Shirazi Investments

Directors' Report
On the Consolidated Financial Statements

The Directors of Shirazi Investments (Private) Limited (Company) are pleased to present the audited consolidated financial statements of the Group for the year ended 30 June 2019.

Group Results
The comparison of annual audited results for the year ended 30 June 2019 as against the year 2018 is as follows:

(Rupees in million)

Particulars	June 30 2019	June 30 2018
Total Revenue	146,114.95	121,693.74
Share of profit of associates and joint venture-net of tax	967.39	1,424.93
Profit before tax	4,599.79	15,915.49
Profit after tax	1,828.01	12,041.46
Attributable to:		
Equity holders of the Holding Company	1,007.74	8,862.10
Non-controlling interest	820.27	3,179.36

The total revenue of the Group was Rs. 146,114.95 million in the year 2019 as against Rs. 121,693.74 million last year, due to an increase in revenues and other operating income of the subsidiary companies. The cost of sales and services increased to Rs. 129,847.37 million as against Rs. 98,593.58 million last year. Percentage-wise cost of sales and services increased to 90% of sales as compared to 83% last year. As a result, profit before tax reduced to Rs. 4,599.79 million from Rs. 15,915.49 million last year. Profit after tax declined to Rs. 1,828.01 million from Rs. 12,041.46 million last year.

A brief review of the operational performance of Group entities for the year is as follows:

Atlas Asset Management Limited
Income from management fees decreased to Rs. 275.41 million against Rs. 306.19 million last year. During the year, Atlas Asset Management earned an after-tax profit of Rs. 33.90 million against Rs. 65.51 million last year. Profit was decreased due to a decline in income from management fee and increase in unrealized loss on re-measurement of investments of Rs. (24.01) million against last year unrealized loss on re-measurement of investments of Rs. (5.52) million.

Atlas Engineering (Private) Limited
Sales for the year were Rs. 2,075.92 million against Rs. 2,230.41 million for the last year. Profit after tax for the year was Rs. 13.55 million against Rs. 93.59 million last year. The decline in profit was due to a reduction of gross margin to 2.58% as against 10.63% last year.

Atlas Power Limited
Sales for the year were Rs. 16,102 million against Rs. 18,613 million last year. Profit after tax for the year was Rs. 3,539.33 million against Rs. 3,179.77 million last year.

Shirazi Trading Company (Private) Limited
Revenue for the year was Rs. 5,191.94 million against Rs. 4,564.13 million last year. Profit after tax for the year was Rs. 40.88 million against loss after tax of Rs. (77.67) million last year.

Atlas Autos (Private) Limited
Sales for the year were Rs. 13,782.32 million against Rs. 12,789.47 million last year. Profit after tax for the year was Rs. 1,164.94 million against Rs. 979.49 million last year.

Atlas Metals (Private) Limited

During the year, the Company acquired the 100% shareholding of Atlas Metals (Private) Limited from Atlas Autos (Private) Limited (a wholly-owned subsidiary of the Company). Sales for the year were Rs. 5,472.43 million against Rs. 11,526.32 million last year. Loss after tax for the year was Rs. (1,066.28) million against profit of Rs. 459.18 million last year.

Atlas Die Casting (Private) Limited

Sales for the year were Rs. 351.41 million against Rs. 265.84 million last year. Profit after tax for the year was Rs. 33.20 million against Rs.30.97 million last year.

Atlas Aluminum (Private) Limited

Sales for the year were Rs. 392.20 million against Rs. 33.23 million last year. Loss after tax for the year was Rs. (539.21) million against loss of Rs. (85.13) million last year.

Atlas Venture Limited (UAE)

Revenues for the year were Rs. 42.71 million against Rs.106.03 million last year. Profit for the year was Rs. 4.71 million against Rs. 78.17 million last year.

Atlas World Wide General Trading LLC (UAE)

Sales for the year were Rs. 1,297.65 million against Rs. 2,033.94 million last year. Profit for the year was Rs. 12.82 million against Rs. 21.93 million last year.

Atlas Global FZE (UAE)

Sales for the year were Rs. 4,101.34 million against Rs. 2,237.20 million last year. Profit for the year was Rs. 39.36 million against Rs. 9.84 million last year.

Oyster International Holdings Limited (UAE)

Revenues for the year were Rs. 11.05 against Rs. 0.10 for the last period (fourteen months). The loss for the year was Rs. (0.32) million against loss for the last period of Rs. (0.86) million.

Atlas Honda Limited

Sales for the year ended 31 March 2019 were Rs. 82,412.55 million against Rs. 77,478.85 million last year. Profit after tax for the year ended 31 March 2019 was Rs. 3,208.66 million against Rs. 4,663.64 million last year.

Atlas Battery Limited

Sales for the year were Rs. 12,773.11 million against Rs. 18,332.86 million last year. Loss after tax for the year was Rs. (592.46) million against a profit of Rs. 590.59 million last year.

Atlas Insurance Limited

The net premium for the year ended 31 December 2018 was Rs. 1,485.64 million against Rs. 1,378.94 million last year. Profit after tax for the year was Rs. 666.24 million against Rs. 641.5 million last year.

Atlas Hitec (Private) Limited

Revenue for the year ended 31 March 2019 was Rs. 2,348.69 million against Rs. 2,272.06 million last year. Profit after tax for the year ended 31 March 2019 was Rs. 51.59 million against Rs. 175.04 million last year.

Atlas Services Limited

During the year, the shareholders of Atlas Services Limited (ASL), by a special resolution in the extraordinary general meeting held on 2 April 2019, resolved to wind up affairs of ASL through members' voluntary winding up mode and appointed a liquidator. The Liquidator submitted his preliminary report and made the final payment to the shareholders. However, ASL has not been dissolved till June 30, 2019;

accordingly, ASL is continued to be classified as a subsidiary. Profit after tax for the year was Rs. 3.27 million against Rs. 2.72 million last year.

Atlas Energy Limited

During the year, the Company acquired the 100% shareholding of Atlas Energy Limited from Atlas Power Limited. Profit after tax for the year was Rs. 1.63 million against loss of Rs. (0.41) million last year.

On behalf of the Board of Directors

Noorullah	Iftikhar H. Shirazi
Chief Executive Officer	Director

Karachi: October 5, 2019

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SHIRAZI INVESTMENTS (PRIVATE) LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

EY Ford Rhodes
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INDEPENDENT AUDITOR'S REPORT

To the members of Shirazi Investments (Private) Limited

Opinion

We have audited the annexed consolidated financial statements of **Shirazi Investments (Private) Limited** (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at **30 June 2019**, and the consolidated statement of profit and loss and other comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at **30 June 2019** and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

The engagement partner on the audit resulting in this independent auditors' report is Shaikh Ahmed Salman.

EY Ford Rhodes

Chartered Accountants

Place: Karachi

Date: 25 October 2019

SHIRAZI INVESTMENTS (PRIVATE) LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019

	Note	2019	2018
ASSETS		---------- Rupees in '000 ----------	
Non-current assets			
Fixed assets	7	32,728,348	31,577,149
Investment properties	8	2,637,563	2,262,629
Investment in associates and joint venture	9	26,688,619	31,153,894
Long term investments	10	1,647,357	2,327,600
Long term loans	11	50,992	44,942
Long term deposits and other receivables	12	620,697	130,113
		64,373,575	67,496,327
Current assets			
Stores, spare parts and loose tools	13	3,620,659	3,391,295
Stock-in-trade	14	9,528,187	10,849,398
Trade debts	15	21,851,797	19,286,873
Receivable from funds under management	16	25,720	25,975
Loans and advances	17	251,463	222,009
Deposits, prepayments and other receivables	18	4,792,519	3,852,919
Accrued investment income		59,675	22,816
Short term investments	19	2,283,956	2,396,564
Taxation - net		1,202,699	2,164,436
Cash, bank balances and deposits	20	11,625,105	13,795,963
		55,241,780	56,008,247
TOTAL ASSETS		119,615,355	123,504,575
EQUITY AND LIABILITIES			
Equity attributable to the Holding Company			
Reserves			
Share capital	21	2,201,124	2,201,124
Capital reserve		13,484,360	13,484,360
General reserve		13,831,122	11,131,122
Unappropriated profit		24,705,775	27,446,722
Unrealised gain on revaluation of investments		2,345,402	2,632,585
Revaluation surplus on property, plant and equipment		1,175,681	937,810
		57,743,464	57,833,723
Non-controlling interests		11,185,585	12,308,456
Total equity		68,929,049	70,142,180
Non-current liabilities			
Long term loans - secured	22	2,440,668	3,209,587
Long term deposits	23	8,211	6,670
Deferred liabilities	24	603,602	483,473
Deferred taxation	25	1,300,036	1,828,740
		4,352,517	5,528,470
Current liabilities			
Trade and other payables	26	24,423,957	24,665,526
Short term borrowings - secured	27	20,112,692	20,470,025
Accrued mark-up		526,138	302,506
Current portion of long term loans	22	1,269,973	2,393,122
Current portion of long term deposits	23	1,029	2,745
		46,333,789	47,833,924
Contingencies and commitments	28		
TOTAL EQUITY AND LIABILITIES		119,615,355	123,504,574

The annexed notes from 1 to 49 form an integral part of these consolidated financial statements.

Chief Executive Officer	Director	Director

SHIRAZI INVESTMENTS (PRIVATE) LIMITED
CONSOLIDATED STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019	2018
		Rupees in '000	
Income			
Sales of goods and rendering of services	29	**144,276,909**	118,420,348
Fee / commission from asset management	30	**275,406**	306,187
Dividend income	31	**231,356**	1,603,741
Rental income	32	**285,033**	361,305
Other operating income	33	**1,046,241**	1,002,158
		146,114,945	121,693,739
Expenses			
Cost of sales and services	34	**129,847,364**	98,593,577
Distribution costs and administrative expenses	35	**9,870,465**	6,888,261
Finance costs	36	**2,764,710**	1,721,340
		142,482,540	107,203,178
		3,632,405	14,490,561
Share of profit of associates and joint venture - net of tax	37	**967,386**	1,424,925
Profit before taxation	38	**4,599,791**	15,915,486
Taxation - net	39	**(2,771,785)**	(3,874,031)
Profit after taxation		**1,828,006**	12,041,455
Attributable to:			
Equity holders of the Holding Company		**1,007,739**	8,862,096
Non-controlling interest		**820,267**	3,179,359
		1,828,006	12,041,455
Earnings per share - basic and diluted	40	**4.58**	40.26

The annexed notes from 1 to 49 form an integral part of these consolidated financial statements.

Chief Executive Officer

Director

Director

SHIRAZI INVESTMENTS (PRIVATE) LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
	Rupees in '000	
Net profit for the year	1,828,006	12,041,455
Other comprehensive income to be reclassified to profit and loss account in subsequent periods		
Net unrealised gain / (loss) on revaluation of available-for-sale investments arising during the year	-	(585,807)
Related deferred taxation	-	51,354
Exchange gain on translation of net assets of foreign operations	252,503	124,546
	252,503	(409,907)
Other comprehensive income not to be reclassified to profit and loss account in subsequent periods		
Net unrealised loss on revaluation of investments at fair value through other comprehensive income - net	(571,250)	-
Actuarial loss on defined benefit plan	(73,890)	(57,033)
Related deferred taxation	105,454	9,593
	(539,686)	(47,440)
Surplus on revaluation during the year	395,300	-
Share of other comprehensive loss from associates' in respect of staff retirement benefit obligation - net of deferred tax	(15,166)	(9,960)
Total comprehensive income - net of tax	1,920,957	11,574,149
Attributable to:		
Equity holders of the Holding Company	943,261	8,394,790
Non-controlling interest	977,696	3,179,359
	1,920,957	11,574,149

The annexed notes from 1 to 49 form an integral part of these consolidated financial statements.

Chief Executive Officer | Director | Director

SHIRAZI INVESTMENTS (PRIVATE) LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2019

		Reserves									
		Capital		Revenue							
	Share capital	Share premium	Amalgamation reserve	General	Unappropriated profit	Unrealised gain on revaluation of investments	Revaluation surplus on property, plant and equipment	Sub-total	Non-controlling interest	Total
	Rupees in '000										
Balances as at June 30, 2017	2,201,124	26,839,742	(13,356,382)	8,431,122	22,439,171	3,089,932	937,810	50,583,519	10,737,039	61,320,558
Transfer to general reserves	-	-	-	2,700,000	(2,700,000)	-	-	-	-	-
Profit for the year	-	-	-	-	8,862,096	-	-	8,862,096	3,179,359	12,041,455
Other comprehensive income	-	-	-	-	-	(457,347)	-	(457,347)	-	(457,347)
Share in other comprehensive income of associates - net	-	-	-	-	(9,960)	-	-	(9,960)	-	(9,960)
Total comprehensive income for the year	-	-	-	-	8,852,136	(457,347)	-	8,394,789	3,179,359	11,574,149
Dividend paid during the year	-	-	-	-	(1,144,585)	-	-	(1,144,585)	(1,607,942)	(2,752,527)
Balance as at June 30, 2018	2,201,124	26,839,742	(13,356,382)	11,131,122	27,446,722	2,632,585	937,810	57,833,723	12,308,458	70,142,180
Impact of initial application of IFRS 9 (see note 4.2)	-	-	-	-	(43,058)	-	-	(43,058)	-	(43,058)
Adjusted balance as at June 30, 2018	**2,201,124**	**26,839,742**	**(13,356,382)**	**11,131,122**	**27,403,664**	**2,632,585**	**937,810**	**57,790,865**	**12,308,456**	**70,099,121**
Transfer to general reserves	-	-	-	2,700,000	(2,700,000)	-	-	-	-	-
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	1,007,739	-	-	1,007,739	820,267	1,828,006
Other comprehensive loss	-	-	-	-	-	(287,183)	-	(287,183)	-	(287,183)
Surplus on revaluation during the year							237,871	237,871	157,429	395,300
Share in other comprehensive income of associates - net	-	-	-	-	(15,166)	-	-	(15,166)	-	(15,166)
Total comprehensive income for the year	-	-	-	-	992,573	(287,183)	237,871	943,261	977,696	1,920,957
Further acquisition of subsidiary company	-	-	-	-	44	-	-	44	(44)	-
Dividend paid during the year	-	-	-	-	(990,506)	-	-	(990,506)	(2,100,523)	(3,091,029)
Balance as at June 30, 2019	**2,201,124**	**26,839,742**	**(13,356,382)**	**13,831,122**	**24,706,775**	**2,345,402**	**1,175,681**	**57,743,464**	**11,185,585**	**68,929,049**

The annexed notes from 1 to 49 form an integral part of these consolidated financial statements.

Chief Executive Officer

Director

Director

SHIRAZI INVESTMENTS (PRIVATE) LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019	2018
		Rupees in '000	
Cash flows from operating activities			
Cash generated from operations	41	9,758,195	10,909,544
Mark-up / interest paid		(2,541,078)	(1,696,187)
Tax paid		(2,432,744)	(4,338,269)
Gratuity paid		(125,087)	(89,210)
Payment of deferred liabilities		(58,737)	(25,608)
		(5,157,646)	(6,149,274)
Net cash generated from operating activities		4,600,549	4,760,270
Cash flows from investing activities			
Acquisition of property, plant and equipment		(4,226,937)	(4,233,055)
Proceeds from sale of fixed assets		233,005	330,922
Proceed from sale of properties		371,041	-
Acquisition of investment properties		(688,671)	(543,999)
Purchase of intangible assets		(151,651)	(68,462)
Investment in associates - net		3,572,302	(1,697,414)
Dividends received from associates		848,070	1,327,888
Dividends received from investments		(616,714)	275,853
Effects of exchange differences on translation of net assets of foreign operations		252,503	124,546
Investments - net		(1,517,622)	(2,428,797)
Disbursements in long term loans		(6,050)	(16,543)
Disbursements in long term deposits and other receivables		(490,584)	(27,774)
Net cash used in investing activities		(2,421,308)	(6,956,835)
Cash flows from financing activities			
Repayment of long term loans		(1,892,068)	(548,106)
Dividend paid to non controlling interests		(2,100,523)	(1,607,942)
Long term deposits - net		(175)	7,422
Short term borrowings - net		(357,333)	7,345,970
Net cash generated from financing activities		(4,350,099)	5,197,343
Net increase in cash and cash equivalents		(2,170,858)	3,000,778
Cash and cash equivalents at beginning of the year		13,795,963	10,795,185
Cash and cash equivalents at end of the year		11,625,105	13,795,963

The annexed notes from 1 to 49 form an integral part of these consolidated financial statements.

Chief Executive Officer	Director	Director

SHIRAZI INVESTMENTS (PRIVATE) LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

1. THE GROUP AND ITS OPERATIONS

The "Group" consists of:

	Note
Holding Company	
- Shirazi Investments (Private) Limited (SIL)	1.1

These financial statements are the consolidated financial statements of the Holding Company and its subsidiaries ("the Group"). In addition to the consolidated financial statements, the Holding Company prepares and presents its separate financial statements for the year ended June 30, 2019.

These consolidated financial statements include the financial statements of the following companies:

Subsidiary companies		**Percentage holding**
- Atlas Asset Management Limited (AAML)	1.2	100.00%
- Atlas Engineering (Private) Limited (AEL)	1.3	100.00%
- Shirazi Trading Company (Private) Limited (STC)	1.4	100.00%
- Atlas Power Limited (APL)	1.5	84.60%
- Atlas Venture Limited (AVL)	1.6	100.00%
- Atlas Autos (Private) Limited (AAPL)	1.7	100.00%
- Atlas Metal (Private) Limited (AML)	1.8	100.00%
- Atlas Services Limited (ASL)	1.9	83.11%
- Atlas Energy Limited (AENL)	1.10	100.00%
- Atlas Global FZE (AGF)	1.11	100.00%
- Atlas Insurance Limited (AIL)	1.12	75.33%
- Atlas Battery Limited (ABL)	1.13	60.17%
- Atlas Honda Limited (AHL)	1.14	54.57%
- Atlas Die Casting (Private) Limited (ADL)	1.15	100.00%
- Atlas Aluminum Limited (AAL)	1.16	100.00%
- Atlas World Wide General Trading LLC (AWWGT)	1.17	49.00%
- Atlas Hitec (Private) Limited (AHPL)	1.18	60.72%

The year end of all the subsidiaries is same as of the Holding Company except for AHL, AHPL and AIL. The year end of AHPL and AHL is March 31, and of AIL is December 31.

1.1 Shirazi Investments (Private) Limited (SIL)

SIL was incorporated on August 27, 1962 as a private limited company. The registered office of the Holding Company is situated at Second Floor, Federation House, Sharah-e-Firdousi, Clifton, Karachi. The Holding Company is engaged in trading and investment in equity and debt securities, underwriting, real estate and warehousing business.

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

In 2017, the High Court of Sindh through its order dated November 23, 2016 has sanctioned the scheme. Pursuant to this sanction, the entire business of SCPL and SPL including their Assets, Liabilities, and the Rights and Obligations have been amalgamated into and vest in the Group with effect from the effective date as mentioned in the scheme i.e., July 01, 2016 which the Group has considered effective date of merger. In consideration, 91,819,873 fully paid ordinary shares of Rs.10 each have been issued to the registered shareholders of SCPL whereas 9,572,566 fully paid ordinary shares of Rs.10 each have been issued to the registered shareholders of SPL.

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

In consequence of the above amalgamation, Atlas Insurance Limited (AIL), Atlas Battery Limited (ABL), Atlas Hitec (Private) Limited (AHPL) and Atlas Honda Limited (AHL) have become subsidiaries of SIL which were previously accounted for as associates.

1.2 Atlas Asset Management Limited (AAML)

AAML was incorporated in Pakistan as a public limited Group on August 20, 2002 under the Companies Ordinance, 1984, and obtained certificate for the commencement of business on December 18, 2002. AAML has been issued license by the Securities and Exchange Commission of Pakistan to carry on business of asset management services as a Non-Banking Finance Group (NBFC) under section 282C of the Companies Act, 1984 and under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). On January 08, 2007, the Securities and Exchange Commission of Pakistan issued license to AAML to carry on business as Pension Fund Manager, under the Voluntary Pension System Rules, 2005 (VPS Rules, 2005).

AAML is managing Atlas Income Fund, Atlas Islamic Income Fund, Atlas Islamic Stock Fund, Atlas Stock Market Fund, Atlas Fund of Funds, Atlas Money Market Fund, Atlas Pension Fund, Atlas Pension Islamic Fund and Atlas Gold Fund.

The registered office of AAML is situated at Ground Floor, Federation House, Sharah-e-Firdousi, Clifton, Karachi.

1.3 Atlas Engineering (Private) Limited (AEL)

AEL was incorporated in Pakistan as a private limited Group in 1963 and was converted into a public listed Group in 1966. During the year ended March 31, 2012, AEL was delisted from the relevant stock exchanges. AEL is engaged in manufacturing of components and parts for automotive vehicles. The registered office and factory's geographical location of AEL is situated at 15th Mile, National Highway, Landhi, Karachi, Pakistan.

1.4 Shirazi Trading Group (Private) Limited (STC)

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

1.5 Atlas Power Limited (APL)

APL was incorporated on January 05, 2007 as a public unlisted Group in Pakistan. The principal activity of APL is to build and operate generation plant for the generation and supply of electricity. The registered office is situated at 26-27 km Lahore - Sheikhupura Road, Sheikhupura.

1.6 Atlas Venture Limited (AVL)

AVL is an offshore Free Zone Group with limited liability formed in accordance with the Offshore Companies Regulations of Jebel Ali Free Zone of 2003 and is registered with the Jebel Ali Free Zone Authority under License No. 110700. The principal activity of AVL is general trading and holding activities. The registered office of AVL is 8A, Dubai Creek Tower, Bani Yas Street Deira, Dubai, UAE.

1.7 Atlas Autos (Private) Limited (AAPL)

AAPL is a private limited Group incorporated in Pakistan on March 16, 2011 under the Companies Ordinance, 1984 (now Companies Act, 2017). The Group is engaged in the manufacturing, processing and trading of automotive parts, components, accessories and tools including trading of automotives. The registered office is situated at Federation House, Sharah-e-Firdousi, Clifton, Karachi. AAPL is engaged in the manufacturing, processing and trading of automotive parts, component's, accessories and tools including trading of automotives logistic services. The manufacturing and assembly facilities of AEL are situated at Karachi and Sheikhupura.

The Board of Directors of the AAPL has approved the scheme of arrangement (the Scheme) for merger / amalgamation of the Group with Atlas Die Casting (Private) Limited and Atlas Aluminum (Private) Limited (the Subsidiary Companies) on May 17, 2019. Also AAPL on June 1, 2019, has filed the petition in the Honourable High Court of Sindh to this effect under section 279 to 283 and 285 of the Companies Act, 2017. Under the Scheme and upon its approval from Honourable High Court of Sindh, all the business, functions, operations, assets, liabilities and obligations, rights to execute deeds, contracts, legal proceedings, judgments etc. of the Subsidiary Companies shall be transferred to the AAPL and vested in the AAPL on effective date.

1.8 Atlas Metals (Private) Limited (AML)

AML was incorporated in Pakistan as a private limited Group on September 18, 2012 under the Companies Ordinance, 1984 (now Companies Act, 2017). The principal activity of AML is to carry on the business of recycling of all ferrous and non-ferrous metals, alloys, polymers and papers. The registered office of AML is situated at Second Floor, Federation House, Sharah-e-Firdousi, Clifton Karachi, Pakistan.

The geographical location and address of the factory of the Group is 15th Mile, National Highway, Landhi, Karachi.

During the year, Shirazi Investments (Private) Limited became the Holding Group, by acquiring the total shareholding from Atlas Autos (Private) Limited.

Further, the AML has disposed off its investment in Atlas Aluminum (Private) Limited (100% owned Subsidiary) to Atlas Autos (Private) Limited as approved by the Board of Directors.

1.9 Atlas Services Limited (ASL)

ASL was incorporated in Pakistan as a public limited Group, under the Companies Ordinance, 1984, on September 17, 2015. The registered office of the Group is situated at 2nd Floor, Federation House, Sharae Firdousi, Clifton, Karachi, Pakistan. ASL is a wholly owned subsidiary of Shirazi Investments (Private) Limited (the Holding Group). The Group will be engaged in manufacturing of components and parts for automotive vehicles. The Group is in start-up phase and has not commenced its operations.

1.10 Atlas Energy Limited (AENL)

AENL was incorporated as an unquoted public limited Group in Pakistan on May 18, 2016 under the Companies Ordinance 1984 (now Companies Act, 2017). The registered office of the Group is situated at 26-27 km Lahore, Sheikhupura Road, Sheikhupura.

The purpose of Atlas Energy Limited is to provide cost effective tailored solar solutions for industrial and commercial consumers.

Atlas Power Limited transferred its entire shareholding to Shirazi Investments (Private) Limited on 29 March 2019. Hence, the parent Group is now Shirazi Investments (Private) Limited which held 99.99% ordinary shares of the AENL as at statement of financial position date.

1.11 Atlas Global FZE (AGF)

AGF is a Free Zone Establishment with limited liability in the Jebel Ali Free Zone, Dubai formed under the Law no. 9 of 1992 and implementing regulations issued there under by Jebel Ali Free Zone.

AGF was registered on November 19, 2015. The registered office of AGF is Office No. 323, Block B, Tech Park Building, Jebel Ali Free Zone, Dubai, UAE.

AGF is principally engaged in general trading activities.

1.12 Atlas Insurance Limited (AIL)

AIL was incorporated as a public limited Group on September 06, 1934 under the Companies Act, 1913 (now the Companies Act, 2017) and is listed on the Pakistan Stock Exchange. The AIL is engaged in general insurance business. The registered office of AIL is situated at 63/A, Block - XX, Phase III (Commercial), Khyaban-e-Iqbal, Defence Housing Authority, Lahore, Pakistan.

AIL was granted license to work as Window Takaful Operator (WTO) dated March 02, 2016 by the Securities and Exchange Commission of Pakistan (SECP) under Takaful Rules, 2012 to carry on Window Takaful Operations in Pakistan.

1.13 Atlas Battery Limited (ABL)

ABL was incorporated as a public limited Group on October 19, 1966 and its shares are quoted on Pakistan Stock Exchange Limited. ABL is engaged in manufacturing and sale of automotive and motorcycle batteries & allied products. The registered office is located at D-181, Central Avenue, S.I.T.E., Karachi. The manufacturing facilities of the ABL are located at S.I.T.E., Karachi with branches at Karachi, Lahore, Multan, Islamabad, Faisalabad, Sahiwal, Peshawar, Sukkur and Rahim Yar Khan.

1.14 Atlas Honda Limited (AHL)

AHL was incorporated as a public limited Group on October 16, 1992 under the repealed Companies Act, 1913 (now Companies Act, 2017) and its shares are quoted on Pakistan Stock Exchange Limited. The registered office is located at 1- McLeod Road, Lahore. AHL is principally engaged in progressive manufacturing and marketing of motorcycles and spare parts. The manufacturing and assembling facilities of AHL are located at Karachi and Sheikhupura, with business units located in Hyderabad, Multan, Lahore, Faisalabad, Rahim Yar Khan and Islamabad.

1.15 Atlas Die Casting (Private) Limited (ADL)

Atlas Die Casting (Private) Limited (the Group), is a private limited Group incorporated in Pakistan on July 29, 2016, under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The ADL is a subsidiary of Atlas Auto (Private) Limited. The registered office is situated at Federation House, Shahra-e-Firdousi, Clifton, Karachi. ADL is engaged in the manufacturing, processing and trading of dies, automotive parts, components, accessories and tools. The manufacturing facility of ADL is situated at Karachi.

1.16 Atlas Aluminum Limited (AAL)

The AAL was incorporated in Pakistan as a Private Limited Group on August 18, 2016 under the repealed Companies Ordinance, 1984 (now, the Companies Act, 2017 [the Act]). The principal activity of the AAL is recycling of ferrous and non-ferrous metals, alloys, polymers, plastics and papers. The registered office of the AAL is situated at 2nd Floor, Federation House, Shahrah-e-Firdousi, Clifton Karachi, Pakistan. The plant of the AAL is located at 15th Mile, National Highway, Landhi, Karachi, Pakistan.

During the period, Atlas Autos (Private) Limited (AAPL) became the Holding Group of AAL, by acquiring the total shareholding from Atlas Metals (Private) Limited.

The AAL started its operations during the year ended June 2018, polymer business in September 2017 and aluminum business from June 2018.

During the year, the Board of Directors of the AAL has proposed a scheme of arrangement to merge its business with AAPL. The arrangement is yet to be finalised including approval from the Court.

1.17 Atlas World Wide General Trading LLC (AWWGT)

Atlas Worldwide General Trading LLC (the "Group") is a Limited Liability Group registered in the Emirate of Dubai under Federal Law No. 2 of 2015 as amended. It is owned jointly by U.A.E national and a foreign Group. The Group is principally engaged in general trading activities. The Group was established on February 25, 2007. The registered office of the Group is Suite No. 31 I, Nasir Ahmed Nasir Lootah Building, Khalid Bin Al Waleed Road, Dubai, United Arab Emirates.

1.18 Atlas Hitec (Private) Limited (AHPL)

AHPL was incorporated in Pakistan as a private limited Group on September 13, 2012 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The principal activity of AHPL is to manufacture and sale any kind of automotive parts and allied products. The registered office of AHPL is situated at 2nd Floor, Federation House, Shahrah-e-Firdousi, Clifton Karachi, Pakistan. The geographical location and address of the factory of AHPL is 15th Mile, National Highway, Landhi, Karachi.

AHPL was formed in accordance with a joint venture agreement concluded among Atlas Autos (Private) Limited, Atlas Honda Limited and Denso Corporation (the Joint Ventures) with a shareholding of 45 percent, 29 percent and 26 percent, respectively. Denso Corporation was incorporated in Japan with registered office situated at 1-1, Showa-Cho, Kariya-shi, Aichi-ken 448-8661, Japan. The authorised agent of AHPL is Katsuhisa Shimokawa as Nominee Director. Voting rights, vote selection and similar rights of shareholders are in proportion to the shareholding of AHPL.

2. STATEMENT OF COMPLIANCE

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

3. BASIS OF CONSOLIDATION

These consolidated financial statements have been prepared from the information available in the audited financial statements of the Holding Group and the audited financial statements of the subsidiaries. Subsidiary companies are consolidated from the date on which more than 50% of voting rights are transferred to the Group or power to control the Group is established and are excluded from consolidation from the date of disposal or when the control is lost.

The assets, liabilities, income and expenses of subsidiary companies have been consolidated on a line by line basis. Material intra-group balances and transactions have been eliminated.

IFRS 10 "Consolidated Financial Statements" was made applicable from periods beginning on or after January 01, 2015 vide S.R.O 633(I)/2014 dated July 10, 2014 by Securities and Exchange Commission of Pakistan (SECP). However, vide S.R.O 56(I) /2016 dated January 28, 2016, SECP has directed that the requirements of consolidation under section 237 of the Companies Ordinance, 1984 (now Companies Act, 2017) and IFRS-10 "Consolidated Financial Statements" is not applicable in case of investment by companies in mutual funds established under trust structure. Accordingly, the requirements of this standard have not been considered in the preparation of these consolidated financial statements.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.1.1 New / revised standards, interpretations and amendments

The Group has adopted the following International Financial Reporting Standard which became effective for the current period:

IFRS 2 Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)

IFRS 4 Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – (Amendments)

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

Improvements to Accounting Standards Issued by the IASB in December 2016

IFRS 1 First-time Adoption of International Financial Reporting Standards - Deletion of short-term exemptions for first-time adopters

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 adoption of the above amendments, improvements to accounting standards and interpretations did not have any material effect on the financial statements except for IFRS 9. The impact of

4.2 IFRS 9 "Financial Instruments"

The Group adopted IFRS 9 Financial Instruments on its effective date of July 01, 2018. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement and introduces new requirements for classification and measurement, impairment and hedge accounting.

(a) **Classification and measurement**

The classification and measurement requirements of IFRS 9 have been adopted retrospectively as of the date of initial application on July 01, 2018. However, the Group has chosen to take advantage of the option not to restate comparatives. Therefore, the 2018 figures are presented and measured under IAS 39. The following table shows the original measurement categories in accordance with IAS 39 and the new measurement categories under IFRS 9 for the Group's financial assets and financial liabilities as at July 01, 2018:

Financial assets

July 01, 2018	IAS 39 Classification	IFRS 9 Classification	IAS 39 Measurement	Impact of ECL in opening equity	IFRS 9 Measurement
			------------	(Rupees in '000)	------------
Investment in unlisted shares - related party	Available for sale	Fair value through other comprehensive income	-	Available for sale	-
Investment in listed shares	Available for sale	Fair value through other comprehensive income	1,426,082		1,426,082
Loan to employees	Loans and receivables	Amortised cost	790		92
Bank balances	Loans and receivables	Amortised cost	87,113		87,113
Long-term loans	Loans and receivables	Amortised cost	1,318	-	1,318
Trade debts	Loans and receivables	Amortised cost	2,219,002	(30,183.78)	2,188,818
Loans and advances	Loans and receivables	Amortised cost	80,014	-	80,014
Contract asset			109,261	(3,534.95)	105,726
Trade deposits and prepayments	Loans and receivables	Amortised cost	172,269	(9,339.45)	162,930
Other receivables	Loans and receivables	Amortised cost	704,837	-	704,837
Long-term deposits	Deposits and receivables	Amortised cost	5,859	-	324
Advance to suppliers	Loans and receivables	Amortised cost	17,650	-	17,650
Trade deposits	Loans and receivables	Amortised cost	15,136	-	15,136

Financial liabilities

Financial liabilities continue to be carried at amortised cost.

(b) **Impairment**

The adoption of IFRS 9 has fundamentally changed the Group'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 Group 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.

Atlas Power Limited

Securities and Exchange Commission of Pakistan (SECP) through its SRO No. 985 (1) / 2019 dated September 02, 2019, in partial modification of its previous SRO 229 (1) / 2019 dated February 14, 2019 notified that, in respect of companies holding financial assets due from Government of Pakistan, the requirement contained in 'IFRS-9 (Financial Instruments) with respect to application of expected credit losses method shall not be applicable till June 30, 2021, provided that the Group follow relevant requirement of IAS-39 'Financial instruments: Recognition and Measurement', in respect of above referred financial assets during the exemption period. Consequently, these financial statements do not include the impact of Expected Credit Loss (ECL) method in respect of receivables which are due from NTDC i.e. a government owned entity.

Atlas Insurance Limited

As an insurance Group, the management has opted temporary exemption from the application of IFRS 9 as allowed by International Accounting Standards Board (IASB) for entities whose activities are predominantly connected with insurance. Additional disclosure, as required by the IASB, for being eligible to apply the temporary exemption from the application of IFRS 9 are given in these financial statements.

4.2.1 In addition to above IFRSs, certain other IFRSs, amendments to IFRSs and IFRIC interpretations have become applicable during the period. However, such IFRSs, amendments to IFRSs and IFRIC interpretations are not considered relevant for the business of the entity.

4.3 IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

IFRS 15 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 Group 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

The new accounting policy in respect of revenue recognition is stated in note 4.19 to these financial statements.

4.4 Applicability of IFRIC 4 "Determining whether an Arrangement contain a Lease" - (APL)

IFRIC 4, Determining Whether an Arrangement Contains a Lease" is applicable for periods beginning on, or after January 01, 2006, however, Independent Power Producers (IPPs), whose letter of intent or 'approval' was issued by Government of Pakistan on or before June 30, 2010, have been exempted from its application by the Securities and Exchange Commission of Pakistan (SECP). This interpretation provides guidance on determining whether arrangements that do not take the legal form of a lease should, nonetheless, be accounted for as a lease in accordance with International Accounting Standard (IAS) 17, 'Leases'. The SECP has also extended the earlier exemption from IFRIC 4, now IFRS 16, to all companies which have entered into power purchase arrangements before January 01, 2019.

Consequent to aforesaid exemption, the APL is not required to account for a portion of its Power Purchase Agreement (PPA) with National Transmission and Despatch Group Limited (NTDCL) as a lease under IAS 17. Had the exemption not been granted, the impact as on June 30, 2019, for the years ended June 30, 2019 and 2018 would have been as follows:

		2019	2018
		---------- Rupees in '000 ----------	
Derecognition of property, plant and equipment		(12,348,900)	(13,087,489)
Recognition of net investment in finance lease		17,689,187	17,741,963
		5,340,287	4,654,474
Increase in unappropriated profit at the beginning of the year		4,654,258	4,030,574
Profit after tax as per the financial statements	A	3,539,749	3,179,772
Depreciation reversed		786,821	785,223
Finance income recognized		4,633,688	4,081,304
Sales revenue reversed		(4,734,480)	(4,242,627)
		686,029	623,900
Adjusted profit after application of IFRIC 4	B	4,225,778	3,803,672
Increase in profit for the year after application of IFRIC 4	(A-B)	686,029	623,900
Increase in unappropriated profit at the end of the year		5,340,287	4,654,474

4.5 Property, plant and equipment

4.5.1 Operating fixed assets - owned

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any, except for leasehold land which is stated at revalued amount. The leasehold land is held by AEL, ABL and AHL (subsidiary companies) which carry leasehold land at revalued amount. Cost comprises acquisition and other directly attributable costs. Depreciation is charged to profit and loss account applying the reducing balance / straight line method whereby the cost of an asset is written-off over its estimated useful life at the rates specified in note 7.1 to the financial statements. In respect of additions depreciation is charged from the month in which asset is available for use and on disposal up to the month immediately preceding the deletion.

Leasehold land are revalued by professionally qualified valuers with sufficient regularity to ensure that their net carrying value does not differ materially from their fair value. A surplus arising on revaluation is credited to the surplus on revaluation of fixed assets account. Any deficit arising on subsequent revaluation of fixed assets is adjusted against the balance in the above-mentioned surplus account.

The carrying amounts are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amounts, and where carrying value exceeds estimated recoverable amount, assets are written down to their estimated recoverable amount.

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

An item of fixed assets is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit and loss account in the year the asset is derecognised.

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

Gains and losses on disposal of fixed assets, if any, are taken to profit and loss account.

4.5.2 Capital work-in-progress

Capital work-in-progress is stated at cost less accumulated impairment losses, if any. It includes advances to suppliers for purchase of assets and expenditure incurred in respect of fixed assets in the course of their construction and installation. Transfers are made to relevant fixed assets categories as and when assets are available for use.

4.5.3 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Intangible assets are amortised at the rates specified in note 7.3 to the financial statements. The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

4.5.4 Assets subject to finance lease

Leases which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item are capitalized at the inception of the lease, at the fair value of the leased property or, if lower at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

4.6 Impairment

The Group assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the Group makes an estimate of the asset's recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The recoverable amount of property, plant and equipment is the greater of net selling price and value in use.

4.7 Investment Properties

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

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

The carrying amounts are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amounts, and where carrying value exceeds estimated recoverable amount, investment properties are written down to their estimated recoverable amount.

Investment properties are depreciated on a reducing balance method whereby the cost of an asset is written-off over its estimated useful life at the rates specified in note 8 to the financial statements.

4.8 Financial instruments

In the current period, the Group has adopted IFRS 9 Financial Instruments. See note 4.2 for an explanation of the impact. Comparative figures for the year ended June 30, 2018 have not been restated as allowed by IFRS 9. Therefore, financial instruments in the comparative period are still accounted for in accordance with IAS 39 Financial Instruments: Recognition and Measurement.

4.8.1 Policy effective from July 01, 2018

Initial recognition and measurement

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

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

Classification

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

Financial assets

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

- The entity's business model for managing the financial assets.

- The contractual cash flow characteristics of the financial asset.

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

a) Debt instruments at FVOCI

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

b) Equity instruments at FVOCI

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

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

Financial assets measured at amortised cost

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

Financial assets measured at fair value through profit or loss

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

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

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

or

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

Financial liabilities

Financial liabilities measured at amortised cost

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

De-recognition

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

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

or

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

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

Impairment of financial assets

The adoption of IFRS 9 has fundamentally changed the Group'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 Group 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 Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

The Group 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 Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

The Group has applied the standard's simplified approach and calculated ECL based on life-time ECL on its financial assets. The Group has established a provision matrix that is based on the Group'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 Group'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.

Offsetting of financial assets and financial liabilities

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

4.8.2 Policy effective before July 01, 2018

Investments

Other investments

The investments of the Group, upon initial recognition, are classified as investment as fair value through profit or loss, held-to-maturity investment or available-for-sale investment, as appropriate.

All investments, are initially measured at fair value plus, in the case of investments not at fair value through profit or loss account, transaction costs that are directly attributable to acquisition.

All regular way purchases / sales of investments are recognised on the trade date, i.e. the date on which the Group commits to purchase / sell the investment.

Held-to-maturity

Investments with fixed maturity where the Group has both the intent and ability to hold till maturity, are classified as held to maturity investments.

Held-to-maturity investments are subsequently measured at amortised cost using effective interest rate method, less any impairment loss. Gains and losses are recognized in the profit and loss account when the investments are derecognised or impaired, as well as through amortization process.

At fair value through profit or loss

These include held-for-trading investments and such other investments that, upon initial recognition, are designated under this category. Investments are classified at fair value through profit or loss, if they are acquired for the purpose of selling in the near term. After initial measurement, such investments are carried at fair value and gains or losses on revaluation are recognised in the profit and loss account.

Available-for-sale

Investments which are not classified in any of the two preceding categories are classified as available-for-sale investments. After initial measurement, such investments are measured at fair value with unrealised gain or loss recognised directly in the equity until the investment is derecognised or determined to be impaired at which time the cumulative gain or loss previously recognised in equity is taken to the profit and loss account. Unquoted investments, where fair value cannot be reliably measured are carried at cost.

Fair value of investments is determined as follows:

Listed shares

These are valued on the basis of closing market prices quoted on the respective stock exchange.

Mutual fund units

These are valued by reference to the net asset values declared by the respective asset management companies.

4.8.3 Investment in associates and joint ventures

Investments in associates and joint ventures, that are not held exclusively with a view to its disposal in near future, are accounted for under the equity method, less accumulated impairment losses, if any. Such investments are carried in the balance sheet at cost, plus post – acquisition changes in the Group's share of net assets of the associate, less any impairment in value. The profit and loss account reflects the Group's share of the results of its associates and joint ventures.

4.9 Derivatives

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

4.10 Securities under repurchase / reverse repurchase agreements

Transactions of repurchase / reverse repurchase of marketable securities are entered into at contracted rates for specified periods of time and are accounted for as follows:

4.10.1 Repurchase agreements

Securities sold with a simultaneous commitment to repurchase at a specified future date (repos) continue to be recognised in the balance sheet and are measured in accordance with accounting policies for investment. The counterparty liabilities for amounts received under these transactions are recorded as liabilities. The difference between sale and repurchase price is treated as borrowing charges and accrued over the life of the repo agreement. Securities purchased under agreements to resell (Reverse repurchase agreements) are reported not as purchases of the securities, but as receivables and are carried in the balance sheet at cost.

4.10.2 Reverse repurchase agreements

Securities purchased with a corresponding commitment to resell at a specified future date (reverse-repos) are not recognised in the statement of assets and liabilities. Amounts paid under these agreements are included as receivables in respect of reverse repurchase transactions. The difference between purchase and resale price is treated as income from reverse repurchase transactions and accrued over the life of the reverse-repo agreement.

4.11 Financial instruments

All financial assets and financial liabilities are recognised at the time when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual rights to receive cash flows related to the asset expire. Financial liabilities are derecognised when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to income currently.

4.12 Stores, spare parts and loose tools

Stores, spare parts and loose tools are valued at lower of cost and net realisable value. Cost is determined on an average basis except for goods in transit which are valued at invoice price plus other related charges paid thereon upto the balance sheet date. Provision is made for slow moving and obsolete items, if any, to write them down to their estimated net realizable value.

4.13 Stock-in-trade

Stock-in-trade, except items-in-transit, is valued at the lower of average purchase cost and net realisable value. Stock-in-transit is stated at invoice value plus other charges paid thereon to the balance sheet date.

Work-in-process and finished goods consist of direct materials and labour and a proportion of manufacturing overheads.

Net realisable value signifies the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

4.14 Trade debts

Trade debts originated by the Group are recognised and carried at original invoice amount less provision for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off when identified.

4.15 Loans and advances

These are stated at cost, which is the fair value of consideration given, less provision for doubtful receivables.

4.16 Employee retirement benefits and other obligations

4.16.1 Defined benefit plan

SIL (Holding Group)

The Holding Group operates an approved and funded defined gratuity scheme for all permanent employees who have completed the minimum qualifying period of service for entitlement of gratuity. The contributions to the scheme are made in accordance with the independent actuarial valuation. The latest actuarial valuation was carried out as of June 30, 2019 using the Projected Unit Credit Method.

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

AAML (Subsidiary Group)

AAML operates an unfunded gratuity scheme for its all permanent employees who complete the qualifying period of ten years of service with AAML.

The liability recognised in the balance sheet in respect of defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated on the basis of an actuarial valuation, which is carried out by an independent expert, using the "Projected Unit Credit Method'. The amount arising as a result of the remeasurements are recognised in the balance sheet immediately, with a charge or credit to other comprehensive income in the periods in which they occur.

AEL (Subsidiary Group)

AEL operates an unfunded gratuity scheme for workers and a funded gratuity scheme for management staff. Annual charge is based on actuarial recommendations. Actuarial valuation of the scheme is carried out annually, using the Projected Unit Credit Method. Actuarial gains or losses are recognised in full in the period in which they occur in other comprehensive income. All past service costs are recognised at the earlier of when the amendment or curtailment occurs and when AEL has recognised related restructuring or termination benefits.

STC (Subsidiary Group)

STC operates an approved and funded gratuity scheme for its staff who have completed the minimum qualifying period of service for entitlement of gratuity. Contributions under the scheme are made on the basis of actuarial valuation and are charged to profit and loss account. The actuarial valuation of the schemes was carried out on June 30, 2019 using the Projected Unit Credit Method. Actuarial gains or losses, if any, are recognised in equity as they occur.

APL (Subsidiary Group)

APL operates a funded and approved gratuity scheme for its all permanent employees completing prescribed period of service in accordance with service rules of APL. Provision for gratuity is made in accordance with the requirements laid down by IAS 19. The latest actuarial valuation was carried out by APL as on June 30, 2019. Actuarial gains and losses are recognised in other comprehensive income when they occur.

AAPL (Subsidiary Group)

The Group operates an approved funded gratuity scheme for its staff who completes the qualifying period of service. The liability recognised in the statement of financial position in respect of defined benefit plan is the present value of defined benefit obligation at the end of reporting period less fair value of plan assets. Contribution under the scheme is made on the basis of actuarial valuation.

The amount arising as a result of re-measurements is recognised in the statement of financial position immediately, with a charge or credit to other comprehensive income in the periods in which they occur. Past-service cost is recognised immediately in profit and loss account.

AML (Subsidiary Group)

AML operates a funded gratuity scheme for management staff. Annual charge is based on actuarial recommendations. Actuarial valuation of the schemes carried out annually, using the Projected Unit Credit Method. Actuarial gains and losses are recognised in other comprehensive income when they occur. The latest actuarial valuations were carried out at June 30, 2019.

AIL (Subsidiary Group)

AIL operates two separate funded gratuity schemes in respect of all permanent employees to which the Group makes contribution on the basis of recommendations made by the actuary. The latest actuarial valuation was carried out as at December 31, 2018, using the 'Projected Unit Credit Method'. Actuarial gains and losses are recognised in other comprehensive income when they occur.

ABL (Subsidiary Group)

ABL operates an approved funded gratuity scheme for its management staff and an unfunded gratuity scheme for its non-management staff. The liability recognised in the balance sheet in respect of defined benefit obligation at the end of reporting period less fair value of plan assets. Contributions under the scheme are made on the basis of actuarial valuation. Actuarial gains and losses are recognised in other comprehensive income when they occur.

AHL (Subsidiary Group)

AHL has established separate funded gratuity schemes for its management and non-management staff who completes qualifying period of service. Contributions under the schemes are made on the basis of actuarial valuation using 'Projected Unit Credit Method'. Actuarial gains and losses are recognised in other comprehensive income when they occur.

AHPL (Subsidiary Group)

AHPL operates a funded gratuity plan for management employees of the Group. Contributions are made on the basis of the actuarial valuation. The latest actuarial valuation was carried out as at March 31, 2019, using the 'Projected Unit Credit Method'.

4.16.2 Defined contribution plan

SIL (Holding Group)

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

AAML (Subsidiary Group)

AAML operates a funded and approved provident fund for its permanent employees for retirement benefits uptil September 30, 2007.

For permanent employees becoming eligible for retirement benefits with effect from October 01, 2007, AAML has introduced the Voluntary Pension Schemes- Atlas Pension Fund (APF), or Atlas Pension Islamic Fund (APIF), managed by AAML as Pension Fund Manager, under the Voluntary Pension System (VPS) Rules, 2005, as per the fund opted for by the eligible employees. Equal monthly contributions ere made by AAML and its employees to the fund at the rate of 11% of basic salary.

AEL (Subsidiary Group)

AEL operates a recognised provident fund for its permanent employees. Equal monthly contributions are made to the fund at the rate of 9% for workers and 11% for management staff by the employees and AEL in accordance with the rules of the scheme.

STC (Subsidiary Group)

STC operates an approved defined contribution provident fund for employees who have completed the minimum qualifying period of service. STC also contributes to an independent pension fund operated by the Atlas Asset Management Limited, a related party in respect of eligible employees. Equal contributions are made by the STC and the employees to both the fund and the scheme at the rate of 11% of basic salary.

APL (Subsidiary Group)

The Group operates defined contribution plan for its permanent employees, through either one of the following ways:

- a recognized provident fund; or

- voluntary pension schemes managed by Atlas Assets Management Limited, a related party, under the Voluntary Pension Scheme Rules, 2005, viz, Atlas Pension Fund and Atlas Pension Islamic Fund.

All the newly appointed employees are offered voluntary pension scheme only. However, those employees who are provident fund trust members, have the option to opt for either of two abovementioned defined contribution plans.

Equal monthly contributions at the rate of 11% of the basic salary are made to the fund / scheme both by the Group and the employees. The fund is a separate legal entity and its assets are being held separately under the control of its Trustees.

AAPL (Subsidiary Group)

AAL operates a defined contribution plan for its permanent employees through voluntary pension schemes managed by AAML, a related party, under the Voluntary Pension System Rules, 2005, viz, Atlas Pension Fund and Atlas Pension Islamic Fund. Equal monthly contributions at the rate of 11% of the basic salary are made to the scheme by both AAL and its employees.

AML (Subsidiary Group)

AML operates a recognised provident fund for its management staff. Equal monthly contributions are made to the fund at the rate of 11% by the employees and AML in accordance with the rules of the scheme.

Employees are given option to transfer the complete amount or any portion thereof standing to credit of his accumulated balance in the Fund, to any of the Voluntary Pension Schemes managed by the Atlas Asset Management Group Limited, an associated Group under the Voluntary Pension System Rules, 2005, viz, Atlas Pension Fund and Atlas Pension Islamic Fund by a request to the Trustees of fund, in writing.

As of the reporting date, no eligible employee falls under provident fund as during the year all the eligible employees have opted to transfer the complete balance to voluntary pension schemes managed by the Atlas Management Group Limited. Further, the size of the provident fund as at the year-end amounted to Rs. 449,036 (2018: Rs.421,001) which are placed in deposit accounts.

AIL (Subsidiary Group)

AIL operates a funded contributory provident fund for all employees. Equal monthly contributions are made, both by the Group and the employees, to the fund, under the terms of the scheme.

ABL (Subsidiary Group)

ABL operates a recognised provident fund for its management staff. Equal monthly contributions are made to the fund at the rate of 11% by the employees and ABL in accordance with the rules of the scheme.

AHL (Subsidiary Group)

AHL operates a recognised provident fund for its management staff. Equal monthly contributions are made to the fund at the rate of 11% by the employees and AHL in accordance with the rules of the scheme.

AHPL (Subsidiary Group)

AHPL operates an approved contributory pension fund for all management employees. The assets of the pension fund are under the control of Atlas Asset Management Limited, a related party. Equal monthly contributions are made, both by the Group and the employees, to the fund at the rate of 11% of base salary in respect of management employees.

AAL (Subsidiary Group)

The Group operates an un-funded gratuity scheme for its eligible employees.

4.16.3 Employee compensated absences

Employee entitlements to annual leave are recognised 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 balance sheet date using their current salary levels. However, in respect of employees of the Holding Group, accrual for compensated absences is made in accordance with the independent actuarial valuation.

4.16.4 Long service award

The Holding Group and APL in the Group make provision for long service award, to which employees are entitled after the completion of each 5 years of their service, with a minimum of 15 years of service.

4.17 Borrowing costs

Borrowing cost incurred to the extent that is directly attributable to the acquisition, construction or production of the qualifying assets are capitalised and included in respective assets. All other borrowing costs are recognised as an expense in the period an which they are incurred.

4.18 Ijarah rentals

Ijarah payments under an Ijarah arrangement are recognised as an expense in the profit and loss account on a straight line basis over the Ijarah term unless another systematic basis is representative of the time pattern of the user's benefit.

4.19 Trade and other payables

Liabilities for trade and other amounts payable 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 Group.

4.20 Provisions

Provisions are recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligations can be made.

4.21 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 in accordance with the Income Tax Ordinance, 2001. Profit and gains derived by APL from the power generation project are exempt from the tax under clause 132 of part I of the second schedule to the Income Tax Ordinance, 2001.

Deferred

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

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

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

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

4.22 Revenue recognition

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

Dividend income from investments is recognised when the Group's right to receive dividend has been established.

Interest / return on Term Finance Certificates, loans and advances and bank deposits are recognised on accrual basis.

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

Rental and commission income is recognised on accrual basis.

Income from reverse repurchase transactions is recognised on a time proportion basis.

Remuneration for asset management, investment advisory, and pension fund management services is calculated on Net Assets Value basis and is recognised on an accrual basis.

Commission income from funds under management is recognised at the time of the sale of units.

4.22.1 Policy effective from July 01, 2018

According to IFRS 15, revenue is recognized to depict the transfer of promised goods or services to a customer in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

The Group receives revenue for supply of goods to external customers. The majority of contracts that the Group enters into relate to sales orders containing single performance obligations for the delivery of the goods. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

Revenue from sale of goods is recognized at the point in time when control of the asset is transferred to the customer. The point at which control passes is determined by each customer arrangement, but generally occurs on delivery of goods to the customer. The normal credit term is 30 to 45 days upon delivery. Revenue represents net invoice value including fixed and variable consideration wherever applicable. Variable consideration arises on the sale of goods as a result of discounts and allowances given and accruals for estimated future returns and rebates. Revenue is not recognised in full until it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

The methodology and assumptions used to estimate rebates and returns wherever applicable are monitored and adjusted regularly in the light of contractual and legal obligations, historical trends, past experience and projected market conditions. Once the uncertainty associated with the returns and rebates is resolved, revenue is adjusted accordingly.

If the time between the recognition of revenue and payment from the customer is expected to be more than one year and the impact is material, the amount of consideration is discounted using appropriate discount rates wherever necessary.

4.22.2 Policy effective before July 01, 2018

Sale of goods is recognised 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 provision of services is recognised upon rendering of services.

4.23 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are only offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognised amount and the Group intends to either settle on a net basis or to realise the asset and settle the liability simultaneously.

4.24 Foreign currency transactions

The financial statements are presented in Pak Rupee, which is the Group's functional and presentation currency. Foreign currency transactions during the year are recorded at the exchange rates approximating those ruling on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Gains and losses on translation are taken to profit and loss account. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

4.25 Goodwill

Goodwill represents the difference between the cost of acquisition and the fair value of the Group's share of net identifiable assets of the acquired entity at the date of acquisition. Any excess of net assets over cost of acquisition is credited to profit and loss account in the period in which the acquisition is made. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The impairment loss, if any, resulting from such review is charged to the profit and loss account.

4.26 Dividend and appropriation to reserves

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

4.27 Transactions with related parties

Transactions with related parties are entered in the normal course of business, or at contracted rates and terms determined in accordance with market rates.

4.28 Earnings per share

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

4.29 Cash and cash equivalents

Cash and cash equivalents are carried in balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand, cheques / pay orders and bank balances.

5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgements about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis.

Judgments made by management in the application of accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment are explained in the relevant accounting policies / notes in the financial statements.

5. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgements about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis.

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

		Note
(a)	Classification and valuation of investments	4.7.1 & 10
(b)	Determining the residual values and useful lives of property, plant and equipment and intangible assets	4.3.1, 4.4, 7 & 8
(c)	Determining the residual values and useful lives of investment properties	4.5 & 9
(d)	Accounting for staff retirement benefits	4.10, 18, 22.2 & 28.1
(e)	Recognition of taxation and deferred tax	4.11, 19 & 30

6. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE

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

Standard or Interpretation	Effective date (annual periods beginning on or after)
IFRS 3 Definition of a Business (Amendments)	January 01, 2020
IFRS 3 Business Combinations: Previously held interest in joint operation	January 01, 2019
IFRS 4 Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments)	January 01, 2019

Standard or Interpretation	Effective date (annual periods beginning on or after)
IFRS 9 Financial instruments – Prepayment Features with Negative Compensation (Amendments)	January 01, 2019
IFRS 10 Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IFRS 11 Joint Arrangements: Previously held interest in joint operation	January 01, 2019
IFRS 16 - Leases	January 01, 2019
IAS 1/ IAS 8 Definition of Material (Amendments)	January 01, 2020
IAS 12 Income Taxes: Income tax consequences of payments on financial instruments classified as equity	January 01, 2019
IAS 19 - Plan Amendment, Curtailment or Settlement (Amendments)	January 01, 2019
IFRIC 23 Uncertainty over Income Tax Treatments	January 01, 2019
IAS 28 - Long-term Interests in Associates and Joint Ventures – (Amendments)	January 01, 2019

The above standards and amendments are not expected to have any material impact on the Group's financial statements in the period of initial application. However, the Group is currently evaluating the requirements of IFRS-16 and potential impact on the financial statements of the Group.

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

Standards	IASB Effective date (annual periods beginning on or after)
IFRS 14 – Regulatory Deferral Accounts	January 01, 2016
IFRS 17 - Insurance Contracts	January 01, 2021

7. FIXED ASSETS

	Note	2019	2018
		---------- Rupees in '000 ----------	
Property, plant and equipment	7.1	31,437,214	30,140,771
Capital work-in-progress	7.2	1,105,941	1,374,332
Intangible assets	7.3	185,193	62,045
		32,728,348	31,577,149

7.1 Property, plant and equipment

	Cost / revaluation*				Accumulated depreciation				Carrying value	
	As at July 01, 2018	Additions	Disposals	As at June 30, 2019	As at July 01, 2018	Charge for the year	Disposals	As at June 30, 2019	As at June 30, 2019	Rate
	(Rupees in '000)									%
Owned										
Land - freehold	385,390	109,201	(1,168)	493,423	-	-	-	-	493,423	-
Land - leasehold *	1,903,023	405,460	(322,140)	1,986,343	12,066	513	-	12,579	1,973,764	-
Building on freehold land	4,193,060	229,052	(14,949)	4,407,163	1,370,038	220,821	(6,207)	1,584,652	2,822,511	4
Power plant	17,035,552	45,335	-	17,080,887	5,816,933	682,933	-	6,499,866	10,581,021	4
Building on leasehold land										
- Factory	528,345	184,615	992	713,952	170,034	41,082	(625)	210,491	503,461	10
- Generator premises	-	-	-	-	-	-	-	-	-	10
- Residential	153	-	-	153	139	-	-	139	14	5
- Office	1,011,939	120,482	(15)	1,132,406	214,239	83,460	(7)	297,692	834,714	5-10
Leasehold improvements	710,084	791,982	(7,200)	1,494,866	110,140	59,874	(3,630)	166,384	1,328,482	10
Plant and machinery	15,104,588	1,805,542	(110,685)	16,799,445	5,710,900	1,403,157	(67,024)	7,047,033	9,752,412	10
Generators	275,876	32,345	(26,431)	281,790	92,755	21,089	(26,114)	87,730	194,060	10-35
Electrical equipment and fitting	1,115,852	209,756	(50,938)	1,274,670	471,520	76,755	(20,898)	527,377	747,293	10
Air conditioners	32,014	9,021	(125)	40,910	7,303	2,854	(64)	10,093	30,817	10
Furniture and fixtures	265,128	74,734	(8,055)	331,807	115,291	31,805	(4,535)	142,561	189,246	10
Motor vehicles	1,108,034	401,821	(326,042)	1,183,813	389,154	168,267	(126,435)	430,986	752,827	20
Office equipment	322,544	66,609	2,506	391,659	102,546	33,697	(970)	135,272	256,387	10
Computers and related equipment	455,406	75,998	(6,563)	524,841	336,527	56,839	(5,179)	388,187	136,654	30
Sui gas, water and drainage lines	39,044	-	-	39,044	10,975	2,807	-	13,782	25,262	10
Measuring instruments, dies, jigs, patterns and other equipment	1,663,751	543,740	(7,943)	2,199,548	1,081,941	308,103	(2,222)	1,387,822	811,726	20
Cargo lift	9,725	-	-	9,725	6,236	349	-	6,585	3,140	20
	46,159,508	5,105,693	(878,756)	50,386,445	16,018,737	3,194,405	(263,910)	18,949,231	31,437,214	

7.1.1 During the year, the AAL recognised a provision for impairment of plant and machinery amounting to Rs.207 million due to less production output as compare to output expected by the AAL, therefore the AAL decided to close aluminum plant. The valuation was carried out by an independent valuer i.e. Surval. Forced sale value as per the latest available valuation report of plant and machinery as of the reporting date is Rs.114 million.

	Cost / Revaluation *				Accumulated depreciation				Carrying value	
	As at July 01, 2017	Additions / revaluation*	Disposals	As at June 30, 2018	As at July 01, 2017	Charge for the year	Disposals	As at June 30, 2018	As at June 30, 2018	Rate
	(Rupees in '000)									%
Owned										
Land - freehold	385,390	-	-	385,390	-	-	-	-	385,390	-
Land - leasehold *	1,875,522	27,501	-	1,903,023	11,553	513	-	12,066	1,890,957	-
Building on freehold land	3,966,697	233,946	(7,583)	4,193,060	1,168,982	205,071	(4,015)	1,370,038	2,823,022	4
Power plant	17,035,552	-	-	17,035,552	5,135,511	681,422	-	5,816,933	11,218,619	4
Building on leasehold land										
- Factory	330,792	230,080	(32,527)	528,345	161,516	37,575	(29,057)	170,034	358,311	10
- Generator premises	4,924	-	(4,924)	-	4,174	88	(4,262)	-	-	10
- Residential	153	-	-	153	139	-	-	139	14	5
- Office	728,770	293,476	(10,307)	1,011,939	154,913	61,948	(2,622)	214,239	797,700	5-10
Leasehold improvements	248,769	462,815	(1,500)	710,084	74,502	36,091	(453)	110,140	599,944	10
Plant and machinery	12,952,098	2,622,336	(469,846)	15,104,588	5,078,840	956,966	(324,906)	5,710,900	9,393,688	10
Generators	190,504	145,170	(59,798)	275,876	133,082	8,710	(49,037)	92,755	183,121	10-35
Electrical equipment and fitting	945,833	186,089	(16,070)	1,115,852	419,877	63,543	(11,900)	471,520	644,332	10
Air conditioners	23,343	9,427	(756)	32,014	5,714	2,024	(435)	7,303	24,711	10
Furniture and fixtures	219,223	51,973	(6,068)	265,128	93,712	26,630	(5,051)	115,291	149,837	10
Motor vehicles	933,349	362,493	(187,808)	1,108,034	315,009	140,680	(66,535)	389,154	718,880	20
Office equipment	208,381	121,796	(7,633)	322,544	77,957	30,793	(6,204)	102,546	219,998	10
Computers and related equipment	415,598	68,485	(28,677)	455,406	314,917	47,152	(25,542)	336,527	118,879	30
Sui gas, water and drainage lines	34,268	6,873	(2,097)	39,044	10,175	2,571	(1,771)	10,975	28,069	10
Measuring instruments, dies, jigs, patterns and other equipment	1,417,562	356,944	(110,755)	1,663,751	920,822	251,234	(90,115)	1,081,941	581,810	20
Cargo lift	9,725	-	-	9,725	5,849	387	-	6,236	3,489	20
	41,926,453	5,179,404	(946,349)	46,159,508	14,087,244	2,553,398	(621,905)	16,018,737	30,140,771	

7.1.2 Surplus on revaluation of property, plant and equipment

Leasehold land costing Rs.0.160 million was revalued by Razzaque Umrani & Co., Engineers and Surveyors on June 20, 1998 resulting in surplus amounting to Rs.118.680 million which has been credited to surplus on revaluation of property, plant and equipment account. The basis of revaluation was market value. In the year 2007, another revaluation of the above land was carried out by M/s. Surval - Engineers, Surveyors and Technical Consultants on June 22, 2007 resulting in surplus amounting to Rs.297.100 million which has been credited to surplus on revaluation account. The basis of revaluation was market value. In the year 2010, another revaluation of the above land was carried out by M/s. Surval - Engineers, Surveyors and Technical Consultants on August 18, 2009. The result of the said valuation was not materially different from the valuation carried out on June 22, 2007. In the year 2011, another revaluation of the above land was carried out by M/s. Surval - Engineers, Surveyor and Technical Consultant on June 30, 2011 resulting in a deficit of Rs.59.420 million which was debited to surplus on revaluation account. The basis of revaluation was market value. Another revaluation of the above land was carried out by M/s. Surval - Engineers, Surveyor and Technical Consultant on March 15, 2016 resulting in surplus amounting to Rs.191.701 million which has been credited to surplus on revaluation of property, plant and equipment account. The basis of revaluation was market value.

An independent revaluation of the Company's leasehold land at D-181, Central Avenue, S.I.T.E., Karachi was performed by M/s. Surval on June 30, 2008 and that revaluation exercise resulted in appraisal a surplus of Rs.173,786 thousand over the book value of Rs.414 thousand. This leasehold land has been again revalued on July 16, 2014 and June 21, 2019 by MYK Associates (Private) Limited & Pee Dee & Associates respectively, Independent Valuers, based on present market value for similar plots in the vicinity (level 2 of fair value hierarchy).

The latest revaluation exercise resulted in surplus of Rs.395,300 thousand over the book value of Rs.194,300 thousand. At the time of latest revaluation, forced sale value of the land was ranging from Rs.442,200 thousand to Rs.471,680 thousand.

Leasehold land of the Company are located at D-181, S.I.T.E. Karachi with en area of 2.68 acres.

Had the leasehold land been recognised under the cost model, the carrying amount of leasehold land would have been Rs.414 thousand (2018: Rs.322,554 thousand).

The latest revaluation was carried out in March, 2016 by M/s. Surval - Engineers, Surveyor and Technical Consultant resulting in surplus amounting to Rs.191.701 million which was credited to surplus on revaluation of leasehold land. Had the land been carried at cost, it would have been carried at Rs.25.468 million. Forced sale value of the land at the time of revaluation was Rs.445.82 million.

7.1.3 Leasehold land costing Rs.34.132 million was revalued by Pee Dee & Associates on October 06, 2017 resulting in surplus amounting to Rs.751.421 million which has been credited to surplus on revaluation of property, plant and equipment account. The basis of revaluation was market value.

7.1.4 Leasehold land is carried at revalued amount. Had the land been carried at cost, it would have been carried at Rs.59.60 million.

7.1.5 During the year, the management of Atlas Autos private Limited after due exercise have revised the useful life of its leasehold improvements and revised the rate of depreciation from 10% to 5%. The change have been recognised prospectively in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors. Had the management depreciated the leasehold improvement at previous rate, depreciation charge for the year would have been increased by Rs.16.187 million.

7.1.6 The management of the AEL has assessed the useful lives and residual values of the remaining useful lives of certain components of property, plant and equipment and accordingly revised the useful lives of the following assets. The previous and revised remaining useful lives are as under:

Categories	Revised useful life	Previous useful life
	------------ Years	------------
Plant and machinery - CDI & Regulator segment	5	10
Computers and other IT related equipment	3	6
Measuring instruments, dies, jigs, patterns and other equipments	2	4

The effect of these changes in useful life on depreciation

	Accumulated depreciation expense		
	2019	2021	From July 01, 2022 and onwards
	------------	Rupees in '000	------------
Increase / (decrease) in depreciation charge	9,913	(12,189)	(8,863)

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

	2019	2018
	(Rupees in '000)	
Cost of sales and services	2,913,246	2,327,418
Selling and administrative expenses	281,159	225,980
	3,194,405	2,553,398

7.1.8 The following items of property, plant and equipment with an aggregate net book value exceeding Rs 500,000 were disposed of during the year:

	Acquisition Cost	Accumulated depreciation	Book value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars
	(Rupees in '000)						
Plant and machinery							
PVC Cables	8,925	3,107	5,818	5,931	113	Negotiation	M/s. Azam Cable Merchant, Subhan Allah Market, Shershah
PVC Cables	5,959	2,075	3,884	3,960	76	Negotiation	M/s. Azam Cable Merchant, Subhan Allah Market, Shershah
PVC Cables	5,876	2,178	3,698	3,770	72	Negotiation	M/s. Azam Cable Merchant, Subhan Allah Market, Shershah
PVC Cables	4,667	1,651	3,016	3,074	58	Negotiation	M/s. Azam Cable Merchant, Subhan Allah Market, Shershah
PVC Cables	4,514	1,597	2,917	2,973	56	Negotiation	M/s. Azam Cable Merchant, Subhan Allah Market, Shershah
PVC Cables	4,550	1,687	2,863	2,920	57	Negotiation	M/s. Azam Cable Merchant, Subhan Allah Market, Shershah
PVC Cables	2,876	1,066	1,810	1,845	35	Negotiation	M/s. Azam Cable Merchant, Subhan Allah Market, Shershah
PVC Cables	1,841	641	1,200	1,223	23	Negotiation	M/s. Azam Cable Merchant, Subhan Allah Market, Shershah
PVC Cables	1,638	598	1,040	1,060	20	Negotiation	M/s. Azam Cable Merchant, Subhan Allah Market, Shershah
PVC Cables	1,549	574	975	994	19	Negotiation	M/s. Azam Cable Merchant, Subhan Allah Market, Shershah
PVC Cables	1,391	484	907	924	17	Negotiation	M/s. Azam Cable Merchant, Subhan Allah Market, Shershah
AMB Assembly Line	5,052	4,216	836	105	(731)	Negotiation	M/s. Azam Cable Merchant, Subhan Allah Market, Shershah
Cable Tray	1,451	629	822	838	16	Negotiation	M/s. Azam Cable Merchant, Subhan Allah Market, Shershah
Cable Tray	1,045	381	664	194	(470)	Negotiation	M/s. Azam Cable Merchant, Subhan Allah Market, Shershah
PVC Cables	1,020	361	659	672	13	Negotiation	M/s. Azam Cable Merchant, Subhan Allah Market, Shershah
PVC Cables	862	305	557	568	11	Negotiation	M/s. Azam Cable Merchant, Subhan Allah Market, Shershah
Environmental control appratus	6,283	4,859	1,424	117	(1,307)	Negotiation	M/s. Gulfaraz Abbasi, Baldia Town, Karachi
Multi Drill Machine	2,138	941	1,197	177	(1,020)	Negotiation	M/s. Akram Scrap Dealer
Milling Machine	1,290	344	946	119	(827)	Negotiation	M/s. Akram Scrap Dealer
Spectrometer	4,121	3,145	976	112	(864)	Negotiation	M/s. Akram Scrap Dealer
Jolt & Squeeze Sand Molding	1,136	333	803	100	(703)	Negotiation	M/s. Akram Scrap Dealer
Leakage Testing Unit	1,496	748	748	94	(654)	Negotiation	M/s. Akram Scrap Dealer
Vehicles							
ABL	2,213	295	1,918	1,918	-	Company Policy	Amanullah Abid Ex-employee
ABL	1,414	738	676	1,555	879	Negotiation	Shahid Ashraf, H# 299 S, F 32, Islamabad
ABL	1,715	168	1,547	1,547	-	Company Policy	Asher Ahmed - Employee
ABL	2,319	799	1,520	1,520	-	Company Policy	Mirza Bakhtiar Haider - Ex-employee
ABL	2,329	820	1,509	1,509	-	Company Policy	Nehal Asghar - Ex-employee
ABL	2,551	1,134	1,417	1,417	-	Company Policy	Talha Saad - Ex-employee
ABL	2,329	1,036	1,293	1,293	-	Company Policy	Malik Nasir Mohyuuddin - Ex-employee
ABL	1,644	585	1,059	1,059	-	Company Policy	Iftikhar ul Islam - Employee

	Acquisition Cost	Accumulated depreciation	Book value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars
	(Rupees in '000)						
ABL	1,805	803	1,002	1,002	-	Company Policy	Syed Munawar Hassan - Ex-employee
ABL	1,641	808	833	833	-	Company Policy	Imtiaz Askari - Employee
ABL	795	93	702	776	74	Negotiation	Awais, B29, Sir Syed Town Karachi
ABL	802	213	589	740	151	Negotiation	Amjad Hussain, H # 1, Hussaini Society, Karachi
ABL	1,304	618	686	686	-	Company Policy	Muhammad Irfan, Employee
ABL	778	197	581	581	-	Company Policy	Adit Hayat - Employee
ABL	778	237	541	541	-	Company Policy	Irfan Ahmed - Employee
ABL	778	258	520	520	-	Company Policy	Waseem Ahmed - Employee
AAPL	1,129	372	757	757	-	Company policy	M. Usman Khan - Employee
AAPL	1,425	350	1,005	1,005	-	Company policy	Ghazanfar Allah Buksh (Key Management Personnel)
AAPL	1,250	275	975	975	-	Company policy	Zehra Khalid - Ex-employee
AAPL	2,007	1,212	795	795	-	Company policy	Fahad Masood (Key Management Personnel)
AAPL	1,555	246	1,419	1,419	-	Company policy	M. Akhlaq - Ex-employee
AAPL	2,112	1,021	1,091	1,091	-	Company policy	M. Tariq Haider Khan (Key Management Personnel)
AAPL	2,205	500	1,705	1,705	-	Company policy	Ghulam Mujtaba - Employee
AAPL	814	92	722	722	-	Company policy	M. Ilyas Gujar - Employee
AAPL	1,168	77	1,091	1,091	-	Company policy	Tahir Naseem (Key Management Personnel)
AAPL	1,029	17	1,012	1,012	-	Company policy	Waqas Asghar(Key Management Personnel)
AAPL	1,208	121	1,087	1,087	-	Company policy	Musharaf Akhter - Employee
AAPL	1,635	975	661	661	-	Company policy	Zaheer Minhas - Employee
AAPL	1,099	430	669	669	-	Company policy	Muhammad Saad - Ex-employee
AAPL	1,838	92	1,746	1,746	-	Company policy	Adeel Safdar (Key Management Personnel)
AAPL	1,143	221	927	927	-	Company policy	Zia Khan - Employee
SIL	1,656	505	1,151	1,151	-	Company policy	Adnan Hameed
SIL	1,647	902	745	745	-	Company policy	Atlas Foundation - related party
SIL	1,641	981	660	660	-	Company policy	Mohammad Javed Iqbal
SIL	1,647	1,039	608	608	-	Company policy	Shabbir Hussain
SIL	1,647	1,096	551	551	-	Company policy	Kamran Naqvi
AAML	778	248	530	607	77	Company policy	Abdul Wadood
AAML	732	106	626	640	14	Company policy	Faizan Khan Ghori
AAML	1,034	503	531	531	-	Company policy	Zainab Hussain
AAML	1,039	505	534	534	-	Company policy	Farhan Ahmed
AAML	2,001	952	1,049	1,049	-	Company policy	Khaild Mahmood
AAML	1,656	614	1,042	1,042	-	Company policy	Tariq Ahmed Siddiqi
AAML	1,124	358	766	766	-	Company policy	Muhammad Uzair
AAML	1,129	330	799	799	-	Company policy	Malik Asad
AEL	1,450	609	841	841	-	Company policy	Mr. Tariq Wasi - Employee
AEL	1,210	-	1,210	1,210	-	Company policy	Mr. Junaid Ahmed Siddiqui - Employee
STC	709	208	501	501	-	Company policy	Muhammad Abrar - Employee
STC	1,034	488	546	546	-	Company policy	Muhammad Majid Amin - Employee
STC	738	176	563	563	-	Company policy	Muhammad Obaid Iqbal - Employee
STC	1,578	1,005	573	573	-	Company policy	Muhammad Ovais - Employee
STC	1,039	461	578	578	-	Company policy	Sajid Mahmood - Employee
STC	1,109	529	580	580	-	Company policy	Jalal Hussain Awan - Employee
STC	768	141	627	627	-	Company policy	Shahid Mehmood - Employee

	Acquisition Cost	Accumulated depreciation	Book value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars
	(Rupees in '000)						
STC	1,641	969	672	672	-	Company policy	Abid Yar Khan - Employee
STC	1,184	486	698	698	-	Company policy	Aanif Hussain Awan - Employee
STC	2,007	1,304	703	703	-	Company policy	Syed Arsalan Sadiq - Employee
STC	1,184	459	725	725	-	Company policy	Amer Shahzad - Employee
STC	1,184	418	766	766	-	Company policy	Rizwan Ul Haq - Employee
STC	1,531	752	779	779	-	Company policy	Adil Saleem - Employee
STC	2,053	1,217	836	836	-	Company policy	Munis Iqbal - Employee
STC	2,122	1,264	858	858	-	Company policy	Tanveer Ahmed Malik - Employee
STC	2,122	1,264	858	858	-	Company policy	Muhammad Ali Butt - Employee
STC	2,007	1,114	893	893	-	Company policy	Tahir Zaman Khan - Employee
STC	1,637	712	925	925	-	Company policy	Asif Hanif - Employee
STC	2,019	1,071	948	948	-	Company policy	Muhammad Moinuddin Iqbal - Employee
STC	2,476	1,452	1,024	1,024	-	Company policy	Farooq Saleem - Employee
STC	1,278	234	1,044	1,044	-	Company policy	Ghayyur Naqvi - Employee
STC	1,278	234	1,044	1,044	-	Company policy	Syed Qamar Jafri - Employee
STC	2,001	945	1,056	1,056	-	Company policy	Muhammad Tahir Khan - Employee
STC	1,656	563	1,093	1,093	-	Company policy	Muhammad Raza - Employee
STC	1,656	464	1,192	1,192	-	Company policy	Syed Zafar Mehdi - Employee
STC	2,614	305	2,309	2,309	-	Company policy	Syed Arsalan Sadiq - Employee
AIL	1,997	1,154	843	843	-	Company policy	Mr. Muhammad Saeed - a related party
AIL	1,039	481	558	558	-	Company policy	Syed Nasir H. Shirazi - a related party
AIL	2,112	1,116	996	996	-	Company policy	Mr. Rashid Amin - a related party
AIL	3,051	1,019	2,032	2,032	-	Company policy	Mr. Arshad P. Rana - a related party
AIL	2,319	557	1,762	1,762	-	Company policy	Mr. Arshad P. Rana - a related party
AIL	3,061	877	2,184	2,184	-	Company policy	Mr. Arshad P. Rana - a related party
AML	978	33	945	945	-	Company policy	Mr. M. Jamil Awan - Employee
AML	1,023	246	778	778	-	Company policy	Mr. Muhammad Shoaib - Employee
AML	795	66	729	729	-	Company policy	Mr. Muhammad Ashfaq - Employee
AML	1,647	941	706	706	-	Company policy	Mr. Syed M. Shadman - Employee
AHL	2,315	(790)	1,525	1,525	-	Company policy	Honda Altas Cars (Pakistan) Ltd. - related party
AHL	1,991	(865)	1,126	1,126	-	Company policy	Atlas Foundation - related party
AHL	2,158	(1,286)	872	872	-	Company policy	Mr. Noman Khan (Key management personnel)
AHL	2,156	(954)	1,202	1,202	-	Company policy	Mr. Khawaja Shujauddin (Key management personnel)
AHL	2,007	(1,191)	816	816	-	Company policy	Mr. Manzoor Qadir
AHL	1,985	(99)	1,886	1,886	-	Company policy	Mr. Zahid Saleem
AHL	1,663	(720)	943	943	-	Company policy	Mr. Ehsan ul Haq
AHL	1,637	(950)	687	687	-	Company policy	Mr. Muhammad Qamer Bashir
AHL	1,637	(950)	687	687	-	Company policy	Mr. Raja Mohsin Ghafoor
AHL	1,637	(1,008)	629	629	-	Company policy	Mr. Kalb Hassan Rizvi
AHL	1,637	(1,008)	629	629	-	Company policy	Mr. Afrasiab Khan
AHL	1,348	(341)	1,007	1,007	-	Company policy	Mr. Tanvir Hyder (Key management personnel)
AHL	1,204	(409)	795	795	-	Company policy	Mr. Furqan Ashraf
AHL	1,174	(407)	767	767	-	Company policy	Mr. Aman Manzar
AHL	1,109	(502)	607	607	-	Company policy	Mr. Kamran Sami
AHL	1,109	(458)	651	651	-	Company policy	Mr. Waleem Abbas
AHL	1,083	(54)	1,029	1,029	-	Company policy	Mr. Sohail Khan

	Acquisition Cost	Accumulated depreciation	Book value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars
	(Rupees in '000)						
AHL	861	(184)	677	677	-	Company policy	Mr. Abdul Wahid
AHL	778	(246)	532	532	-	Company policy	Mr. Jamil Ahmad
AHL	778	(265)	513	513	-	Company policy	Mr. Usman Ali Qureshi
AHL	732	(106)	626	626	-	Company policy	Mr. Zia ul Qadir
AHL	527	(26)	501	501	-	Company policy	Mr. Muhammad Yasir Riaz
AHL	1,646	(580)	1,066	1,066	-	Company policy	Mr. M Tayyab Hassan
AHL	1,204	(482)	722	722	-	Company policy	Mr. Hasan Matloob
AHL	1,812	-	1,812	1,812	-	Company policy	Mr. Amjad Ali
AHL	1,174	(360)	814	814	-	Company policy	Mr. Mohammad Ilyas Gujjar
AHL	802	(164)	638	638	-	Company policy	Mr. Khalil Rehman
AHL	732	(72)	660	660	-	Company policy	Mr. Noman Yousuf
Plant and Machinery							
AHL	4,160	3,032	1,128	320	(808)	Scrap	Dawood Hussain Contractor, A7/53, Street No.74, G-104, Aagrah Taj, Karachi
AHL	2,362	1,733	629	6	(623)	Scrap	ST Traders, 1-I, New Malik Park, Baghatpura, Lahore.
Electric and gas fittings							
AHL	1,030	420	610	80	(530)	Scrap	ST Traders, 1-I, New Malik Park, Baghatpura, Lahore.
AHL	1,771	176	1,595	48	(1,547)	Scrap	Roshan Traders, Baway Di Kuttiya, Lahore Road, Sheikhupura.
Freehold land							
3 - Bank square, Shahrah-e-Quaid-e-Azam, Lahore	1,168	-	1,168	1,168	-	Negotiation	Sheikh Muhammad Asif
Building							
3 - Bank square, Shahrah-e-Quaid-e-Azam, Lahore	12,266	5,008	7,258	7,258	-	Negotiation	Sheikh Muhammad Asif
Buildings on freehold land	3,250	2,602	648	674	26	Negotiation	Industrial Engineering, Plot # 31 C, Mominpura, Lahore.
June 2019	260,433	78,690	152,835	144,558	(8,277)		
June 2018	704,096	448,145	255,951	109,184	(146,767)		

7.1.9 Reconciliation of surplus on revaluation

	2019	2018
	(Rupees in '000)	
Opening as on July 01	937,810	937,810
Surplus on revaluation recognised during the year	395,300	-
Reversal of revaluation surplus during the year	-	-
Share of NCI	(157,429)	-
Closing as on June 30	1,490,539	937,810

7.2 Capital work-in-progress

	2019	2018
	----- (Rupees in '000) -----	
Advance to suppliers and contractors	2,152	31,124
Leasehold improvements	511,469	485,684
Plant and machinery	552,468	579,531
Furniture and fixtures	3,121	22,339
Factory building	-	1,670
Software, computers and equipment	17,970	9,844
Civil works	8,682	124,086
Factory equipment	8,615	68,905
Advance payment against - motor vehicle	1,464	32,017
Dies and jigs	-	19,153
	1,105,941	1,374,332

7.2.1 Capital work-in-progress includes Rs.124.586 million (June 30, 2018: Rs.56.151 million) representing advance payments made to suppliers for procurement / construction of operating fixed assets.

7.2.2 During the year, borrowing costs at the general rate of 3 months' KIBOR plus 0.5% (June 30, 2018: 3 months' KIBOR plus 0.5) per annum have been capitalized to plant and machinery and power generators amounting to Rs.2.73 million (June 30, 2018: Rs.7.92 million) as a part of cost of such assets.

7.3 Intangible assets

	Note	Cost					Accumulated amortisation					Carrying value	
		As at July 01, 2018	Acquired on merger	Additions	Disposals	As at June 30, 2019	As at July 01, 2018	Acquired on merger	Charge for the year	Disposals	As at June 30, 2019	As at June 30, 2019	Rate
		(Rupees in '000)											%
Computer software	7.3.1	250,035		151,651	-	401,686	187,990		28,503	-	216,493	185,193	10-50
2019		250,035	-	151,651	-	401,686	187,990	-	28,503	-	216,493	185,193	

	Note	Cost					Accumulated amortisation					Carrying value	
		As at July 01, 2017	Acquired on merger	Additions	Disposals	As at June 30, 2018	As at July 01, 2017	Acquired on merger	Charge for the year	Disposals	As at June 30, 2018	As at June 30, 2018	Rate
		(Rupees in '000)											%
Computer software	7.3.1	181,573		68,462	-	250,035	169,160		18,830	-	187,990	62,045	10-50
2018		181,573	-	68,462	-	250,035	169,160	-	18,830	-	187,990	62,045	

7.3.1 The amortisation charge has been allocated to selling and administrative expenses.

7.3.2 Intangible assets include items having aggregate cost of Rs.21.276 million (2018: Rs.20.806 million) that have been fully amortised and are still in use of the Group.

8. INVESTMENT PROPERTIES

	Cost				Accumulated depreciation				Carrying value	
	As at July 01, 2018	Additions	Disposals	As at June 30, 2019	As at July 01, 2018	Charge for the year	Disposals	As at June 30, 2019	As at June 30, 2019	Rate
		(Rupees in '000)								%
Freehold land	1,431,831	(255,703)	-	1,176,128	-	-	-	-	1,176,128	-
Leasehold land	474,538	638,140	-	1,112,678	78,452	5,963	-	84,415	1,028,263	5
Warehouse building - on free hold land	68,235	-	-	68,235	28,225	2,000	-	30,225	38,010	5
Warehouse building - on lease hold land	244,047	54,228	-	298,275	32,464	31,404	-	63,868	234,407	5
Building - freehold land	5,369	-	-	5,369	473	245	-	718	4,651	5
Building - leasehold	257,826	-	-	257,826	79,603	22,119	-	101,722	156,104	5
2019	2,481,846	436,665	-	2,918,511	219,217	61,731	-	280,948	2,637,563	

	Cost				Accumulated depreciation				Carrying value	
	As at July 01, 2017	Additions	Disposals	As at June 30, 2018	As at July 01, 2017	Charge for the year	Disposals	As at June 30, 2018	As at June 30, 2018	Rate
		(Rupees in '000)								%
Freehold land	1,431,831	-	-	1,431,831	-		-	-	1,431,831	-
Leasehold land	189,867	284,671	-	474,538	60,921	17,531	-	78,452	396,086	5
Warehouse building - on free hold land	68,235	-	-	68,235	26,120	2,105	-	28,225	40,010	5
Warehouse building - on lease hold land	92,403	151,644	-	244,047	28,644	3,820	-	32,464	211,583	5
Building - freehold land	5,369	-	-	5,369	215	258	-	473	4,896	5
Building - leasehold	150,142	107,684	-	257,826	73,126	6,477	-	79,603	178,223	5
2018	1,937,847	543,999	-	2,481,846	189,026	30,191	-	219,217	2,262,629	

8.1 The Company carried out the fair valuation exercise by M/s. Surval Engineering- an independent professional valuer during the year ended June 30, 2019, which has determined the aggregate fair value of the above properties as Rs.11,986 million (2018: Rs.11,461 million).

	Note	2019	2018
		------ (Rupees in '000) ------	
9. INVESTMENT IN ASSOCIATES AND JOINT VENTURE			
Investment in associates	9.1	26,688,619	31,153,894
Investment in joint venture	9.2	-	-
		26,688,619	31,153,894

9.1 Investment in associates

	Note	2019	2018
Listed shares	9.1.1	15,891,798	15,721,474
Unlisted shares	9.1.2	61,604	61,112
Mutual Funds	9.1.3	10,735,217	15,371,308
		26,688,619	31,153,894

9.1.1 Listed shares

2019	2018	Name of Company		2019	2018
Number of shares				Carrying value ------ (Rupees in '000) ------	
		(These are fully paid ordinary shares of Rs.10 each)			
43,969,650	43,119,650	Honda Atlas Cars (Pakistan) Limited Holding: 30.79% (2018: 30.20%)	9.1.1.1	15,891,798	15,721,474
				15,891,798	15,721,475

9.1.1.1 Share of associate's balance sheet and profit and loss is as follows:

Name of associate	Interest held	Fair value per share	Profit	Total assets	Total liabilities	Share of net assets
			------ (Rupees in '000) ------			
2019						
Honda Atlas Cars (Pakistan) Limited	30.79%	148.32	1,185,799	9,884,301	4,456,866	5,427,435

Name of associate	Interest held	Fair value per share	Profit	Total assets	Total liabilities	Share of net assets
			------ (Rupees in '000) ------			
2018						
Honda Atlas Cars (Pakistan) Limited	30.64%	316.39	1,990,174	18,021,495	12,789,456	5,232,040

9.1.2 Unlisted shares

2019	2018	Name of Company	2019	2018
Number of shares			Carrying value ------ (Rupees in '000) ------	
882,400	882,400	Honda Atlas Power Products (Private) Limited Fully paid ordinary shares of Rs.10 each Holding: 20.00% (2018: 20.00%) Break-up value: Rs.53.7 (2018: Rs.54.17)	61,604	61,112
			61,604	61,112

9.1.2.1 Share of associate's balance sheet and profit and loss is as follows:

Name of associate	Interest held	Profit	Total assets	Total liabilities	Share of net assets
		(Rupees in '000)			
Honda Atlas Power Products (Private) Limited	20.00%	492	56,353	8,058	48,296
2019		492	56,353	8,058	48,296

Name of associate	Interest held	Profit	Total assets	Total liabilities	Share of net assets
		(Rupees in '000)			
Honda Atlas Power Products (Private) Limited	20.00%	4,512	60,564	12,760	47,804
2018		4,512	60,564	12,760	47,804

9.1.3 Mutual Funds

2019	2018	Name of Mutual Fund	2019	2018
Number of units			Carrying value	
			Rs. '000	
4,154,675	9,361,006	Atlas Income Fund - Holding: 71.37% (2018: 66%)	**2,134,458**	5,001,921
4,714,240	4,603,834	Atlas Stock Market Fund - Holding: 47.10% (2018: 50%)	**2,377,809**	2,870,763
7,911,284	1,714,065	Atlas Sovereign Fund - Holding: 34.49% (2018: 51%)	**793,771**	179,977
175,369	2,002,808	Atlas Islamic Stock Fund - Holding: 6.26% (2018: 23%)	**88,147**	1,086,493
3,982	113,962	Atlas Islamic Income Fund - Holding: 0.14% (2018: 7%)	**2,008**	60,123
9,194,345	11,787,739	Atlas Money Market Fund - Holding: 45.18% (2018: 21%)	**4,637,822**	6,172,031
208,227	-	Atlas Aggressive Allocation Islamic Plan - Holding: 99.47% (2018: 0%)	**92,430**	-
209,589	-	Atlas Moderate Allocation Islamic Plan - Holding: 94.45% (2018: 0%)	**97,551**	-
239,376	-	Atlas Conservative Allocation Islamic Plan - Holding: 98.10% (2018: 0%)	**118,568**	-
792,534	-	Atlas Islamic Capital Preservation Plan - Holding: 89.76% (2018: 0%)	**392,653**	-
			10,735,217	15,371,308

9.2 Investment in joint venture

2019	2018	Name of Company	2019	2018
Number of shares			(Rupees in '000)	
		Unlisted shares		
10,765,000	10,765,000	Madian Hydro Power Limited		
		Fully paid ordinary shares of Rs.10 each	**106,906**	106,906
		Holding: 50.00% (2018: 50.00%)		
		Add: Share of profit / (loss)	**-**	-
			106,906	106,906
		Less: Provision for impairment	**(106,906)**	(106,906)
			-	-

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

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

10. LONG TERM INVESTMENTS

	Note	2019	2018
		------ (Rupees in '000) ------	
Investment at fair value through OCI			
Pension Funds	10.1	**309,432**	-
Unlisted shares	10.3	-	-
Available-for-sale - in related parties:			
Pension Funds	10.2	-	331,706
Unlisted shares	10.4	-	-
Available-for-sale - others:			
Listed shares	10.6	**1,280,727**	1,791,575
Mutual funds units	10.7	**57,198**	204,319
		1,647,357	2,327,600

10.1 Pension Funds - at fair value through OCI - in related parties

2019	2018	Name of Fund	2019	2018
Number of units			------ (Rupees in '000) ------	
		Open end		
498,000	498,000	Atlas Pension Fund Units of Rs.100 each	**49,800**	-
498,000	498,000	Atlas Pension Islamic Fund Units of Rs.100 each	**49,800**	-
		Total cost	**99,600**	-
		Unrealised gain on revaluation	**209,832**	-
		Total investment at fair value	**309,432**	-

10.2 Pension Funds - available for sale - in related parties

2019	2018	Name of Fund	2019	2018
Number of units			------ (Rupees in '000) ------	
		Open end		
-	498,000	Atlas Pension Fund Units of Rs.100 each	-	49,800
-	498,000	Atlas Pension Islamic Fund Units of Rs.100 each	-	49,800
		Total cost	-	99,600
		Unrealised gain on revaluation	-	232,106
		Total investment at fair value	-	331,706

10.3 Unlisted shares - at fair value through OCI - in related parties

2019	2018	Name of Company	2019	2018
Number of shares			Cost ------ (Rupees in '000) ------	
5,661,524	5,661,524	Techlogix International Limited Fully paid ordinary shares of US$ 0.0001468 each Percentage of holding: 5.56% (2018: Nil) Break-up value: Rs.4.25 (2018: Nil) per share	**64,748**	-
		Less: Provision for impairment	**(64,748)**	-
150,000	150,000	Arabian Sea Country Club Limited Fully paid ordinary shares of 10 each	**501,000**	-
		Less: Provision for impairment	**(501,000)**	-
500,000	-	Automotive Testing & Training Centre (Private) Limited Ordinary shares of Rs.10 each - cost	**500**	-
		Less: Impairment in the value of investment	**(500)**	-
			-	-

10.4 Unlisted shares - available for sale - in related parties

2019	2018	Name of Company	2019	2018
Number of shares			Cost ------ (Rupees in '000) ------	
-	5,661,524	Techlogix International Limited Fully paid ordinary shares of US$ 0.0001468 each Percentage of holding: 2018: 5.56% Break-up value: 2018: Rs.6.83 per share	-	64,748
		Less: Provision for impairment	-	(64,748)
-	150,000	Arabian Sea Country Club Limited Fully paid ordinary shares of 10 each	-	501,000
		Less: Provision for impairment	-	(501,000)
-	500,000	Automotive Testing & Training Centre (Private) Limited 50,000 ordinary shares of Rs.10 each - cost	-	500
		Less: Impairment in the value of investment	-	(500)
			-	-

10.5 Movement in categories from last year is due to the adoption of IFRS-9 during the year by the Group (see note 4.2).

10.6 Listed securities include an amount of Rs.1,926.983 million (2018: Rs.2,657.964 million) being the fair market value under an arrangement permissible under Shariah.

10.7 Mutual funds include an amount of Rs.21.565 million (2018: Rs.29.887 million) being the fair market value under an arrangement permissible under Shariah.

11. LONG TERM LOANS - secured, considered good

	Note	2019	2018
		---- (Rupees in '000) ----	
Employees			
Executive Director	11.1	-	-
Executives	11.2	8,769	11,994
Other employees			
Interest bearing	11.3	852	765
Non-interest bearing	11.4	96,213	94,328
		97,065	95,093
Less: Current portion shown under current assets	17	(54,842)	(62,146)
		50,992	44,942

11.1 During the year, the Group provided loan to executive director for the purpose of house renovation, and purchase of household electronic items etc. The loan was repaid fully between the year.

Loan to executive director

	2019	2018
Opening balance	-	-
Disbursements	56,604	-
Repayments	(56,604)	-
Closing balance	-	-

11.2 Represents interest free staff personal loan provided to executives of the Group, repayable in equal monthly installments within a maximum remaining period of 1.5 years. These loans are secured against retirement benefits and salaries. These loans have not been discounted to their present values as the financial impact thereof is not considered material.

11.3 Represent loans provided to employees in accordance with the terms of employment. These carry mark-up at the rate of 1% (June 30, 2018: 1%) per month and are recoverable in equal monthly installments over a period of maximum 20 months. These are secured against employees' retirement benefits.

11.4 These represent interest free loans and advances provided to employees as per the terms of employment. Loans aggregating Rs.48,436 thousand (2018: Rs.46,931 thousand) are provided for purchase of motorcycles and are repayable in forty eight equal monthly instalments for management staff and forty equal monthly instalments for non-management staff. These loans are secured against respective motorcycles and employees' vested retirement benefits. Advances are unsecured and are repayable in eighteen equal monthly instalments.

11.5 The carrying values of these loans are neither past due nor impaired. The credit quality of these financial assets can be assessed with reference to no default in recent history.

12. LONG TERM DEPOSITS AND OTHER RECEIVABLES

	2019	2018
	---- (Rupees in '000) ----	
Deposits	59,782	67,821
Prepayments	486,093	-
Deferred commission expense	74,822	62,032
Other receivables	-	260
	620,697	130,113

	Note	2019	2018
		------ (Rupees in '000) ------	
13. STORES, SPARE PARTS AND LOOSE TOOLS			
Stores and spare parts - in hand		2,801,157	2,670,319
Loose tools		388,414	303,640
Maintenance spares		431,088	417,336
		3,620,659	3,391,295
14. STOCK-IN-TRADE			
Raw and ancillary materials			
In hand		6,621,845	6,193,621
held with vendors		393,275	272,824
In transit		145,230	818,083
		7,160,350	7,284,528
Work-in-process	34	757,257	929,646
Finished goods			
In hand		1,821,792	2,692,029
In transit		92,177	32,098
	34	1,913,969	2,724,126
Less: Provision for obsolescence	14.1	(303,389)	(88,902)
		9,528,187	10,849,398

14.1 Reconciliation of provision for obsolescence is as follows:

	2019	2018
Balance at the beginning of the year	88,902	83,024
Impact of merger	-	-
Charge for the year	17,799	30,670
Amount written off during the year	196,688	(24,792)
Balance at the end of the year	303,389	88,902

15. TRADE DEBTS

	Note	2019	2018
Considered good	15.1	20,124,105	18,778,401
Considered doubtful		488,989	543,980
Less: Provision for doubtful debts	15.2	(81,163)	(35,508)
		407,826	508,472
Contract assets		1,319,866	-
		21,851,797	19,286,873

15.1 These include Rs.15,784 million (2018: Rs.14,114 million) trade receivables from NTDC and are considered good. These are secured by a guarantee from the Government of Pakistan (GoP) under the Implementation Agreement and are in normal course of business and interest free. However, a panel mark-up at the rate of 3 months KIBOR plus 4.5% is charged in case the amounts are not paid within due dates. Included herein is delayed payment interest of Rs.3,809 million (2018: Rs.3,504 million) at the KIBOR plus 4.5% (2018: KIBOR plus 4.5%) per annum. These are generally on 30 days term and include an amount of Rs.4,362 million (2018: Rs.6,460 million) which is neither past due nor impaired while Rs.11,423 million (2018: Rs.7,684 million) is past due but not impaired.

15.2 Trade debts which are past due beyond one year have been impaired and fully provided for.

15.3 Reconciliation of provision against doubtful debts is as follows:

	2019	2018
	------ (Rupees in '000) ------	
Balance at the beginning of the year	35,508	23,924
Charge for the year	24,805	15,209
Amount written off during the year	(2,286)	(2,286)
Reversal during the year	(1,339)	(1,339)
Balance at the end of the year	56,688	35,508

16. RECEIVABLE FROM FUNDS UNDER MANAGEMENT

	2019	2018
	------ (Rupees in '000) ------	
Management fee		
Atlas Income Fund	2,353	5,383
Atlas Stock Market Fund	10,102	9,024
Atlas Islamic Stock Fund	2,748	3,817
Atlas Islamic Income Fund	358	217
Atlas Pension Fund	942	817
Atlas Islamic Dedicated Stock Fund	492	-
Atlas Money Market Fund	4,862	5,483
Atlas Sovereign Liquid Fund	374	132
Atlas Islamic Fund of Funds	13	-
Atlas Islamic Pension Fund	984	842
	23,228	25,715
Formation cost		
Atlas Islamic Dedicated Stock Fund	1,111	-
Atlas Islamic Fund of Funds	1,121	-
Atlas Sovereign Liquid Fund	260	260
	2,492	260
	25,720	25,975

16.1 The maximum aggregate amount of receivable from funds under management at the end of any month during the year was Rs.28.427 million (2018: Rs.30.246 million). These balances are recoverable within one month. As of date of the financial statements, these are neither past due nor impaired.

17. LOANS AND ADVANCES - unsecured, considered good

	Note	2019	2018
		------ (Rupees in '000) ------	
Loans			
To employees - non-interest bearing		1,227	1,417
Current portion of long term loans	11	54,842	62,146
		56,069	63,563
Advances			
Due from staff	17.1	11,829	16,147
Due from related parties		15,185	8,788
Due from suppliers		87,936	97,752
Others		80,444	35,759
		195,394	158,446
		251,463	222,009

17.1 These represent interest-free welfare loans and salary advance provided to employees in accordance with the Group's policy and have maturities upto ten months.

18. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Note	2019	2018
		(Rupees in '000)	
Security / trade deposits		50,757	343,472
Prepayments			
Others		24,019	606,909
Earnest money		120,325	-
Less: Allowance for expected credit loss on earnest money		(7,490)	-
Other receivables			
Letter of credit and guarantee margin		972,087	-
Advance against shares		3,858	-
Advisory fee receivable		747	-
Receivable from Suroor Investments Limited		102,579	102,579
Sales tax refundable		1,280,791	1,067,584
Provident fund		5,060	-
Receivable against disposal of plant and machinery		1,199	-
Dividends receivable		90,655	-
Due from related parties		131,288	66,804
Reimbursemet due from employees		11	-
Due from suppliers		22,029	23,719
Withholding tax receivable		79,460	294,736
Rent receivable		4,705	-
Insurance claim		116,952	499
Workers' Profit Participation Fund		761,075	801,480
Receivable from fund under back office accounting services	18.1	2,159	-
Insurance / reinsurance receivables		390,851	466,977
Total assets from window takaful		122,299	86,177
Others		619,882	94,562
		4,707,487	3,005,117
Less: Provision against other receivables		(102,579)	(102,579)
		4,792,519	3,852,919

18.1 The maximum aggregate amount of receivable from funds against back office accounting services at the end of any month during the year was Rs.2.558 million (2018: Rs.2.741 million). These balances are recoverable within one month. As of date of the financial statements, these are neither past due nor impaired.

19. SHORT TERM INVESTMENTS

	Note	2019	2018
		(Rupees in '000)	
Investment at fair value through other comprehensive income			
Listed Shares	19.1	1,193,143	1,426,082
Available-for-sale			
Mutual Funds	19.2	-	88,857
Investment at fair value through profit or loss			
Pakistan Investment bonds	19.3	143,914	-
Mutual Funds	19.4	845,214	807,870
Held-to-maturity			
Term Finance Certificates		20,000	-
Pakistan investment bonds	19.5	81,685	73,755
		2,283,956	2,396,564

19.1 Listed shares

2019	2018			2019		2018	
Number of certificates		Name of Fund	Note	Cost	Fair value	Cost	Fair value
				Rupees in '000			
166,175	144,500	Pakistan Petroleum Limited		24,958	24,001	24,958	31,053
714,965	637,800	The Hub Power Company Limited		73,832	56,303	69,974	58,780
208,500	208,500	Oil and Gas Development Company Limited		32,917	27,416	32,917	32,447
1,260,980	1,034,480	Habib Bank Limited		237,049	142,819	200,005	172,179
903,591	746,770	Meezan Bank Limited		52,085	78,757	52,085	61,026
5,043,533	4,093,533	Cherat Cement Company Limited		569,079	156,148	494,794	398,014
3,657,650	2,591,500	Bank Alfalah Limited		154,959	159,437	115,338	135,510
56,041,429	56,041,429	Summit Bank Limited					
1,303,900	759,800	United Bank Limited		228,800	192,169	144,714	128,391
367,290	333,900	Engro Corporation Limited		95,979	97,552	95,979	104,798
894,400	894,400	International Steels Limited		102,278	35,517	102,278	90,960
2,319,434	2,103,577	Systems Limited		10,731	222,596	10,150	212,924
900	-	Archroma Pakistan Limited		425	428	-	-
			19.1.1	1,583,092	1,193,143	1,343,192	1,426,082

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

19.2 Mutual funds

2019	2018		2019		2018	
Number of units		Name of Fund	Cost	Fair value	Cost	Fair value
			(Rupees in '000)			
-	838,991	Lakson Income Fund	-	-	84,379	88,857

19.3 Investment in Government securities

2019	2018		2019	2018
------ (Rupees in '000) ------ Face value			------ (Rupees in '000) ------ Fair value	
110,000	-	Pakistan Investment Bond (10 Years)	82,161	-
75,000	-	Pakistan Investment Bond (5 Years)	61,753	-
			143,914	-

19.4 Mutual funds

2019	2018	Name of Company / Funds		2019	2018
Number of				------ (Rupees in '000) ------	
-	1,116,891	HBL Islamic Money Market Fund		-	117,214
1,223,825	-	HBL Money Market Fund	19.4.1	124,978	-
2,548,499	2,441,171	Lakson Money Market Fund		271,214	254,255
3,743,327	3,591,972	Lakson Income Fund		398,699	375,595
795,579	772,598	National Investment (Unit) Trust		50,320	60,603
53	50	NIT Government Bond Fund		1	1
172	10	NIT Islamic Equity Fund		2	2
				845,214	807,870

19.4.1 These are under lien of a commercial bank against guarantees aggregating Rs.105,711 thousand (2018: Rs.93,764 thousand) issued in favour of Sui Southern Gas Co. Ltd., Pakistan State Oil Co. Ltd. and Excise & Taxation Department, Government of Sindh on behalf of the Group.

19.5 This represents carrying amount of government securities placed as statutory deposit with the State Bank of Pakistan in accordance with the requirements of Section 29(2)(a) of the Insurance Ordinance, 2000.

20. CASH, BANK BALANCES AND DEPOSITS

	Note	2019	2018
		------ (Rupees in '000) ------	
Cash in hand		982	1,731
Bank balances and deposits			
In current accounts (*including US$ 11 thousand*)		650,604	568,006
In PLS saving accounts	20.1	4,037,923	4,296,120
Term Deposit Receipts / Treasury bills	20.2	6,546,200	8,575,440
Cheques in hand	20.3	389,396	354,666
		11,625,105	13,795,963

20.1 These carry interest rates ranging from 7.35% to 13.15% (2018: 4% to 9.3%) per annum.

20.2 These carry a mark-up rates ranging from 11.1% to 11.2% (2018: 5.95% to 6.5%) per annum. These include term deposit receipts of Rs.10 million (2018: Rs.10 million) are under lien with the bank against a bank guarantee issued on behalf of the Group.

20.3 Represents banking instruments received by the ABL from dealers at regional offices in respect of sales but not deposited in the Company's bank account till reporting date.

21. SHARE CAPITAL

Authorised Capital

2019	2018		2019	2018
Number of shares			------ (Rupees in '000) ------	
240,000,000	240,000,000	Ordinary shares of Rs.10 each	2,400,000	2,400,000

Issued, subscribed and paid-up capital

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

21.1 As at year end, the shares held by Directors and Iftikhar Shirazi Family Trust were 165.084 million (2018: 165.655 million) and 55.028 million (2018: 54.458 million) respectively.

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

22. LONG TERM LOANS - secured

Limit (Rupees in million)	Tenure	Number of Installments / mode	Rate of mark-up	Note	2019	2018
					------ (Rupees in '000)	------
500	2018 - 2023	16 / quarterly	3 months KIBOR + 0.60%	22.1	**500,000**	-
14,970	2009 - 2019	40 / quarterly	3 months KIBOR + 3%	22.2	**1,207,473**	3,600,596
2,000	2018 - 2021	Semi annual	6 months KIBOR + 0.2%	22.3	**2,000,000**	2,000,000
					3,707,473	5,600,596
Interest free loans						
Vehicle loans					**3,168**	2,113
Less: Current portion of long term loans shown under current liabilities					**(1,269,973)**	(2,393,122)
					2,440,668	3,209,587

22.1 The Group has obtained term finance from Allied Bank Limited for the purpose of Capital expenditure. The loan is secured against first pari passu hypothecation charge on existing and future plant and machinery with 25% margin and equitable mortgage against land with 25% margin.

22.2 Represents syndicated project loan facilities from consortium of banks. The facilities are repayable in installments commencing from twenty first month of first drawdown or three months after completion of the project, whichever is earlier. The facilities are secured against assignment over receivable from NTDC due under PPA, first ranking and exclusive charge by hypothecation on all future moveable assets, first ranking and exclusive mortgage over immovable properties related to project complex, pledge of sponsors shares, in the Company not less than 51% of the Company's share capital, lien over set-off rights over all project accounts and assignment over project insurance.

22.3 This loan is secured against ranking hypothecation charge over all present and future moveable fixed assets with 20% margin.

23. LONG TERM DEPOSITS

	Note	2019	2018
		------ (Rupees in '000)	------
Deposits from employees	23.1	**9,240**	9,415
Less: Current portion shown under current liabilities		**1,029**	2,745
		8,211	6,670

23.1 These represent 10% of cost of vehicle recoverable from employees in respect of vehicles provided to them by the Group. These are recoverable over a period of 5 years and adjustable against sale proceeds at the time of disposal.

24. DEFERRED LIABILITIES	Note	2019	2018
		------ (Rupees in '000) ------	
Provision for employees' compensated absences	24.1 & 24.2	537,275	520,259
Provision for long service award	24.2	11,774	8,646
Provision for staff gratuity fund		54,553	(45,432)
		603,602	483,473

24.1 The provision is made in accordance with the actuarial recommendations. The latest actuarial valuation was carried out as of June 30, 2019.

24.2 These include provision amounting to Rs.30.269 million for key management personnel of the Group.

	Non-management	
	2019	2018
24.3 Payable to staff gratuity fund	------ (Rupees in '000) ------	
24.3.1 Reconciliation of obligations as at year end		
Present value of defined benefit obligation	59,983	57,922
Fair value of plan assets	(103,105)	(103,354)
Net liability at end of the year	(43,122)	(45,432)
24.3.2 Movement in net liability		
Net liability at beginning of the year	28,040	25,168
Charge for the year	(1,254)	(1,150)
Benefits paid during the year	(3,932)	(258)
Re-measurement chargeable in other comprehensive income	5,437	5,456
Contributions	(6,066)	(1,176)
Net liability at end of the year	22,225	28,040
24.3.3 Charge for the year		
Current service costs	2,372	2,308
Interest costs	(2,429)	(2,042)
Charge for the year	(57)	266
24.3.4 Movement in defined benefit obligation		
Present value of defined benefit obligation at beginning of the year	57,922	25,168
Current service costs	7,372	7,308
Interest costs	33,113	32,601
Benefits paid during the year	(6,684)	(5,388)
Actuarial loss / (gain)	231	(1,767)
Present value of defined benefit obligation at end of the year	91,954	57,922

24.3.5 The principal assumptions used in the actuarial valuations carried out as of June 30, 2019 using the 'Projected Unit Credit' method are as follows:

	Non-management	
	2019	2018
	-------- Percentages --------	
Rate of salary increase (per annum)	11.44%	7.44%
Discount rate (per annum)	12.44%	8.44%

25. DEFERRED TAXATION

	Note	2019	2018
		------ (Rupees in '000) ------	
Deferred tax liability arising in respect of:			
- accelerated tax depreciation		1,795,048	2,071,871
- amortisation		140	95
- Provision for bonus		464	-
- unrealised gain on revaluation of investments		-	21,598
Deferred tax asset arising in respect of:			
- employees retirement benefits		(25,875)	(18,840)
- Unrealised loss on investments at fair value through OCI		(48,515)	-
- provisions		(421,226)	(245,984)
Deferred tax liability		1,300,036	1,828,740

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

	2019	2018
Balance at beginning of the year	1,912,242	1,136,272
Charged during the year over share of profit from associates	395,129	582,012
Charged during the year	(93,991)	193,958
Balance at end of the year	2,213,380	1,912,242

26. TRADE AND OTHER PAYABLES

	Note	2019	2018
Trade payables		9,068,645	6,712,677
Import bills payable		-	479,462
Royalty payable	26.1	1,110,181	1,065,861
Retention money		13,921	32,376
Accrued liabilities	26.2	2,862,362	3,866,514
Workers' Profit Participation Fund		459,587	591,214
Workers' Welfare Fund		116,988	185,115
Withholding tax payable		17,467	136,262
Sales tax payable - net		115,224	592,814
Due to related parties		(91,240)	35,957
Custom duty payable	26.3	120,726	120,726
Advances from customers		7,249,500	7,231,510
Advance rentals against investment properties		-	14,618
Payable to staff gratuity fund	26.4	136,041	178,099
Provision for compensated absense		23,520	18,762
Unclaimed dividend		221,188	184,722
Bonus payable		231,236	173,260
Premium received in advance		27,333	77,577
Insurance / reinsurance payable		202,973	355,277
Total liabilities from window takaful operations		38,547	31,829
Provision for outstanding claims		689,126	722,804
Provision for unearned premium		820,024	952,812
Provision for warranty		160,299	166,215
Commission income unearned		108,999	113,262
Sindh government infrastructure fee	26.5	149,655	116,017
provision for gas infrastructure development		321,087	246,832
Deposits from employees		4,044	5,536
Others		246,524	257,416
		24,423,957	24,665,526

26.1 Includes Rs.985.521 million (2018: Rs.952.385 million) due to Honda Motor Company Limited, Japan - a related party.

26.2 Includes Rs.747 million (2018: Rs.2.635 million) due to Honda Motor Company Limited, Japan - a related party.

26.3 The Group has imported power plant that is leviable to custom duty at the rate of 20% on the imported value. However, the Ministry of Finance, Government of Pakistan vide its S.R.O. 565(1)2006 (SRO) dated June 06. 2006 as amended vide SRO 564(1)008 dated June 11, 2008 has exempted plant, machinery, etc. from the custom duty leviable in excess of concessionary taxes i.e. 5% on the Import value provided that the imports are made against valid contracts or letter of credit (L/C) and total C&F value of such imports for the project is US Dollar 50 million or above. In this regard, the Custom department raised a query to Federal Board of Revenue (FBR) whether this relaxation is applicable to the Group which has established (L/C) before June 11, 2008. The Group has paid the custom duty at the rate of 5% on the import value of Power Plant to the custom authorities and recorded a provision for the remaining 15% on import value of Power Plant, till the clarification is received from the regulatory authorities. During the current year the matter was decided in favor of the Group by Sindh High Court on March 25, 2019 and department was directed to discharge the post dated cheque issued by Group. However, department filed an intra court appeal regarding the matter in the Sindh High Court dated April 13, 2019. Since the matter is still pending adjudication, the Group has continued to hold the provision created as discussed above.

	Management	
	2019	2018
	------ (Rupees in '000) ------	
26.4 Payable to staff gratuity fund		
26.4.1 Reconciliation of obligation as at year end		
Present value of defined benefit obligation	920,992	884,971
Fair value of plan assets	(680,491)	(707,713)
Payable to associated companies in respect of transferees	(22,003)	841
	218,498	178,099
Unrecognised actuarial loss	-	-
Unrecognised non-vested liability promotion	-	-
Net liability at end of the year	218,498	178,099
26.4.2 Movement in net liability		
Net liability at beginning of the year	70,817	31,517
Charge for the year	73,145	54,838
Re-measurement chargeable in other comprehensive income	55,119	41,271
Contributions	(92,004)	(56,809)
Benefits paid	(23,198)	-
Net liability at end of the year	83,879	70,817
26.4.3 Charge for the year		
Current service cost	60,924	46,283
Interest cost	36,530	27,305
Expected return on assets	(19,789)	(14,420)
Amortisation of loss	(5,517)	(3,382)
Charge for the year	72,148	55,785
26.4.4 Movement in defined benefit obligation		
Present value of defined benefit obligation at beginning of the year	884,971	779,444
Impact of merger	-	-
Current service cost	61,632	45,965
Interest cost	76,383	59,685
Benefits paid during the year	(78,146)	(39,326)
Actuarial loss	11,531	28,676
Liability recognised in respect of transferees	(35,379)	10,528
Present value of defined benefit obligation at end of the year	920,992	884,971
26.4.5 Movement in fair value of plan assets		
Fair value of plan assets at beginning of the year	707,713	685,113
Impact of merger	-	-
Expected return on plan assets	24,158	18,218
Contributions made by the Group	92,004	67,417
Benefits paid during the year	(78,145)	(39,326)
Transfer of assets in respect of transferees	(53,169)	(14,973)
Actuarial loss	(12,070)	(8,735)
Fair value of plan assets at end of the year	680,491	707,713

26.4.6 The principal assumptions used in the actuarial valuations carried out as of June 30, 2019 using the 'Projected Unit Credit' method are as follows:

	Management	
	2019	2018
	Percentages	
Rate of salary increase (per annum)	10.84%	8.91%
Rate of return (per annum)	5.66%	6.65%
Discount rate (per annum)	14.00%	8.98%

	2019	2018
	(Rupees in '000)	
26.4.7 Actual return on plan assets	5,384	16,803

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

26.4.9 Expected contribution to the fund for the year ending June 30, 2018 is Rs.21.974 million.

26.4.10 Comparison for five years:

	2019	2018	2017	2016	2015
	(Rupees in '000)				
Present value of defined benefit obligation	920,992	884,971	754,443	262,037	210,670
Fair value of plan assets	(680,491)	(707,713)	(685,113)	(156,871)	(98,920)
Deficit	240,501	177,258	69,330	105,166	111,750
Experience adjustments:					
Loss on plan liabilities	30,915	16,920	8,560	4,128	4,522
Loss on plan assets	(10,438)	(8,675)	12,089	(256)	(2,659)

26.5 This represents provision against infrastructure fee levied by the Government of Sindh through Sindh Finance (Amendment) Ordinance, 2001. The levy of infrastructure fee is disputed and various companies have filed appeals before the High Court of Sindh (the Court) which are pending adjudication. During the pendency of these appeals, an interim arrangement has been agreed whereby bank guarantees furnished for consignments cleared upto December 27, 2006 have been returned and bank guarantees have been furnished for 50% of the levy for consignment released subsequent to December 27, 2006 while payment is made against the balance amount.

The Group, during the year ended June 30, 2014, also filed an appeal in the Court and became a party to subject controversy raised through various appeals. The Court, through its interim order, dated April 03, 2014 has granted the above-mentioned interim relief to the Group and directed to take up the petition along with identical petitions on the next date of hearing. As at June 30, 2019, the Group has provided bank guarantees amounting Rs.80,000 thousand (2018: Rs.72,000 thousand) in favour of The Director Excise and Taxation, Government of Sindh for releasing the consignments imported from time to time and for the purpose of carriage of such goods by road within the province of Sindh. The management believes that the chances of success in the petition are in the Group's favour.

27. SHORT TERM BORROWINGS - SECURED

	Note	2019	2018
		(Rupees in '000)	
Running finance under mark-up arrangements	27.1	8,699,862	6,273,622
Money market facilities under mark-up arrangement	27.2	1,350,014	5,995,000
Short term loans	27.3	80,000	570,000
Islamic financing	27.4	9,982,816	7,531,404
Demand finance		-	100,000
		20,112,692	20,470,026

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27.1 The Group has short term running finance facilities under mark-up arrangements aggregating to Rs.38,037 million (2018: Rs.16,237 million) from various commercial banks carrying mark-up ranging between 1 month KIBOR + 0.1% and 3 months KIBOR + 1% (2018: 1 month KIBOR + 0.1% and 6 months KIBOR + 0.5%) per annum. The facilities utilized against these arrangements are secured against equitable mortgage on lands and buildings, first pari passu hypothecation charge over book debts, stock, spares, tools, and fuel. The unavailed aggregate credit facility of running finances amounts to Rs.24,457 million (2018: Rs.8,631 million). These include an amount of Rs.1,703 million (2018: Rs.99 million) which has been utilised from National Bank of Pakistan, a related party, from total limit of Rs.2,100 million (2018: Rs.400 million).

27.2 Represents utilized portion of facilities for money market financing available from various banks amounting to Rs.1,350 million (2018: Rs.3,975 million), total limit of facilities is Rs.1,350 million (2018: Rs.3,975 million). The repayments are due on various, dates, during next twelve months. The rate of mark-up ranges from 10.90% to 13.34% (2018: 6.21% to 6.51%) per annum and are payable with various maturity dates and are secured by way of hypothecation over fuel and receivables with 20% margin. These include, an amount of Rs.600 million (2018: Rs.600 million) which has been fully utilized from National Bank of Pakistan, a related party.

27.3 Represents facility for short-term loan obtained from a commercial bank amounted to Rs.3,770 million (2018: Rs.1,150 million) of which Rs.3,690 million (2018: Rs.1,150 million) remained unutilized at year end. The facility carries mark-up at the rate ranging from 1 month 7.02% to 11.99% (2018: 6.24% to 7.50%) per annum. These are secured by way of first pari-passu joint hypothecation of stock in trade and book debts. These facilities are expiring on various dates by March 31, 2020.

27.4 These facilities for murahaba and musharakah finance are arranged from various Islamic commercial banks amounting to Rs.16,280 million (2018: Rs.11,830 million) carrying profit at the rates ranging from 10.99% to 14.31% (2018: 6.42% to 7.00%) per annum. The said facilities are secured against first pari passu charge over all the Group's present and future stocks and receivables to the extent of facility amounting to Rs. 850 million plus 20% margin. These include an amount of Rs.5,584 million (2018: Rs.1,280 million) which has been fully utilized from Allied Bank Limited, a related party. The renewal of facilities amounting Rs.400 million is under process which were expired during the year.

27.5 The facilities for opening letters of credit as at June 30, 2019 aggregated to Rs.5.536 million including sub limits (2018: Rs.4.79 million) of which unutilized balance at year-end aggregated to Rs.3.885 million (2018: Rs.2.145 million). These facilities are secured by lien on import documents and pari passu joint hypothecation charge on stocks-in-trade and trade debts and are expiring on various dates up to March 31, 2020.

28. CONTINGENCIES & COMMITMENTS

28.1 Contingencies in respect of subsidiaries

28.1.1 Atlas Power Limited (APL)

28.1.1.1 The Company received a show cause notice from FBR on August 19, 2014 stating that the Company had failed to apportion inadmissible input sales tax amounting to Rs.2,132 million in respect of amounts received against capacity purchase price from NTDC for the period from July 2009 to June 2013, claiming that capacity purchase price is an exempt supply. The Honorable Lahore High Court decided the case in favor of the Company. however FBR filed an appeal in Supreme Court in 2017. The amount is pass through item and recoverable from NTDC since the Company expects a favorable outcome, no amounts have been recognized in these financial statements.

28.1.1.2 On February 13, 2019, NEPRA issued notice to several IPPs to submit relevant information to ascertain the reasons behind alleged excessive abnormal profits of RFC based Independent Power Producers established under Power Policy for Generation 2002. NEPRA declined the Company's request for extension in time for provision of required information and notified its intent to initiate Sue Mote proceedings. Consequently, NEPRA decided to hold a hearing by issuing a notice of hearing. Being aggrieved, the Company filed a written petition in the Honorable Islamabad High Court challenging the powers of NEPRA to exercise Suo Mote proceedings. The Honorable High Court granted stay order by suspending the operation of notice issued by NEPRA. Subsequent to the year end, the Power Division of Ministry of Energy constituted a Committee for Power Sector Audit, Circular Debt Resolution and Future Road Map.

This committee is required to submit its report to Prime Minister as per notification issued by the Division.

The Company believes that, all invoices were raised in accordance with PPA and as per the tariff approved by NEPRA, Further, these invoices have been acknowledged by NTDC as well. The Company, based on legal advice, expects that no material adverse outcome will be caused as the result of ultimate resolution of above matter.

28.1.2 Atlas Asset Management Limited (AAML)

28.1.2.1 The Finance Act, 2013 has enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) with effect from June 13, 2013. As the asset management services rendered by the Management Company to the Funds are already subject to provincial sales tax on services levied by the Sindh Revenue Board (SRB), which is being charged to the funds and the Management Company collects the same as withholding agent and deposits the same with the SRB, the Management Company is of the view that further levy of FED is not justified. However, as a matter of abundant caution, provision is being made in the books of account of the mutual funds and pension funds being managed by the Company, these funds being the recipient of the asset management services, and there is no Impact on the financial statements at the Management Company.

Various asset management companies including the Company, together with their representative Collective investment Schemes through their trustees, have filed a petition in the High Court at Sindh (SHC), challenging the levy of FED In this respect. SHC has issued a stay order against recovery proceedings. SHC, through its order dated June 30, 2016, stated that any notices issued, proceedings taken or pending, orders made, duly recovered or action taken under the Federal Act 2005 in respect of rendering of services are to be quashed and set aside. Thereafter Deputy Commissioner Inland Revenue appealed in the Supreme Court against SHC order which is still a pending adjudication.

Further, the Finance Act, 2016, also introduced an amendment to the Federal Excise Act, 2005 whereby FED was withdrawn on services of different industries Including Non-Banking Financial institutions. Which are already subject to provisional sales tax.

28.1.2.2 With effect from July 01, 2011, the asset management services rendered by the Company to the mutual funds and pension funds under its management fall within the scope of taxable services under Sindh Sales Tax Act, chargeable at the rate of 16% on the asset management services rendered, which the Company collects from the mutual funds / pension funds as a collecting agent and thereafter deposits the same with the SRB. The Company, being registered in the province of Sindh, is registered with the SRB as a service provider.

During year ended June 30, 2014, the Company as well as various other AMCs registered in the province of Sindh received notices from the Punjab Revenue Authority (PRA). requiring the Company/ other AMCs to register with the PRA for the asset management services rendered in the Punjab through the offices of the Company in the Punjab. During the proceedings, it was explained to the PRA that the Company's offices in the Punjab only relate to sales offices, and no asset management services are rendered from such offices. All asset management services are rendered by the Company directly from its Head Office located in Karachi. Further, the full amount of provincial tax liability was being duly discharged to the SRB, hence, without prejudice to the main contention, the question, if any, related to apportionment between the two provinces and not double taxation. During the proceedings, meetings have been held with the officials of both, SRB and PRA at the collective forum of the Mutual Funds Association of Pakistan (MUFAP) together with the tax consultants, to work out any suitable basis of apportionment of the tax already being paid by the Company and other AMCs. However, such meetings remained inconclusive.

Despite the detailed explanations furnished and the meetings held with the officials of the SRB and PRA as stated above, on June 26, 2014, the Company received a show cause notice from the PRA, requiring payment of Rs. 7.66 million as alleged Punjab Sales Tax on services for the period July 01, 2013 to December 31, 2013, and requiring the Company to explain why penalty proceedings should not be initiated there against. Such alleged amount is in addition to the Sindh Sales Tax on services already paid to the SRB for the period. Similar show cause notices have been received by other AMCs.

On July 08, 2014, the Company and other AMCs. have tiled a petition in the SHC against both, SRB and PRA, challenging the issuance of such show cause notice by PRA and the alleged levy of Punjab Sales Tax on services therein, as well the non-resolution of issue of apportionment of the total 16% tax on asset management services, which is already being paid to the SRB. In the initial hearing, the SHC has suspended the operation of the notice. The case is still pending adjudication. No provision has been made in these financial statements for the alleged tax liability of Rs.7.66 million, as the management is confident that the ultimate outcome will be in the Company's favor.

28.1.3 Atlas Battery Limited (ABL)

28.1.3.1 The Company received notice from the Directorate of Intelligence and Investigation, FBR, Lahore in which it had been alleged that the Company purchased goods from certain suppliers who were registered with Regional Tax Offices, but were fake and issued sales tax invoices to the Company on the basis of which the Company claimed input tax adjustment amounting to Rs.29.066 million which according to them was illegal / inadmissible. The name of the Company along with 135 companies and other individuals had therefore been included as an accused person in the First Information Report (FIR) No. 04/2011 dated March 26, 2011 registered by the Additional Director, Intelligence and Investigation, FBR, Lahore. The Company has, therefore, filed a Constitutional Petition in the Honourable Lahore High Court (the Court) and prayed to quash the FIR against the Company and declare the notice illegal. The Court has granted stay order and advised the concerned authorities to restrain from further proceeding with the matter. Further, the Court has quashed the criminal proceedings initiated against the Company as being unconstitutional, violative of fundamental rights and ultra vires the Sales Tax Act, 1990 (the Act). The FBR against the orders of the Court has filed an appeal in Honourable Supreme Court of Pakistan, which is pending for hearing.

28.1.3.2 The Deputy Commissioner Inland Revenue (DCIR), Large Taxpayers Unit, Karachi conducted sales tax audit for the tax year 2013 and passed an order dated January 28, 2015 with respect to (I) input claims against purchases from certain suppliers whose status were subsequently found as blacklisted / suspended on FBR web portal, (ii) non—payment of federal excise duty on royalty, (iii) non-deduction of sales tax as withholding agent on advertisement expense and (iv) tax credits not allowed on certain expenses. DCIR, through abovementioned order raised an aggregate demand of Rs.11.819 million including default surcharge. The Company filed appeal on February 19, 2015 before Commissioner Inland Revenue Appeals CIR(A) against the above order under section 45B of the Act and section 33 of Federal Excise Act, 2005. Pursuant to the appeal, the CIR(A), through his order dated April 28, 2015, granted relief to the Company in respect of the demand raised in (I), (iii) and (iv) points mentioned above. However, demand of federal excise duty on royalty payment was considered correct by CIR(A) in his order. Accordingly, the Company has filed an appeal before Appellate Tribunal Inland Revenue (ATIR) on May 23, 2015 against the order of levy of excise duty on royalty. Further, the Commissioner Inland Revenue has also filed an appeal on June 25, 2015 before ATIR against the abovementioned order of CIR(A) through which relief was granted to the Company. ATIR has allowed the appeal of the Company and dismissed the appeal of the department in its order dated May 13, 2019.

28.1.3.3 Deputy Commissioner Inland Revenue (DCIR), Large Taxpayers Unit, Karachi, for the tax year 2013 passed an order dated September 30, 2014 under section 161 / 205 of the Income Tax Ordinance, 2001 on account of non-deduction of tax on freight & forwarding charges and discounts allowed to dealers. DCIR through this order created an aggregate demand of Rs.206.534 million including additional tax. An appeal was filed before the CIR(A) on October 22, 2014 against the above order. The Company paid the demand of Rs.0.1 million which pertains to a tax deduction on freight charges and filed a stay application on October 27, 2014 before Commissioner Inland Revenue (Appeals) [CIR(A)] against the recovery of balance of the demand. The stay against recovery of demand was granted by the CIR(A) on October 27, 2014 subject to partial payment of Rs.50 million which was paid on October 29, 2014. Pursuant to above appeal, CIR(A), on March 31, 2015, passed an order under section 129 of the Ordinance and granted relief in respect of issue of non-deduction of tax amounting Rs.108.867 million on discounts allowed on invoices. However, CIR(A) remanded back the issue of non-deduction of tax aggregating Rs.59.509 million on additional trade discounts by directing the DCIR to re-examine the issue based on the nature of discount. The CIR has filed an appeal on April 18, 2015 against the abovementioned order of CIR(A) before the Appellate Tribunal Inland Revenue; which is pending for hearing.

28.1.3.4 The Company received a show cause notice dated June 27, 2016 from Assistant Commissioner Enforcement-II, Punjab Revenue Authority (PRA), Government of Punjab for proceeding against the Company for alleged violation of various sections of Punjab Sales Tax on Services Act, 2012 (the Act) read with Punjab Sales Tax on Services (Specific Provisions) Rules, 2012 (the Rules) and demanded tax on account of Punjab sales tax on franchises services aggregating Rs.55.443 million. Further, penalties aggregating Rs.2.962 million has also been charged.

The Company against the abovementioned show cause notice filed a petition on July 15, 2016 before the High Court of Sindh (the Court) on the basis that PRA has no jurisdiction to issue such notice. The Company is engaged in manufacturing of automotive batteries and owing to its technical assistance agreement with technology supplier it pays technical fees to them and in respect of such technical services the Company is making regular payments of Sindh Sales Tax to the Sindh Revenue Board. Further, the Company's factory premises as well as all production and entire operations are in province of Sindh, therefore PRA has no jurisdiction to demand any sales tax on franchise fees on the basis of purported apportionment of the same. The Court, through its interim order dated July 15, 2016 issued notices to concerned persons / representatives and suspended the operations of abovementioned show cause notice.

28.1.3.5 The Deputy Commissioner Inland Revenue (DCIR), Large Taxpayers Unit, Karachi, for the tax year 2015 passed an order dated January 22, 2016 under section 161 / 205 of the Income Tax Ordinance, 2001 (the Ordinance) on account of non-deduction of withholding tax on various expenses and created a demand of Rs.56.449 million, including default surcharge and penalty. The Company filed a rectification application on February 11, 2016 against the aforesaid order pursuant to which the DCIR passed a rectified order dated February 22, 2016 under section 221 / 161 / 205 of the Ordinance. As a result of the rectified order, the total demand of Rs.56.449 million identified in the original order was reduced to Rs.0.398 million inclusive of default surcharge and penalty.

While passing the rectified order, the DCIR created an additional demand of Rs.81.593 million including default surcharge and penalty on account of non-deduction of tax on discounts allowed to dealers. The Company filed an appeal before the Commissioner Inland Revenue (Appeals) [CIR(A)] on March 10, 2016 against the rectified order and challenged the aggregate demand of Rs.81.991 million. Pursuant to this appeal, CIR(A) passed an order dated June 08, 2016 under section 129 of the Ordinance and granted relief to the Company on aggregate demand of Rs.81.991 million. The Commissioner Inland Revenue (CIR) filed an appeal on August 05, 2016 against the above mentioned order of CIR(A) before the Appellate Tribunal Inland Revenue; which is pending for adjudication.

28.1.3.6 The Additional Commissioner Enforcement-III (Assessing Officer), Punjab Revenue Authority (PRA), Government of Punjab issued a show cause notice to the Company and alleged that the Company has failed to withhold and deposit the Punjab Sales Tax on advertisement services. The Company responded that some of the service providers do not have their registered office in the territorial jurisdiction of Punjab and in most of the cases, services were not completely consumed in Punjab only rather were electronically transmitted throughout Pakistan. Further, the Company had withheld sales tax from all the payments made against said services and has deposited either to Federal Board of Revenue (FBR) or Sindh Revenue Board (SRB), therefore, demand raised by PRA would tantamount to double jeopardy for the Company. However, the Assessing Officer did not consider the arguments of the Company and passed an order dated May 22, 2017 under section 14 & 19 of Punjab Sales Tax on Services Act, 2012 read with Punjab Sales Tax on Services (Withholding) Rules 2012 & 2015 and created an impugned demand of Rs.4.827 million including penalty.

The Company filed an appeal before Commissioner (Appeal), PRA, Lahore on June 28, 2017 against the aforementioned demand who also upheld the order of the Assessing Officer on October 08, 2017. The Company then filed an appeal before Appellate Tribunal, PRA, Lahore on November 28, 2017. The Appellate Tribunal has granted a stay against demand on November 29, 2017. The main appeal is pending before the Appellate Tribunal.

28.1.3.7 Additional Commissioner Inland Revenue (ACIR), Large Taxpayers Unit, Karachi, for the tax year 2016 passed an order dated November 80, 201 7 under section 161 /205 of the Income Tax Ordinance, 2001 on account of non—deduction of tax on (I) trade discount allowed to dealers, (ii) rent paid to Atlas Foundation, (iii) cartage & octroi expenses, (iv) repair and maintenance expenses and (v) entertainment expenses. ACIR through the order created an aggregate demand of Rs.200.172 million including default surcharge and penalty. The Company filed an appeal before [CIR(A)] on December 20, 2017 against (I) and (ii), where as tax levied for (iii), (iv) and (v) were not contested in appeal. The Company paid the demand of Rs.1.5 million in light of directions given by [CIR(A)] on December 22, 2017 while granting stay from recovery proceedings which duly covers the balance tax demand Rs.1.221 million in respect of issues not contested in appeals. Pursuant to the appeal, [CIR(A)], on January 22, 2018, passed an order under section 129 of the Ordinance and granted relief in respect of both issues contested i.e. (I) trade discount allowed to dealers and (ii) rent paid to Atlas Foundation. The department has filed an appeal on April 28, 2018 against the abovementioned order of CIR(A) before the Appellate Tribunal Inland Revenue; which is pending for adjudication.

28.1.3.8 Assistant / Deputy Commissioner Inland Revenue (DCIR), Large Taxpayers Unit, Karachi, for the tax year 2017 passed an order dated October 24, 2018 under section 161 / 205 of the Ordinance on account of non-deduction of tax on (i) trade discount allowed to dealers, (ii) sales promotion, (iii) travelling, (iv) repair and maintenance expenses, (v) water charges, (vi) cartages and (vii) local purchase. DCIR through the order created an aggregate demand of Rs.266.079 million including default surcharge and penalty. The Company filed an appeal before Commissioner Inland Revenue (Appeals) [CIR(A)] on November 13, 2018 against (i) and (ii), where as tax levied for (iii), (iv), (v), (vi) and (vii) were not contested in appeal. The Company paid the demand of Rs.1.441 million on November 19, 2018 in respect of issues not contested in appeals. Pursuant to the appeal, CIR(A), on December 20, 2018, passed an order under section 129 of the Ordinance and granted relief in respect of issue contested at (ii) sales promotion and upheld the decision of DCIR in respect of issue contested at (i) trade discount allowed to dealers. The Company has filed an appeal on December 31, 2018 against the abovementioned order of CIR(A) in respect of issue at (i) trade discount allowed to dealers before the Appellate Tribunal Inland Revenue (ATIR) which is pending adjudication. Moreover, the company has obtained stay from the Sindh High Court against the demand confirmed by CIR(A).

28.1.4 Atlas Honda Limited (AHL)

28.1.4.1 Various cases have been filed against the Company by some former employees for reinstatement of service and are pending in different courts of Pakistan. The management is confident that outcome of these cases will be in favour of AHL and hence no provision is made in these financial statements.

28.1.4.2 Guarantees aggregating to Rs.782.422 million (2018: Rs.901.410 million) have been issued by commercial banks to government and semi government institutions for import of raw materials and supply of goods.

28.1.5 Atlas Insurance Limited (AIL)

28.1.5.1 The tax authorities had raised demand amounting to Rs.117.817 million against the Company for the tax years 2009 to 2014, that primarily pertained to the rate of tax on dividend, rental income and WWF. Commissioner Inland Revenue (Appeals) [CIR (A)] partially upheld the decision and reduced the demand to Rs.59.722 million. The Company filed appeals against the CIR(A) decision before the Appellate Tribunal Inland Revenue (ATIR) wherein the decision of CIR(A) was upheld. The Company has filed a reference application against the decision of ATIR before the Honorable Lahore High Court which is currently pending adjudication. No provision has been recognised in the condensed interim financial statements since the Company believes that there are meritorious grounds that the case will be decided in favor of the Company.

28.1.5.2 For tax year 2005, the Tax authorities disputed the Company's treatment on certain issues disallowing expenses, creating a demand of Rs.70.698 million. The Company filed appeal before CIR(A) which was decided in favor of the Company. Department filed appeal against CIR(A) before ATIR which is pending adjudication. No provision has been recognized in the condensed interim financial statements since the Company believes that there are meritorious grounds that the case will be decided in favor of the Company.

28.1.5.3 Claims against the Company not acknowledged as debt of Rs.103.842 million (2018: Rs.11.526 million).

28.1.6 Atlas Metal (Private) Limited (AML)

28.1.6.1 On June 13, 2018, the Additional Commissioner Inland Revenue (ACIR) issued a show cause notice against AML for the tax period from July 2016 to June 2017, stating that the Company has claimed excess input tax on purchases of "78-b-Reclaimed Lead" at the rate of 17% instead of 5% amounting to Rs.140.556 million. AML submitted its response dated June 30, 2018 stating that the purchases were of "lead scrap" instead of "78-b-Reclaimed Lead" which is subject to 17% sales tax. During the year on September 28, 2019, ACIR raised the demand against the notice amounting Rs.140.556 million along with default surcharge and penalty. AML has filed appeal before Commissioner IR Appeals where the case is under hearing. Further stay against recovery of demand has been granted to AML by the Sindh High Court.

28.1.6.2 On December 26, 2017, the Assistant Commissioner Inland Revenue (ACIR) issued a show cause notice against the AML for the tax period from July 2015 to January 2017 in respect of input tax claimed on inadmissible supplies and input tax claimed in excess of output declared by the suppliers amounting to Rs.30.165 million and Rs.1.933 million respectively. The AML has submitted its reply and AML has not received any sales tax demand from ACIR. Time limit for issuance of Order against SCN under section 11(5) of Sales Tax Act, 1990 has lapsed.

28.1.6.3 On September 03, 2018, the Additional Commissioner Inland Revenue (ACIR) issued a show cause notice against the Company for the tax period from May 2015 to February 2018, stating that the AML has claimed inadmissible input tax on the purchases from Al-Mustafa Recycling (Pvt) Ltd., who was involved in claiming input tax against fake invoices amounting to Rs.32.474 million. AML submitted its response dated September 27, 2018 stating that the said supplier was neither blacklisted nor blocked by FBR at the time of input claim and that subsequent blacklisting of a supplier could not deprived the registered person of its right of claim of input tax. Further AML has complied with all the requirments as required under Sales Tax Act, 1990 for claim of input tax. On January 18, 2019, ACIR raised the demand against the notice amounting Rs.32.474 million. AML has filed appeal before Commissioner IR Appeals where the case is under hearing. Further stay against recovery of demand has been granted to AML by the Sindh High Court.

28.1.6.4 On February 06, 2019, the Additional Commissioner Inland Revenue (ACIR) issued a show cause notice against AML for the tax period from February 2014 to September 2017, stating that AML has claimed inadmissible input tax on the purchases from certain suspended / blacklisted suppliers amounting to Rs.117.269 million. AML submitted its response dated February 27, 2019 stating that the said suppliers ware neither blacklisted nor suspended by FBR at the time of input claim and that subsequent blacklisting of a supplier could not deprived the registered person of its right of claim of input tax. Further AML has complied with all the requirements as required under Sales Tax Act, 1990 for claim of input tax. On May 28, 2019, ACIR raised the demand against the notice amounting Rs.135.974 million along with default surcharge and penalty. AML has filed appeal before Commissioner IR Appeals where the case is under hearing. Further stay against recovery of demand has been granted to AML by the Sindh High Court.

In respect of the aforementioned matters, AML, based on the advice of the tax advisor, is confident that the ultimate outcome will be in favor of the AML. Accordingly, no provision has been recorded in theses financial statements.

Litigation

During the year, FIR No. 755/2018 u/s. 322 P.P.C. P.S. Shah Latif Town, Karachi, was lodged against one of the key management personnel of AML, by several applicants. In respect of the aforementioned legal case, the legal advisor of AML is of the view that the nature of litigation was such that there is no financial exposure as of the reporting date.

	2019	2018
28.2 Commitments	------ (Rupees in '000) ------	
Guarantees issued by banks on behalf of the Group	1,043,966	1,910,644
Guarantees issued by banks in favour to Sui Southern Gas Company Limited, Excise and Taxation Department, Pakistan State Oil Co. Ltd., SSGC LPG (Private) Limited, Collector of Customs, and Government of Sindh.	237,852	159,142
Guarantees in local currency	4,375,000	4,375,000
Letter of credit in favour of the Group	416,566	1,251,602
Letters of credit for other than capital expenditure, contracts and guarantees	606,093	407,717
Letter of credit in respect of capital expenditure	1,969,047	2,801,795
Commitment for capital expenditure	70,913	219,188
Commitments for rentals under Ijarah finance agreement	173,135	124,750
Commitments in respect of office rent expense	75,112	133,067
Claims against the Company not acknowledged as debt	74,687	74,687

28.2.1 The APL has revised operation and maintenance agreement with MAN Diesel & Turbo Operation Pakistan (Private) Limited for a period of six years starting from July 01, 2016. Under the terms of the O&M agreement, the Company is required to pay a monthly fixed O&M fee and a variable O&M fee depending on the net power output, both of which are adjustable according to the consumer price index general (general - CPI) as notified by Federal Bureau of Statistics.

29. SALES OF GOODS AND RENDERING OF SERVICES

	Note	2019	2018
		------ (Rupees in '000) ------	
Sales		167,205,102	139,859,038
Commission income	29.1	1,441,138	4,449,218
Service income		330,979	279,667
		168,977,219	144,587,923
Less: Sales tax		(21,443,810)	(23,210,438)
Less: Discounts		(3,256,500)	(2,957,137)
Sales - net		144,276,909	118,420,348

29.1 This include commission income earned from HISEL regarding solar panel installation at Honda Atlas Cars (Pvt) Limited.

30. FEE / COMMISSION FROM ASSET MANAGEMENT

	2019			2018		
	Management fee	Commission	Total	Management fee	Commission	Total
	------ (Rupees in '000) ------					
Open-ended						
Atlas Income Fund	34,305	-	34,305	78,566	-	78,566
Atlas Islamic Income Fund	2,805	-	2,805	3,550	-	3,550
Atlas Islamic Stock Fund	32,909	-	32,909	48,624	-	48,624
Atlas Money Market Fund	65,632	-	65,632	46,156	-	46,156
Atlas Pension Fund	10,236	-	10,236	9,801	-	9,801
Atlas Gold Fund	-	-	-	714	-	714
Atlas Sovereign Liquid Fund	2,123	-	2,123	1,347	-	1,347
Atlas Pension Islamic Fund	10,622	-	10,622	9,958	-	9,958
Atlas Islamic Dedicated Stock	2,199	-	2,199	-	-	-
Atlas Islamic Fund of Funds	140	-	140	-	-	-
Atlas Stock Market Fund	114,435	-	114,435	107,471	-	107,471
	275,406	-	275,406	306,187	-	306,187

30.1 In accordance with the provisions of the Non-Banking Finance Companies & Notified Entities Regulations, 2008, the Management Company of the funds is entitled to an accrued remuneration equal to an amount not exceeding 2% of average annual net assets in case of equity schemes. 1.5% of average annual net assets in case of income schemes. 1% of average annual net assets in case of money market and commodity schemes (deliverable). Further, as per the VPS Rules, 2005, the Pension Fund Manager is entitled to receive a management fee of an amount not exceeding 1.5% of the average net annual essets of the Pension Fund. During the year, the Company has charged its management fee at the following rates:

- Atlas Income Fund - 0.80% (2018: 0.80%) per annum of the average annual net assets for the reported period.
- Atlas Islamic Income Fund - 0.30% (2018: 0.30%) per annum of the average annual net assets for the reported period.
- Atlas Islamic Stock Fund - 2.00% (2018: 2.00%) per annum of the average annual net assets for the reported period.
- Atlas Money Market Fund - 0.45% (2018: 0.45%) per annum of the average annual net assets for the reported period.
- Atlas Pension Fund - 1.50% (2018: 1.50%) per annum of the average annual net assets for the reported period.
- Atlas Pension Islamic Fund - 1.50% (2018: 1.50%) per annum of the average annual net assets for the reported period.
- Atlas Stock Market Fund - 2.00% (2018: 2.00%) per annum of the average annual net assets for the reported period.
- Atlas Gold Fund - 1.00% (2018: 1.00%) per annum of the average annual net assets for the reported period.
- Atlas Sovereign Fund - 0.45% (2018: 0.45%) per annum of the average annual net assets for the reported period.
- Atlas Islamic Dedicated Stock Fund - 0.2% per annum of the average annual net assets for the reported period.

Atlas Pension Fund (APF) and Atlas Pension Islamic Fund

- Equity Sub Fund - 1.5% (2018: 1.5%) per annum of the average annual net assets for the reported period.
- Gold Sub Fund (for APF only) - 1% (2018: 1%) per annum of the average annual net assets for the reported period.
- Debt Sub Fund - 0.75% (2018: 0.75%) per annum of the average annual net assets for the reported period.
- Money Market Sub Fund - 0.5% (2018: 0.5%) per annum of the average annual net assets for the reported period.

Atlas Islamic Fund of Funds

- Atlas Aggressive Allocation Islamic Plan - 1% per annum of the average annual net assets for the reported period.
- Atlas Moderate Allocation Islamic Plan - 1% per annum of the average annual net assets for the reported period.
- Atlas Conservative Allocation Islamic Plan - 1% per annum of the average annual net assets for the reported period.
- Atlas Islamic Capital Preservation Plan - 1% per annum of the average annual net assets for the reported period.

	2019	2018
	------ (Rupees in '000) ------	
31. DIVIDEND INCOME		
Mutual funds (related party)	-	166,676
Other companies	231,356	1,437,065
	231,356	1,603,741
32. RENTAL INCOME		
Rental income from investment properties		
Warehouse building - on freehold land	145,384	186,973
Warehouse building - on leasehold land	89,425	132,060
Building - leasehold	50,224	42,272
	285,033	361,305
33. OTHER OPERATING INCOME		
Income on loans, advances and bank balances	663,764	564,286
Net gain on investments carried at fair value through profit or loss		
- Net loss on sale of investments	(55,940)	111,317
- Net unrealised loss on revaluation of investments	(97,581)	97,635
	(153,521)	208,952
Net gain on sale of fixed assets	381,841	(6,477)
Net gain on sale / redemption of available-for-sale investments	(42,830)	-
Reversal of allowance for expected credit loss - net	1,252	-
Reversal of allowance due to recoveries	1,557	-
Reversal of provision against compensated absences	20,492	-
Net gain on sale of held till maturity investment	5,102	-
Net gain on sale of investments properties	115,339	-
Impairment in value of available for sale securities - equity securities	(49,966)	-
Insurance claim	114,103	-
Exchange loss	(27,816)	(31,788)
Other	16,924	267,186
	1,046,241	1,002,158

34. COST OF SALES AND SERVICES

	Note	2019	2018
		—— (Rupees in '000) ——	
Cost of sales			
Raw and ancillary materials consumed		89,556,314	57,261,125
Salaries, wages and benefits	34.1	4,974,868	5,737,093
Spare parts and other maintenance		722,577	1,260,241
Travelling and conveyance		273,982	222,901
Store consumption		1,247,869	1,309,262
Fuel, water and power		10,222,225	12,863,729
Rent rates and taxes		343,977	460,068
Insurance		218,863	293,360
Training expense		3,962	4,145
Repairs and maintenance		710,109	788,538
Depreciation	7.1.4	2,900,157	2,318,243
Amortisation		20,721	12,327
Canteen		156,977	147,401
Ijarah rentals		46,351	38,005
Royalties and technical fee	34.3	4,272,736	4,223,289
Printing and stationery		30,003	32,510
Postage, telephone and telegram		14,203	12,647
Subscription		5,304	6,107
Provision for obsolescence		11,950	25,817
Provision for stores, spare parts & loose tools		6,655	-
Provision for impairment of operating fixed assets		307,354	-
Provision for slow moving raw material		194,298	-
Dismantling expense		9,541	-
Marking fee		74,590	69,765
Consultancy charges		70,277	16,755
Reimbursement of fixed expenses		(26,949)	(25,970)
Support services		11,800	21,590
Free replacement		622,062	519,096
Health, safety and environmental costs		7,395	21,559
General expenses		614,784	470,967
		117,624,955	88,110,570
Opening - Finished goods		2,724,127	1,349,924
- Work-in-progress		929,646	782,622
Purchases during the year		10,631,973	11,863,353
Transfers to fixed assets		(29,145)	(22,809)
Closing - Finished goods	14	(1,908,120)	(2,724,126)
- Work-in-progress	14	(757,257)	(929,646)
		11,591,224	10,119,518
		129,216,179	98,230,088
Cost of services			
Salaries and benefits	34.2	138,175	116,352
Storage and transportation		2,295	19,767
Travelling, conveyance and entertainment		16,266	7,484
Vehicle running		19,747	1,576
Postage and telephone		1,379	242
Repairs and maintenance		225	5,989
Software charges		9,414	186,639
Installation charges / subcontracting costs		416,853	3,003
Rent rates and taxes		10,184	9,573
Gas and electricity		15	11
Printing and stationery		160	-
Insurance		2,608	218
Training expenses		772	1,707
Advertisement		-	1,695
Depreciation	7.1.4	13,089	9,175
Others		3	56
		631,185	363,489
		129,847,364	98,593,577

34.1 Includes Rs.135,457 million (2018: Rs.127,485 million) in respect of employee retirement benefits.

34.2 Includes Rs.2.963 million (2018: Rs.1.982 million) in respect of employee retirement benefits.

34.3 Royalty charged in these financial statement pertains to:

Company Name	Address
- Honda Foundary Ltd	1620, Matoba Kawago, Saitama, Japan.
- Shingdengen Electric Ltd.	New-Ohtemachi Bldg., 2-1 Ohtemachi 2 chome,Chiyoda-Ku, Tokyo, Japan.
- GS Yuasa International Limited	1, Inobanba-cho, Nishinosho, Kisshoin, Minami-ku, Kyoto 601-8520 Japan
- Showa Corporation	1-14-1, Fujiwara-cho Gyoda, Saitama 361-8506 Japan
- F.C.C Co. Limited	7000-36, Nakagawa, Hosoe-cho Kita-ku, Hamammatsu-shi, Shizouka-ken, Japan
- Atsumitec Company Limited	4-6-1 Takaokanishi Naka-ku, Hamamatsu- shi Shizuoka Prefecture, 433-8118 Japan
- Daido Kogyo Co., Ltd	197 Kumasaka -cho Kaga city, Isikawa Pref., 922-8686, Japan.
- Honda Motor Company Limited	1-1, Minami-Aoyama 2-chome, Minato-ku, Tokyo107-8556,Japan
- Toyo Denso Company Limited	10-4, 2-Chome, Shinbashi Minato-ku, Tokyo, Japan
- Yamada Manufacturing Company Limited	1296-2, Koubayashi, Isesaki, Gunama, Japan.

35. DISTRIBUTION COSTS AND ADMINISTRATIVE EXPENSES

	Note	2019	2018
		------ (Rupees in '000) ------	
Salaries, wages and benefits	35.1	2,489,831	2,467,257
Back office accounting services charges	35.2	23,785	24,382
Rent, rates and taxes		220,279	166,116
Travelling, conveyance and entertainment		289,722	741,665
Freight and forwarding		768,526	280,149
Printing and stationery		65,163	56,048
Gas, water and electricity		53,511	49,360
Vehicle running		100,791	74,128
Legal and professional		137,725	167,669
Auditors' remuneration	35.3	22,759	16,998
Insurance		62,339	66,385
Fee and subscription		54,574	39,722
Repairs and maintenance		130,849	145,581
Depreciation on			
- Operating fixed assets	7.1.4	281,158	224,684
- Investment properties	8	61,732	24,814
Amortisation on intangible assets		7,782	6,456
Postage, telephone and telegrams		81,578	57,576
Newspapers and periodicals		14,329	13,647
Staff training		48,863	53,986
Advertisements / sales promotion		876,989	907,169
Donation to Atlas Foundation - a related party		129,233	140,031
Tender expenses		786	1,047
Provision for doubtful debts		24,805	15,209
Internet charges		8,601	5,473
Security guard services		3,423	2,518
Directors' meeting fees		22,895	22,185
Directors' remuneration		36,564	41,667
Communication expense		5,523	8,485
Distribution		17,733	15,865
Provision for stock obsolescence		5,849	4,853
Provision for Worker's Profit Participation Fund		279,617	474,163
Provision for Worker's Welfare Fund		106,781	160,429
SECP monitoring fee		10,041	470
Loss on disposal and fixed assets written off		11,731	164,069
Ijarah rentals		4,630	6,209
Medical expenses		-	184
First free services charges		205,109	174,356
Exchange loss		37,169	29,235
Registration of fees for incorporation - Atlas Trading Company Limited		2,011	-
Stamp duty fees on transfer of shares		8,250	-
Impairment against assets of subsidiaries		3,099,625	-
Others		57,804	38,020
		9,870,465	6,888,261

35.1 Salaries and benefits include Rs.115.727 million (2018: Rs.111.841 million) in respect of employees' retirement benefits.

35.2 The AAML on March 11, 2015, entered into 'Back Office Accounting Service Agreement' with ITMinds Limited (the Service provider). Through this service level agreement, the AAML, in line with the SECP Circular No. 24/2013 dated December 06, 2013, has delegated back office accounting functions of all open end mutual funds and pension funds managed by the Company to the Service Provider after due assessment of its capacity which includes availability of relevant IT infrastructure and systems along with human resources 10 undertake the back office function. The delegated functions include accounting functions, unit management services, maintenance of financial records and all other general back office services.

35.3 Auditors' remuneration

	EY Ford Rhodes	Hameed Chaudhri & Co.	Deloitte Yousuf Adil	A. F. Ferguson & Co.	2019 Total	2018 Total
	(Rupees in '000)					
Annual audit fee of Holding Company and subsidiary companies	5,700	4,256	173	1,032	11,161	9,903
Fee for half yearly review	761	387	-	-	1,148	999
Audit fee for consolidated financial statements	1,025	-	-	-	1,025	850
Audit fee for provident and gratuity funds	160	365	-	763	1,288	1,267
Consultancy and advisory services	100	-	-	800	900	-
Out of pocket expenses	796	391	17	197	1,401	1,276
Others	2,817	2,863	52	105	5,837	4,074
	11,359	8,262	242	2,897	22,759	18,369

36. FINANCE COST

	Note	2019	2018
		------ (Rupees in '000) ------	
Interest / mark-up			
Banks			
- long term loans	36.1	**533,853**	564,432
- short term borrowings	36.2	**1,965,574**	950,380
- money market facilities		**152,047**	110,412
Workers' Profit Participation Fund		**3,104**	1,389
Guarantee and commission charges		**2,935**	2,850
Others		**62,268**	51,933
Banks and other charges		**44,929**	39,943
		2,764,710	1,721,340

36.1 This includes mark-up related to long term loan from National Bank of Pakistan (NBP) and Allied Bank Limited (ABL) amounting to Rs.54 million (2018: Rs.88 million) and Rs.233 million (2018: Rs.164 million) respectively (related parties).

36.2 These represent mark-up on short-term borrowings obtained from various banks which carried mark-up ranging from 11.03% to 11.74%. This includes markup related to short term borrowings from National Bank Limited (NBP) and Allied Bank of Pakistan (ABL) amounting to Rs.219 million (2018: Rs.154 million) and Rs.117 million (2018: Rs.71 million) respectively (related parties).

37. SHARE OF PROFIT OF ASSOCIATES AND JOINT VENTURE- net of tax

	Note	2019	2018
From associates	9.1	**1,362,515**	2,006,936
Deferred tax	25.1	**(395,129)**	(582,012)
		967,386	1,424,925

38. PROFIT BEFORE TAXATION

	2019			2018
	------ (Rupees in '000) ------			
	Manufacturing	Trading	Total	Total
Sales	**137,465,260**	**5,039,532**	**142,504,792**	113,691,463
Cost of sales	**125,655,470**	**3,560,709**	**129,216,179**	98,230,088
Gross profit	**11,809,790**	**1,478,823**	13,288,613	15,461,375
Services income			**330,979**	279,667
Commission income			**1,441,138**	4,449,218
Fee / commission from asset management			**275,406**	306,187
Dividend income			**231,356**	1,603,741
Rental income			**285,033**	361,305
Other operating income			**1,046,241**	1,002,158
			16,898,766	23,463,651
Expenses				
Cost of services			**631,185**	363,489
Selling and administrative expenses			**9,870,465**	6,888,261
Finance cost			**2,764,710**	1,721,340
			13,266,360	8,973,089
Share of profit of associates and joint venture - net of tax			**967,386**	1,424,925
Net profit before tax			**4,599,792**	15,915,487

39. TAXATION

	Note	2019	2018
		------ (Rupees in '000) ------	
Current		**2,778,419**	3,637,567
Prior		**87,357**	42,506
Deferred	25.1	**(93,991)**	193,958
		2,771,785	3,874,031

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

39.2 Current year tax charge includes super tax as levied under Finance Act, 2017 amounting to Rs.88.900 million.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The SIL along with its wholly-owned subsidiaries also filed a suit against levy of super tax for the above year before the High Court of Sindh pursuant to which a stay has been granted by the Court.

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

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

The tax authorities passed an order under section 122(5A) whereby certain additions were made creating a tax demand of Rs.7.979. The SIL has filed an appeal with the Commissioner Inland Revenue (Appeals), Karachi, which is pending adjudication.

The SIL along with its wholly-owned subsidiaries has also filed a suit against levy of super tax for the above year before the High Court of Sindh pursuant to which a stay has been granted by the Court.

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

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

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

The SIL along with its wholly-owned subsidiaries has also filed a suit against levy of Super Tax for the above tax year before the High Court of Sindh pursuant to which a stay has been granted by the Court.

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

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

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

The tax authorities issued notice for payment of super tax for the above tax year. The SIL along with its subsidiaries has filed a constitutional petition before the High Court of Sindh against the aforesaid levy pursuant to which a stay has been granted by the Court.

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

39.13 Tax year 2007 was selected for tax audit and finalised thereafter by the Officer Inland Revenue (OIR), wherein the OIR allocated profit and loss account expenses against dividend income / exempt capital gains, and also disallowed profit and loss account expenses against profit on bank deposits earned by the SIL. The SIL filed an appeal before the Commissioner of Inland Revenue (Appeals) [CIR(A)] contesting issue. The CIR(A) decided the appeal vide appellate order no. 68 under section 129 of the Income Tax Ordinance, 2001 dated May 25, 2011. The CIR(A) had allocated certain expenses and prorated against dividend income earned by the AAML instead of the entire allowable profit and loss account expenses as done by OIR. However, regarding profit on bank deposits the CIR(A) has confirmed the action of the OIR. The ATIR vide an order dated March 03, 2012 has remanded back the impugned order to the extent of the issue of allocation of expenses against dividend income for fresh consideration to Taxation Officer and no fresh assessment order has been issued yet.

40. EARNINGS PER SHARE - BASIC AND DILUTED

	2019	2018
	----- (Rupees in '000) -----	
Profit for the year after taxation attributable to equity holders of the Holding Company	1,007,739	8,862,096
Weighted average number of ordinary shares	220,112	220,112
Earnings per share - basic and diluted	4.58	40.26

41. CASH GENERATED FROM OPERATIONS

	2019	2018
	------ (Rupees in '000) ------	
Profit before taxation	4,599,791	15,915,486
Adjustments for:		
Depreciation	3,256,137	2,670,308
Amortisation of intangible asset	28,503	18,830
Provision for compensated absences	50,998	50,998
Provision for long service award	3,703	3,703
Provision for gratuity	32,222	32,222
Provision for stock obsolescence	17,799	30,670
Provision for doubtful debts	24,805	15,209
Impairment against assets of subsidiaries	3,099,625	-
Exchange loss	27,816	31,788
Financial charges	2,764,710	1,721,340
Net (gain) / loss on sale of fixed assets	(381,841)	6,477
Share of profit from associated companies	(967,386)	(1,424,925)
Unrealised gain on held-for-trading investments	97,581	(97,635)
Net gain on sale / redemption of investments	55,940	(111,317)
Dividend income	(231,356)	(1,603,741)
	7,879,256	1,343,927
	12,479,047	17,259,413
Increase in stores, spare parts and loose tools	(229,364)	(1,247,685)
Increase in stock -in-trade	1,303,412	(2,712,222)
Increase in trade debts	(2,589,729)	(5,608,136)
(Increase) / decrease in receivable from funds under management	255	(399)
Increase in loans and advances	(29,454)	(20,331)
Increase in deposits, prepayments and other receivables	(939,600)	(965,011)
Increase in accrued interest	(36,859)	17,260
Increase in trade and other payables	(199,511)	4,280,046
	(2,720,851)	(6,256,477)
	9,758,195	11,002,936

42. REMUNERATION OF CHIEF EXECUTIVE OFFICER, EXECUTIVE DIRECTORS AND EXECUTIVES

	Chief Executive (Holding Company)		Executive Directors		Executives	
	2019	2018	2019	2018	2019	2018
	----------	----------	---------- (Rupees in '000)	----------	----------	----------
Managerial remuneration	12,628	11,692	213,509	85,742	678,038	575,238
Bonus	5,907	3,771	50,944	23,886	185,551	223,361
Rent	-	-	25,536	1,153	179,794	119,229
Utility	-	-	4,595	1,153	19,290	65,968
Termination benefit	139	108	-	1,991	4,259	3,676
Reimbursable expenses	-	-	4,499	1,028	13,620	16,538
Retirement benefits	-	-	10,225	636	49,372	39,885
Fee and subscription	817	757	3,884	3,734	8,165	8,248
Others	-	-	3,888	15	27,725	7,207
	19,491	16,328	317,080	119,338	1,165,814	1,059,350
Number of persons	1	1	27	15	229	236

43. TRANSACTIONS WITH RELATED PARTIES

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

The details of transactions with related parties during the year other than those which have been disclosed elsewhere in these consolidated financial statements are as follows:

Nature of relationship	Nature of Transaction	2019	2018
		------ (Rupees in '000) ------	
Associated companies	Purchase of assets	**47,133**	1,003,580
	Investments made	**2,207,763**	2,341,282
	Investments redeemed	**950,000**	1,200,921
	Expenses charged	-	238
	Dividend received	**848,070**	13,584,634
	Dividend paid	**91,250**	2,042,136
	Interest income	**242**	228,250
	Insurance premium paid	-	975,492
	Claim received / receivable	-	40,648
	Commission income	-	19,912
	Commission expense	**49,321**	5,767
	Sale of fixed assets	-	37,797
	Sale of goods and rendering of service	**34**	21,839,779
	Reimbursement of expenses	**28,167**	67,104
	Donation	**116,674**	124,604
	Rent Expense	-	211,002
	Management fee	**275,406**	188,594
	Sindh sales tax on management fee	**35,803**	44,781
	Management fee received	**277,894**	341,918
	Formation cost recovered	-	738
	Purchase of mutual fund units	**1,171,460**	14,038,307
	Redemption of mutual fund units	**5,011,313**	14,728,764
	Transfer of tangible fixed assets on transfer of employees	-	358
	Purchase of goods and services	-	38,252,131
	Royalty and technical fee	**3,995,931**	3,837,535
	Management fee receivable	**23,228**	27,169
	Management fee	**275,406**	188,594
	Formation cost receivable	**2,492**	-
	Advance against purchase of vehicle	-	1,730
	Trade debt	-	8,879
	Trade payable	-	139
	Premium received in advance	-	627,166
	Premium collected	-	1,001,161
	Claims paid	-	135,661
	Contribution underwritten	-	491
	Issue of shares	-	38,876
	License and drawings fee paid	-	52,400
	Payment made on behalf of the fund	**14,518**	1,479

Nature of relationship	Nature of Transaction	2019	2018
		------ (Rupees in '000) ------	
	Receivable in respect of gratuity	-	41
	Received against transfer of company maintained vehicle	-	46,255
	Received against transfer of compensated absences	-	1,214
	Received against transfer of computer equipment	-	12
	Received against transfer of office equipment	-	41
	Rent paid	395	46,255
	Sales Load	35	-
	Accrued Markup	95,292	-
Common directorship	Expenses paid on their behalf	1,032	-
	Donations paid	-	286,146
	Dividend paid	247,626	-
	Expenses paid	200	-
	Annual Subscription	1,925	1,850
	Funds received against settlement of fixed assets	745	-
Retirement benefit funds	Contribution to retirement benefit funds	274,529	184,100
	Investment advisory fee receivable	453	-
Key management personne	Sale of fixed assets on company policy	35,706	4,628
	Salaries and other short term employment benefits	362,011	362,731
	Directors' meeting fee	850	-
	Bonus	4,011	-
	Retirement benefits	3,692	-
	Loans disbursed during the year	710	-
	Loan repaid from director	1,477	-
	Interest income on loan to director	1,351	-
	Premium underwritten	1,436	247
	Premium collected	1,659	-
	Claims paid	187	-

43.1 Details of Related Parties

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

Name of related parties	Basis of relationship	Shareholding
Honda Atlas Cars Pakistan Limited	Associated company	30.79%
Honda Atlas Power Products (Private) Limited	Associated company	20.00%
GS Yuasa International Limited - Japan	Associated company	-
National Bank of Pakistan	Associated company	7.91%
Allied Bank Limited	Associated company	7.49%
Denso Corporation	Associated company	26.00%
Honda Motor Company Limited *	Associated company	35.00%
Atlas Foundation	Common directorship	-
Pakistan Cables Limited	Common directorship	-
Mutual Funds Association of Pakistan	Common Directorship	-
Atlas Income Fund	Associated mutual fund	71.37%

Name of related parties	Basis of relationship	Shareholding
Atlas Stock Market Fund	Associated mutual fund	47.10%
Atlas Sovereign Fund	Associated mutual fund	34.49%
Atlas Islamic Income Fund	Associated mutual fund	0.14%
Atlas Islamic Stock Fund	Associated mutual fund	6.26%
Atlas Money Market Fund	Associated mutual fund	45.18%
Atlas Aggressive Allocation Islamic Plan	Associated mutual fund	99.47%
Atlas Conservative Allocation Islamic Plan	Associated mutual fund	94.45%
Atlas Moderate Allocation Islamic Plan	Associated mutual fund	98.10%
Atlas Islamic Capital Preservation Plan	Associated mutual fund	89.76%
Iftikhar Shirazi Family Trust	Substantial Shareholder	25.00%
Yusuf H. Shirazi	Chairman	0.00%
Iftikhar H. Shirazi	Executive Directors	0.00%
Aamir H. Shirazi	Executive Directors	25.00%
Frahim Ali Khan	Director	-
Saquib Hussain Shirazi	Director	-
Katsuhisa Shimokawa	Director	-
Noorullah R. Hassan	Chief Executive Officer	-
Irfan Ibrahim	Key Management Personnel	-
Shakil Ahmed	Key Management Personnel	-
Suhail Ahmed	Key Management Personnel	-
Atlas Group of Companies - Management Staff Gratuity Fund	Group Retirement benefit funds	-
Shirazi Trading Company (Private) Limited - Employees Provident & Pension Fund	Group Retirement benefit funds	-

* Honda Motor Company Limited (HMCL) is a company incorporated in Japan, having registered office at 1-1, Minami-Aoyama 2-chome, Minato-ku, Tokyo 107-8556, Japan. HMCL holds 35% shares in the Company. Mr. Takahiro Hachigo is the Chief Executive Officer of HMCL. Major line of business of HMCL are motorcycles, automobiles, power products and financial services. Auditors have expressed unqualified opinion on the financial statements of HMCL for the year ended March 31, 2018.

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

44.1 The Group is exposed to market risk, credit risk and liquidity risk. The Group's management oversees the management of these risks. The Group's management ensures that Group's activities are governed by appropriate policies and procedures and that the financial risks are identified, measured and managed in accordance with group policies and group risk appetite. The Board of Directors review and agree policies for managing each of these risks which are summarized below.

44.2 Market risk

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

(i) Interest rate risk

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

ETL

	2019			
	Carrying amount (Rupees in '000)	Increase / (decrease) in basis points	Effect on profit before tax	Effect in Other Comprehensive Income
		---------- (Rupees in '000) ----------		
Financial aesets				
Cash and bank balances	10,584,123	100	105,841	-
		(100)	(105,841)	
Short term investments	81,685	100	817	
		(100)	(817)	-
Financial liabilities				
Long term loans	2,440,668	100	24,407	-
		(100)	(24,407)	-
Islamic financing	9,982,816	100	99,828	-
		(100)	(99,828)	-
Running finances under mark-up arrangements	8,699,862	100	86,999	-
		(100)	(86,999)	-

	2018			
	Carrying amount (Rupees in '000)	Increase / (decrease) in basis points	Effect on profit before tax	Effect in Other Comprehensive Income
		---------- (Rupees in '000) ----------		
Financial assets				
Cash and bank balances	12,871,560	100	128,716	-
		(100)	(128,716)	-
Short term investments	73,755	100	738	
		(100)	(738)	-
Financial liabilities				
Long term loans	3,209,587	100	32,096	-
		(100)	(32,096)	-
Islamic financing	7,531,404	100	75,314	-
		(100)	(75,314)	-
Running finances under mark-up arrangements	6,273,622	100	62,736	-
		(100)	(62,736)	-

(ii) Foreign exchange risk

Foreign currency risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. As at the reporting date, if Rupee had strengthened by 10% against U.S Dollar, Japanese Yen and Euro with all other variables held constant, profit before taxation for the year would have (decreased) / increased by Rs.(11.153) million, Rs.104.569 million and Rs.(0.990) million respectively, mainly as a result of net foreign exchange (loss) / gain on translation of financial asset and liabilities.

44.3 Liquidity risk

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

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

2019	Less than 1 year	1 to 5 years	More than 5 years	Total
	(Rupees in '000)			
Liabilities				
Term loans	**1,269,973**	**2,440,668**	**-**	**3,710,641**
Deposits	**1,029**	**8,211**	**-**	**9,240**
Trade and other payables	**24,423,957**	**-**	**-**	**24,423,957**
Short term borrowings	**20,112,692**	**-**	**-**	**20,112,692**
Accrued mark-up	**526,138**	**-**	**-**	**526,138**
	46,333,789	**2,448,879**	**-**	**48,782,668**

2018	Less than 1 year	1 to 5 years	More than 5 years	Total
	(Rupees in '000)			
Liabilities				
Term loans	2,393,122	3,209,587	-	5,602,709
Deposits	2,745	6,670	-	9,415
Trade and other payables	24,665,526	-	-	24,665,526
Short term borrowings	20,470,025	-	-	20,470,025
Accrued mark-up	302,506	-	-	302,506
	47,833,924	3,216,257	-	51,050,180

44.4 Credit risk

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

	2019	2018
	(Rupees in '000)	
Long term investments	**1,647,357**	2,327,600
Long term loans	**50,992**	44,942
Deposits and other receivables	**705,633**	1,222,141
Trade debts	**21,851,797**	19,286,873
Receivable from funds under management	**25,720**	25,975
Short term loans and advances	**251,463**	222,009
Short term investments	**1,009,128**	896,727
Bank balances	**11,625,105**	13,795,963
	37,167,195	37,822,230

The analysis below summarizes the credit quality of the Company's investment in mutual funds as at June 30, 2019 and June 30, 2018:

Investments by rating category	June 30, 2019	June 30, 2018
	%	
3-star	0%	1%
AM2+, AM2++	23%	25%
AA, AA-, AA+	73%	71%
A, A-, A+	4%	3%
	100%	100%

44.5 Fair value of financial instruments

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

44.5.1 Fair value hierarchy

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

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

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

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

	June 30, 2019			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
Investment at fair value through OCI				
- Mutual funds	-	-	-	-
- Listed shares	1,193,143	-	-	1,193,143
Investment in others available-for-sale				
- Mutual funds	-	57,198		57,198
- Listed shares	1,280,727	-	-	1,280,727
Investment- Mutual funds fair value through profit and loss	-	845,214	-	845,214
Investment - Pension Funds at fair value through OCI	-	309,432	-	309,432
Investment- Pakistan investment bonds fair value through profit and loss	-	143,914	-	143,914
	2,473,870	1,355,758	-	3,829,628

	June 30, 2018			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
Investment in related parties - available-for-sale				
- Mutual funds	-	-	-	-
- Listed shares	1,791,575	-	-	1,791,575
Investment in others available-for-sale				
- Mutual funds	-	293,176		293,176
- Listed shares	3,217,657	-	-	3,217,657
Investment- Mutual funds fair value through profit and loss	-	807,870	-	807,870
Investment- Pakistan investment bonds Held-to-maturity	-	73,755	-	73,755
	5,009,231	1,101,046	-	6,184,033

During the year ended June 30, 2018, there were no transfers between level 1 and level 2 fair value measurements, and no transfers into and out of level 3 fair value measurements.

44.5.2 Valuation technique used in determination of fair values within level 2. Fair values of investment in units of mutual funds are determined based on redemption prices disclosed at mutual fund Association of Pakistan (MUFAP) as at the close of business days.

44.6 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

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

The Group monitors capital using the gearing ratio, which is debt divided by total equity plus debt. Debt includes term loans and short term borrowings:

	2019	2018
	------ (Rupees in '000) ------	
Term loans	**3,710,641**	5,602,709
Short term borrowings	**20,112,692**	20,470,025
Debt	**23,823,333**	26,072,734
Equity	**68,929,049**	79,808,751
Equity plus debt	**92,752,382**	105,881,485
Gearing ratio	**26%**	25%

45. EMPLOYEE'S PROVIDENT FUND

	2019	2018
Size of the fund	**1,236,857**	1,495,617
Carrying value of investments	**1,135,500**	1,358,137
Percentage of investments made	**98%**	97%
Fair value of investments	**1,206,173**	1,457,121

45.1 Break-up of investments of provident fund

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

	2019		2018	
	Investments Rs. in '000	% of investment as size of the fund	Investments Rs. in '000	% of investment as size of the fund
PLS saving accounts	**11**	**0.00%**	55,080	3.68%
Special saving certificates	**194,459**	**15.72%**	86,952	5.81%
Mutual funds	**60,910**	**4.92%**	494,599	33.07%
Term finance certificates	**-**	**0.00%**	237,655	15.89%
Treasury bills	**7,000**	**0.57%**	440,624	29.46%
Short term deposits	**837**	**0.07%**	50,335	3.37%
Listed shares	**31,047**	**2.51%**	91,876	6.14%

45.1.1 The investments out of provident fund have been made in accordance with the provisions of section 218 of the Act and conditions specified thereunder.

45.2 Number of employees

	2019	2018
Employees as on year end	**3,304**	3,321
Average number of employees	**3,331**	3,293

46. CORRESPONDING FIGURES

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

47. NON ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on 05 October 2019 has approved the following:

(i) Transfer of Rs. (407.36) million from unappropriated profit to general reserve; and

(ii) Payment of cash dividend of Rs. 4.5 per share for the year ended June 30, 2019, amounting to a total distribution of Rs. 990.5 million, for approval of the members at the Annual General Meeting to be held on 28 October 2019.

48. GENERAL

All figures in these consolidated financial statements have been rounded off to the nearest thousand Rupees.

49. DATE OF AUTHORISATION FOR ISSUE

The consolidated financial statements were authorised for issue by the Board of Directors of the Group on 05 October 2019.

Chief Executive Officer | Director | Director