LIABILITIES		**2,445,647,429**	2,806,667,783

The annexed notes from 1 to 37 form an integral part of these financial statements.

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

SHIRAZI TRADING COMPANY (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019	2018
		------------- Rupees	-------------
Turnover - net	25	**5,191,942,497**	4,564,128,421
Cost of sales and services	26	**(4,179,033,360)**	(3,840,093,627)
Gross profit		**1,012,909,137**	724,034,794
Selling and administrative expenses	27	**(514,542,949)**	(461,825,388)
		498,366,188	262,209,406
Other operating income	28	**4,828,901**	7,057,467
Operating profit		**503,195,089**	269,266,873
Finance costs	29	**(155,850,729)**	(93,172,354)
Other expenses	30	**(34,432,820)**	(21,718,088)
Profit before taxation		**312,911,540**	154,376,431
Taxation	31	**(272,033,284)**	(232,046,389)
Profit / (loss) after taxation		**40,878,256**	(77,669,958)

The annexed notes from 1 to 37 form an integral part of these financial statements.

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

SHIRAZI TRADING COMPANY (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	------------- Rupees -------------	
Profit / (loss) after taxation	**40,878,256**	(77,669,959)
Other comprehensive income / (loss)		
Items that may not be reclassified subsequently to profit or loss account:		
Actuarial gain / (loss) recognised during the year	**2,301,601**	(6,355,715)
Total comprehensive income / (loss) for the year	**43,179,857**	(84,025,674)

The annexed notes from 1 to 37 form an integral part of these financial statements.

CHIEF EXECUTIVE DIRECTOR CHAIRMAN

SHIRAZI TRADING COMPANY (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

		Revenue reserves		
	Share capital	General reserves	Unappropriated profit	Total
	----------------------------------	Rupees	----------------------------------	
Balances as at June 30, 2017	250,000,000	35,265,000	245,267,986	530,532,986
Net loss for the year	-	-	(77,669,958)	(77,669,958)
Other comprehensive loss	-	-	(6,355,715)	(6,355,715)
Total comprehensive loss for the year	-	-	(84,025,673)	(84,025,673)
Balances as at June 30, 2018	**250,000,000**	**35,265,000**	**161,242,312**	**446,507,312**
Impact of initial application of IFRS 9 (note 4.1)	-	-	**(43,058,181)**	**(43,058,181)**
Balances as at July 01, 2018 - Restated	**250,000,000**	**35,265,000**	**118,184,131**	**403,449,131**
Net profit for the year	-	-	**40,878,255**	**40,878,255**
Shares issued during the year (note 17)	**300,000,000**	-	-	**300,000,000**
Other comprehensive income	-	-	**2,301,600**	**2,301,600**
Total comprehensive income for the year	**300,000,000**	-	**43,179,856**	**343,179,856**
Balances as at 30 June, 2019	**550,000,000**	**35,265,000**	**161,363,987**	**746,628,987**

The annexed notes from 1 to 37 form an integral part of these financial statements.

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

SHIRAZI TRADING COMPANY (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019	2018
		------------- Rupees -------------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		**312,911,540**	154,376,431
Adjustments for:			
Depreciation	6.1.1	**52,812,561**	39,836,189
Amortisation	7	**3,253,913**	3,065,614
Provision for gratuity	20.1.2	**8,599,391**	5,598,377
Provision for compensated absences	19	**13,869,528**	6,307,089
Finance cost	29	**150,887,796**	86,148,473
Loss / (gain) on disposal of operating fixed assets	6.1.2	**5,163,406**	(324,969)
		234,586,595	140,630,773
Operating cash flows before working capital changes		**547,498,135**	295,007,204
Decrease / (increase) in current assets			
Stock-in-trade		**(62,063,171)**	(86,653,730)
Trade debts		**457,291,875**	(694,465,877)
Contract assets		**2,691,420**	-
Loans and advances		**25,960,822**	3,803,343
Trade deposits and short-term prepayments		**36,107,088**	50,225,457
Other receivables		**(99,953,924)**	(25,557,065)
		360,034,110	(752,647,872)
(Decrease) / increase in current liabilities			
Trade and other payables		**(379,437,036)**	474,377,308
Contract liability		**(14,279,652)**	-
		(393,716,688)	-
		513,815,558	16,736,640
Long term loans and advances		**(1,849,200)**	(386,927)
Long term deposits	18	**657,465**	337,156
Compensated absences paid		**(8,720,735)**	(357,812)
Gratuity paid		**(11,954,092)**	(4,711,420)
Finance cost paid		**(139,450,252)**	(80,105,418)
Taxes paid		**(280,670,655)**	(243,922,468)
Net cash generated from / (used in) operating activities		**71,828,088**	(312,410,249)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment		**(47,608,022)**	(136,300,812)
Acquisition of intangible assets	7	**(4,452,813)**	(446,806)
Proceeds from sale of operating fixed assets	6.1.2	**35,505,639**	4,937,496
Net cash used in investing activities		**(16,555,196)**	(131,810,122)
CASH FLOWS FROM FINANCING ACTIVITIES			
Subscription money against further issuance of shares	17	**300,000,000**	-
Lease rentals paid		**(14,898,682)**	-
Short-term borrowings and runnning finance - net		**(344,173,957)**	414,999,278
Net cash (used in) / generated from financing activities		**(59,072,639)**	414,999,278
Net decrease in cash and cash equivalents during the year		**(3,799,747)**	(29,221,093)
Cash and cash equivalents at beginning of the year		**17,616,618**	46,837,711
Cash and cash equivalents at the end of the year	16	**13,816,871**	17,616,618

The annexed notes from 1 to 37 form an integral part of these financial statements.

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

SHIRAZI TRADING COMPANY (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

1. THE COMPANY AND ITS OPERATIONS

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

2. STATEMENT OF COMPLIANCE

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

3. BASIS OF MEASUREMENT

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

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

4. STANDARDS, INTERPRETATIONS AND AMENDMENTS APPLICABLE TO FINANCIAL STATEMENTS

4.1 New standards, amendments and improvements effective during the year

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

IFRS 2 - Share based Payments: Classification and Measurement of Share Based Payments Transactions
IFRS 9 - Financial Instruments
IFRS 15 - Revenue from Contracts with Customers
IAS 40 - Investment Property: Transfers of Investment Property (Amendments)
IFRIC 22 - Foreign Currency Transactions and Advance Consideration
IAS 28 - Investments in Associates and Joint Ventures: Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice

The nature and effect of the changes as a result of adoption of IFRS 9 and IFRS 15 are described below. The adoption of above other standards, amendments and improvements apply for the first time for the reporting period do not have any impact on the financial statements of the Company.

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Company has applied IFRS 9 using modified retrospective approach with initial application date of 01 July 2018 as notified by the SECP. Therfore, cumulative adjustment amounts have been recognised to adjust the opening retained earnings as at July 01, 2018. Accordingly, the information presented for previous years has not been restated, as previously reported, under IAS 39.

The new accounting policy in respect of financial instruments and impairment of financial assets is stated in note 5.14 and note 5.15 to these financial statements, respectively.

The effect of adopting IFRS 9 on the classification and carrying amounts of the financial assets at 01 July, 2018 is as follows:

Impact on the statement of financial position

Financial asset	Original category under IAS 39	New category under IFRS 9	Carrying amount under IAS 39 as at 1 July 2018	Impact of ECL in opening equity as at 1 July 2018	Carrying amount under IFRS 9 as at 1 July 2018
			------------- (Rupees) -------------		
Long-term loans	Loans and receivables	Amortised cost	1,318,062	-	1,318,062
Trade debts	Loans and receivables	Amortised cost	1,610,743,672	(30,183,781)	1,580,559,891
Loans and advances	Loans and receivables	Amortised cost	80,014,052	-	80,014,052
Contract asset			109,261,167	(3,534,949)	105,726,218
Trade deposits and prepayments	Loans and receivables	Amortised cost	171,844,124	(9,339,451)	162,504,673
Other receivables	Loans and receivables	Amortised cost	22,890,514	-	22,890,514
Bank balances	Loans and receivables	Amortised cost	17,616,618	-	17,616,618

The adoption of IFRS 9 has fundamentally changed the Company's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Company to record an allowance for ECL for all financial assets other than debt instruments classified as FVPL and equity instruments classified as FVPL or FVOCI.

The management of the Company has assessed and concluded that the Company is in compliance with the requirements of IFRS 9. The new accounting policy in respect of financial instruments and impairment of financial assets is stated in note 5.14 and 5.15 to these financial statements respectively.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 replaces IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. IFRS 15 introduces a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognise revenue representing the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Company has applied IFRS 15 using modified retrospective approach with initial application date of July 01, 2018 as notified by the Securities and Exchange Commission of Pakistan (SECP). Based on management's assessment of the contractual arrangements with customers, the adoption of IFRS 15 does not have any impact on the financial statements of the Company other than reclassification. Hence, no cumulative adjustment amounts have been recognised to adjust the opening retained earnings as at July 01, 2018. Accordingly, the information presented for previous years has not been restated, as previously reported, under IAS 18 and related interpretations.

The new accounting policy in respect of revenue recognition is stated in note 5.16 to these financial statements.

4.2 Standards, amendments and improvements to IFRSs that are not yet effective

The following standards, amendments and improvements with respect to the IFRSs 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 - Business Combinations: Previously held interests in a joint operation	01 January 2019
IFRS 3 - Definition of a Business (Amendments)	01 January 2020
IFRS 9 - Prepayment Features with Negative Compensation (Amendments)	01 January 2019
IFRS 10 / IAS 28 - 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 11 - Joint Arrangements: Previously held interests in a joint operation	01 January 2019
IFRS 16 - Leases	01 January 2019
IAS 1 / IAS 8 - Definition of Material (Amendments)	01 January 2020
IAS 12 - Income Taxes: Income tax consequences of payments on financial instruments classified as equity	01 January 2019
IAS 19 - Plan Amendment, Curtailment or Settlement (Amendments)	01 January 2019
IAS 23 - Borrowing Costs - Borrowing costs eligible for capitalisation	01 January 2019
IAS 28 - Long-term Interests in Associates and Joint Ventures (Amendments)	01 January 2019
IFRIC 23 - Uncertainty over Income Tax Treatments	01 January 2019

The above standards and amendments, where applicable, are not expected to have any material impact on the Company's financial statements in the period of initial application.

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

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

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan. The management of the Company expects that below new standards will not have any material impact on the Company's financial statements in the period of initial application.

Standard	IASB Effective date (annual periods beginning on or after)
IFRS 1 - First time adoption of IFRSs	January 01, 2004
IFRS 14 - Regulatory Deferral Accounts	January 01, 2016
IFRS 17 - Insurance Contracts	January 01, 2021

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5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 Critical accounting estimates and judgments

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

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

	Note
Determining the residual values and useful lives of operating fixed assets	5.2 & 6
Determining the residual values and useful lives of intangible assets	5.3 & 7
Recognition of taxation and deferred tax	5.7 & 31
Recognition for staff retirement benefits	5.11 & 20.1
Recognition of allowance for expected credit loss	5.15 & 28.1

5.2 Property and equipment

Owned Assets

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

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

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

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

Leased Assets

Fixed assets acquired under finance lease are accounted for by recording the assets and related liabilities at the amounts determined on the basis of the lower of fair value of assets and the present value of minimum lease payments. Finance charges are allocated to accounting periods in a manner so as to provide a constant periodic rate of charge on the outstanding liability. Depreciation is charged on leased assets on a basis similar to that of owned assets.

Capital work-in-progress

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

5.3 Intangible assets

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

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

5.4 Impairment of non-financial assets

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

5.5 Stock-in-trade

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

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

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

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

5.6 Contract assets

A contract asset exists when an entity transfers goods or services to a customer but does not yet have an unconditional right to consideration. A right is unconditional if nothing other than the passage of time is required before the payment of that consideration is due.

A contract asset is initially recognised from revenue earned from after sales services because the receipt of consideration is conditional upon satisfactory performance of the goods transferred to customers upon completion of the performance obligation the contract asset is reclassified to trade receivables.

5.7 Taxation

Current

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

Deferred

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

5.8 Provisions

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

5.9 Foreign currency translation

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

5.10 Contract liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Company transfers the related goods or services. Contract liabilities are recognised as revenue when the Company performs under the contract (i.e., transfers control of the related goods or services to the customer).

5.11 Employees' benefits

5.11.1 Staff gratuity scheme - Defined benefit plan

The Company operates an approved and funded gratuity scheme for its management staff and non management staff who have completed the minimum qualifying period of service for entitlement of gratuity. Contributions under the scheme are made on the basis of actuarial valuation and are charged to statement of profit or loss account. The actuarial valuation of both the schemes was carried out on 30 June 2019 using the "Projected Unit Credit Method".

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

5.11.2 Staff provident and pension fund - Defined contribution plan

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

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

5.11.3 Employee compensated absences

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

5.12 Dividend and appropriation to reserves

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

5.13 Cash and cash equivalents

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

5.14 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

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortised cost; Fair Value through Other Comprehensive Income (FVOCI) – debt instrument or Fair Value through Profit or Loss (FVTPL).

The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets 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.

A debt instrument is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; 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.

On initial recognition of a debt instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price, determined under IFRS 15) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments). These are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Company's financial assets at amortised cost includes trade receivables.
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments).
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments).
- Financial assets at fair value through profit or loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's statement of financial position) when:

- 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 either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has 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 rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. 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.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

ii) Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as fair value through profit or loss.

Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

5.15 Impairment / expected credit losses on financial assets

The adoption of IFRS 9 has fundamentally changed the Company's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Company to record an allowance for ECLs for all loans and other debt financial assets not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

The Company considers a financial asset in default when contractual payments are past due ranging from 210 days to 300 days depending upon customer segment. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

The Company has applied the standard's simplified approach and calculated ECL based on life-time ECL on its financial assets. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the financial assets and the economic environment. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The expected credit losses are recognised in the statement of profit or loss.

5.16 Revenue from contracts with customers

The Company is mainly involved in trading activity which involves import of goods and sale without any value addition to the customers which generally include single performance obligation. Further, company offer after sales services contracts with healthcare and office equipment.

The Company's contracts with customers for the sale of goods generally include one performance obligation. The Company has concluded that revenue from sale of goods should be recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. Payment is generally due within 60 to 365 days from the date of invoice to the customer depending upon customer segments. Therefore, the adoption of IFRS 15 did not have an impact on the timing of revenue recognition and the amount of revenue recognised.

The Company recognises revenue from services rendered at a point in time as well as over time as required by the contracts with customers. Revenue from point in time service contracts is recognised as an when the services are recieved by customers. The revenue in case of longterm service contracts is recognised on a monthly basis as per the schedule of maintenance when performance obligation is satisfied.

The payment is generally due within 60 to 365 days from the date of invoice to the customer in case of point in time. Advance payment is received at the contract date in case of services provided over a period of time and the same is classified as contract liability until performance obligation is satisfied. Therefore the timings and amounts of revenue from service contracts are consistent in accordance with IFRS 15.

Following accounting poilcies were effective for the period ended on or before June 30, 2018

5.17 Impairment of financial assets

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

5.18 Investments

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

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

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

5.19 Trade debts

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

5.20 Loans, advances, deposits, prepayments and other receivables

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

5.21 Trade and other payables

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

5.22 Revenue recognition

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

6 Property and equipment

	Note	2019	2018
		------------- Rupees -------------	
Operating fixed assets	6.1	**353,598,008**	318,164,353
Capital work-in-progress	6.2	-	856,933
		353,598,008	319,021,286

6.1 Operating fixed assets

	Cost			Accumulated Depreciation				
	As at 01 July 2018	Additions / Transferred from CWIP*/ (disposals)	As at 30 June 2019	As at 01 July 2018	Charge for the year / (disposals) (note 6.1.1)	As at 30 June 2019	Book value as at 30 June 2019	Rate %
	Rupees							
Owned								
Leasehold improvement	83,217,892	- (7,200,477)	76,017,415	21,890,068	5,860,082 (3,629,694)	24,120,456	51,896,959	10
Furniture and fixture	29,426,326	75,400 (6,201,025)	23,300,701	10,304,619	1,705,409 (3,327,435)	8,682,593	14,618,108	10
Office equipment	110,341,707	2,124,109 21,699,613 * (464,536)	133,700,893	23,782,358	10,538,199 (267,665)	34,052,892	99,648,001	10
Computers and related	42,976,739	1,318,745 651,476 * (2,407,277)	42,539,683	31,157,988	3,857,459 (2,090,045)	32,925,402	9,614,281	30
Tools and other equipment	53,979,031	- 6,680,445 * (1,578,753)	59,080,723	19,955,490	3,591,059 (683,363)	22,863,186	36,217,537	10
Electrical equipment	37,496,987	454,297 113,447 * (1,014,157)	37,050,574	9,479,416	2,787,677 (521,352)	11,745,741	25,304,833	10
Motor vehicles	122,170,763	14,490,492 856,932 * (54,673,520)	82,844,667	44,875,151	14,570,510 (27,374,864)	32,070,797	50,773,870	20
	479,609,445	18,463,043 30,001,913 * (73,539,745)	454,534,656	161,445,090	42,910,395 (37,894,418)	166,461,067	288,073,589	
Leased								
Motor vehicles	-	80,450,300 (5,938,100)	74,512,200	-	9,902,166 (914,385)	8,987,781	65,524,419	20
	-	74,512,200	74,512,200	-	8,987,781	8,987,781	65,524,419	
2019	479,609,445	98,913,343 30,001,913 * (79,477,845)	529,046,856	161,445,090	52,812,561 (38,808,803)	175,448,848	353,598,008	

	Cost			Accumulated Depreciation				
	As at 01 July 2017	Additions / Transferred from CWIP/ (disposals)	As at 30 June 2018	As at 01 July 2017	Charge for the year / (disposals) (note 6.1.1)	As at 30 June 2018	Book value as at 30 June 2018	Rate %
	Rupees							
Owned								
Leasehold improvement	47,536,220	35,681,672	83,217,892	17,498,363	4,391,705	21,890,068	61,327,824	10
Furniture and fixture	25,290,800	4,168,026 (32,500)	29,426,326	8,505,681	1,816,281 (17,342)	10,304,619	19,121,706	10
Office equipment	61,166,240	49,536,269 (360,802)	110,341,707	17,002,430	7,003,228 (223,300)	23,782,358	86,559,349	10
Computers and related	40,728,162	4,319,247 (2,070,670)	42,976,739	28,976,987	3,937,942 (1,756,940)	31,157,988	11,818,750	30
Tools and other equipment	49,610,162	4,407,373 (38,503)	53,979,031	16,361,297	3,601,701 (7,508)	19,955,490	34,023,541	10
Electrical equipment	19,236,014	18,520,917 (259,944)	37,496,987	7,747,162	1,876,592 (144,338)	9,479,416	28,017,571	10
Motoe vehicles	108,841,065	20,616,617 (7,286,919)	122,170,763	30,953,797	17,208,738 (3,287,383)	44,875,151	77,295,611	20
2018	352,408,663	137,250,121 (10,049,338)	479,609,445	127,045,718	39,836,189 (5,436,811)	161,445,090	318,164,353	

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

	Note	2019	2018
		Rupees	
Cost of sales and services	26	**11,872,860**	9,175,367
Selling and administrative expenses	27	**40,939,701**	30,660,822
		52,812,561	39,836,189

6.1.2 The following operating fixed assets having aggregating net book value exceeding Rs. 5 million and in excess of Rs. 500,000 each were disposed off during the year:

Description	Cost	Accumulated Depreciation	Written Down Value	Sale proceeds	Gain / (loss) on disposal	Mode of disposal	Particulars of buyer
	Rupees						
Vehicles	709,300	208,061	501,239	501,239	-	Company Policy	Muhammad Abrar - Employee
	1,034,000	488,416	545,584	545,584	-	Company Policy	Muhammad Majid Amin - Employee
	738,300	175,551	562,749	562,749	-	Company Policy	Muhammad Obaid Iqbal - Employee
	1,578,000	1,005,263	572,737	572,737	-	Company Policy	Muhammad Ovais - Employee
	1,039,000	461,408	577,592	577,592	-	Company Policy	Sajid Mahmood - Employee
	1,108,800	529,267	579,533	579,533	-	Company Policy	Jalal Hussain Awan - Employee
	768,300	140,855	627,445	627,445	-	Company Policy	Shahid Mehmood - Employee
	1,641,000	968,846	672,154	672,154	-	Company Policy	Abid Yar Khan - Employee
	1,183,800	486,147	697,653	697,653	-	Company Policy	Aanif Hussain Awan - Employee
	2,007,000	1,304,133	702,867	702,867	-	Company Policy	Syed Arsalan Sadiq - Employee
	1,183,800	458,788	725,012	725,012	-	Company Policy	Amer Shahzad - Employee
	1,183,800	417,750	766,050	766,050	-	Company Policy	Rizwan Ul Haq - Employee
	1,530,890	751,973	778,917	778,917	-	Company Policy	Adil Saleem - Employee
	2,053,000	1,217,347	835,653	835,653	-	Company Policy	Munis Iqbal - Employee
	2,122,000	1,264,297	857,703	857,703	-	Company Policy	Tanveer Ahmed Malik - Employee
	2,122,000	1,264,297	857,703	857,703	-	Company Policy	Muhammad Ali Butt - Employee
	2,007,000	1,114,429	892,571	892,571	-	Company Policy	Tahir Zaman Khan - Employee
	1,637,000	711,549	925,451	925,451	-	Company Policy	Asif Hanif - Employee
	2,019,000	1,071,416	947,584	947,584	-	Company Policy	Muhammad Moinuddin Iqbal - Employee
	2,476,000	1,452,323	1,023,677	1,023,677	-	Company Policy	Farooq Saleem - Employee
	1,277,900	234,282	1,043,618	1,043,618	-	Company Policy	Ghayyur Naqvi - Employee
	1,277,900	234,282	1,043,618	1,043,618	-	Company Policy	Syed Qamar Jafri - Employee
	2,001,000	945,183	1,055,817	1,055,817	-	Company Policy	Muhammad Tahir Khan - Employee
	1,656,000	563,040	1,092,960	1,092,960	-	Company Policy	Muhammad Raza - Employee
	1,656,000	463,680	1,192,320	1,192,320	-	Company Policy	Syed Zafar Mehdi - Employee
	2,614,000	304,967	2,309,033	2,309,033	-	Company Policy	Syed Arsalan Sadiq - Employee
	2,584,833	915,031	1,669,802	1,669,802	-	Company Policy	Atlas Power Ltd - Related Party
	2,610,833	924,235	1,686,598	1,686,598	-	Company Policy	Atlas Power Ltd - Related Party
Items having a net book value not exceeding Rs.500,000 each	33,657,390	18,731,985	14,925,405	9,761,999	(5,163,406)	Negotiation	Various
2019	**79,477,846**	**38,808,802**	**40,669,044**	**35,505,639**	**(5,163,406)**		
2018	10,049,338	5,436,810	4,612,528	4,937,496	324,968		

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

	Office Equipments	Computers and related	Tools and other equipment	Electrical Equipments	Vehicles	2019 Total	2018 Total
	Rupees						
Opening balance	-	-	-	-	856,933	856,933	1,806,242
Additions during the year	21,699,613	651,476	6,680,445	113,447	-	29,144,981	22,609,278
Transfer to operating fixed assets	(21,699,613)	(651,476)	(6,680,445)	(113,447)	(856,933)	(30,001,914)	(23,558,587)
Closing balance	-	-	-	-	-	-	856,933

7. INTANGIBLE ASSETS

	Cost			Accumulated Amortisation			Book value as at 30 June 2019	Rate %
	As at 01 July 2018	Additions	As at 30 June 2019	As at 01 July 2018	Charge for the year (note 7.1)	As at 30 June 2019		
	Rupees							
Computer software	40,350,854	4,452,813	44,803,667	35,352,786	3,253,913	38,606,699	6,196,968	20-33
2019	40,350,854	4,452,813	44,803,667	35,352,786	3,253,913	38,606,699	6,196,968	

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

7.1 The amortisation charge for the year has been allocated to selling and administrative expenses (note 27).

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8. LONG TERM INVESTMENT

	Note	2019	2018
		------------- Rupees -------------	
Equity			
Arabian Sea Country Club Limited			
50,000 (2018: 50,000) ordinary shares of Rs.10/- each		**500,000**	500,000
Provision for impairment in value of investment		**(500,000)**	(500,000)
		-	-

9. LONG TERM LOANS - unsecured, considered good

	Note	2019	2018
Loans			
Executives		**2,720,833**	2,426,351
Employees		**7,619,635**	7,116,335
	9.1	**10,340,468**	9,542,686
Current portion of long term loans		**(7,173,206)**	(8,224,624)
		3,167,262	1,318,062

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

10. STOCK-IN-TRADE - finished goods

	Note	2019	2018
		------------- Rupees -------------	
In hand		**328,771,412**	325,790,530
Less: Provision for obsolete stock	10.1	**(5,849,105)**	(4,852,510)
		322,922,307	320,938,020
In transit		**92,176,665**	32,097,780
		415,098,972	353,035,800

10.1 Reconciliation of provision for obsolete stock is as follows:

	Note	2019	2018
As at July, 01		**4,852,510**	4,245,796
Charge for the year	27	**5,849,105**	4,852,510
Amount written off during the year		**(4,852,510)**	(4,245,796)
As at June, 30		**5,849,105**	4,852,510

11. TRADE DEBTS - unsecured

	Note	2019	2018
Considered good			
Related parties	11.1 & 11.3	**69,477,929**	22,268,473
Others		**1,053,790,088**	1,588,475,199
Considered doubtful		**37,369,859**	8,570,490
		1,160,637,875	1,619,314,162
Allowance for expected credit loss	11.2	**(37,369,859)**	(8,570,490)
		1,123,268,016	1,610,743,672

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

	Note	2019	2018
		------------- Rupees	-------------
Neither Past due nor impaired		**68,101,543**	17,845,693
Past due but not impaired			
- 60 - 180 days		**1,376,386**	1,937,624
- 180 - 365 days		**-**	1,995,882
- over 365 days		**-**	489,274
	11.3	**69,477,929**	22,268,473

11.2 Reconciliation of provision for expected credit loss is as follows:

	Note	2019	2018
As at July 01		**8,570,490**	1,860,801
Impact of ECL on opening retained earnings		**30,183,781**	-
As at July 01 - restated		**38,754,271**	1,860,801
Charge for the year	28.1	**173,053**	8,570,490
Reversals during the year	28	**(1,557,465)**	(687,373)
		(1,384,412)	7,883,117
Amounts written off during the year		**-**	(1,173,428)
As at June, 30		**37,369,859**	8,570,490

11.3 The maximum aggregate amount due from the related parties at the end of any month during the year was Rs. 90.51 million (2018: Rs. 37.36 million).

12. CONTRACT ASSET

	Note	2019	2018
		------------- Rupees	-------------
Retention money		**106,993,599**	109,261,167
Allowance for expected credit loss	12.1	**(3,958,801)**	-
		103,034,798	109,261,167

12.1 Reconciliation of provision for expected credit loss is as follows:

	Note	2019	2018
As at July 01		**-**	-
Impact of ECL on opening retained earnings		**3,534,949**	-
As at July 01 - restated		**3,534,949**	-
Charge for the year	28.1	**423,852**	-
As at June, 30		**3,958,801**	-

13. LOANS AND ADVANCES - Unsecured, considered good

	Note	2019	2018
Loans			
Current portion of long-term loans		**7,173,205**	8,224,624
Advances			
Employees	13.1	**5,080,508**	11,097,247
Suppliers		**42,665,817**	60,692,181
		47,746,325	71,789,428
		54,919,530	80,014,052

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

	Note	2019	2018
		------------- Rupees -------------	

14. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

	Note	2019	2018
Trade deposits			
Advances against security deposits		**6,169,560**	10,001,834
Earnest money		**120,325,453**	157,807,267
Deposits against letters of guarantee		**1,453,737**	1,453,737
Deposits against letter of credit		**603,820**	-
		128,552,570	169,262,838
Prepayments			
Repairs and maintenance		**21,410**	121,758
Prepaid insurance		**944,545**	329,460
Prepaid Software		**656,173**	-
Prepaid rent		**896,722**	2,130,068
		2,518,850	2,581,286
Allowance for expected credit loss on earnest money	14.1	**(7,490,145)**	-
		123,581,275	171,844,124

14.1 Reconciliation of provision for expected credit loss is as follows:

	Note	2019	2018
As at July 01		**-**	-
Impact of ECL on opening retained earnings		**9,339,451**	-
As at July 01 - restated		**9,339,451**	-
Reversal for the year	28.1	**(1,849,306)**	-
As at June, 30		**7,490,145**	-

15. OTHER RECEIVABLES - secured, considered good

	2019	2018
Sales tax refundable	**120,259,395**	19,873,192
Receivable from suppliers	**17,729,156**	19,561,555
Reimbursements due from employees	**10,741**	1,533,123
Reimbursements due from suppliers	**4,299,636**	2,624,410
Insurance claim receivables	**850,981**	2,320,732
Withholding tax on sales tax	**4,276,527**	-
	147,426,436	45,913,011

16. BANK BALANCES

	2019	2018
In current accounts - local currency	**13,816,871**	17,616,618

17. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2019	2018		2019	2018
--------- No. of Shares ---------				
		Ordinary shares of Rs. 10/- each		
46,000,000	16,000,000	Fully paid in cash	**460,000,000**	160,000,000
9,000,000	9,000,000	Fully paid bonus shares	**90,000,000**	90,000,000
55,000,000	25,000,000		**550,000,000**	250,000,000

17.1 Includes 54,999,995 ordinary shares of Rs.10/- each held by Shirazi Investments (Private) Limited as at the reporting date.

17.2 During the year, the Board of Directors in their meeting held on October 09, 2018 approved right issue of 30,000,000 ordinary shares at par in proportion of 1.2 shares for every 1 share held as at December 03, 2018.

17.3 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.

18. LONG-TERM DEPOSITS

	Note	2019	2018
		------------- Rupees -------------	
Deposits	18.1	**5,123,317**	6,181,770
Current portion of long term deposits		**(1,029,151)**	(2,745,070)
		4,094,166	3,436,700

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

19. ACCRUAL FOR COMPENSATED ABSENCES

	Note	2019	2018
		------------- Rupees -------------	
As at July 01		**45,412,113**	39,462,836
Accrual for the year		**13,869,528**	6,307,089
		59,281,641	45,769,925
Paid during the year		**(8,720,735)**	(357,812)
As at June, 30		**50,560,906**	45,412,113

20. TRADE AND OTHER PAYABLES

	Note	2019	2018
Trade creditors		**144,762,339**	148,192,185
Bills payable		**-**	479,462,449
Accrued expenses		**16,860,524**	8,145,700
Bonus payable to employees		**497,344**	37,299,386
Payable to gratuity fund	20.1	**6,297,790**	11,954,092
Current portion of long term deposits		**1,029,151**	2,745,070
Sindh development and maintenance infrastructure cess payable		**51,902,849**	34,839,840
Withholding tax payable		**-**	23,885
Other provisions		**278,636,895**	162,417,624
		499,986,892	885,080,231

20.1 Payable to gratuity fund

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

20.1.1 Reconciliation of defined benefit obligation as at June 30

	Note	2019	2018
		------------- Rupees -------------	
Present value of defined benefit obligation		**70,616,869**	75,191,021
Fair value of plan assets		**(71,810,310)**	(63,042,912)
		(1,193,441)	12,148,109
Payable to associate companies		**7,491,231**	(194,017)
		6,297,790	11,954,092

20.1.2 Movement in net liability recognised in statement of financial position

	2019	2018
As at July 01	**11,954,092**	4,711,420
Provision during the year	**8,599,391**	5,598,377
Remeasurement recognised in statement of comprehensive income during the year	**(2,301,601)**	6,355,715
Contribution paid	**(11,954,092)**	(4,711,420)
As at June, 30	**6,297,790**	11,954,092

20.1.3 Charge for the year recognised in statement of profit or loss

	2019	2018
Current service cost	**7,560,353**	5,066,765
Interest cost	**6,908,097**	4,887,638
Expected return on plan assets	**(5,869,059)**	(4,356,026)
Net interest cost	**1,039,038**	531,612
	8,599,391	5,598,377

20.1.4 Charge for the year has been allocated as follows:

	Note	2019	2018
Cost of sales and services	26.1	**2,962,605**	1,981,901
Selling and administrative expenses	27.1	**5,636,785**	3,616,476
		8,599,390	5,598,377

20.1.5 Movement in the present value of defined benefit obligation

	2019	2018
	Rupees	
As at July 01	**75,191,021**	61,593,128
Service cost	**7,560,353**	5,066,765
Interest cost	**6,908,097**	4,887,638
Re-measurements actuarial (gain) / loss	**(6,313,729)**	3,496,252
Actual benefits paid during the year	**(5,283,253)**	(92,390)
Liability recognised in respect of transferees	**(7,445,620)**	239,628
As at June, 30	**70,616,869**	75,191,021

20.1.6 Movement in fair value of plan assets

	2019	2018
As at July 01	**63,042,912**	52,152,106
Expected return	**5,869,059**	4,356,026
Contribution by the Company	**11,954,092**	4,711,420
Benefits paid	**(5,283,253)**	(92,390)
Actuarial loss on plan assets	**(4,012,128)**	(2,859,463)
Transfer of assets in respect of transferees	**239,628**	4,775,213
As at June, 30	**71,810,310**	63,042,912

20.1.7 Historical information

	2019	2018	2017	2016	2015
			Rupees		
Present value of defined benefit obligation	**70,616,869**	75,191,021	61,593,128	47,222,850	44,694,099
Fair value of plan assets	**(71,810,310)**	(63,042,912)	(52,152,109)	(47,726,536)	(39,723,194)
Net (assets) / liability	**(1,193,441)**	12,148,109	9,441,019	(503,686)	4,970,905

20.1.8 Major categories / composition of plan assets are as follows:

	2019	2018
	Rupees	
Debt instruments	**41,422,444**	30,596,960
Equity instruments	**-**	32,336,030
Mutual Funds	**29,391,343**	-
Cash and Others	**996,523**	109,922
	71,810,310	63,042,912

Fair value of plan asset Investment

	2019	2018
Pakistan Investment Bond	**41,422,444**	30,596,960

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

	2019	2018
Discount rate	**14.25%**	9.00%
Future salary rate	**4.00%**	8.00%

20.1.10 Impact of changes in assumptions on defined benefit scheme is as follows:

	2019	2018
Long term salary increases by 1%	**76,250,527**	81,480,844
Long term salary decreases by 1%	**65,557,017**	69,556,840

21. Liability against assets under finance lease

Represents finance leases entered into with the financial institution for lease of motor vehicles. Lease rentals due under lease agreement are payable in quarterly installments latest by May 2023. Overdue rental payments are subject to an additional charge at 20% per annum. Taxes, repairs and insurance costs are to be borne by the lessee. Financing rates ranging from 3 months KIBOR+0.25% - 0.3% (2018: nil) per annum have been used as discounting factor. These liabilities are secured by way of assigning title of vehicles in the name of the financial institution. The summary of the finance lease liability is as follows:

	2019		2018	
	Minimum lease payment	Present value	Minimum lease payment	Present value
		Rupees		
Within one year	**23,892,959**	**16,170,957**	-	-
After one year but not more than five years	**58,564,603**	**48,990,160**	-	-
Total minimum lease payments	**82,457,562**	**65,161,117**	-	-
Amount representing finance charges	**(17,296,446)**	**-**	-	-
Present value of minimum lease payments	**65,161,117**	**65,161,117**	-	-
Current portion	**(16,170,957)**	**(16,170,957)**	-	-
	48,990,160	**48,990,160**	-	-

22. SHORT-TERM BORROWINGS AND RUNNING FINANCE

	Note	2019	2018
		------------- Rupees -------------	
Short Term Loan (Import Loan / Money Market)	22.1	-	570,000,000
Short Term Murabaha / Musharka Financing	22.2	665,617,868	419,072,592
Short Term Running Finance	22.3	296,096,569	316,815,803
		961,714,437	1,305,888,395

22.1 During the year, this facility has been repaid in full. This facility of short term loan carried markup at the rates ranging from 3 month KIBOR + 0.1% to 3 months KIBOR + 0.2% payable quarterly.

22.2 These facilities are arranged from various Islamic commercial banks amounting to Rs. 850 million carrying profit at the rates ranging from 1 month KIBOR to 3 months KIBOR + 0.1% to 0.3% payable quarterly. The said facilities are secured against first pari passu charge over all the Company's present and future stocks and receivables to the extent of facility amounting to Rs. 850 million plus 15% margin.

22.3 Represents running finance facilities from various commercial banks amounting to Rs. 1.025 billion. These carry profit at the rates ranging from 1 month KIBOR to 3 months KIBOR + 0.10% to 1%. The said facilities are secured against first pari passu and ranking charge over stocks and receivables to the extent of facility amount upto Rs. 1.025 billion plus 15% margin.

23. CONTRACT LIABILITY

	Note	2019	2018
		------------- Rupees -------------	
Advance from customers		84,970,035	99,249,687

24. CONTINGENCIES AND COMMITMENTS

24.1 Contingencies

As of the reporting date, there are no contingencies to report.

24.2 Commitments

		Note	2019	2018
(i)	Guarantees issued by banks on behalf of the Company		2,146,665,806	870,316,185
(ii)	Letter of credit in favour of the Company	24.2.1	403,592,330	454,720,581
			2,550,258,136	1,325,036,766

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

25. TURNOVER - net

	Note	2019	2018
		------------- Rupees -------------	
Sale of goods		5,039,531,687	4,598,242,087
Service income		737,488,709	446,259,435
Commission income		155,602,967	109,935,415
		5,932,623,363	5,154,436,937
Sales & Service tax		(740,680,866)	(590,308,516)
		5,191,942,497	4,564,128,421

26. COST OF SALES AND SERVICES

	Note	2019	2018
Cost of goods sold			
Stock as at July 01		353,035,800	266,382,070
Purchases		3,653,122,248	3,587,073,152
		4,006,158,048	3,853,455,222
Transfer to capital work in progress	6.2	(29,144,981)	(22,609,278)
Consumables for internal use		(1,205,396)	(1,205,310)
Stock as at June 30	10	(415,098,972)	(353,035,800)
		3,560,708,699	3,476,604,834
Cost of services rendered			
Salaries and benefits	26.1	138,175,122	116,352,195
Storage and transportation		2,295,020	3,003,189
Travelling, conveyance and entertainment		16,266,471	19,766,717
Vehicle running		8,102,816	7,484,252
Postage and telephone		1,379,246	1,576,225
Repairs and maintenance		224,762	241,635
Software charges		9,413,740	5,989,175
Subcontracting cost		416,852,882	186,639,409
Rent, rates and taxes		10,183,960	9,573,182
Utilities		15,097	10,773
Printing and stationary		160,151	218,426
Training expenses		771,821	1,706,533
Insurance		2,607,732	1,695,346
Depreciation	6.1.1	11,872,860	9,175,367
Others		2,981	56,369
		4,179,033,360	3,840,093,627

26.1 Includes staff gratuity fund contribution and staff provident and pension fund contribution amounting to Rs.2.963 million (2018: Rs. 1.982 million) and Rs. 5.480 million (2018: Rs.5.386 million) respectively.

27. SELLING AND ADMINISTRATIVE EXPENSES

	Note	2019	2018
		Rupees	
Salaries and benefits	27.1	**302,543,269**	268,754,576
Travelling, conveyance and entertainment		**32,093,752**	36,824,745
Rent rates and taxes		**26,678,621**	19,333,734
Printing and stationary		**3,358,149**	2,869,383
Postage and telephone		**15,427,992**	13,146,455
Repairs and maintenance		**5,720,738**	5,496,626
Legal and professional		**9,843,859**	16,160,501
Auditor's remuneration	27.2	**1,811,386**	1,909,740
Subscription and newspapers		**1,358,683**	1,477,633
Staff training		**1,169,291**	966,595
Advertisement / Sales promotion		**11,188,923**	10,882,947
Insurance		**15,205,099**	11,452,159
Tender expenses		**785,838**	1,046,944
Vehicle running		**19,001,319**	12,609,384
Utilities		**10,367,531**	9,238,376
Donation	27.3	**1,543,764**	1,724,158
Depreciation	6.1.1	**40,939,701**	30,660,822
Amortisation	7.1	**3,253,913**	3,065,614
Allowance for expected credit loss		**-**	7,883,117
Provision for obsolete stock	10.1	**5,849,105**	4,852,510
Others		**6,402,016**	1,469,368
		514,542,949	461,825,388

27.1 This includes staff gratuity fund contribution and staff provident and pension fund contribution amounting to Rs.5.637 million (2018: Rs.3.616 million) and Rs.12.833 million (2018: Rs. 10.517 million) respectively.

27.2 Includes Auditors' remuneration as follows:

	2019	2018
	Rupees	
Audit fee for:		
- the Company	**650,000**	500,000
- provident and gratuity fund	**130,000**	63,800
Out of pocket expenses	**89,898**	68,100
Taxation and other services	**941,488**	1,277,840
	1,811,386	1,909,740

27.3 Represents donation paid to Atlas Foundation - a related party, amounting to Rs. 1.54 million (2018: Rs. 1.72 million). None of the directors or their spouses had any interest in these donations.

28. OTHER OPERATING INCOME

	Note	2019	2018
		Rupees	
Income from financial assets			
Interest income on delayed payments		**-**	180,426
Income from non-financial assets			
Gain on sale of operating fixed assets		**-**	324,969
Reversal of allowance for expected credit loss - net	28.1	**1,252,401**	-
Reversal of allowance due to recoveries	11.2	**1,557,465**	-
Scrap sales		**2,019,035**	6,552,072
		4,828,901	7,057,467

28.1 Reversal of allowance for expected credit loss - net

	Note	2019	2018
Allowance for ECL - Trade debts	11.2	**(173,053)**	-
Allowance for ECL - Contract asset	12.1	**(423,852)**	-
Allowance for ECL - Earnest money	14.1	**1,849,306**	-
		1,252,401	-

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29. FINANCE COSTS

	2019	2018
	------------- Rupees -------------	
Mark-up / interest on:		
Short-term running finance	**111,682,139**	73,286,476
Finance lease	**5,065,505**	-
Short-term borrowings	**34,140,152**	12,861,997
	150,887,796	86,148,473
Bank charges	**4,962,933**	7,023,881
	155,850,729	93,172,354

30. OTHER EXPENSES

	2019	2018
Loss on sale of operating fixed assets	**5,163,406**	-
Exchange loss - net	**29,236,168**	21,718,088
Others	**33,246**	-
	34,432,820	21,718,088

31. TAXATION

	2019	2018
Current	**276,633,952**	232,047,620
Prior	**(4,600,668)**	(1,231)
	272,033,284	232,046,389

31.1 Income tax assessments of the Company have been finalized up to and including the tax year 2018.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

32.1 Market risk

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

(i) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rate relates primarily to the Company's short-term borrowings and running finance and liability against assets under finance lease. Management of the Company estimates that 1% increase in the market interest rate, with all other factor remaining constant, would decrease the Company's profit before tax by Rs. 10.27 million and a 1% decrease would increase in the Company's profit before tax by the same amount. However, in practice, the actual result may differ from the sensitivity analysis. The company manages it's interest rate risk obtaining quotes for interest rate from various reputable banks and opting for the lowest price offered amongst them.

(ii) Foreign currency risk

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

	2019	2018
Trade payables - US Dollar	**145,869**	4,824,826
Trade payables - JPY	**42,404,391**	2,892,340
Trade payables - EUR	**4,575**	70,403

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The following significant exchange rates have been applied at reporting dates:	2019	2018
	------------- Rupees -------------	
Exchange rate – US Dollar	**164.50**	121.60
Exchange rate – JPY	**1.53**	1.10
Exchange rate – EUR	**186.99**	141.57

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

	Change in USD/JPY/EUR rates (%)	Effect of translation of foreign currency asset on profit or loss	Effect on equity
		------------- Rupees -------------	
2019	**-5**	**4,483,302**	**4,483,302**
	+5	**(4,483,302)**	**(4,483,302)**
2018	-5	29,992,238	29,992,238
	+5	(29,992,238)	(29,992,238)

	2019	2018
Trade Receivables - US Dollar	**538,222**	1,563,452
Trade Receivables - JPY	-	-
Trade Receivables - EUR	-	360

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

Exchange rate – US Dollar	**164.00**	121.40
Exchange rate – JPY	-	1.10
Exchange rate – EUR	-	141.33

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

	Change in USD/JPY/EUR rates (%)	Effect of translation of foreign currency asset on profit or loss	Effect on equity
		-------------- Rupees --------------	
2019	**+5**	**4,413,420**	**4,413,420**
	-5	**(4,413,420)**	**(4,413,420)**
2018	+5	9,492,698	9,492,698
	-5	(9,492,698)	(9,492,698)

32.2 Credit risk and concentration of credit risk

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

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

The analysis of trade debts is as follows:	Note	2019	2018
		Rupees	
Neither past due nor impaired		**576,753,470**	1,166,097,021
Past due but not impaired			
60 to 180 days		**186,133,926**	148,234,667
180 to 365 days		**146,380,393**	98,261,126
over 365 days		**251,370,086**	198,150,858
		583,884,405	444,646,651
	11	**1,160,637,875**	1,610,743,672

Bank balances

Ratings - Current accounts	Note	2019	2018
A-1		-	10,133,593
A-3		**4,131,623**	-
A1+		**9,685,248**	7,483,024
	16	**13,816,871**	17,616,617

32.3 Liquidity risk

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

2019	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
				Rupees		
Trade and other payables	-	23,655,657	476,331,235	-	-	499,986,892
Accrued mark-up	-	32,530,889	-	-	-	32,530,889
Liability against assets under finance lease	-	-	-	48,990,160	-	48,990,160
Short term borrowings and running finance	-	-	961,714,437	-	-	961,714,437
Total	-	56,186,546	1,438,045,672	48,990,160	-	1,543,222,378

2018	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
				Rupees		
Trade and other payables	-	734,119,090	150,961,141	-	-	885,080,231
Accrued mark-up	-	21,093,345	-	-	-	21,093,345
Short term borrowings and running finance	-	-	1,305,888,394	-	-	1,305,888,394
Total	-	755,212,435	1,456,849,535	-	-	2,212,061,970

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33. CAPITAL RISK MANAGEMENT

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

	Note	2019	2018
		Rupees	
Short term borrowings and running finance	22	**961,714,437**	1,305,888,395
Liability against assets under finance lease	21	**65,161,117**	-
Total debt		**1,026,875,554**	1,305,888,395
Cash and bank balances	16	**(13,816,871)**	(17,616,618)
Net debt		**1,013,058,683**	1,288,271,777
Share Capital	17	**550,000,000**	250,000,000
General reserves		**35,265,000**	35,265,000
Unappropriated profit		**161,363,987**	161,242,312
Total equity		**746,628,987**	446,507,312
Total debt + equity		**1,759,687,670**	1,734,779,089
Gearing ratio		**58.36%**	75.28%

34. REMUNERATION OF CHIEF EXECUTIVE, DIRECTOR AND OTHER EXECUTIVES

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

	2019				2018			
	Chief Executive	Director	Other Executives	Total	Chief Executive	Director	Other Executives	Total
	Rupees				Rupees			
Remuneration	**14,338,112**	**50,000**	**53,545,793**	**67,933,905**	14,526,600	100,000	38,226,384	52,852,984
Fee & Subscription	**140,700**	-	**176,220**	**316,920**	119,955	-	185,864	305,819
Bonus	**1,307,394**	-	**4,403,013**	**5,710,407**	1,936,880	-	6,198,293	8,135,173
Retirement benefits	**924,290**	-	**3,187,106**	**4,111,396**	939,960	-	3,008,004	3,947,964
Others	**1,011,494**	-	**3,824,103**	**4,835,597**	910,519	-	3,079,573	3,990,092
	17,721,990	**50,000**	**65,136,235**	**82,908,225**	18,433,914	100,000	50,698,118	69,232,032
Number of persons	**1**	**1**	**9**	**11**	1	1	8	10

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

35. RELATED PARTY TRANSACTIONS

The related parties comprise the Holding Company (Shirazi Investments (Private) Limited) and related group companies, directors of the Company, companies where directors also hold directorship, key employees and staff retirement funds. All the transactions with related parties are entered into at agreed terms duly approved by the Board of Directors of the Company. Details of transactions with related parties other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

35.1 Balances as at June, 30

	2019	2018
	Rupees	
Shirazi Investments (Private) Limited - Holding Company		
Trade debts	**32,702**	290,633
Payable against rent	**3,000,000**	-
Entities under common directorship - Associated Undertaking		
Atlas Honda Limited		
Trade debts	**2,288,261**	11,038,726
Trade payable	**-**	222,009
Atlas Battery Limited		
Trade debts	**127,156**	750,224
Atlas Insurance Limited		
Trade debts	**-**	34,372
Payable against insurance premium	**3,411,806**	6,864,250
Honda Atlas Cars (Pakistan) Limited		
Trade debts	**-**	1,114
Atlas Engineering Limited		
Trade debts	**3,791,927**	4,829,148

	2019	2018
	------------ Rupees ------------	
Atlas Autos (Private) Limited		
Trade debts	**8,703,266**	3,393,566
Atlas Power Limited		
Trade debts	**48,070**	3,272
Atlas Metals (Private) Limited		
Trade debts	**19,900**	1,133,446
Atlas Hitec (Private) Limited		
Trade debts	**433,180**	39,757
Atlas Foundation		
Trade debts	**-**	1,022,755
Honda Atlas Power Products (Private) Limited		
Trade payable	**-**	415,005
Atlas Aluminum (Private) Limited		
Trade debts	**729,780**	-
Atlas Die Casting (Private) Limited		
Trade debts	**1,985,138**	-
Atlas Global *		
Trade payable	**17,593,135**	-
Trade debts	**34,134,957**	-
Atlas Worldwide General Trading (L.L.C) **		
Trade debts	**17,171,765**	-

* The registered address of Atlas Global is Office 708 A Jafza Building No. 18, Sheikh Zayed Road, PO Box 17442 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.

	2019	2018
	------------ Rupees ------------	
35.2 Transactions during the year		
Shirazi Investments (Private) Limited - Holding Company		
Sales of goods and rendering of services	**544,187**	4,430,740
Actual reimbursement of expenses	**1,386,980**	-
Issuance of Right Shares	**300,000,000**	-
Intergroup net tax receivables / receipts	**16,476,746**	19,472,194
Transfer of security deposit upon transfer of employee	**4,967**	77,598
Transfer of operating fixed assets and advances upon transfer of employee	**278,757**	456,590
Rent paid	**19,285,617**	4,415,800
Entities under common directorship - Associated Undertakings		
Atlas Honda Limited		
Sales of goods and rendering of services	**2,648,125,590**	2,387,938,150
Purchase of vehicles	**4,121,324**	6,480,469
Actual reimbursement of expenses	**1,393,415**	828,815
Transfer of tangible fixed assets and advances upon transfer of employee	**-**	179,182
Atlas Battery Limited		
Sales of goods and rendering of services	**6,571,092**	2,219,929
Purchase of batteries	**36,367**	34,498
Atlas Foundation		
Sales of goods and rendering of services	**157,950**	9,544,485
Rent paid	**2,839,428**	2,581,345
Donation	**1,543,764**	1,724,158

	2019	2018
	------------- Rupees -------------	
Honda Atlas Power Products (Private) Limited		
Sales of goods and rendering of services	33,529	16,967
Purchase of generator	7,049,159	17,469,100
Atlas Engineering Limited		
Sales of goods and rendering of services	26,727,944	17,378,013
Commission received	171,719	916,480
Atlas Autos (Private) Limited		
Sales of goods and rendering of services	50,082,657	29,875,323
Actual reimbursement of vehicle loan of employee	936,934	-
Atlas Insurance Limited		
Sales of goods and rendering of services	908,792	1,150,353
Insurance premium	61,766,957	60,078,521
Insurance claim	1,848,633	1,822,057
Atlas Power Limited		
Sales of goods and rendering of services	1,206,175	2,681,150
Transfer of operating fixed assets	3,372,715	-
Transfer of security deposit upon transfer of employee	189,925	-
Honda Atlas Cars (Pakistan) Limited		
Sales of goods and rendering of services	5,884,525	120,444
Actual reimbursement of vehicle loan of employee	3,054,700	-
Atlas Asset Management Limited		
Sales of goods and rendering of services	198,021	38,308
Atlas Metals (Private) Limited		
Sales of goods and rendering of services	523,231	1,598,866
Commission received	19,900	266,025
Atlas Hitec (Private) Limited		
Sales of goods and rendering of services	5,959,683	3,302,887
Atlas Die Casting (Private) Limited		
Sales of goods and rendering of services	5,115,635	49,140
Atlas Aluminum (Private) Limited		
Commission received	929,780	-
Atlas Global		
Trade purchases	812,295,615	-
Atlas Worldwide General Trading (L.L.C)		
Trade purchases	1,441,050	-
Retirement benefit funds		
Atlas Group of Companies - Management Staff Gratuity Fund		
Contribution paid	11,954,092	4,711,420
Shirazi Trading Company (Private) Limited - Employees Provident & Pension Fund		
Contribution paid	18,313,044	15,903,165

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	2019	2018
	------------- Rupees -------------	
36. PROVIDENT FUND	(un-audited)	(Audited)
Size of the trust	**93,012,648**	87,279,071
Cost of investments made	**89,000,000**	81,437,273
Percentage of investments made	**100%**	99%
Fair value investments made	**92,877,420**	86,197,275

	2019 (un-audited)		2018 (Audited)	
Break-up of investment	Investment (Rupees)	% of investment	Investment (Rupees)	% of investment
Mutual Funds	-	-	35,764,865	42%
Government Securities	**92,040,208**	99%	-	-
Short-term deposit / term deposit	**837,212**	1%	50,432,410	58%
	92,877,420		86,197,275	

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

37. GENERAL

37.1 The number of employees at the year end are 246 (2018: 273) and average number of employees during the year were 260 (2018: 268).

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

37.3 Figures have been rounded-off to nearest rupee.

37.4 These financial statements have been authorised for issue on 28 SEP 2019 by the Board of Directors of the Company.

CHIEF EXECUTIVE	DIRECTOR	CHAIRMAN